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

FORM 10-K

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

For the fiscal year ended DECEMBER 31, 1998 Commission File No. 1-8923

HEALTH CARE REIT, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	34-1096634
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One SeaGate, Suite 1500, Toledo, Ohio	43604
(Address of principal executive office)	(Zip Code)

(419) 247-2800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $1.00 par value	New York Stock Exchange
8.875% Series B Cumulative Redeemable Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months; and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K. [ ]

The aggregate market value of voting common stock held by non-affiliates of the Registrant on March 1, 1999 was $683,702,000 based on the reported closing sales price of such shares on the New York Stock Exchange for that date. As of March 1, 1999, there were 28,317,335 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for the annual shareholders' meeting to be held April 20, 1999, are incorporated by reference into Part III.

HEALTH CARE REIT, INC.
1998 FORM 10-K ANNUAL REPORT

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PART I

ITEM 1. BUSINESS

GENERAL

Health Care REIT, Inc. (the "Company") is a self-administered real estate investment trust that invests in health care facilities, primarily nursing homes, assisted living facilities and retirement centers. The Company also invests in specialty care facilities. As of December 31, 1998, long-term care facilities, which include nursing homes, assisted living facilities and retirement centers, comprised approximately 90% of the investment portfolio. Founded in 1970, the Company was the first real estate investment trust to invest exclusively in health care facilities.

As of December 31, 1998, the Company had $1,042,058,000 of real estate investments, inclusive of credit enhancements, in 224 facilities located in 34 states and managed by 45 different operators. At that date, the portfolio included 147 assisted living facilities, 54 nursing homes, 15 retirement centers, six specialty care facilities, and two behavioral care facilities. At December 31, 1998, the Company had approximately $209,900,000 in unfunded commitments.

The Company's primary objectives are to protect shareholders' capital and enhance shareholder value. The Company seeks to pay consistent cash dividends to shareholders and create opportunities to increase dividend payments from annual increases in rental and interest income and portfolio growth. To meet these objectives, the Company invests primarily in long-term care facilities managed by experienced operators and diversifies its investment portfolio by operator and geographic location.

The Company anticipates investing in additional health care facilities through operating lease arrangements with, and mortgage financings for, qualified health care operators. Capital for future investments may be provided by borrowing under the Company's revolving credit facilities, public offerings or private placements of debt or equity, and the assumption of secured indebtedness.

PORTFOLIO OF PROPERTIES

The following table reflects the diversification of the Company's portfolio as of December 31, 1998:

Type of Facility	Investments (1) (In thousands)	Percentage of Portfolio	Number of Facilities	Number of Beds/ Units	Investment Per Bed/ Unit(2)	Number Of Operators(3)	Number of States(3)
Assisted Living Facilities	$ 584,288	56%	147	9,824	$ 72,335	21	26
Nursing Homes	294,414	28%	54	7,005	45,253	18	18
Specialty Care Facilities	91,994	9%	6	713	129,024	3	5
Retirement Centers	60,876	6%	15	1,366	53,668	7	7
Behavioral Care Facilities	10,486	1%	2	294	35,667	1	1
Totals	$1,042,058	100%	224	19,202			

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(1) Investments include real estate investments and credit enhancements which amounted to $1,032,693,000 and $9,365,000, respectively.

(2) Investment Per Bed/Unit was computed by using the total investment amount of $1,203,403,000 which includes real estate investments, unfunded commitments for which initial funding has commenced, and credit enhancements which total $1,032,693,000, $161,345,000 and $9,365,000, respectively.

(3) The Company has investments in properties located in 34 states, managed by 45 different operators.

Nursing Homes

Skilled nursing facilities provide inpatient skilled nursing and custodial services as well as rehabilitative, restorative and transitional medical services. In some instances, nursing facilities supplement hospital care by providing specialized care for medically complex patients whose conditions require intense medical and therapeutic services, but who are medically stable enough to have these services provided in facilities that are less expensive than acute care hospitals.

Assisted Living Facilities

Assisted living facilities provide services to aid in everyday living, such as bathing, meals, security, transportation, recreation, medication supervision and limited therapeutic programs. More intensive medical needs of the resident are often met within assisted living facilities by home health providers, close coordination with the resident's physician and skilled nursing facilities. Assisted living facilities are increasingly successful as lower cost, less institutional alternatives for the health problems of the elderly or medically frail.

Retirement Centers

Retirement centers offer specially designed residential units for active and ambulatory elderly residents and provide various ancillary services. Retirement centers offer residents an opportunity for an independent lifestyle with a range of social and health services.

Specialty Care Facilities

Specialty care facilities provide specialized inpatient services for specific illnesses or diseases, including, among others, coronary and cardiovascular services. Specialty care facilities are lower cost alternatives to acute care hospitals.

Behavioral Care Facilities

Behavioral care facilities offer comprehensive inpatient and outpatient psychiatric treatment programs. Programs are tailored to the individual and include individual, group and family therapy.

INVESTMENTS

The Company invests in income producing health care facilities with a primary focus on long-term care facilities, which include skilled nursing facilities, assisted living facilities and retirement centers. The Company also invests in specialty care facilities. The Company intends to continue to diversify its investment portfolio by type of health care facilities, number of operators and geographic location.

In determining whether to finance a facility, the Company focuses on: (a) the experience of the operator; (b) the financial and operational feasibility of the property; (c) the financial strength of the borrower or lessee; (d) the security available to support the financing; and (e) the amount of capital committed to the property by the borrower or lessee. Management conducts market research and analysis for all potential investments. In addition, Management reviews the value of all properties, the interest rates and debt service coverage requirements of any debt to be assumed and the anticipated sources for repayment for such debt.

The Company's investments primarily take the form of operating lease transactions, permanent mortgage loans and construction financings. Substantially all of the Company's mortgage loans are designed with escalating rate structures that may result in principal payment prior to maturity. The Company's policy is to structure long term financings to maximize returns. The Company believes that appropriate new investments will be available in the future with substantially the same spreads over its costs of borrowing regardless of interest rate fluctuations.

Mortgage loans and operating leases are normally secured by guarantees and/or letters of credit. As of December 31, 1998, letters of credit from commercial banks, and cash deposits aggregating $48,260,000 were available to the Company as security for operating lease, permanent mortgage loan and construction loan obligations. In addition, the leases and loans are generally cross-defaulted and the loans are cross-collateralized with any other mortgage loans, leases, or other agreements between the operator or any affiliate of the operator and the Company.

The Company typically finances up to 90% of the appraised value of a property. Economic terms normally include annual rate increases and fair market value based purchase options in operating leases, and may include contingent interest for mortgage loans.

The Company monitors its investments through a variety of methods, which are determined by the type of health care facility and operator. The monitoring process includes a review and analysis of facility, borrower or lessee, and guarantor financial statements; periodic site visits; property reviews; and meetings with operators. Such reviews of operators and facilities generally encompass licensure and regulatory compliance materials and reports, contemplated building improvements and other material developments.

For certain investments, the Company receives warrants or other similar equity instruments that provide the Company with an opportunity to share in an operator's enterprise value. As of December 31, 1998, the Company had warrants from 19 operators to purchase their common stock or partnership interest. None of the warrants are publicly traded. In one instance, the underlying common stock that relates to one set of warrants is publicly traded, and the market price of the common stock exceeded the exercise price of the related warrants at December 31, 1998, the value of which was recorded on the Company's balance sheet in an amount equal to $596,000.

In connection with investments in two operators, the Company also received warrants that were converted into shares of common stock. As of December 31, 1998, those shares of common stock were recorded on the Company's balance sheet at a value of $3,510,000.

Operating Leases

Each facility, which includes the land, buildings, improvements and related rights (the "Leased Properties") owned by the Company is leased to a health care provider pursuant to a long-term lease (collectively, the "Leases"). The Leases generally have a fixed term of 10 to 13 years and contain multiple five-to ten-year renewal options. Each Lease is a triple net lease requiring the lessee to pay rent and all additional charges incurred in the operation of the Leased Property. The lessees are required to repair, rebuild and maintain the Leased Properties.

The net value of the Company's completed leased properties aggregated approximately $468,672,000 at December 31, 1998. The base rents range from approximately 9.4% to 13.7% per annum of the Company's equity investment in the leased properties. The rental yield to the Company from Leases depends upon a number of factors including the initial rent charged, any rental adjustments and the amount of the commitment fee charged at the inception of the transaction. The base rents for the renewal periods are generally fixed rents set at a spread above the Treasury yield for the corresponding period.

Permanent Mortgage Loans

The Company's investments in permanent mortgage loans are structured to provide the Company with interest income, principal amortization and commitment fees. Virtually all of the approximately $355,974,000 of permanent mortgage loans as of December 31, 1998 were first mortgage loans.

The interest rate on the Company's investments in permanent mortgage loans for operating facilities ranges from 8.89% to 13.46% per annum on the outstanding balances. The yield to the Company on permanent mortgage loans depends upon a number of factors, including the stated interest rate, average principal amount outstanding during the term of the loan, the amount of the commitment fee charged at the inception of the loan and any interest rate adjustments.

The permanent mortgage loans for operating facilities made through December 31, 1998 are generally subject to seven- to ten-year terms with 25-year amortization schedules that provide for a balloon payment of the outstanding principal balance at the end of the term. Generally, the permanent mortgage loans provide five to seven years of prepayment protection.

Direct Investments

Management determines the appropriate classification of a direct investment at the time of acquisition and reevaluates such designation as of each balance sheet date. Debt securities which are classified as held to maturity are stated at historical cost. Equity investments are stated at historical cost. At December 31, 1998, direct investments included the preferred stock of one private corporation, subordinated debt in eight private corporations, and ownership representing a 31% interest in Atlantic Healthcare Finance L.P., a property investment group that specializes in the financing, through sale and leaseback transactions, of nursing homes located in the United Kingdom and continental Europe.

Construction Financing

The Company provides construction financing that by their terms converts either into a long-term operating lease or mortgage loan upon the completion of the facilities. Generally, the rates on the outstanding balances of the Company's construction financings are 225 to 350 basis points over the prime rate of a specified financial institution. The Company also typically charges a commitment fee at the commencement of the financing. The construction financing period commences upon funding and terminates upon the earlier of the completion of development of the applicable facility or the end of a specified period, generally 12 to 18 months. During the term of the construction financing, funds are advanced pursuant to draw requests made by the operator in accordance with the terms and conditions of the applicable financing agreement, which terms require, among other things, a site visit by a Company representative prior to the advancement of funds. Monthly payments are made on the total amount of the proceeds advanced during the development period.

During the construction financing period, the Company generally requires additional security and collateral in the form of either payment and performance bonds and/or completion guarantees by either one, or a combination of, the operator's parent entity, other affiliates of the operator, or one or more of the individual principals of the operator.

At December 31, 1998, the Company had outstanding construction financings of $194,025,000 ($151,317,000 leased properties and $42,708,000 mortgage loans) and was committed to providing additional financing of approximately $151,850,000 to complete construction.

BORROWING POLICIES

The Company may arrange for long-term borrowing from banks, private placements to institutional investors, or public offerings. For other short-term purposes, the Company may, from time to time, negotiate lines of credit, or arrange for other short-term borrowing from banks or others.

In addition, the Company may incur mortgage indebtedness on real estate that it has acquired through purchase, foreclosure or otherwise. When terms are deemed favorable, the Company may invest in properties subject to existing loans and mortgages. In addition, the Company may obtain financing for unleveraged properties in which it has invested or may refinance properties acquired on a leveraged basis.

Under documents pertaining to existing indebtedness, the Company is subject to various restrictions with respect to secured and unsecured indebtedness.

ALLOWANCE FOR LOAN LOSSES

The Company maintains an allowance for possible loan losses that is evaluated quarterly to determine its adequacy. See Notes 1 and 6 of Notes to Financial Statements. At December 31, 1998, the total allowance of $4,987,000 was not allocated to any specific properties. The Company believes that its allowance is adequate.

COMPETITION

The Company competes with other real estate investment trusts, real estate partnerships, banks, insurance companies and other investors in the acquisition, leasing and financing of health care facilities.

The operators of the facilities compete on a local and regional basis with operators of facilities that provide comparable services. Operators compete for patients and residents based on a number of factors, including quality of care, reputation, physical appearance of facilities, services offered, family preferences, physicians, staff and price.

EMPLOYEES

As of December 31, 1998, the Company employed 23 full-time employees.

CERTAIN GOVERNMENT REGULATIONS

The Company invests in single purpose health care facilities. The Company's customers must comply with the licensing requirements of federal, state and local health agencies, and with the requirements of municipal building codes, health codes, and local fire departments. In granting and renewing a facility's license, the state health agency considers, among other things, the physical buildings and equipment, the qualifications of the administrative personnel and clinical staffs, the quality of health care programs and compliance with applicable laws.

Many of the facilities operated by the Company's customers receive a substantial portion of their revenues from the federal Medicare program and state Medicaid programs; therefore, the Company's revenues may be indirectly affected by changes in these programs. The amount of program payments can be changed by legislative or regulatory actions and by determinations by agents for the programs. Since Medicaid programs are funded by both the states and the federal government, the amount of payments can be affected by changes at either the state or federal level. There is no assurance that payments under these programs will remain at levels comparable to present levels or be sufficient to cover costs allocable to these patients.

Under Medicare and Medicaid programs, acute care hospitals are generally paid a fixed amount per discharge (based on the patient's diagnosis) for inpatient services. Behavioral and rehabilitation hospitals are generally paid on a cost basis, subject to limitations based on a "target amount" per discharge. The target amount is based on updates to the facility's costs per discharge in a base year.

Medicare payment rules for such hospitals were changed effective October 1, 1997 to further limit reimbursable costs, reduce payment incentives for providers whose costs are below the target amount, and reduce capital-related payments by 15%. The target amount for any facility is now capped at the 75th percentile of the target amounts for facilities of the same type. (For new facilities, the target is 110% of the median costs per discharge of similar hospitals.) In addition, the target amount update is set at 0% for federal fiscal 1998. Depending on how the facility's costs per discharge compare to its target amount, increases thereafter range from 0% to the "market basket" percentage reflecting the inflation rate for costs of items purchased by similar facilities.

In addition, payments to rehabilitation hospitals and units will be based on fixed rates per discharge that vary according to the nature of the patient's condition. The new system will be phased in over three years beginning with the cost reporting year commencing after October 1, 2000.

Medicare and Medicaid programs have traditionally reimbursed nursing facilities for the reasonable direct and indirect allowable costs incurred in providing routine services (as defined by the programs), subject to certain cost ceilings. In 1998, the Medicare cost-based reimbursement system was replaced by a federal per diem rate based on the patient's condition, which is phased in over three years. (New facilities are immediately paid based on the federal rate.) The new per diem rate will be the sole payment for both direct nursing care ("Part A services") and ancillary services that were previously billed separately from the cost-based reimbursement system ("Part B services"). Capital costs are also included in the per diem rate. Many states have also converted to a system based on prospectively determined fixed rates, which may be based in part on historical costs. Initial estimates indicated that the new Federal System will reduce revenues of Company financed nursing facilities by approximately 3%, which should be offset in part by cost reductions. Overall, the new system will increase the importance of effective and efficient management.

Until 1997, state Medicaid programs were required to pay hospitals and nursing facilities based on rates that were reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated facilities in order to provide services in conformity with federal and state standards and to assure reasonable access to patients. This law restricted the ability of the states to reduce Medicaid payments. Congress repealed this requirement in 1997. Under the new law, states need only publish the methodology used to develop the proposed rates, along with a justification for the methodology, and allow public comment. This change could result in reduced Medicaid payments to facilities operated by the Company's customers.

Medicare and Medicaid regulations could adversely affect the resale value of the Company's health care facilities. Medicare regulations provide that effective December 1, 1997, when a facility changes ownership (by sale or under certain lease transactions), reimbursement for depreciation and interest will be based on the cost to the owner of record as of August 5, 1997, less depreciation allowed. Previously, the buyer would use its cost of purchase up to the original owner's historical cost BEFORE depreciation. Medicaid regulations allow a limited increase in the valuation of nursing facilities (but not hospitals) during the time the seller owned the facility. Other Medicaid regulations provide that upon resale, facilities are responsible to pay back prior depreciation reimbursement payments that are "recaptured" as a result of the sale.

Recent interpretations of the Medicare laws limit the ability of hospitals and nursing facilities to be reimbursed for interest costs that are deemed to be unnecessary because the facilities have other funds derived from patient care activities that were put to other uses (such as investments) or transferred to related parties. This could reduce reimbursement to Company customers for interest on loans from the Company.

Health care facilities that participate in Medicare or Medicaid must meet extensive program requirements, including physical plant and operational requirements, which are revised from time to time. Such requirements may include a duty to admit Medicare and Medicaid patients, limiting the ability of the facility to increase its private pay census beyond certain limits. Medicare and Medicaid facilities are regularly inspected to determine compliance, and may be excluded from the programs--in some cases without a prior hearing--for failure to meet program requirements.

Under the Medicare program, "peer review organizations" have been established to review the quality and appropriateness of care rendered by health care providers. These organizations may not only deny claims that fail to meet their criteria, but can also fine and/or recommend termination of participation in the program.

Recent changes in the Medicare and Medicaid programs will likely result in increased use of "managed care" organizations to meet the needs of program beneficiaries. These organizations selectively contract with health care facilities, resulting in some facilities being excluded from the ability to serve program beneficiaries.

Health care facilities also receive a substantial portion of their revenues from private insurance carriers, health maintenance organizations, preferred provider organizations, self-insured employees and other health benefit payment arrangements. Such payment sources increasingly pay facilities under contractual arrangements that include a limited panel of providers and/or discounted or other special payment arrangements, including arrangements that shift the risk of high utilization to the providers. A number of states have established rate-setting agencies which control inpatient health care facility rates, including private pay rates.

Recent federal legislation substantially expanded activities to enforce laws against fraud and abuse in federally funded health care programs. These laws prohibit misrepresentations in billings and cost reports, payments to parties who influence purchases or referrals of covered services, and provision of unnecessary services.

President Clinton's budget proposal for federal fiscal 2000 includes the following: (i) a $1,000 tax credit for families taking care of elderly and disabled relatives at home, (ii) funding of a family caregivers' support program to provide a range of critical services for the elderly, and (iii) permission for the states to liberalize Medicaid eligibility standards for home and community based long-term care in order to make those standards the same as for nursing facility care. These proposals, if adopted, could reduce the demand for nursing facility services. The budget proposal would also allow persons between ages 62 and 65 to purchase Medicare coverage, and would further expand the federal government's enforcement programs against health care fraud and abuse. It is impossible to predict with any certainty what form any budget legislation may ultimately take.

In order to meet a federal requirement, most states required providers to obtain certificates of need prior to construction of inpatient facilities and certain outpatient facilities. However, in 1987, the federal requirement was repealed.

Some states have repealed these requirements, which may result in increased competition, and other states are considering similar repeals.

Nursing facilities compete with other subacute care providers, including rehabilitation centers and hospitals. Many of these providers have underutilized facilities and are converting some or all of their facilities into nursing facilities. Some of these entities operate on a tax-exempt basis, which gives them a capital cost advantage. Furthermore, some states have granted rest homes the ability to provide limited nursing care services.

Certain states have adopted pre-admission screening and other programs to promote utilization of outpatient and home-based services as an alternative to inpatient facility services. Recent changes in Medicaid regulations allow states to use Medicaid funding for alternatives to traditional inpatient care, including home health care and assisted living facilities.

TAXATION

General

A corporation, trust or association meeting certain requirements may elect to be treated as a "real estate investment trust." Beginning with its first fiscal year and in all subsequent years, the Company has elected to be treated as a real estate investment trust under Sections 856 to 860, inclusive, of the Internal Revenue Code of 1986, as amended (the "Code"). The Company intends to operate in such manner as to continue to qualify as a real estate investment trust for federal income tax purposes. No assurance can be given that the actual results of the Company's operations for any one taxable year will satisfy such requirements.

To qualify as a real estate investment trust, the Company must satisfy a variety of complex requirements each year, including organizational and stock ownership tests and percentage tests relating to the sources of its gross income, the nature of its assets and the distribution of its income.

Generally, for each taxable year during which the Company qualifies as a real estate investment trust, it will not be taxed on the portion of its taxable income (including capital gains) that is distributed to shareholders. Any undistributed income or gains will be taxed to the Company at regular corporate tax rates. Beginning in 1998, any undistributed net long-term capital gains taxed to the Company will be treated as having been distributed to the shareholders and will be included by them in determining the amount of their capital gains. The tax paid by the Company on those gains will be allocated among the shareholders and may be claimed as a credit on their tax returns. The shareholders will receive an increase in the basis of their shares in the Company equal to the difference the capital gain income and the tax credit allocated to them. The Company will be subject to tax at the highest corporate rate on its net income from foreclosure property, regardless of the amount of its distributions. The highest corporate tax rate is currently 35%. The Company may elect to treat any real property it acquires by foreclosure as foreclosure property. This would permit the Company to hold such property acquired before January 1, 1998 for up to two years and to hold property acquired after December 31, 1997 until the end of the third taxable year after the year of acquisition without adverse consequences. Subject to certain limitations, the Company will also be subject to an additional tax equal to 100% of the net income, if any, derived from prohibited transactions. A prohibited transaction is defined as a sale or disposition of inventory-type property or property held by the Company primarily for sale to customers in the ordinary course of its trade or business, which is not property acquired on foreclosure.

The Company is subject to a nondeductible federal excise tax equal to 4% of the amount, if any, by which 85% of its ordinary income plus 95% of its capital gain net income (plus distribution deficiencies from prior years) exceeds distributions actually paid or treated as paid to shareholders during the taxable year, plus current year income upon which the Company pays tax and any overdistribution from prior years. Due to the growth of the Company's income, primarily as a result of large capital gains from the exercise of purchase options under leases, the Company did not satisfy this requirement in 1998, 1997 and 1996 and incurred an excise tax of approximately $315,000, $360,000 and $317,000 respectively, in those years. There is a cumulative underdistribution of $16,353,000 that will carry over to 1999 and later years until reduced by distributions in a subsequent year that exceed the percentage of that year's income that is required to be distributed currently.

Failure To Qualify

While the Company intends to operate so as to qualify as a real estate investment trust under the Code, if in any taxable year the Company fails to qualify, and certain relief provisions do not apply, its taxable income would be subject to tax (including alternative minimum tax) at corporate rates. If that occurred, the Company might have to dispose of a significant amount of its assets or incur a significant amount of debt in order to pay the resulting federal income tax. Further distributions to its stockholders would not be deductible by the Company nor would they be required to be made.

Distributions out of the Company's current or accumulated earnings and profits would be taxable to stockholders as dividends and would be eligible for the dividends received deduction for corporations. No portion of any distributions would be eligible for designation as a capital gain dividend. Further, the Company would be unable to pass through its undistributed capital gains and the related tax paid by the Company.

Unless entitled to relief under specific statutory provisions, the Company also would be disqualified from taxation as a real estate investment trust for the four taxable years following the year during which qualification was lost.

The foregoing is only a summary of some of the significant federal income tax considerations affecting the Company and is qualified in its entirety by reference to the applicable provisions of the Code, the rules and regulations promulgated thereunder, and the administrative and judicial interpretations thereof. Stockholders of the Company are urged to consult their own tax advisors as to the effects of these rules and regulations on them. In particular, foreign stockholders should consult with their tax advisors concerning the tax consequences of ownership of shares in the Company, including the possibility that distributions with respect to the shares will be subject to federal income tax withholding.

SUBSIDIARIES AND AFFILIATES

The Company has formed subsidiaries in connection with its real estate transactions. As of December 31, 1998, the Company's wholly-owned subsidiaries consisted of the following entities:

NAME OF SUBSIDIARY	STATE OF ORGANIZATION AND TYPE OF ENTITY	DATE OF ORGANIZATION
HCRI Pennsylvania Properties, Inc.	Pennsylvania corporation	November 1, 1993
HCRI Overlook Green, Inc.	Pennsylvania corporation	July 9, 1996
HCRI Texas Properties, Inc.	Texas corporation	December 27, 1996
HCRI Texas Properties, Ltd.	Texas limited partnership	December 30, 1996
Health Care REIT International, Inc.	Delaware corporation	February 11, 1998
HCN Atlantic GP, Inc.	Delaware corporation	February 20, 1998
HCN Atlantic LP, Inc.	Delaware corporation	February 20, 1998
HCRI Nevada Properties, Inc.	Nevada corporation	March 27, 1998
HCRI Southern Investments I, Inc.	Delaware corporation	June 11, 1998
HCRI Louisiana Properties, L.P.	Delaware limited partnership	June 11, 1998

HCN BCC Holdings, Inc.	Delaware corporation	September 25, 1998
HCRI Tennessee Properties, Inc.	Delaware corporation	September 25, 1998
HCRI Limited Holdings, Inc.	Delaware corporation	September 25, 1998
Pennsylvania BCC Properties, Inc.	Pennsylvania corporation	September 25, 1998
HCRI Tennessee Properties, L.P.	Tennessee limited partnership	October 26, 1998

ITEM 2. PROPERTIES

The Company's headquarters are currently located at One SeaGate, Suite 1500, Toledo, Ohio 43604. The following table sets forth certain information regarding the facilities that comprise the Company's investments as of December 31, 1998.

			(In thousands)	
Facility Location	Number of Facilities	Number of Beds/ Units	Total Investment(1)	Annualized Income(2)
SKILLED NURSING FACILITIES:				
Arizona	1	103	$ 4,095	$ 413
California	2	222	7,755	911
Colorado	1	180	6,313	638
Connecticut	1	150	9,076	850
Florida	6	720	41,143	4,604
Idaho	3	404	22,331	2,253
Illinois	1	120	7,745	902
Kentucky	1	92	4,366	536
Massachusetts	14	1,920	82,763	9,125
Michigan	1	111	2,733	342
Missouri	1	100	6,983	771
New York	1	200	7,834	888
Ohio	7	762	27,827	3,251
Oklahoma	2	200	18,324	1,770
Oregon	1	121	5,524	558
Pennsylvania	3	415	18,996	2,433
Texas	7	1,120	19,436	2,385
West Virginia	1	65	1,170	224
Total	54	7,005	$ 294,414	$ 32,854
ASSISTED LIVING FACILITIES:				
Alabama	2	160	$ 2,865	$ 291
Arizona	2	88	5,236	578
California	2	87	6,053	614
Colorado	1	50	2,454	249
Connecticut	2	161	13,553	1,557
Florida	19	1,157	68,830	7,550
Georgia	4	361	28,248	2,786
Idaho	1	48	2,602	297
Indiana	1	60	7,007	738
Louisiana	2	209	6,750	741
Maryland	7	261	17,618	1,881
Massachusetts	1	131	11,148	1,210
Montana	2	104	5,362	608
Nevada	1	115	9,570	1,052
New Jersey	1	314	16,796	1,912
New Mexico	2	159	7,886	892
New York	6	823	62,510	6,352
North Carolina	14	754	56,103	5,856
Ohio	10	822	40,253	4,586
Oklahoma	16	540	22,989	2,755
Oregon	1	24	2,087	248
Pennsylvania	8	744	40,919	4,864
South Carolina	2	105	3,229	363
Tennessee	3	162	4,607	497
Texas	36	2,310	134,861	14,937

Virginia	1	75	4,752	516
Total	147	9,824	$ 584,288	$ 63,930
RETIREMENT CENTERS:				
Arizona	1	164	$ 2,369	$ 307
California	1	92	2,369	307
Illinois	2	320	11,114	179
Indiana	6	291	14,932	1,738
Nevada	1	126	7,153	824
North Carolina	2	159	14,640	1,472
Texas	2	214	8,299	902
Total	15	1,366	$ 60,876	$ 5,729
SPECIALTY CARE FACILITIES:				
Arkansas	1	117	$ 29,000	$ 3,410
California	2	416	31,894	3,905
Minnesota	1	0	394	49
Texas	1	70	13,633	1,449
Washington D.C	1	110	17,073	2,131
Total	6	713	$ 91,994	$ 10,994
BEHAVIORAL CARE FACILITIES:				
Florida	2	294	$ 10,486	$ 1,101
TOTAL ALL FACILITIES: .	224	19,202	$1,042,058	$ 114,558

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(1) Investments include real estate investments and credit enhancements which amounted to $1,032,693,000 and $9,365,000, respectively.

(2) Reflects contract rate of annual base rent or interest received or to be received upon completion of construction.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The following table sets forth, for the periods indicated, the high and low prices of the Company's Common Stock on the New York Stock Exchange, as reported on the Composite Tape and dividends paid per share. There were 5,555 shareholders of record as of December 31, 1998.

	SALES PRICE		DIVIDENDS
	HIGH	LOW	PAID
1998			

First Quarter..................................	$ 29.2500	$ 26.625	$ 0.540
Second Quarter.................................	28.4375	25.375	0.545
Third Quarter..................................	27.5000	22.375	0.550
Fourth Quarter.................................	26.6250	20.000	0.555
1997			
First Quarter..................................	$ 25.500	$23.625	$ 0.520
Second Quarter.................................	25.000	22.250	0.525
Third Quarter	27.625	24.250	0.530
Fourth Quarter.................................	28.750	25.500	0.535

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for the five years ended December 31, 1998 are derived from the audited consolidated financial statements of the Company.

	Year Ended December 31, (In thousands, except per share data)				
	1998	1997	1996	1995	1994
OPERATING DATA					
Revenues	$97,992	$73,308	$54,402	$44,596	$42,732
Expenses:					
Interest expense	18,030	15,365	14,635	12,752	9,684
Provision for depreciation	10,254	5,287	2,427	1,580	1,385
General and administrative and other expenses(1)	7,399	6,178	6,664	10,835	6,710
Settlement of management contract(2)	--	--	--	5,794	--
Total expenses	35,683	26,830	23,726	30,961	17,779
Net income	62,309	46,478	30,676	13,635	24,953
Preferred stock dividends	4,160	--	--	--	--
Net income available to common shareholders	$58,149	$46,478	$30,676	$13,635	$24,953
OTHER DATA					
Average number of common shares outstanding(3):					
Basic	25,579	21,594	14,093	11,710	11,519
Diluted	25,954	21,929	14,150	11,728	11,548
Cash available for distribution(4)	$68,490	$56,856	$36,705	$27,938	$31,697
PER SHARE					
Net income available to common shareholders:					
Basic	$ 2.27	$ 2.15	$ 2.18	$ 1.16	$ 2.17
Diluted	2.24	2.12	2.17	1.16	2.16
Cash distributions per common share	2.19	2.11	2.08	2.075	2.01

	December 31, (In thousands)				
	1998	1997	1996	1995	1994
BALANCE SHEET DATA					
Real estate investments, net....................................	$1,027,706	$713,557	$512,894	$351,924	$318,433
Total assets..	1,073,424	734,327	519,831	358,092	324,102
Total debt..	418,979	249,070	184,395	162,760	128,273
Total liabilities...	439,665	264,403	194,295	170,494	134,922
Total shareholders' equity......................................	633,759	469,924	325,536	187,598	189,180

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(1) General and administrative and other expenses include loan expense, management fees through November 30, 1995, provision for losses, expenses related to disposition of investments and other operating expenses.

(2) On November 30, 1995, the Company's advisor merged into the Company. Consideration for this transaction totaled approximately $5,048,000 which was solely comprised of 282,407 Shares. In addition, the Company acquired approximately $46,000 in net assets and incurred approximately $792,000 of related transaction expenses. The consideration, plus related transaction expenses, were accounted for as a settlement of a management contract.

(3) The earnings per share amounts prior to 1997 have been restated as required to comply with Statement of Financial Accounting Standards No. 128, Earnings Per Share. For further discussion of earnings per share and the impact of Statement No. 128, see the notes to the consolidated financial statements beginning on page 22.

(4) Cash available for distribution is defined as net cash provided from operating activities less preferred dividends, but does not consider the effects of changes in operating assets and liabilities such as other receivables and accrued expenses. The Company uses cash available for distribution in evaluating investments and the Company's operating performance. Cash available for distribution does not represent cash generated from operating activities in accordance with generally accepted accounting principles, is not necessarily indicative of cash available to fund cash needs, and should not be considered as an alternative to net income as an indicator of the Company's operating performance or as an alternative to cash flow as a measure of liquidity.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1998, the Company's net real estate investments totaled approximately $1,027,706,000, which included 147 assisted living facilities, 54 nursing facilities, 15 retirement centers, six specialty care facilities and two behavioral care facilities. The Company attempts to match fund its investments through a combination of long-term and short-term financing, utilizing both debt and equity.

During 1998, the Company invested $110,432,000 in real property, provided permanent mortgage financings of $52,897,000, made construction advances of $211,968,000, and funded $22,203,000 of equity related investments. During 1998, the Company received principal payments on real estate mortgages of $5,788,000, net payments on working capital loans of $117,000 and proceeds of $32,724,000 from the prepayment of mortgage loans.

During 1998, ten of the above-mentioned construction projects completed the construction phase of the Company's investment process and were converted to permanent real property investments, with an aggregate investment of $55,315,000, and ten construction loans converted to permanent mortgage loans with an aggregate investment balance of $37,375,000.

As of December 31, 1998, the Company had shareholders' equity of $633,759,000 and a total outstanding debt balance of $418,979,000, which represents a debt to equity ratio of 0.66 to 1.0.

In March 1998, the Company completed the sale of $100 million of 7.625% Senior Unsecured Notes due March 15, 2008 (the "Senior Unsecured Notes Due 2008").

In March 1998, the Company issued 913,242 shares of Common Stock, $1.00 par value per share, at the price of $27.375 per share, which generated net proceeds to the Company of $23,721,000.

In May 1998, the Company issued 3,000,000 shares of 8.875% Cumulative Redeemable Preferred Stock at the price of $25.00 per share, which generated net proceeds to the Company of $72,210,000.

In October 1998, the Company issued 2,546,000 shares of Common Stock, $1.00 par value per share, at the price of $23.9375 per share, which generated net proceeds to the Company of $57,631,000.

As of December 31, 1998, the Company had an unsecured revolving line of credit expiring March 31, 2001 in the amount of $175,000,000 bearing interest at the lender's prime rate or LIBOR plus 1.0%. In addition, the Company had an unsecured revolving line of credit in the amount of $15,000,000 bearing interest at the lender's prime rate expiring January 31, 2000. At December 31, 1998, under the Company's line of credit arrangements, available funding totaled $18,450,000.

In January 1999, the Company announced the sale of 3,000,000 shares of cumulative convertible preferred stock with a liquidation price of $25 per share, which generated net proceeds to the Company of $73,125,000.

As of March 1, 1999, the Company has effective shelf registrations on file with the Securities and Exchange Commission under which the Company may issue up to $380,319,000 of securities including debt, convertible debt, common and preferred stock. The Company anticipates issuing securities under such shelf registrations to invest in additional health care facilities and to repay borrowings under the Company's line of credit arrangements.

As of December 31, 1998, the Company had approximately $209,900,000 in unfunded commitments. The Company believes its liquidity and various sources of available capital are sufficient to fund operations, meet debt service and dividend requirements and finance future investments.

RESULTS OF OPERATIONS DECEMBER 31, 1998 VS. DECEMBER 31, 1997

Revenues for the year ended December 31, 1998 were $97,992,000 compared to $73,308,000 for the year ended December 31, 1997, an increase of $24,684,000 or 34%. Revenue growth resulted primarily from increased operating rent income of $19,775,000, interest income of $1,516,000, and loan and commitment fees of $2,245,000 from additional real estate investments made during the past twelve to fifteen months.

Expenses for the year ended December 31, 1998, totaled $35,683,000, an increase of $8,853,000 from expenses of $26,830,000 for the year ended December 31, 1997. The increase in total expenses for the year ended December 31, 1998 was primarily related to an increase in interest expense, additional expense associated with the provision for depreciation, and an increase in general and administrative expenses.

Interest expense for the year ended December 31, 1998 was $18,030,000 compared with $15,365,000 for the year ended December 31, 1997. The increase in interest expense during 1998 was primarily due to the issuance in March 1998 of the Senior Unsecured Notes Due 2008, which was offset by the amount of capitalized interest recorded in 1998.

The Company capitalizes certain interest costs associated with funds used to finance the construction of properties owned directly by the Company. The amount capitalized is based upon the borrowings outstanding during the construction period using the rate of interest which approximates the Company's cost of financing. The Company's interest expense is reduced by the amount capitalized. Capitalized interest for the year ended December 31, 1998 totaled $7,740,000, as compared with $2,306,000 for the same period in 1997.

The provision for depreciation for the year ended December 31, 1998 totaled $10,254,000, an increase of $4,967,000 over the year ended 1997 as a result of additional operating lease investments.

General and administrative expense for the year ended December 31, 1998 totaled $6,114,000 as compared with $4,858,000 for the year ended December 31, 1997. The expenses for the year ended December 31, 1998 were 6.24% of revenues as compared with 6.63% for the year ended December 31, 1997.

Dividend payments associated with the Company's outstanding preferred stock for the year ended December 31, 1998 totaled $4,160,000. There were no such dividend payments in 1997.

As a result of the various factors mentioned above, net income available for common shareholders for the year ended December 31, 1998 was $58,149,000, or $2.24 per share, as compared with $46,478,000, or $2.12 per share for the year ended December 31, 1997.

RESULTS OF OPERATIONS DECEMBER 31, 1997 VS. DECEMBER 31, 1996

Revenues for the year ended December 31, 1997 were $73,308,000 compared with $54,402,000 for the year ended December 31, 1996, an increase of $18,906,000 or 35%. Revenue growth resulted primarily from increased operating lease rent of $12,330,000, interest income of $9,264,000, and loan and commitment fees of $429,000 from additional real estate investments made during the past twelve to fifteen months.

The growth in interest and rental income for the year ended December 31, 1997 was offset by prepayment fees and gains on the sale of properties earned during 1996, which totaled $3,059,000 and $576,000, respectively, as compared with prepayment fees of $529,000 earned during 1997.

Expenses for the year ended December 31, 1997, totaled $26,830,000, an increase of $3,104,000 from expenses of $23,726,000 for the year ended December 31, 1996. The increase in total expenses for the year ended December 31, 1997 was primarily related to an increase in interest expense, additional expense associated with the provision for depreciation, and an increase in general and administrative expenses. Expenses for the year ended December 31, 1996 were negatively influenced by an $808,000 disposition of investment expense associated with the Company's elimination of certain investments in behavioral care facilities.

Interest expense for the year ended December 31, 1997 was $15,365,000 compared with $14,635,000 for the year ended December 31, 1996. The increase in interest expense during 1997 was primarily due to the issuance of $80,000,000 Senior Unsecured Notes in April 1997. The increase in the 1997 period was offset by the amount of capitalized interest recorded in 1997.

The Company capitalizes certain interest costs associated with funds used to finance the construction of properties owned directly by the Company. The amount capitalized is based upon the borrowings outstanding during the construction period using the rate of interest which approximates the Company's cost of financing. The Company's interest expense is reduced by the amount capitalized. Capitalized interest for the year ended December 31, 1997 totaled $2,306,000, as compared with $287,000 for the same period in 1996.

The provision for depreciation for the year ended December 31, 1997 totaled $5,287,000, an increase of $2,860,000 over the year ended 1996 as a result of additional operating lease investments.

General and administrative expense for the year ended December 31, 1997 totaled $4,858,000 as compared with $4,448,000 for the year ended December 31, 1996. The expenses for the year ended December 31, 1997 were 6.63% of revenues as compared with 8.18% for the year ended December 31, 1996.

As a result of the various factors mentioned above, net income for the year ended December 31, 1997 was $46,478,000, or $2.12 per share, as compared with $30,676,000, or $2.17 per share for the year ended December 31, 1996. Net income for the year ended December 31, 1996 included $3,635,000, or $0.26 per share, of prepayment fees and gains on the exercise of purchase options, as compared with $529,000, or $0.02 per share, for the year ended December 31, 1997. All per share amounts represent diluted earnings per share.

IMPACT OF INFLATION

During the past three years, inflation has not significantly affected the earnings of the Company because of the moderate inflation rate. Additionally, earnings of the Company are primarily long-term investments with fixed interest rates. These investments are mainly financed with a combination of equity, senior notes and borrowings under the revolving lines of credit. During inflationary periods,

which generally are accompanied by rising interest rates, the Company's ability to grow may be adversely affected because the yield on new investments may increase at a slower rate than new borrowing costs. Presuming the current inflation rate remains moderate and long-term interest rates do not increase significantly, the Company believes that equity and debt financing will continue to be available.

YEAR 2000 COMPLIANCE

The Year 2000 compliance issue concerns the inability of certain systems and devices to properly use or store dates beyond December 31, 1999. This could result in system failures, malfunctions, or miscalculations that disrupt normal operations. This issue affects most companies and organizations to large and small degrees, at least to the extent that potential exposures must be evaluated.

The Company believes its own internal operations, technology infrastructure, information systems and software applications are Year 2000 compliant. The Company is reviewing the impact of outside vendors and tenants/borrowers. The Company initially focused this review on mission-critical operations, recognizing that other potential effects are expected to be less material. In those cases where there are external compliance issues, these are considered to be minor in nature. Expenditures for any remedies will not be material.

With respect to the Company's tenants, borrowers and properties, the Company is assessing the tenants and borrowers compliance efforts, the possibility of any interface difficulties or electromechanical problems relating to compliance by material vendors, the effects of potential non-compliance, and remedies that may mitigate or obviate such effects. The Company plans to process information from tenant surveys beginning in 1999 and complete its assessment by mid-1999.

Because the Company's evaluation of these issues has been conducted by its own personnel or by selected inquiries of its vendors and tenants in connection with their routine servicing operations, the Company believes that its expenditures for assessing Year 2000 issues, though difficult to quantify, have not been material. In addition, the Company is not aware of any issues that will require material expenditures by the Company in the future.

Based upon current information, the Company believes that the risk posed by foreseeable Year 2000 related problems with its internal systems (including both information and non-information systems) is minimal. Year 2000 related problems with the Company's software applications and internal operational programs are unlikely to cause more than minor disruptions in the Company's operations. Year 2000 related problems at certain of its third-party service providers, such as its banks, payroll processor, and telecommunications provider is marginally greater, though, based upon current information, the Company does not believe any such problems would have a material effect on its operations. For example, Year 2000 related problems at such third-party service providers could delay the processing of financial transactions and the Company's payroll and could disrupt the Company's internal and external communications.

The Company believes that the risk posed by Year 2000 related problems at its properties or with its tenants is marginally greater, though, based upon current information, the Company does not believe any such problems would have a material effect on its operations. Year 2000 related problems at certain governmental agencies and third-party payers could delay the processing of tenant financial transactions, though, based upon current information, the Company does not believe any such problems would have a material long-term effect on its operations. Year 2000 related problems with the electromechanical systems at its properties are unlikely to cause more than minor disruptions in the Company's operations.

The Company intends to complete outstanding assessments, implement identified remedies, continue to monitor Year 2000 issues, and develop contingency plans if, and to the extent deemed, necessary. However, based upon current information and barring developments, the Company does not anticipate developing any substantive contingency plans with respect to Year 2000 issues. In addition, the Company has no plans to seek independent verification or review of its assessments.

While the Company believes that it will be Year 2000 compliant by December 31, 1999, there can be no assurance that the Company will be successful in identifying and assessing all compliance issues, or that the Company's efforts to remedy all Year 2000 compliance issues will be effective such that they will not have a material adverse effect on the Company's business or results of operations.

OTHER INFORMATION

This document and supporting schedules may contain "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, which may cause the Company's actual results in the future to differ materially from expected results. These risks and uncertainties include, among others, competition in the financing of health care facilities, the availability of capital, and regulatory and other changes in the health care sector, as described in the Company's filings with the Securities and Exchange Commission.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to various market risks, including the potential loss arising from adverse changes in interest rates. The Company seeks to mitigate the effects of fluctuations in interest rates by matching the term of new investments with new long-term fixed rate borrowings to the extent possible.

The market value of the Company's long-term fixed rate borrowings is subject to interest rate risk. Generally, the market value of fixed rate financial instruments will decrease as interest rates rise and increase as interest rates fall. The estimated fair value of the Company's total long-term borrowings at December 31, 1998 was $239 million. A 1% increase in interest rates would result in a decrease in fair value of long-term borrowings by approximately $11 million.

The Company is subject to risks associated with debt financing, including the risk that existing indebtedness may not be refinanced or that the terms of such refinancing may not be as favorable as the terms of current indebtedness. The majority of the Company's borrowings were completed pursuant to indentures or contractual agreements which limit the amount of indebtedness the Company may incur. Accordingly, in the event that the Company is unable to raise additional equity or borrow money because of these limitations, the Company's ability to acquire additional properties may be limited.

At December 31, 1998, the Company's variable interest rate debt exceeded its variable interest rate assets, presenting an exposure to rising interest rates. The Company may or may not elect to use financial derivative instruments to hedge variable interest rate exposure. Such decisions are principally based on the Company's policy to match its variable rate investments with comparable borrowings, but is also based on the general trend in interest rates at the applicable dates and the Company's perception of future volatility of interest rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

REPORT OF INDEPENDENT AUDITORS

Shareholders and Directors
Health Care REIT, Inc.

We have audited the accompanying consolidated balance sheets of Health Care REIT, Inc. as of December 31, 1998 and 1997, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1998. Our audits also included the financial statement schedules listed in the Index at Item 14 (a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Health Care REIT, Inc. at December 31, 1998 and 1997, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

January 20, 1999
Toledo, Ohio

HEALTH CARE REIT, INC.
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31 1998	1997
	(IN THOUSANDS)	
ASSETS		
Real estate investments:		
Real property owned		
Land	$ 44,722	$ 22,445
Buildings & improvements	443,574	239,549
Construction in progress	151,317	47,050
	639,613	309,044
Less accumulated depreciation	(19,624)	(11,769)
Total real property owned	619,989	297,275
Loans receivable	405,963	412,734
Direct financing leases	6,741	7,935
	1,032,693	717,944
Less allowance for loan losses	(4,987)	(4,387)
Net real estate investments	1,027,706	713,557
Other Assets:		
Direct investments	26,180	4,964
Marketable securities	4,106	4,671
Deferred loan expenses	2,389	2,276
Cash and cash equivalents	1,269	1,381
Receivables and other assets	11,774	7,478
	45,718	20,770
Total assets	$ 1,073,424	$ 734,327
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Borrowings under line of credit arrangements	$ 171,550	$ 78,400
Senior unsecured notes	240,000	162,000
Bonds and mortgages payable	7,429	8,670
Accrued expenses and other liabilities	20,686	15,333
Total liabilities	439,665	264,403
Shareholders' equity:		
Preferred Stock, $1.00 par value:		
Authorized - 10,000,000 shares		
Issued and outstanding - 3,000,000 in 1998 at liquidation preference	75,000	
Common Stock, $1.00 par value:		
Authorized - 40,000,000 shares		
Issued and outstanding - 28,240,025 shares in 1998 and 24,341,030 shares in 1997	28,240	24,341
Capital in excess of par value	520,692	435,603
Undistributed net income	10,434	8,841
Accumulated other comprehensive income	3,982	4,671
Unamortized restricted stock	(4,589)	(3,532)

Total shareholders' equity	633,759	469,924
Total liabilities and shareholders' equity	$ 1,073,424	$ 734,327

See accompanying notes

HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF INCOME

	YEAR ENDED DECEMBER 31		
	1998	1997	1996
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Revenues:			
Interest income	$47,515	$45,999	$36,735
Prepayment fees	588	529	3,059
Operating lease rents	41,953	22,178	9,848
Gains on sale of properties	1,049		576
Direct financing lease income	973	1,238	1,464
Loan and commitment fees	5,281	3,036	2,607
Other income	633	328	113
	97,992	73,308	54,402
Expenses:			
Interest expense	18,030	15,365	14,635
Provision for depreciation	10,254	5,287	2,427
General and administrative	6,114	4,858	4,448
Loan expense	685	720	808
Provision for loan losses	600	600	600
Disposition of investment			808
	35,683	26,830	23,726
Net income	62,309	46,478	30,676
Preferred stock dividends	4,160		
Net income available to common shareholders	$58,149	$46,478	$30,676
Average number of common shares outstanding:			
Basic	25,579	21,594	14,093
Diluted	25,954	21,929	14,150
Net income available to common shareholders per share:			
Basic	$ 2.27	$ 2.15	$ 2.18
Diluted	$ 2.24	$ 2.12	$ 2.17

See accompanying notes

HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	PREFERRED STOCK	COMMON STOCK	CAPITAL IN EXCESS OF PAR VALUE	UNDISTRIBUTED NET INCOME	ACCUMULATED OTHER COMPREHENSIVE INCOME	UNAMORTIZED RESTRICTED STOCK	TOTAL
Balances at January 1, 1996	$	$12,034	$168,800	$5,918	$845	$	$187,597
Comprehensive income:							
Net income				30,676			30,676
Other comprehensive income:							
Unrealized loss on marketable securities					(77)		(77)
Total comprehensive income							30,599
Proceeds from issuance of shares from dividend reinvestment and stock incentive plans		176	3,479				3,655
Proceeds from sale of shares, net of expenses of $6,433,000		6,110	126,002				132,112
Cash dividends paid -- $2.08 per share				(28,427)			(28,427)
Balances at December 31, 1996		18,320	298,281	8,167	768		325,536
Comprehensive income:							
Net income				46,478			46,478
Other comprehensive income:							
Unrealized gain on marketable securities					3,903		3,903
Total comprehensive income							50,381
Proceeds from issuance of shares from dividend reinvestment and stock incentive plans		455	10,179			(3,789)	6,845
Amortization of restricted stock grants						257	257
Proceeds from sale of shares, net of expenses of $7,477,000		5,566	127,143				132,709
Cash dividends paid -- $2.11 per share				(45,804)			(45,804)
Balances at December 31, 1997		24,341	435,603	8,841	4,671	3,532)	469,924
Comprehensive income:							
Net income				62,309			62,309
Other comprehensive income:							
Unrealized loss on marketable securities					(565)		(565)
Foreign currency translation adjustment					(124)		(124)
Total comprehensive income							61,620
Proceeds from issuance of shares from dividend reinvestment and stock incentive plans		440	9,986			(1,658)	8,768
Amortization of restricted stock grants						601	601
Proceeds from sale of shares, net of expenses of $4,599,000		3,459	77,893				81,352
Net proceeds from sale of Preferred Stock	75,000		(2,790)				72,210
Cash dividends paid:							
Common stock -- $2.19 per share				(56,556)			(56,556)
Preferred stock -- $1.39 per share				(4,160)			(4,160)
BALANCES AT DECEMBER 31, 1998	$ 75,000	$ 28,240	$ 520,692	$10,434	$ 3,982	$ (4,589)	$633,759

See accompanying notes

HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31		
	1998	1997	1996
	(IN THOUSANDS)		
OPERATING ACTIVITIES			
Net income	$ 62,309	$ 46,478	$ 30,676
Adjustments to reconcile net income to net cash provided from operating activities:			
Provision for depreciation	10,348	5,361	2,461
Amortization	1,306	980	810
Provision for losses	600	600	600
Disposition of investment			808
Loan and commitment fees earned less than cash received	1,222	4,642	1,764
Direct financing lease income less than cash received	292	372	90
Rental income in excess of cash received	(3,047)	(1,548)	(370)
Interest income more than cash received	(380)	(29)	(134)
Increase in accrued expenses and other liabilities	4,133	790	401
Increase in receivables and other assets	(1,037)	(1,638)	(886)
Net cash provided from operating activities	75,746	56,008	36,220
INVESTING ACTIVITIES			
Investment in real property	(270,015)	(135,835)	(66,083)
Investment in loans receivable	(105,282)	(123,376)	(168,845)
Other investments	(20,965)	(4,964)	
Principal collected on loans	38,629	49,750	60,659
Proceeds from sale of properties	11,378	2,569	9,508
Other	(328)	(213)	(221)
Net cash used in investing activities	(346,583)	(212,069)	(164,982)
FINANCING ACTIVITIES			
Net (decrease) increase under line of credit arrangements	93,150	(13,725)	(14,575)
Borrowings under senior notes	100,000	80,000	30,000
Assumption of mortgage loan payable			6,539
Principal payments on other long-term obligations	(23,241)	(1,600)	(329)
Net proceeds from the issuance of Common Stock	90,120	139,554	135,767
Net proceeds from the issuance of Preferred Stock	72,210		
Increase in deferred loan expense	(798)	(1,564)	(492)
Cash distributions to shareholders	(60,716)	(45,804)	(28,427)
Net cash provided from financing activities	270,725	156,861	128,483
Increase (decrease) in cash and cash equivalents	(112)	800	(279)
Cash and cash equivalents at beginning of year	1,381	581	860
Cash and cash equivalents at end of year	$ 1,269	$ 1,381	$ 581
Supplemental Cash Flow Information-interest paid	$ 23,714	$ 16,444	$ 14,211

See accompanying notes

Health Care REIT, Inc.
Notes to Consolidated Financial Statements

1. ACCOUNTING POLICIES AND RELATED MATTERS

INDUSTRY

The Company is a self-administered real estate investment trust that invests primarily in long-term care facilities, which include nursing homes, assisted living facilities, and retirement centers. The Company also invests in specialty care facilities.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after the elimination of all significant intercompany accounts and transactions.

USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

LOANS RECEIVABLE

Loans receivable consist of long-term mortgage loans, construction-period loans maturing in two years or less, and working capital loans. Interest income on loans is recognized as earned based upon the principal amount outstanding. The loans are generally collateralized by a first or second mortgage on or assignment of partnership interest in the related facilities which consist of nursing homes, assisted living facilities, retirement centers, behavioral care facilities, and specialty care hospitals.

REAL PROPERTY INVESTMENTS

Certain properties owned by the Company are leased under operating leases and are recorded at cost. The carrying value of long-lived assets is reviewed quarterly on a property by property basis to determine if facts and circumstances suggest that the assets may be impaired or that the depreciation life may need to be changed. The Company considers external factors relating to each asset. If these external factors and the projected undiscounted cash flows of the company over the remaining amortization period indicate that the asset will not be recoverable, the carrying value will be adjusted to the estimated fair value. As of December 31, 1998, the Company does not believe there is any indication that the carrying value or the amortization period of its assets needs to be adjusted. The leases generally extend for a minimum ten year period and provide for payment of all taxes, insurance and maintenance by the lessees. In general, operating lease income includes base rent payments plus fixed annual rent increases, which are recognized on a straight-line basis over the minimum lease period. This income is greater than the amount of cash received during the first half of the lease term.

DIRECT FINANCING LEASES

Certain properties owned by the Company are subject to long-term leases which are accounted for by the direct financing method. The leases provide for payment of all taxes, insurance and maintenance by the lessees. The leases are generally for a term of 20 years and include an option to purchase the properties generally after a period of five years. Option prices equal or exceed the Company's original cost of the property. Income from direct financing leases is recorded based upon the implicit rate of interest over the lease term. This income is greater than the amount of cash received during the first six to seven years of the lease term.

CAPITALIZATION OF CONSTRUCTION PERIOD INTEREST

The Company capitalizes interest costs associated with funds used to finance the construction of properties owned directly by the Company. The amount capitalized is based upon the borrowings outstanding during the construction period using the rate of interest which approximates the Company's cost of financing.

The Company capitalized interest costs of $7,740,000, $2,306,000 and $287,000 during 1998, 1997 and 1996, respectively, related to construction of real property owned by the Company. The Company's interest expense has been reduced by the amounts capitalized.

1. ACCOUNTING POLICIES AND RELATED MATTERS (CONTINUED)

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is maintained at a level believed adequate to absorb potential losses in the Company's loans receivable. The determination of the allowance is based on a quarterly evaluation of these loans, including general economic conditions and estimated collectibility of loan payments.

DEFERRED LOAN EXPENSES

Deferred loan expenses are costs incurred by the Company in connection with the issuance of short-term and long-term debt. The Company amortizes these costs over the term of the debt using the straight-line method, which approximates the interest yield method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of all highly liquid investments with an original maturity of three months or less.

DIRECT INVESTMENTS

Management determines the appropriate classification of a direct investment at the time of acquisition and reevaluates such designation as of each balance sheet date. Debt securities which are classified as held to maturity are stated at historical cost. Equity investments are stated at historical cost. Direct investments included the preferred stock of one private corporation, subordinated debt in eight private corporations, and ownership representing a 31% interest in Atlantic Healthcare Finance L.P., a property investment group that specializes in the financing, through sale and leaseback transactions, of nursing homes located in the United Kingdom and continental Europe.

MARKETABLE SECURITIES

Marketable securities available for sale are stated at market value with unrealized gains and losses reported in a separate component of shareholders' equity. Marketable securities reflect the market value of the common stock of two publicly owned corporations, which were obtained by the Company at no cost, and the fair value of the common stock related to warrants in one publicly owned corporation in excess of the exercise price.

LOAN AND COMMITMENT FEES

Loan and commitment fees are earned by the Company for its agreement to provide direct and standby financing to, and credit enhancement for, owners of health care facilities. The Company amortizes loan and commitment fees over the initial fixed term of the lease, the mortgage or the construction period related to such investments.

FEDERAL INCOME TAX

No provision has been made for federal income taxes since the Company has elected to be treated as a real estate investment trust under the applicable provisions of the Internal Revenue Code, and the Company believes that it has met the requirements for qualification as such for each taxable year. See Note 11.

NET INCOME PER SHARE

Basic earnings per share is computed by dividing income available to common shareholders by the weighted-average number of shares for the period. The computation of diluted earnings per share is similar to basic earnings per share, except that the number of shares is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued.

COMPREHENSIVE INCOME

As of January 1, 1998, the Company adopted Statement 130, Reporting Comprehensive Income. Statement 130 establishes new rules for the reporting and display of comprehensive income and its components. The adoption of this Statement had no impact on the Company's net income or shareholders' equity. Statement 130 requires unrealized gains or losses on the Company's marketable securities and foreign currency translation adjustments to be included in comprehensive income. Prior to adoption of Statement 130, these items were reported separately in shareholders' equity. Prior year financial statements have been reclassified to conform to the requirements of Statement 130.

NEW ACCOUNTING STANDARD

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement No. 133 "Accounting for Derivative Instruments and Hedging Activities", which is effective January 1, 2000. The impact that this statement will have on the Company has not been determined.

2. LOANS RECEIVABLE

The following is a summary of loans receivable (in thousands):

	DECEMBER 31 1998	1997
Mortgage loans	$355,974	$375,693
Mortgage loans to related parties	0	1,945
Construction loans	42,708	27,698
Working capital	5,532	3,551
Working capital loans to related parties	1,749	3,847
TOTALS	$405,963	$412,734

Loans to related parties (various entities whose ownership includes two Company directors and former officers) included above are at competitive rates and are equal to or greater than the Company's net interest cost on borrowings to support such loans. The amount of interest income and loan and commitment fees from related parties amounted to $1,236,000, $980,000 and $3,089,000 for 1998, 1997 and 1996, respectively.

The following is a summary of mortgage loans at December 31, 1998 (in thousands):

Final Payment Due	Number of Loans	Payment Terms	Principal Amount at Inception	Carrying Amount
1999	1	Monthly payment at $8,600, including interest at 10.00%	$ 4,500	$ 769
2001	3	Monthly payments from $20,282 to $71,471, including interest from 10.50% to 12.50%	11,684	10,880
2006	1	Monthly payment at $94,378, including interest at 9.28%	12,204	12,204
2007	3	Monthly payments from $28,020 to $73,081, including interest from 10.70% to 12.97%	16,990	12,930
2008	5	Monthly payments from $18,619 to $85,879, including interest from 11.92% to 13.46%	20,100	19,521
2009	1	Monthly payment at $69,467, including interest at 11.04%	7,072	6,983
2010	4	Monthly payments from $40,554 to $186,177, including interest from 10.57% to 10.96%	42,042	41,780

2. LOANS RECEIVABLE (CONTINUED)

Final Payment Due	Number of Loans	Payment Terms	Principal Amount at Inception	Carrying Amount
2011	9	Monthly payments from $18,921 to $38,703, including interest from 9.28% to 11.70%	$ 30,791	$ 30,697
2012	4	Monthly payments from $38,000 to $284,200, including interest from 9.50% to 12.19%	42,511	42,449
2015	5	Monthly payments from $23,954 to $119,385, including interest from 10.29% to 12.58%	36,260	35,572
2016	7	Monthly payments from $36,980 to $228,417, including interest from 10.58% to 12.13%	65,436	64,432
2017	3	Monthly payments from $24,008 to $80,121 including interest from 10.15% to 10.66%	16,191	16,188
2018	10	Monthly payments from $21,660 to $155,575 including interest from 8.89% to 10.31%	61,569	61,569
		TOTALS	$ 367,350	$ 355,974

3. DIRECT FINANCING LEASES

The following are the components of investments in direct financing leases (in thousands):

	DECEMBER 31 1998	1997
Total minimum lease payments receivable	$ 11,092	$ 13,602
Estimated unguaranteed residual values of leased properties	2,994	3,437
Unearned income	(7,345)	(9,104)
Investment in direct financing leases	$ 6,741	$ 7,935

The leases contain an option to purchase the leased property. Total minimum lease payments are computed assuming that the purchase options are not exercised.

At December 31, 1998, future minimum lease payments receivable (assuming that purchase options are not exercised) are as follows (in thousands):

1999	$ 1,009
2000	1,027
2001	1,044
2002	1,076
2003	747
Thereafter	6,189
TOTAL	$ 11,092

4. REAL ESTATE INVESTMENTS

The following table summarizes certain information about Health Care REIT's real estate properties as of December 31, 1998.

	Number of Facilities	Land	Building & Improvements	Total Investment	Accumulated Depreciation
NURSING HOMES:					
Arizona	1	$ 180	$ 3,988	$ 4,168	$ 73
California	2	2,640	5,212	7,852	96
Colorado	1	370	6,051	6,421	108
Connecticut	1	937	9,563	10,500	1,424
Florida	5	3,312	32,488	35,800	676

Kentucky	1	130	4,870	5,000	634
Idaho	3	2,010	20,662	22,672	341
Illinois	1	610	7,143	7,753	9
Massachusetts	8	3,548	33,929	37,477	2,119
Ohio	2	786	8,778	9,564	597
Oklahoma	1	470	5,673	6,143	24
Oregon	1	300	5,316	5,616	92
Pennsylvania	2	669	12,356	13,025	1,402
Texas	1	663	12,587	13,250	2,006
Construction in Process				769	
	30	16,625	168,616	186,010	9,601
ASSISTED LIVING FACILITIES:					
Arizona	1	110	2,244	2,354	8
Connecticut	1	660	8,812	9,472	114
Florida	14	2,747	34,917	37,664	1,342
Idaho	1	200	2,500	2,700	98
Massachusetts	1	810	10,500	11,310	161
Montana	1	360	3,282	3,642	19
Nevada	1	380	9,220	9,600	30
New Jersey	1	3,297	14,233	17,530	734
New Mexico	1	233	5,355	5,588	165
New York	1	400	10,528	10,928	314
North Carolina	2	2,140	8,440	10,580	222
Ohio	7	3,123	30,495	33,618	937
Oklahoma	15	1,703	21,408	23,111	1,617
Pennsylvania	6	3,938	34,628	38,566	1,563
Tennessee	1	330	2,292	2,622	8
Texas	21	5,396	64,333	69,729	2,520
Construction in Process	28			128,462	
	103	25,827	263,187	417,476	9,852
RETIREMENT CENTERS:					
North Carolina	1	2,270	11,771	14,041	171
Construction in Process	7			22,086	
	8	2,270	11,771	36,127	171
TOTAL REAL ESTATE	141	$ 44,722	$443,574	$639,613	$ 19,624

4. REAL ESTATE INVESTMENTS (CONTINUED)

At December 31, 1998, future minimum lease payments receivable under operating leases are as follows (in thousands):

1999	$ 61,807
2000	73,392
2001	75,240
2002	76,965
2003	78,521
Thereafter	517,289
TOTAL	$ 883,214

The Company converted $73,430,000, $13,103,000, and $40,567,000 of mortgage loans into operating lease properties in 1998, 1997, and 1996, respectively. This noncash activity is appropriately not reflected in the accompanying statements of cash flows.

The Company is constructing six assisted living facilities for an operator that has a director who is also a director of the Company. These facilities will be leased to this related party upon completion.

5. CONCENTRATION OF RISK

As of December 31, 1998, long-term care facilities, which include nursing homes, assisted living facilities, and retirement centers, comprised 90% of the Company's real estate investments and were located in 34 states. Investments in assisted living facilities comprised 56% of the Company's real estate investments. The Company's investments with the three largest operators totaled approximately 25%. No single operator has a real estate investment balance which exceeds 10% of total real estate investments, including credit enhancements.

6. ALLOWANCE FOR LOAN LOSSES

The following is a summary of the allowance for loan losses (in thousands):

	1998	1997	1996
Balance at beginning of year	$ 4,387	$ 9,787	$ 9,950
Provision for loan losses	600	600	600
Disposition of investment			808
Charge-offs		(6,000)	(1,571)
Balance at end of year	$ 4,987	$ 4,387	$ 9,787

During 1997, two loans with an aggregate balance of $12,073,000 and a specifically identified allowance of $6,000,000 were extinguished. The Company recognized payments of $6,073,000 and recorded a charge of $6,000,000 against the allowance for loan losses.

7. BORROWINGS UNDER LINE OF CREDIT ARRANGEMENTS AND RELATED ITEMS

The Company has an unsecured credit arrangement with a consortium of ten banks providing for a revolving line of credit (revolving credit) in the amount of $175,000,000 which expires on March 31, 2001. The agreement specifies that borrowings under the revolving credit are subject to interest payable in periods no longer than three months on either the agent bank's base rate of interest or 1.0% over LIBOR interest rate (based at the Company's option). The effective interest rate at December 31, 1998 was 6.58%. In addition, the Company pays a commitment fee ranging from an annual rate of 0.20% to 0.375% and an annual agent's fee of $50,000. Principal is due upon expiration of the agreement. The Company has another line of credit with a bank for a total of $15,000,000 which expires January 31, 2000. Borrowings under this line of credit are subject to interest at the bank's prime rate of interest (7.75% at December 31, 1998) and are due on demand.

7. BORROWINGS UNDER LINE OF CREDIT ARRANGEMENTS AND RELATED ITEMS (CONTINUED)

The following information relates to aggregate borrowings under the line of credit arrangements (in thousands except percentages):

	YEAR ENDED DECEMBER 31 1998	1997	1996
Balance outstanding at December 31	$171,550	$ 78,400	$ 92,125
Maximum amount outstanding at any month end	171,550	158,950	142,600
Average amount outstanding (total of daily principal balances divided by days in year)	103,739	78,826	110,667
Weighted average interest rate (actual interest expense divided by average borrowings outstanding)	6.90%	7.63%	7.72%

8. SENIOR NOTES AND OTHER LONG-TERM OBLIGATIONS

The Company has $240,000,000 of unsecured Senior Notes with interest ranging from 7.06% to 8.34% and maturing at various dates to 2008.

The following information relates to other long-term obligations (in thousands):

	DECEMBER 31 1998	1997
Mortgage notes payable, collateralized by two health care facilities, interest rates from 7.625% to 12%, maturing at various dates to 2034	$7,429	$7,510
Other long-term obligations, interest at 11.25% for 1997	0	1,160
TOTALS	$7,429	$8,670

At December 31, 1998, the annual principal payments on these long-term obligations are as follows (in thousands):

	SENIOR NOTES	OTHER
1999	$ 0	$ 90
2000	35,000	99
2001	10,000	109
2002	20,000	121
2003	35,000	133
2004	40,000	186
2005	0	549
2006	0	62
2007	0	67
2008	100,000	72
Thereafter	0	5,941
Total	$240,000	$7,429

9. STOCK INCENTIVE PLANS AND RETIREMENT ARRANGEMENTS

The Company's 1995 Stock Incentive Plan authorized up to 2,200,000 shares of Common Stock to be issued at the discretion of the Board of Directors. The 1995 Plan replaced the 1985 Incentive Stock Option Plan. The options granted under the 1985 Plan continue to vest through 2005 and expire ten years from the date of grant. Officers and key salaried employees of the Company are eligible to participate in the 1995 Plan. The 1995 Plan allows for the issuance of stock options, restricted stock grants and Dividend Equivalency Rights. In addition, during 1997 the Company adopted a Stock Incentive Plan for Non-Employee Directors which authorizes up to 192,000 shares to be issued.

9. STOCK INCENTIVE PLANS AND RETIREMENT ARRANGEMENTS (CONTINUED)

The following summarizes the activity in the Plans for the years ended December 31 (shares in thousands):

	1998		1997		1996	
Stock Options	Shares	Average Exercise Price	Shares	Average Exercise Price	Shares	Average Exercise Price
Options at beginning of year	1,126	$21.56	749	$19.51	485	$19.95
Options granted	362	23.00	475	24.44	425	19.14
Options exercised	(67)	18.57	(84)	19.16	(44)	17.66
Options terminated	(7)	24.90	(14)	23.61	(117)	20.67
	1,418	$22.06	1,126	$21.56	749	$19.51
At end of year:						
Shares exercisable	466	$20.83	406	$20.79	226	$21.45
Weighted average fair value of options granted during the year		$ 1.98		$ 1.97		$ 1.78

The stock options generally vest over a five year period and expire ten years from the date of grant. Options at December 31, 1998 had exercise prices ranging from $17.875 to $27.375 per share and a weighted average contractual life of 8.6 years.

The Company issued 71,850 and 157,000 restricted shares during 1998 and 1997 respectively, including 2,250 shares and 2,000 shares for directors in 1998 and 1997, respectively. Vesting periods range from six months for directors to periods of five to ten years for officers. Expense, which is recognized as the shares vest based on the market value at the date of the award, totaled $601,000 in 1998 and $257,000 in 1997.

The Company has elected to follow APB Opinion No. 25, Accounting for Stock Issued to Employees in accounting for its employee stock options as permitted under FASB Statement No. 123 ("FASB 123"), Accounting for Stock-Based Compensation, and, accordingly, recognizes no compensation expense for the stock option grants when the market price on the underlying stock on the date of grant equals the exercise price of the Company's employee stock option.

Pro forma information has been determined as if the Company had accounted for its employee stock options and restricted shares under the fair value method. The pro forma disclosures are not likely to be representative of the effects on reported net income for future years because they do not take into consideration stock based incentives granted prior to 1995. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following range of assumptions: risk-free interest rates from 5.10% to 7.60%, dividend yields of 8% to 9%, expected lives of seven years, and expected volatility of .18% to .23%. Had compensation cost for the stock based compensation plans been determined in accordance with FASB 123, net income would have been reduced by $393,000, $212,000, and $105,000 in 1998, 1997 and 1996, respectively.

The Company has a 401-(k) Profit Sharing Plan covering all eligible employees. Under the Plan, eligible employees may make contributions, and the Company may make a profit sharing contribution. Company contributions to this Plan totaled $120,000, $110,000, and $90,000 in 1998, 1997, and 1996, respectively.

10. PREFERRED STOCK

In May 1998, the Company sold 3,000,000 shares of 8.875% Series B Cumulative Redeemable Preferred Stock with a liquidation preference of $25 per share. Dividends are payable quarterly in arrears. On and after May 1, 2003, the Preferred Stock may be redeemed for cash at the option of the Company, in whole or in part, at $25 per share, plus accrued and unpaid dividends thereon to the redemption date.

11. DISTRIBUTIONS

To qualify as a real estate investment trust for federal income tax purposes, 95% of taxable income (not including capital gains) must be distributed to shareholders. Real estate investment trusts which do not distribute a certain amount of current year taxable income in the current year are also subject to a 4% federal excise tax. The Company's excise tax expense was $315,000, $360,000 and $317,000 for the years ended December 31, 1998, 1997 and 1996, respectively. Undistributed net income for federal income tax purposes amounted to $16,353,000 at December 31, 1997. The principal reasons for the difference between undistributed net income for federal income tax purposes and financial statement purposes are the use of the operating method of accounting for leases for federal income tax purposes and the provision for losses for reporting purposes versus bad debt expense for tax purposes. Cash distributions paid to shareholders, for federal income tax purposes, are as follows:

	YEAR ENDED DECEMBER 31		
	1998	1997	1996
Per Share:			
Ordinary income	$ 2.142	$ 2.085	$ 2.030
Capital gains	.048	.025	.050
TOTALS	$ 2.190	$ 2.110	$ 2.080

12. COMMITMENTS AND CONTINGENCIES

At December 31, 1998, the Company had outstanding commitments to provide financing for facilities in the approximate amount of $209,900,000 for ongoing construction activity and acquisitions expected over the next twelve to fifteen months. The above commitments are generally on similar terms as existing financings of a like nature with rates of return to the Company based upon current market rates at the time of the commitment.

The Company has agreements to purchase two health care facilities, or the loans with respect thereto, in the event that the present owners default upon their obligations. In consideration for these agreements, the Company receives and recognizes fees annually related to these agreements. Although the terms of these agreements vary, the purchase prices are equal to the amount of the outstanding obligations financing the facility. These agreements expire through the year 2005. At December 31, 1998, obligations under these agreements for which the Company was contingently liable aggregated approximately $9,365,000, all of which were with related parties.

13. SHAREHOLDER RIGHTS PLAN

Under the terms of a Shareholder Rights Plan approved by the Board of Directors in July 1994, a Preferred Share Right (Right) is attached to and automatically trades with each outstanding share of Common Stock.

The Rights, which are redeemable, will become exercisable only in the event that any person or group becomes a holder of 15% or more of the Common Stock, or commences a tender or exchange offer which, if consummated, would result in that person or group owning at least 15% of the Common Stock. Once the Rights become exercisable, they entitle all other shareholders to purchase one one-thousandth of a share of a new series of junior participating preferred stock for an exercise price of $48.00. The Rights will expire on August 5, 2004 unless exchanged earlier or redeemed earlier by the Company for $.01 per Right at any time before public disclosure that a 15% position has been acquired.

14. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	1998	1997	1996
Numerator for basic and diluted earnings per share - income available to common shareholders	$ 58,149	$ 46,478	$ 30,676
Denominator for basic earnings per share - weighted average shares	25,579	21,594	14,093
Effect of dilutive securities:			
Employee stock options	174	182	57
Nonvested restricted shares	201	153	
Dilutive potential common shares	375	335	57
Denominator for diluted earnings per share - adjusted weighted average shares	25,954	21,929	14,150
Basic earnings per share	$2.27	$2.15	$2.18
Diluted earnings per share	$2.24	$2.12	$2.17

The diluted earnings per share calculation for 1998 excludes the dilutive effect of 179,000 shares because the exercise price is greater than the average market price.

15. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Mortgage Loans--The fair value of all mortgage loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Working Capital and Construction Loans--The carrying amount is a reasonable estimate of fair value for working capital and construction loans because the interest earned on these instruments is variable.

Cash and Cash Equivalents--The carrying amount approximates fair value because of the short maturity of these financial instruments.

Marketable Securities --The assets are recorded at their fair market value.

Direct Investments--Direct investments are recognized at historical cost, which the Company believes approximates fair market value.

Borrowings Under Line of Credit Arrangements--The carrying amount of the line of credit approximates fair value because the borrowings are interest rate adjustable.

Senior Unsecured Notes and Industrial Development Bonds--The fair value of the senior unsecured notes payable and the industrial development bonds was estimated by discounting the future cash flow using the current borrowing rate available to the Company for similar debt.

Mortgage Notes Payable--Mortgage notes payable is a reasonable estimate of fair value.

15. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1998 and 1997 are as follows (in thousands):

	DECEMBER 31, 1998		December 31, 1997	
	CARRYING AMOUNT	FAIR VALUE	Carrying Amount	Fair Value
Financial Assets:				
Mortgage loans	$355,974	$375,252	$377,638	$402,348
Working capital and construction loans	49,989	49,989	35,096	35,096
Cash and cash equivalents	1,269	1,269	1,381	1,381
Marketable securities	4,106	4,106	4,671	4,671
Direct investments	26,180	26,180	4,964	4,964
Financial Liabilities:				
Borrowings under line of credit arrangements	171,550	171,550	78,400	78,400
Senior unsecured notes	240,000	239,396	162,000	167,113
Industrial development bonds	0	0	1,160	1,225
Mortgage notes payable	7,429	7,429	7,510	7,445

16. SUBSEQUENT EVENT

On January 19, 1999 the Company announced the sale of 3,000,000 shares of cumulative convertible preferred stock. These shares have a liquidation value of $25 per share and will pay dividends equivalent to the greater of $0.5625 or the quarterly divided then payable per common share. The preferred shares are convertible into common stock at a conversion price of $25.625 per share. The Company has the right to redeem the preferred shares after five years.

17. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the unaudited quarterly results of operations of the Company for the years ended December 31, 1998 and 1997 (in thousands except per share data):

	YEAR ENDED DECEMBER 31, 1998			
	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Revenues	$ 21,226	$ 23,159	$ 25,837	$ 27,770
Net Income Available to Common Shareholders	13,409	13,907	14,365	16,468
Net Income Available to Common Shareholders				
Basic	.55	.55	.57	.60
Diluted	.54	.54	.56	.59

	Year Ended December 31, 1997			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	$ 16,569	$ 18,448	$ 18,559	$ 19,448
Net Income Available to Common Shareholders	9,826	11,928	11,773	12,667
Net Income Available to Common Shareholders				
Basic	.51	.55	.54	.55
Diluted	.51	.54	.53	.54

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item is incorporated herein by reference to the information under the heading "Election of Directors" and "Executive Officers of the Company" in the definitive proxy statement of the Company which will be filed with the Commission prior to April 20, 1999.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the information under the heading "Remuneration" in the definitive proxy statement of the Company which will be filed with the Commission prior to April 20, 1999.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated herein by reference to the information under the heading "Security Ownership of Certain Beneficial Owners" in the definitive proxy statement of the Company which will be filed with the Commission prior to April 20, 1999.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated herein by reference to the information under the heading "Certain Relationships and Related Transactions" in the definitive proxy statement of the Company which will be filed with the

Commission prior to April 20, 1999.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K

(a)1. The following Consolidated Financial Statements of the Company are included in Part II, Item 8:

Report of Independent Auditors..................................17
Consolidated Balance Sheets - December 31, 1998 and 1997.........18
Consolidated Statements of Income - Years ended December 31, 1998, 1997 and 1996..19
Consolidated Statements of Shareholders' Equity - Years ended December 31, 1998, 1997 and 1996..........................20
Consolidated Statements of Cash Flows - Years ended December 31, 1998, 1997 and 1996..........................21
Notes to Consolidated Financial Statements 22

2. The following Financial Statement Schedules are included in Item 14(d):

III - Real Estate and Accumulated Depreciation
IV - Mortgage Loans on Real Estate

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

3. Exhibit Index:

3.1 Second Restated Certificate of Incorporation.

3.2 By-Laws, as amended.

4.1 The Registrant, by signing this Report, agrees to furnish the Securities and Exchange Commission upon its request a copy of any instrument which defines the rights of holders of long-term debt of Registrant and which authorizes a total amount of securities not in excess of 10% of the total assets of the Registrant.

4.2 Indenture dated as of April 17, 1997 by and between Health Care REIT, Inc. and Fifth Third Bank.

4.3 First Supplemental Indenture dated as of April 17, 1997 by and between Health Care REIT, Inc. and Fifth Third Bank.

4.4(5) Form of Second Supplemental Indenture dated as of March 13, 1998 between Health Care REIT, Inc. and Fifth Third Bank.

4.5(6) Form of Certificate of Designation of 8-7/8% Series B Cumulative Redeemable Preferred Stock.

4.6 Certificate of Designations of Series C Cumulative Convertible Preferred Stock, Preferences and Rights of HealthCare REIT, Inc.

10.1 Rights Agreement.

10.2	Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated as of April 8, 1993.
10.3	Amended and Restated Credit Agreement dated as of September 8, 1994 among Health Care REIT, Inc., certain banks, and National City Bank, as Agent.
10.4	Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated as of April 15, 1995.
10.5	The 1985 Incentive Stock Option Plan of Health Care REIT, Inc. as amended.
10.6	The Health Care REIT, Inc. 1995 Stock Incentive Plan
21	Subsidiaries of the Registrant.
23	Consent of Independent Auditors.
24	Powers of Attorney.
27	Financial Data Schedules (Edgar version only).

(b) Reports on Form 8-K filed in the fourth quarter of 1998:

Form 8-K filed with the Securities and Exchange Commission on October 7, 1998.

(c) Exhibits:

The exhibits listed in Item 14(a)(3) above are filed with this Form 10-K.

(d) Financial Statement Schedules:

Financial statement schedules are included in pages 36 through 40.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this amendment on its behalf on by the undersigned thereunto duly authorized.

HEALTH CARE REIT, INC.
(Registrant)

By: /s/ GEORGE L. CHAPMAN

Chairman, Chief Executive Officer,
President and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on March 5, 1999 by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/S/ WILLIAM C. BALLARD, JR.*	/S/ RICHARD A. UNVERFERTH*
William C. Ballard, Jr., Director	Richard A. Unverferth, Director
/S/ PIER C. BORRA*	/S/ FREDERIC D. WOLFE*
Pier C. Borra, Director	Frederic D. Wolfe, Director
/S/ JEFFREY H. DONAHUE*	/S/ GEORGE L. CHAPMAN
Jeffrey H. Donahue, Director	George L. Chapman, Chairman, Chief Executive, President and Director (Principal Executive Officer)
/S/ BRUCE DOUGLAS*	/S/ EDWARD F. LANGE, JR.*
Bruce Douglas, Director	Edward F. Lange, Jr., Chief Financial Officer (Principal Financial Officer)
/S/ PETER J. GRUA*	/S/ MICHAEL A. CRABTREE*
Peter J. Grua, Director	Michael A. Crabtree, Controller (Principal Accounting Officer)
/S/ SHARON M. OSTER*	*By: /S/ GEORGE L. CHAPMAN
Sharon M. Oster, Director	George L. Chapman, Attorney-in-Fact
/S/ BRUCE G. THOMPSON*	
Bruce G. Thompson, Director	

HEALTH CARE REIT, INC.
SCHEDULE III

REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1998

Description	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Buildings & Improvements	Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period: Land	Gross Amount at Which Carried at Close of Period: Buildings & Improve-ments	Accumulated Depreciation	Year Acquired	Year Built
ASSISTED LIVING FACILITIES:									
Lake Havasu, AZ	$	$110	$ 2,244	$	$110	$ 2,244	$ 8	1998	1998
Litchfield, CT		660	8,812		660	8,812	114	1998	1998
Bradenton, FL		252	3,298		252	3,298	284	1996	1995
Bradenton, FL		25	450		25	450	16	1997	1992
Bradenton, FL		25	400		25	400	15	1997	1988
Bradenton, FL		50	850		50	850	31	1997	1996
Bradenton, FL		50	850		50	850	31	1997	1996
Clermont, FL		350	5,232		350	5,232	154	1997	1997
Jacksonville, FL		400	3,674		400	3,674	113	1997	1997
Lauderhill, FL		20	1,374		20	1,374	35	1998	1995
Leesburg, FL		70	1,170		70	1,170	23	1998	1972
Margate, FL		500	5,343		500	5,343	163	1998	1972
North Miami Beach, FL		300	5,621		300	5,621	140	1998	1987
North Miami Beach, FL		150	1,242		150	1,242	30	1998	1987
Orange City, FL		80	2,238		80	2,238	34	1998	1998
Sarasota, FL		475	3,175		475	3,175	273	1996	1995
Boise, ID		200	2,500		200	2,500	98	1997	1997
Attleboro, MA		810	10,500		810	10,500	161	1998	1998
Kalispell, MT		360	3,282		360	3,282	19	1998	1998
Cary, NC		1,500	4,350		1,500	4,350	65	1998	1996
Charlotte, NC		640	4,090		640	4,090	157	1997	1997
Cranford, NJ		3,297	11,703	2,530	3,297	14,233	734	1996	1993
Roswell, NM		233	5,355		233	5,355	165	1997	1996
Henderson, NV		380	9,220		380	9,220	30	1998	1998
Albany, NY		400	10,528		400	10,528	314	1997	1997
Canton, OH		300	2,098		300	2,098	7	1998	1998
Cincinnati, OH		1,728	10,272		1,728	10,272	553	1997	1985
Dayton, OH		80	6,730		80	6,730	88	1998	1997
Findlay, OH		200	1,800		200	1,800	86	1997	1997
Newark, OH		410	5,711		410	5,711	72	1998	1997
Piqua, OH		204	1,885		204	1,885	41	1998	1998
Troy, OH		200	2,000		200	2,000	90	1997	1997
Bartlesville, OK		100	1,380		100	1,380	114	1994	1995
Chickasha, OK		85	1,395		85	1,395	109	1995	1996
Duncan, Ok		103	1,347		103	1,347	96	1995	1996
Edmond, OK		175	1,564		175	1,564	109	1995	1996
Eid, OK		90	1,390		90	1,390	115	1995	1996
Lawton, OK		144	1,456		144	1,456	103	1995	1996

SCHEDULE III - Continued

Description	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Buildings & Improvements	Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period: Land	Gross Amount at Which Carried at Close of Period: Buildings & Improvements	Accumulated Depreciation	Year Acquired	Year Built
Midwest City, OK	$	$ 95	$ 1,385	$	$ 95	$ 1,385	$ 115	1996	1996
Muskogee, OK		150	1,432		150	1,432	87	1996	1996
Norman, OK		55	1,484		55	1,484	125	1995	1996
N. Oklahoma City, OK		87	1,508		87	1,508	88	1995	1996
Oklahoma City, OK		130	1,350		130	1,350	104	1995	1996
Owasso, OK		215	1,380		215	1,380	81	1996	1996
Ponca City, OK		114	1,536		114	1,536	140	1995	1995
Shawnee, OK		80	1,400		80	1,400	115	1995	1996
Stillwater, OK		80	1,400		80	1,400	116	1995	1996
Baldwin, PA		535	2,222		535	2,222	107	1997	1995
Beaver Falls, PA		850	7,910		850	7,910	128	1998	1998
Elizabeth, PA		740	2,561		740	2,561	37	1998	1986
Library, PA		960	5,040		960	5,040	69	1998	1995
Pittsburgh, PA		430	6,736		430	6,736	530	1996	1989
Pittsburgh, PA	6,465	423	10,158		423	10,158	693	1996	1989
Clarksville, TN		330	2,292		330	2,292	8	1998	1998
Benbrook, TX		1,050	7,550	27	1,050	7,577	418	1997	1984
Cedar Hill, TX		171	1,490		171	1,490	80	1997	1997
Claremore, TX		155	1,427		155	1,427	87	1996	1996
Corpus Christi, TX		420	4,796		420	4,796	203	1997	1989
Corpus Christi, TX		155	2,935		155	2,935	92	1997	1997
Desoto, TX		205	1,383		205	1,383	75	1997	1997
Ft. Worth, TX		210	3,790		210	3,790	282	1992	1984
Ft. Worth, TX		281	3,473	142	281	3,615	95	1997	1986
Georgetown, TX		200	2,100		200	2,100	94	1997	1997
Granbury, TX		80	2,020		80	2,020	99	1997	1997
Grand Prairie, TX		399	5,161		399	5,161	36	1998	1998
Harlingen, TX		92	2,057		92	2,057	64	1997	1989
Harlingen, TX		340	5,577		340	5,577	128	1998	1998
Houston, TX		261	3,139		261	3,139	216	1994	1995
Mt. Pleasant, TX		247	3,868		247	3,868	119	1997	1992
Palestine, TX		173	1,410		173	1,410	86	1996	1996
San Marcos, TX		355	4,560		355	4,560	32	1998	1998
Texarkana, TX		192	1,403		192	1,403	83	1996	1996
Tyler, TX		47	2,699		47	2,699	84	1997	1991
Waxahachie, TX		154	1,429		154	1,429	87	1996	1996
Wolfforth, TX		110	1,898		110	1,898	59	1997	1990
TOTAL ASSISTED LIVING									

FACILITIES:	$ 6,465	$25,827	$ 260,488	$ 2,699	$ 25,827	$ 263,187	$9,852

SCHEDULE III - Continued

Description	Encumbrances	Initial Cost to Company: Land	Initial Cost to Company: Buildings & Improvements	Cost Capitalized Subsequent to Acquisition	Gross Amount at Which Carried at Close of Period: Land	Gross Amount at Which Carried at Close of Period: Buildings & Improvements	Accumulated Depreciation	Year Acquired	Year Built
SKILLED NURSING FACILITIES:									
Payson, AZ	$	$ 180	$ 3,987	$	$ 180	$ 3,987	$ 73	1998	1995
La Mesa, CA		1,180	1,332		1,180	1,332	28	1998	1961
Santa Rosa, CA		1,460	3,880		1,460	3,880	68	1998	1968
Pueblo, CO		370	6,051		370	6,051	108	1998	1989
Southington, CT		937	9,563		937	9,563	1,424	1993	1975
Lakeland, FL		697	4,581		697	4,581	97	1998	1984
New Port Richey, FL		624	6,930		624	6,930	144	1998	1984
North Fort Myers, FL		636	5,712		636	5,712	120	1998	1984
Vero Beach, FL		660	7,642		660	7,642	158	1998	1984
West Palm Beach, FL		696	7,623		696	7,623	158	1998	1984
Boise, ID		600	7,383		600	7,383	118	1998	1985
Boise, ID		810	5,401		810	5,401	98	1998	1996
Couer D'Alene		600	7,878		600	7,878	125	1998	1996
Grantie City, IL		610	7,143		610	7,143	8	1998	1973
Owensboro, KY		130	4,870		130	4,870	634	1993	1967
Braintree, MA		170	6,080		170	6,080	396	1997	1968
Braintree, MA		80	4,245		80	4,245	274	1997	1973
Clark, MA		1,053	902	1,331	1,053	2,233	129	1996	1973
Fall River, MA		620	5,080		620	5,080	343	1996	1966
Falmouth, MA		670	3,022		670	3,022	206	1996	1966
South Boston, MA		385	1,463	3,016	385	4,479	206	1995	1961
Webster, MA		570	8,790		570	8,790	564	1995	1982
Kent, OH		215	3,367		215	3,367	505	1989	1983
Westlake, OH		571	5,411		571	5,411	93	1998	1972
Midwest City, OK		470	5,673		470	5,673	24	1998	1958
Eugene, OR		300	5,316		300	5,316	91	1998	1976
Cheswick, PA		384	6,041		384	6,041	148	1998	1982
Easton, PA		285	6,315		285	6,315	1,254	1993	1959
San Antonio, TX		662	12,588		662	12,588	2,007	1993	1978
TOTAL SKILLED NURSING FACILITIES:		$ 16,625	$ 164,269	$ 4,347	$ 16,625	$ 168,616	$ 9,601		
RETIREMENT CENTERS:									
Hendersonville, NC		2,270	11,771		2,270	11,771	171	1998	1998
Construction in Progress						151,317			
TOTAL INVESTMENT IN PROPERTIES:		$ 44,722	$ 436,528	$ 7,046	$ 44,722	$ 594,891	$ 19,624		

SCHEDULE III - Continued

	Year ended December 31 1998	1997	1996
Investment in Real Estate:			
Balance at Beginning of year	$ 309,044	$ 160,105	$ 63,000
Additions:			
Acquisitions	110,432	79,727	50,398
Improvements	159,582	56,109	15,685
Other(1)	73,430	13,103	40,847
Total Additions	343,444	148,939	169,930
Deductions:			
Cost of real estate sold	(12,875)		(9,825)
Other			

Total deductions	(12,875)	0	(9,825)
Balance at end of year	$ 639,613	$ 309,044	$ 160,105
Accumulated depreciation:			
Balance at beginning of year	11,769	6,482	4,372
Additions: Depreciation expense	10,254	5,287	2,427
Deductions: Sale of properties	(2,399)		(317)
Balance at end of year	$ 19,624	$ 11,769	$ 6,482

(1) Represents mortgage loans converted to operating leases.

SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE
HEALTH CARE REIT, INC.
DECEMBER 31, 1998
(IN THOUSANDS)

DESCRIPTION	INTEREST RATE	FINAL MATURITY DATE	PERIODIC PAYMENT TERMS	PRIOR LIENS	FACE AMOUNT OF MORTGAGES	CARRYING AMOUNT OF MORTGAGES	PRINCIPAL AMOUNT OF LOANS SUBJECT TO DELINQUENT PRINCIPAL OR INTEREST
First Mortgages:							
McAllen, TX (Specialty Care Facility)	10.63%	01/01/10	Monthly Payments $131,104		$13,750	$13,633	None
Washington, D.C. (Specialty Care Facility)	12.85%	07/01/15	Monthly Payments $190,475		17,350	17,073	None
Stoughton, MA (Nursing Home)	10.87%	03/01/10	Monthly Payments $186,177		19,207	19,182	None
Little Rock, AK (Specialty Care Facility)	11.76%	01/01/12	Monthly Payments $284,200		29,000	29,000	None
Sun Valley, CA (Specialty Care Facility)	12.13%	12/01/16	Monthly Payments $228,417		21,500	21,203	None
Briarcliff, NY (Assisted Living Facility)	10.11%	08/01/16	Monthly Payments $107,924		12,810	12,810	None
New York City, NY (Assisted Living Facility)	8.89%	03/01/18	Monthly Payments $155,575		21,000	21,000	None
Oklahoma City, OK (Nursing Home)	9.28%	7/1/2006	Monthly Payments $94,378		12,204	12,204	None
Atlanta, GA (Assisted Living Facility)	10.14%	4/1/19	Monthly Payments $116,514		16,757	13,632	None
56 mortgage loans relating to 20 nursing homes, 25 assisted living facilities, 4 retirement centers, 2 behavioral care facilities and 2 specialty care facility	From 9.00% to 13.46%	From 05/01/99-09/01/18			$220,528	$209,869	None

SCHEDULE IV - Continued

DESCRIPTION	INTEREST RATE	FINAL MATURITY DATE	PERIODIC PAYMENT TERMS	PRIOR LIENS	FACE AMOUNT OF MORTGAGES	CARRYING AMOUNT OF MORTGAGES	PRINCIPAL AMOUNT OF LOANS SUBJECT TO DELINQUENT PRINCIPAL OR INTEREST
11 construction loans (all with first mortgage liens) relating to 11 assisted living facilities	From 10.00% to 11.25%	N/A			51,109	29,076	None
				TOTALS	$435,215	$398,682	$-0-

	(in thousands) Year Ended December 31		
	1998	1997	1996
Reconciliation of mortgage loans:			
Balance at beginning of period	$405,336	$353,455	$285,219
Additions during period:			
New mortgage loans	105,282	120,705	163,963
Negative principal amortization	6	29	135
	510,624	474,189	449,317
Deductions during period:			
Collections of principal (1)	38,512	55,750	55,295
Other (2)	73,430	13,103	40,567
Balance at end of period	$398,682	$405,336	$353,455

(1) Includes collection of negative principal amortization.

(2) Includes properties originally financed with mortgages loans that were purchased during the periods indicated.

EXHIBIT INDEX

The following documents are included in this Form 10-K as an Exhibit:

EXHIBIT NUMBER	DESIGNATION NUMBER UNDER ITEM 601 OF REGULATION S-K	EXHIBIT DESCRIPTION	PAGE NUMBER
3.1(1)	3(i)	Second Restated Certificate of Incorporation.	
3.2(2)	3(ii)	By-Laws, as amended.	
4.1	4	The Registrant, by signing this Report, agrees to furnish the Securities and Exchange Commission upon its request a copy of any instrument which defines the rights of long-term debt of the Registrant and which authorizes a total amount of securities not in excess of 10% of the total assets of the Registrant.	

4.2(3)	4	Indenture dated as of April 17, 1997 by and between Health Care REIT, Inc. and Fifth Third Bank.
4.3(4)	4	First Supplemental Indenture dated as of April 17, 1997 by and between Health Care REIT, Inc. and Fifth Third Bank.
4.4(5)	4	Form of Second Supplemental Indenture dated as of March 13, 1998 between Health Care REIT, Inc. and Fifth Third Bank.
4.5(6)	4	Form of Certificate of Designation of 8-7/8% Series B Cumulative Redeemable Preferred Stock.
4.6	4	Certificate of Designations of Series C Cumulative Convertible Preferred Stock, Preferences and Rights of Health Care REIT, Inc.
10.1(7)	10(ii)(A)	Rights Agreement.
10.2(8)	10(ii)(B)	Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated as of April 8, 1993.
10.3(9)	10(ii)(C)	Amended and Restated Credit Agreement dated as of September 8, 1994 among Health Care REIT, Inc., certain banks, and National City Bank, as Agent.
10.4(10)	10(ii)(D)	Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated April 15, 1995.
10.5(11)	10(iii)(A)	The 1985 Incentive Stock Option Plan of Health Care REIT, Inc., as amended.
10.6(12)	10(iii)(B)	The Health Care REIT, Inc. 1995 Stock Incentive Plan.

21	21	Subsidiaries of the Registrant.
23	23	Consent of Independent Auditors.
24	24	Powers of Attorney.
27	27	Financial Data Schedule (EDGAR version only).

- ---------------

1 Incorporated by reference to Exhibit 3(i) to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994.

2 Incorporated by reference to Exhibit 3(ii) to the Registrant's Form 8-K filed on October 24, 1997.

3 Incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on April 21, 1997.

4 Incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K filed on April 21, 1997.

5 Incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K filed on March 10, 1998.

6 Incorporated by reference to Exhibit 2.3 to the Registrant's Form 8-A filed on May 8, 1998.

7 Incorporated by reference to the Exhibit to the Registrant's Form 8-A filed on August 3, 1994 (File No. 1-8923).

8 Incorporated by reference to Exhibits 1-4 of the Registrant's Quarterly Report on

Form 10-Q for the quarterly period ended March 31, 1993.

9 Incorporated by reference to Exhibit 1 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1994.

10 Incorporated by reference to Exhibit 4 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1996.

11 Incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-8 (File No. 333-1237) filed on February 27, 1996.

12 Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 (File No. 333-1239) filed on February 27, 1996.

EXHIBIT 4.6

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND
RIGHTS OF SERIES C CUMULATIVE CONVERTIBLE PREFERRED STOCK
OF
HEALTH CARE REIT, INC.

Health Care REIT, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "GCL"), does hereby certify that, pursuant to authority conferred upon the Board of Directors of the Company (the "Board") by the Second Restated Certificate of Incorporation of the Corporation (the "Charter"), and pursuant to Section 151 of the GCL, the Board at a meeting duly held, adopted resolutions (i) authorizing a new series of the Corporation's previously authorized preferred stock, $1.00 par value per share, and (ii) providing for the designations, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, of 3,000,000 shares of Series C Cumulative Convertible Preferred Stock of the Corporation, as follows (capitalized terms not otherwise defined shall have the meanings ascribed to them in the Charter or in the By-Laws of the Corporation (the "By-Laws")):

RESOLVED, that the Corporation is authorized to issue 3,000,000 shares of Series C Cumulative Convertible Preferred Stock, $1.00 par value per share (the "Preferred Shares"), which shall have the following powers, designations, preferences and other special rights:

Section 1. PREFERRED SHARES -- DESIGNATION AND AMOUNT. The shares of such class of Preferred Stock shall be designated as "Series C Cumulative Convertible Preferred Stock" and the number of shares constituting the series so designated shall be 3,000,000. The Preferred Shares shall, with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Corporation, rank (i) senior to all classes or series of common stock of the Corporation, and to all equity securities ranking junior to the Preferred Shares with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Corporation, (ii) on a parity with the Corporation's Junior Participating Preferred Stock, Series A and 8 [????] /8% Series B Cumulative Redeemable Preferred Stock and all other equity securities issued by the Corporation, the terms of which specifically provide that such equity securities rank on a parity with the Preferred Shares with respect to dividend rights or rights upon liquidation, dissolution

or winding up of the Corporation, and (iii) junior to all equity securities issued by the Corporation, the terms of which specifically provide that such equity securities rank senior to the Preferred Shares with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Corporation.

Section 2. PREFERRED SHARES -- DIVIDEND RIGHTS.

(a) GENERAL. Subject to Section 9, and in addition to any other dividends provided for herein, the Corporation shall pay in cash, when, as and if declared by the Board, out of funds legally available therefor as provided by the GCL (the "Legally Available Funds"), dividends at the quarterly rate equal to the Applicable Dividend Rate (as defined below) per issued and outstanding Preferred Share, per calendar quarter. Such dividends shall be cumulative and payable (if declared) quarterly on each January 15, April 15, July 15 and October 15, with respect to the prior quarter, commencing April 15, 1999 (except that if such date is not a Business Day (as defined below), then such dividend will be payable on the next succeeding Business Day) to the holders of record at the close of business on the date specified by the Board at the time such dividend is declared no more than thirty (30) days prior to the date fixed for payment thereof; provided, however, that the Corporation shall have the right to declare and pay dividends at any time. Dividends shall begin to accrue and be cumulative from the date of issuance of such Preferred Share to and including the first to occur of (i) the date on which the Liquidation Value (as defined herein) of such Preferred Share or Put Payment (plus all accrued and unpaid dividends thereon whether or not declared) is paid to the holder thereof in connection with the liquidation of the Corporation or the redemption of such Preferred Share by the Corporation, (ii) the last day of the quarter preceding the quarter in which such Preferred Shares are converted into shares of Common Stock hereunder if such date is after the record date for the Adjusted FFO-Derived Dividend (as defined herein) on the Common Stock for the quarter in which such conversion takes place, (iii) the last day of the quarter second preceding the quarter in which such Preferred Shares are converted into shares of Common Stock hereunder if such date is prior to the record date for the Adjusted FFO-Derived Dividend on the Common Stock for the quarter in which such conversion takes place, or (iv) the date on which such share is otherwise acquired and paid for by the Corporation.

(b) CUMULATIVE DIVIDENDS. Each of such dividends shall be fully cumulative, to the extent not previously paid. Preferred Shares on which dividends have not been paid in full on the dates set forth above shall accrue dividends at the rate of $.65625 per Preferred Share per quarter. Dividends not paid in full on the dates set forth above shall accrue dividends at the rate of 10.5% per annum. Any dividend payment with respect to the Preferred Shares shall first be credited against any prior accrued and unpaid dividend. No dividends shall be set apart for or paid upon the Common Stock or any other shares of stock ranking junior to the Preferred Shares unless all such cumulative dividends on the Preferred Shares have been paid.

c) APPLICABLE DIVIDEND RATE. With respect to any Preferred Share then issued and outstanding, the "Applicable Dividend Rate" per fiscal quarter shall be equal to the greater of (i) the product of the Adjusted FFO-Derived Dividend payable for the applicable quarter per share of Common Stock and the Conversion Ratio (as defined in Section 7(a)) and (ii) $.5625. The Applicable Dividend Rate shall be pro rated for the actual number of days in any partial quarter.

(d) PRO RATA DISTRIBUTION. All dividends paid with respect to Preferred Shares pursuant to this Section 2 shall be paid pro rata in respect of each Preferred Share entitled thereto. In the event that the Legally Available Funds available for the payment of dividends shall be insufficient for the payment of the entire amount of dividends payable with respect to Preferred Shares on any date on which the Board has declared the payment of a dividend or otherwise, the amount of any available surplus shall be allocated for the payment of dividends with respect to the Preferred Shares and any other shares of capital stock that are pari passu as to dividends pro rata based upon the amount of accrued and unpaid dividends of such shares of capital stock.

(e) BUSINESS DAY. For purposes hereof, the term "Business Day" shall mean any Monday, Tuesday, Wednesday, Thursday or Friday which is not a day on which banking institutions in New York City are authorized or obligated by law or executive order to close.

Section 3. PREFERRED SHARES -- CERTAIN RESTRICTIONS. Unless the dividends (including accrued and unpaid dividends in arrears whether or not declared) described above in Section 2, which pursuant to their terms should have been paid, have been paid in full or declared and set apart for payment, the Corporation shall be prohibited from paying dividends on, making any other distributions on, or redeeming or purchasing or otherwise acquiring for consideration any capital stock of the Corporation (without regard to its rank, either as to dividends or upon liquidation, dissolution or winding-up) other than shares of preferred stock of the Corporation that rank pari passu with the Preferred Shares, all of which payments shall be made pari passu with the Preferred Shares. The Corporation shall not permit any subsidiary or subpartnership of the Corporation to purchase or otherwise acquire for consideration or make any payment with respect to any shares of capital stock of the Corporation if the Corporation is prohibited from purchasing or otherwise acquiring for consideration or making any payment with respect to such shares at such time and in such manner pursuant to the prior sentence; provided, however, that the Corporation shall not be prohibited from making a capital contribution of capital stock of the Corporation to any of its subsidiaries or subpartnerships.

Section 4. PREFERRED SHARES -- VOTING RIGHTS.

(a) GENERAL. Except as limited by law, the holders of the Preferred Shares shall be entitled to vote or consent on (i) all matters submitted to the holders of Common Stock together with the holders of the Common Stock as a single class and (ii) all matters submitted to holders of the Preferred Shares as a separate class.

(b) CALCULATION OF VOTES. For the purposes of calculating the votes cast for a particular matter when voting or consenting on matters submitted to the holders of Common Stock, each Preferred Share will entitle the holder thereof to one vote for each share of Common Stock into which such Preferred Share is convertible as provided in Section 7(b) herein as of the record date for such vote or consent or, if no record date is specified, as of the date of such vote or consent.

(c) SECTION 4(C) DIRECTOR. In addition to the other voting rights described herein, the number of directors constituting the Board shall be automatically increased by one (1) member upon the first of the following to occur: (i) the Corporation's failure to pay the Adjusted

FFO-Derived Dividend on the Common Stock for any quarter in an amount of at least $.55 per share (adjusted to reverse the effect of any event set forth in Section 7 that would require an adjustment to the Conversion Price (as defined below) (the "Dividend Reduction Default")); (ii) the Corporation's failure to pay in full the quarterly dividend payable hereunder (whether or not declared) at any time in respect of the Preferred Shares (the "Dividend Payment Default"); (iii) the Consolidated Financial Ratio of the Corporation (as defined below) as of the last day of three consecutive fiscal quarters of the Corporation shall be less than 1.50 (a "Consolidated Financial Ratio Default"); and (iv) any event has occurred that has caused or, but for notice or passage of time, would cause an event of default (or equivalent event) under any Indebtedness (as defined below) of the Corporation or any of its Subsidiaries (a "Debt Default"). The position on the Board established pursuant to this Section 4(c) shall terminate when (i) Five Arrows Realty Securities II L.L.C., Rothschild Realty Inc. or the one hundred percent (100%) member of Five Arrows Realty Securities II L.L.C., or one of their respective members or partners, ceases to control either at least (A) 50% of the outstanding Preferred Shares of the Corporation or (B) an amount of voting securities of the Corporation which, if converted into shares of Common Stock, would exceed 10% of the outstanding Common Stock on a fully diluted basis (determined on the basis of then convertible, exercisable or exchangeable securities, warrants or options issued by the Corporation (such amount as set forth in clauses (A) and (B) above, the "Minimum Threshold"), or (ii) each of the following has occurred and continues to occur: (1) the Dividend Reduction Cure (as defined in Section 4(g)) if there has been a Dividend Reduction Default, (2) there shall have been no Consolidated Financial Ratio Default as of the last day of three consecutive fiscal quarters of the Corporation, (3) no Debt Default shall have been in effect or continuing for three consecutive fiscal quarters of the Corporation and all prior Debt Defaults shall have been duly cured or waived by all requisite parties, and (4) the Corporation has paid in full one quarterly dividend payable hereunder in respect of the Preferred Shares and no dividends are in arrears. Any director elected pursuant to this section shall be deemed to have resigned upon the position created hereby not being available pursuant to the immediately preceding sentence.

The term "Adjusted FFO-Derived Dividend" means any cash dividend or distribution paid in any calendar quarter to the extent that the aggregate amount of such cash dividend or distribution does not exceed the sum of (i) Net Cumulative FFO of the Corporation, (ii) Net Cumulative Capital Gains and (iii) Cumulative Pre-payment Fees. The term "Net Cumulative FFO of the Corporation" means the excess of (a) the Corporation's reported Funds From Operations (as defined by the National Association of Real Estate Investment Trusts prior to 1996) ("FFO") calculated on a cumulative basis (reduced by any negative FFO) from the last fiscal quarter of the Corporation in 1998 through the last completed fiscal quarter of the Corporation immediately preceding the dividend or distribution relating to the computation of such term (the "Computation Period") over (b) all cash dividends and distributions declared on shares of Common Stock of the Corporation during the Computation Period other than during the last fiscal quarter of 1998. The term "Net Cumulative Capital Gains" means all capital gains (reduced by any capital losses), in each case as reported by the Corporation in the Corporation's financial statements filed with the Securities and Exchange Commission, to the extent such capital gains and losses are excluded from the computation of FFO, calculated on a cumulative basis during the Computation Period (excluding the last fiscal quarter of 1998). The term "Cumulative Pre-payment Fees" means, to the extent otherwise excluded from the computation of FFO, the aggregate of all fees paid to the Corporation as a consequence of the payment in full

of a debt owed to the Corporation when such payment in full is made prior to the maturity date of such debt net of any penalties or premiums charged to the Corporation as a consequence of the payment of debt owed by the Corporation when such payment is made prior to the maturity date thereof, in each case as reported by the Corporation in the Corporation's financial statements filed with the Securities and Exchange Commission, calculated on a cumulative basis during the Computation Period (excluding the last fiscal quarter of 1998).

The term "Consolidated Financial Ratio of the Corporation" means the Consolidated EBITDA of the Corporation divided by the Corporation's Consolidated Periodic Cost of Debt.

The term "Consolidated EBITDA of the Corporation" means, for any period, with respect to the Corporation on a consolidated basis, determined in accordance with generally accepted accounting principles in the United States ("GAAP"), the sum of net income (or net loss) for such period plus the sum of all amounts treated as expenses for: (a) interest, (b) depreciation, (c) amortization, and (d) all accrued taxes on or measured by income to the extent included in the determination of such net income (or net loss); PROVIDED, HOWEVER, that net income (or net loss) shall be computed without giving effect to extraordinary losses or gains.

The term "Corporation's Consolidated Periodic Cost of Debt" means all interest expense paid or accrued in accordance with GAAP for such period (including financing fees and amortization of deferred financing fees and amortization of original issue discount).

The term "Indebtedness" means (without duplication) all obligations, contingent and otherwise, which in accordance with GAAP should be classified upon the obligor's balance sheet as liabilities, including without limitation, in any event and whether or not so classified: (i) all debt and similar monetary obligations, whether direct or indirect; (ii) all liabilities secured by any mortgage, pledge, security interest, lien, charge, or other encumbrance existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed; (iii) all guaranties, endorsements and other contingent obligations whether direct or indirect in respect of such liabilities of others, including any obligation to supply funds to or in any manner to invest in, directly or indirectly, the debtor, to purchase such liabilities, or to assure the owner of any such liabilities against loss, through an agreement to purchase goods, supplies, or services for the purpose of enabling the debtor to make payment of any such liabilities held by such owner or otherwise, and (iv) obligations to reimburse the issuer of any letters of credit.

(d) SECTION 4(d) DIRECTORS. In addition to the other voting rights described herein, at any time after the Minimum Threshold ceases to be satisfied and a Dividend Payment Default occurs for three consecutive fiscal quarters, the number of directors constituting the Board shall be automatically increased by two (2) members. The positions on the Board created pursuant to this Section 4(d) shall continue to be available until the earlier to occur of such time as (i) there are no Preferred Shares of the Corporation outstanding and (ii) the Dividend Payment Cure (as defined herein). Any director elected pursuant to this section shall be deemed to have resigned upon the position created hereby not being available.

(e) ELECTION OF PREFERRED DIRECTORS. The holders of the Preferred Shares shall have the special right, voting separately as a single class, to elect as soon as practical, a director

to fill each vacancy created pursuant to Section 4(c) or 4(d) and to elect their respective successors at each succeeding annual meeting of the Corporation thereafter at which such successor is to be elected. The director so elected from time to time in respect of Section 4(c) shall be referred to herein as the "Section 4(c) Director." The directors so elected from time to time in respect of Section 4(d) shall be referred to herein as the "Section 4(d) Directors." As used herein, the term "Preferred Director" shall refer to the Section 4(c) Director or a Section 4(d) Director, as appropriate, and the term "Preferred Directors" shall refer to all such directors. At no time shall there be more than two Preferred Directors on the Board.

(f) CLASSIFICATION OF BOARD. Each vacancy created upon the Board from time to time pursuant to Section 4(c) or Section 4(d), as the case may be, shall be apportioned among the classes of directors, if any, so that the number of directors in each of the classes of directors is as nearly equal in number as possible. The Preferred Directors shall be classified accordingly.

(g) CURES.

(i) Upon the occurrence of a Dividend Reduction Default, the same shall be deemed to continue to exist until such time as (the "Dividend Reduction Cure") (x) the Adjusted FFO-Derived Dividend paid in the immediately preceding quarter on the Common Stock shall be at least $.55 per share (adjusted to reverse the effect of any event set forth in Section 7 that would require an adjustment to the Conversion Price) and (y) all dividends, and all other accrued and unpaid dividends whether or not declared, on the Preferred Shares have been paid or made available for payment.

(ii) Upon the occurrence of the Dividend Payment Default, the same shall be deemed to continue and exist until (the "Dividend Payment Cure") such time as the earlier to occur of (x) none of the Preferred Shares shall remain outstanding or (y) all dividends, including accrued and unpaid dividends on the Preferred Shares whether or not declared, have been paid or made available for payment.

(h) BOARD COMMITTEES. The 4(c) Director shall be designated as a member of every committee of the Board.

(i) VOTING PROCEDURES. At each meeting of the stockholders of the Corporation at which the holders of the Preferred Shares shall have the right to vote as a single class, as provided in this Section 4, the presence in person or by proxy of the holders of record of a majority of the total number of Preferred Shares then outstanding shall be necessary and sufficient to constitute a quorum of such class for such election by such stockholders as a class. At any such meeting or adjournment thereof the absence of a quorum of holders of Preferred Shares shall not prevent the election of directors other than the Preferred Directors, and the absence of a quorum of the holders of any other class or series of stock for the election of such other directors shall not prevent the election of any Preferred Directors by the holders of the Preferred Shares.

(j) VACANCY. In case any vacancy shall occur among the directors elected by the holders of the Preferred Shares, such vacancy shall be filled by the vote of holders of the

Preferred Shares, voting as a single class, at a special meeting of such stockholders called for that purpose.

(k) WRITTEN CONSENT. Notwithstanding the foregoing, any action required or permitted to be taken by holders of Preferred Shares at any meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a unanimous consent, in writing, setting forth the action so taken, shall be signed by each of the holders of Preferred Shares and shall be executed and delivered to the Secretary of the Corporation for placement among the minutes of proceedings of the stockholders of the Corporation.

(l) APPROVAL BY THE CORPORATION. The Corporation acting through a majority of its Directors shall have the right to approve the nomination of any Section 4(c) Director, such approval not to be unreasonably withheld.

(m) RESTRICTIONS. So long as Preferred Shares of the Corporation are outstanding, without the consent of the holders of at least the majority of the Preferred Shares at the time outstanding, given in person or by proxy, at a meeting called for that purpose at which the holders of the Preferred Shares shall vote separately as a class, or by the unanimous consent in writing of all of the holders of the Preferred Shares (in addition to any other vote or consent of stockholders required by law or by the Charter), the Corporation may not (i) effect or validate the amendment, alteration or repeal of any provision of this Certificate of Designation, (ii) effect or validate the amendment, alteration or repeal of any provision of the Charter of the Corporation which would adversely affect the rights of the holders of the Preferred Shares as such, (iii) effect or validate the amendment, alteration or repeal of any provision of the Charter of the Corporation which would increase in any respect the restrictions or limitations on ownership applicable to the Preferred Shares pursuant thereto, (iv) effect or validate the amendment, alteration or repeal of any provision of the Charter of the Corporation or By-Laws of the Corporation so as to limit the right to indemnification provided to any present or future member or members of the Board elected by the holders of the Preferred Shares, (v) other than the 3,000,000 Preferred Shares authorized herein, issue shares of preferred stock (or a series of preferred stock) that would vote as a class with the Preferred Shares with respect to the election of any Preferred Director or shares of stock ranking senior to the Preferred Shares (as to dividends or upon liquidation, dissolution or winding up), or (vi) effect or validate the amendment, alteration or repeal of any provision of the Charter of the Corporation or By-Laws of the Corporation so as to increase the number of members of the Board beyond 15 members (not including any Preferred Directors). Nothing in this Section 4(m) shall prevent the Corporation from issuing any shares of stock of the Corporation which rank junior (as to dividends and upon liquidation, dissolution or winding up) to the Preferred Shares upon such terms as the Board shall authorize from time to time.

(n) REPORTS. The Corporation shall mail to each holder of record of Preferred Shares, at such holder's address in the records of the Corporation, within 45 days after the end of the first three fiscal quarters of each fiscal year and within 90 days after the end of each fiscal year, its financial reports for such fiscal period in such form and containing such independent accountants report as set forth under the rules of the Securities and Exchange Commission irrespective of whether the Corporation is then required to file reports under such rules.

Section 5. PREFERRED SHARE -- REDEMPTION RIGHTS.

(a) GENERAL. The Corporation may, at its option, to the extent it shall have Legally Available Funds therefor, redeem all (but not less than all) of the outstanding Preferred Shares, at any time on or after the date which is the fifth anniversary of the original date of issuance of Preferred Shares.

(b) NOTICE. The option of the Corporation to redeem the Preferred Shares pursuant to this Section 5 shall be exercised by mailing of a written notice of election (a "Redemption Notice") by the Corporation to the holders of the Preferred Shares at such holder's address appearing on the records of the Corporation, which notice shall be mailed at least 30 days prior to the date specified therein for the redemption of the Preferred Shares. Any such notice under this Section 5(b) shall state, at a minimum, the amount of Preferred Shares to be redeemed, the date on which such redemption shall occur and the last date on which such holder can exercise the conversion rights provided for in Section 7 herein (the "Final Conversion Date"). Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been given on the date mailed whether or not the holder receives such notice.

(c) CONVERSION. During the period beginning on the date on which the Corporation mailed to each holder of the Preferred Shares a written notice of election pursuant to paragraph (b) above and ending at 5:00 p.m. (New York time) on the thirtieth day following the date of such mailing, each holder of the Preferred Shares may exercise its rights pursuant to Section 7 herein.

(d) REDEMPTION PRICE. Upon the thirtieth day following the mailing to the holder of the Preferred Shares of a written notice of election pursuant to paragraph (b) above, the Corporation shall be required, unless such holder of Preferred Shares has exercised its rights pursuant to paragraph (c) above, to purchase from such holder of Preferred Shares (upon surrender by such holder at the Corporation's principal office of the certificate(s) representing such Share(s)), such Preferred Shares specified in the Redemption Notice, at a price equal to the product of (i) $25.00 per share plus accrued and unpaid dividends (whether or not declared and accrued through the date of payment for redemption or the date payment is made available for payment to the holder thereof) plus a premium equal to the following percentage of $25.00:

Redemption Occurs On or After	But Prior to	% Premium
January 1, 2004	January 1, 2005	5.0
January 1, 2005	January 1, 2006	4.0
January 1, 2006	January 1, 2007	3.0
January 1, 2007	January 1, 2008	2.0
January 1, 2008	January 1, 2009	1.0
January 1, 2009		0.0

and (ii) the number of Preferred Shares to be redeemed as provided in the Redemption Notice (the "Redemption Price").

(e) DIVIDENDS. No Preferred Share is entitled to any dividends accruing thereon after the date on which the payments provided by and in accordance with Section 5(d)

are paid or made available for payment to the holder thereof. On such date all rights of the holder of such Preferred Share shall cease, and such Preferred Share shall not be deemed to be outstanding.

Section 6. PREFERRED SHARES -- LIQUIDATION RIGHTS.

(a) LIQUIDATION PAYMENT. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, then out of the assets of the Corporation before any distribution or payment to the holders of shares of capital stock of the Corporation ranking junior to the Preferred Shares (as to dividends or upon liquidation, dissolution or winding up), and on a pari passu basis with the holders of shares of preferred stock of the Corporation that rank pari passu with the Preferred Shares, the holders of the Preferred Shares shall be entitled to be paid $25.00 per share (the "Liquidation Value") plus accrued and unpaid dividends whether or not declared, if any (or a pro rata portion thereof with respect to fractional shares), to the date (i) of the final distribution or (ii) that the distribution is made available; PROVIDED, HOWEVER, that if such liquidation, dissolution or winding up of the Corporation occurs in connection with or subsequent to a Change of Control (as defined in Section 8(e)), then the holders of the Preferred Shares shall be entitled to be paid the Put Payment (as defined herein). Except as provided in this Section 6, the holders of the Preferred Shares shall be entitled to no other or further distribution in connection with such liquidation, dissolution or winding up.

(b) PRO RATA DISTRIBUTION. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation available for distribution to the holders of Preferred Shares shall be insufficient to permit payment in full to such holders the sums which such holders are entitled to receive in such case, then all of the assets available for distribution to the holders of the Preferred Shares shall be distributed among and paid to the holders of Preferred Shares ratably in proportion to the respective amounts that would be payable to such holders if such assets were sufficient to permit payment in full; PROVIDED that all such distributions and payments to the holders of Preferred Shares shall be made on a pari passu basis with the holders of shares of preferred stock of the Corporation that rank pari passu with the Preferred Shares.

Section 7. PREFERRED SHARES -- CONVERSION.

(a) CONVERSION RIGHTS. Subject to and upon compliance with the provisions of this Section 7, a holder of Preferred Shares shall have the right, at such holder's option, at any time to convert all or a portion of such shares into the number of fully paid and non-assessable shares of Common Stock obtained by multiplying the number of Preferred Shares being converted by the Conversion Ratio (as defined below and as in effect at the time and on the date provided for in this Section 7) by surrendering such Preferred Shares to be converted. Such surrender shall be made in the manner provided in paragraph (b) of this Section 7; PROVIDED, HOWEVER, that the right to convert any Preferred Shares called for redemption pursuant to Section 5 shall terminate at the close of business on the Final Conversion Date, unless the Corporation shall default in making payment of any cash payable upon such redemption under Section 5 hereof. The "Conversion Ratio" with respect to

any Preferred Shares will initially be equal to 0.97561, subject to adjustment as described below, and the "Conversion Price" with respect to any Preferred Shares will initially be equal to $25.625 per share of Common Stock, subject to adjustment as described below. Any adjustment to the "Conversion Ratio" or to the "Conversion Price" shall automatically adjust the other on an equivalent basis so that the product of the two will remain at $25.00. For example, if the "Conversion Ratio" were to be increased to 1.0, the "Conversion Price" would be reduced to $25.00, and if the "Conversion Ratio" were to be reduced to 0.9, the "Conversion Price" would be increased to $27.778.

(b) MANNER OF CONVERSION.

(i) In order to exercise the conversion right, the holder of each Preferred Share to be converted shall surrender to the Corporation the certificate representing such share, duly endorsed or assigned to the

Corporation or in blank, accompanied by written notice to the Corporation that the holder thereof elects to convert such Preferred Shares. Unless the shares of Common Stock issuable on conversion are to be issued in the same name as the name in which such Preferred Shares are registered, each Preferred Share surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or such holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid).

(ii) As promptly as practicable after the surrender of certificates of Preferred Shares as aforesaid, the Corporation shall issue and shall deliver at such office to such holder, or on such holder's written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such Preferred Shares in accordance with the provisions of this Section 7, and any fractional interest in respect of a share of Common Stock arising upon such conversion shall be settled as provided in paragraph (c) of this Section 7.

(iii) Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which certificates for Preferred Shares have been surrendered and such notice received by the Corporation as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date, and such conversion shall be at the Conversion Ratio in effect at such time on such date unless the stock transfer books of the Corporation shall be closed on that date, in which event such conversion shall have been deemed to have been effected and such person or persons shall be deemed to have become the holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Ratio in effect on the date on which such shares shall have been surrendered and such notice received by the Corporation.

(c) FRACTIONAL SHARES. No fractional shares or scrip representing fractions of shares of Common Stock shall be issued upon conversion of the Preferred Shares. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of Preferred Shares, the Corporation shall pay to the holder of such Preferred Shares an amount in cash based upon the Current Market Price of Common Stock on the Trading Day immediately preceding the date of conversion. If more than one Preferred Share shall be

surrendered for conversion at one time a holder of Preferred Shares, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of Preferred Shares so surrendered.

(d) ADJUSTMENT OF CONVERSION RATIO. The Conversion Ratio shall be adjusted from time to time as follows:

(i) PAYMENT OF DIVIDENDS; SUBDIVISIONS, COMBINATIONS, RECLASSIFICATIONS. If the Corporation shall, while any Preferred Shares are outstanding, (A) pay a dividend or make a distribution with respect to its capital stock in shares of its Common Stock, (B) subdivide its outstanding Common Stock into a greater number of shares, (C) combine its outstanding Common Stock into a smaller number of shares or (D) issue any shares of capital stock by reclassification of its Common Stock, the Conversion Ratio in effect at the opening of business on the day next following the date fixed for the determination of stockholders entitled to receive such dividend or distribution or at the opening of business on the day following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any Preferred Shares thereafter surrendered for conversion shall be entitled to receive the number of shares of

Common Stock that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such Preferred Shares been converted immediately prior to the record date in the case of a dividend or distribution or the effective date in the case of a subdivision, combination or reclassification. An adjustment made pursuant to this subparagraph (i) shall become effective immediately after the opening of business on the day next following the record date (except as provided in paragraph (h) below) in the case of a dividend or distribution and shall become effective immediately after the opening of business on the day next following the effective date in the case of a subdivision, combination or reclassification.

(ii) RIGHTS, OPTIONS AND WARRANTS. If the Corporation shall, while any Preferred Shares are outstanding, issue rights, options or warrants to all holders of Common Stock entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase Common Stock at a price per share less than the Current Market Price per share of Common Stock on the record date for the determination of stockholders entitled to receive such rights or warrants, then the Conversion Ratio in effect at the opening of business on the day next following such record date shall be adjusted to equal the ratio determined by dividing (I) the Conversion Ratio in effect immediately prior to the opening of business on the day next following the date fixed for such determination by (II) a fraction, the numerator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the close of business on the date fixed for such determination and (B) the number of shares that the aggregate proceeds to the Corporation from the exercise of such rights or warrants for Common Stock would purchase at such Current Market Price, and the denominator of which shall be the sum of (A) the number of Shares of Common Stock outstanding on the close of business on the date fixed for such determination and (B) the number of additional shares of Common Stock offered for subscription or purchase pursuant to such rights or warrants. Such adjustment shall become effective immediately after the opening of business on the day next following such record date (except as provided in paragraph (h) below). In determining whether any rights or warrants entitle the holders of Common Stock to subscribe for or purchase shares of Common Stock at less than such Current Market Price, there shall be taken into account any

consideration received by the Corporation upon issuance and upon exercise of such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors. If at the end of the period during which such rights, options or warrants are exercisable, not all rights, options or warrants shall have been exercised, the Conversion Ratio shall immediately be readjusted to what it would have been if the rights, options or warrants referenced in the preceding calculation had been limited to the rights, options or warrants that were ultimately exercised.

(iii) ISSUANCE OF SECURITIES. If the Corporation shall distribute to all holders of its Common Stock any shares of capital stock of the Corporation (other than Common Stock) or evidence of its indebtedness or assets other than cash or rights or warrants to subscribe for or purchase any of its securities (excluding those rights and warrants issued to all holders of Common Stock entitling them for a period expiring within 45 days after the record date referred to in subparagraph (ii) above to subscribe for or purchase Common Stock, which rights and warrants are referred to in and treated under subparagraph (ii) above) (any of the foregoing being hereinafter in this subparagraph (iii) called the "Securities"), then in each such case each holder of Preferred Shares shall receive concurrently with the receipt by holders of the Common Stock the kind and amount of such Securities that it would have owned or been entitled to receive had such Preferred Shares been converted immediately prior to such distribution or related record date, as the case may be.

(iv) CONVERTIBLE OR EXCHANGEABLE SECURITIES. If the Corporation, before July 15, 2000, shall issue any securities which are convertible into or exchangeable for Common Stock at a conversion price (or comparable term) that is less than the then Conversion Price, the Conversion Price of the Preferred Shares shall be automatically decreased to be identical to such conversion price (or shall be automatically decreased to be equivalent, with respect to converting securities into Common Stock, to such comparable term). In no event shall the Conversion Price be increased pursuant to this Section 7(d)(iv).

(v) DISTRIBUTION OF CASH. In case the Corporation shall pay or make a dividend or other distribution on its Common Stock in cash exclusively (excluding Adjusted FFO-Derived Dividends), each holder of Preferred Shares shall receive concurrently with the receipt by holders of the Common Stock the kind and amount of any such distribution that it would have owned or been entitled to receive had such Preferred Shares been converted immediately prior to such distribution or related record date, as the case may be.

(vi) MINIMUM ADJUSTMENT. No adjustment in the Conversion Ratio shall be required unless such adjustment would require a cumulative increase or decrease of at least 1% thereof; PROVIDED, HOWEVER, that any adjustments that by reason of this subparagraph (vi) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made. Notwithstanding any other provisions of this Section 7, the Corporation shall not be required to make any adjustment of the Conversion Ratio or any distribution as provided in this Section 7 for (x) the issuance of any shares of Common Stock pursuant to any plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in shares of

Common Stock pursuant to any plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of additional optional amounts in shares of Common Stock under such plan, (y) the issuance of contingent rights issued pursuant to a stockholders' rights plan adopted by the Corporation pursuant to which the acquisition by any third party of a specified percentage of Common Stock triggers the exercisability of such rights to purchase Common Stock, for so long as no event has occurred triggering such rights to exercise, and (z) the issuance of Common Stock or options to purchase Common Stock pursuant to an employee benefit plan. All calculations under this Section 7 shall be made to the nearest cent (with $.005 being rounded upward) or to the nearest one-tenth of a share (with .05 of a share being rounded upward), as the case may be. Anything in this paragraph (d) to the contrary notwithstanding, the Corporation shall be entitled, to the extent permitted by law, to make such reductions in the Conversion Ratio, in addition to those required by this paragraph (d), as it in its discretion shall determine to be advisable in order that any stock dividends, subdivision of shares, reclassification or combination of shares, distribution of rights or warrants to purchase stock or securities, or a distribution of other assets (other than cash dividends) hereafter made by the Corporation to its stockholders shall not be taxable, or if that is not possible, to diminish any income taxes that are otherwise payable because of such event.

(e) ADJUSTMENT OF CONVERSION RATIO UPON CERTAIN TRANSACTIONS. If the Corporation shall be a party to any transaction (including, without limitation, a merger, consolidation, statutory share exchange, self tender offer for all or substantially all shares of Common Stock, sale of all or substantially all of the Corporation's assets or recapitalization of the Common Stock and excluding any transaction as to which subparagraph (d)(i) of this Section 7 applies) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which shares of Common Stock shall be converted into the right to receive stock, securities or other property (including cash or any combination thereof), each Preferred Share that is not converted into the right to receive stock, securities or other property in connection with such Transaction shall thereafter be convertible into the kind and amount of shares of stock, securities and other property (including cash or any combination thereof) receivable upon the consummation of such Transaction by a holder of that number of shares of Common Stock into which one Preferred Share was convertible immediately prior to such Transaction, assuming such holder of

Common Stock (i) is not a person with which the Corporation consolidated or into which the Corporation merged or which merged into the Corporation or to which such sale or transfer was made, as the case may be (a "Constituent Person"), or an affiliate of a Constituent Person or (ii) failed to exercise his or her rights of election, if any, as to the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction (provided that if the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction is not the same for each share of Common Stock of the Corporation held immediately prior to such Transaction by other than a Constituent Person or an affiliate thereof and in respect of which such rights of election shall not have been exercised ("Non-electing Share"), then for the purpose of this paragraph (e) the kind and amount of stock, securities and other property (including cash) receivable upon such Transaction by each Non-electing Share shall be deemed to be the kind and amount so receivable per share by a plurality of the Non-electing Shares). The Corporation shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this paragraph (e), and it shall not consent or agree to the occurrence of any Transaction until the Corporation has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Preferred Shares that will contain provisions enabling the holders of the Preferred Shares that

remain outstanding after such Transaction to convert into the consideration received by holders of Common Stock at the Conversion Ratio in effect immediately prior to such Transaction.

(f) NOTICE OF CERTAIN EVENTS. If:

(i) the Corporation shall declare a dividend (or any other distribution) on the Common Stock (other than an Adjusted FFO-Derived Dividend); or

(ii) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of any class or any other rights or warrants; or

(iii) there shall be any reclassification of the Common Stock (other than any event to which subparagraph (d)(i) of this Section 7 applies) or any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required, or a statutory share exchange, or self tender offer by the Corporation for all or substantially all of its outstanding shares of Common Stock or the sale or transfer of all or substantially all of the assets of the Corporation as an entity; or

(iv) there shall occur the involuntary or voluntary liquidation, dissolution or winding up of the Corporation,

then the Corporation shall cause to be mailed to the holders of Preferred Shares, at the address as shown on the stock records of the Corporation, as promptly as possible, but at least 15 Business Days prior to the applicable date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights or warrants are to be determined or (B) the date on which such reclassification, consolidation, merger, statutory share exchange, sale, transfer, liquidation, dissolution or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock shall be entitled to exchange their shares of Common Stock for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, statutory share exchange, sale, transfer, liquidation, dissolution or winding up. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings described in this Section 7.

(g) NOTICE OF ADJUSTMENT OF CONVERSION RATIO. Whenever the Conversion Ratio is adjusted as herein provided, the Corporation shall prepare a notice of such adjustment of the Conversion Ratio setting forth the adjusted Conversion Ratio and the effective date of such adjustment and shall mail such notice of such adjustment of the Conversion Ratio to the holders of the Preferred Shares at such holders' last address as shown on the stock records of the Corporation.

(h) TIMING OF ADJUSTMENT. In any case in which paragraph (d) of this Section 7 provides that an adjustment shall become effective on the day next following the record date for an event, the Corporation may defer until the occurrence of such event (A) issuing to the holder of Preferred Shares converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the

adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of any fraction pursuant to paragraph (c) of this Section 7.

(i) NO DUPLICATION OF ADJUSTMENTS. There shall be no adjustment of the Conversion Ratio in case of the issuance of any stock of the Corporation in a reorganization, acquisition or other similar transaction except as specifically set forth in this Section 7. If any action or transaction would require adjustment of the Conversion Ratio pursuant to more than one paragraph of this Section 7, only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value. Notwithstanding the foregoing, the provisions of this Section 7 shall similarly apply to successive transactions giving rise to any such adjustment.

(j) OTHER ADJUSTMENTS TO CONVERSION RATIO. If the Corporation shall take any action affecting the Common Stock, other than action described in this Section 7, that would materially adversely affect the conversion rights of the holders of the Preferred Shares or the value of such conversion rights, the Conversion Ratio for the Preferred Shares may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the Board of Directors, in its sole discretion, may determine to be equitable in the circumstances.

(k) RESERVATION, VALIDITY, LISTING AND SECURITIES LAW COMPLIANCE WITH RESPECT TO SHARES OF COMMON STOCK.

(i) The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Common Stock for the purpose of effecting conversion of the Preferred Shares, the full number of shares of Common Stock deliverable upon the conversion of all outstanding Preferred Shares not theretofore converted. Before taking any action which would cause an adjustment in the Conversion Ratio such that Common Stock issuable upon the conversion of Preferred Shares would be issued below par value of the Common Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be reasonably necessary in order that the Corporation may validly and legally issue fully-paid and nonassessable shares of Common Stock at such adjusted Conversion Ratio.

(ii) The Corporation covenants that any shares of Common Stock issued upon the conversion of the Preferred Shares shall be validly issued, fully paid and non-assessable.

(iii) The Corporation shall endeavor to list the shares of Common Stock required to be delivered upon conversion of the Preferred Shares, prior to such delivery, upon each national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

(iv) Prior to the delivery of any securities that the

Corporation shall be obligated to deliver upon conversion of the Preferred Shares, the Corporation shall endeavor to comply with all federal and state laws and regulations thereunder requiring the registration of

such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

(l) TRANSFER TAXES. The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock or other securities or property on conversion of the Preferred Shares pursuant hereto; PROVIDED, HOWEVER, that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock or other securities or property in a name other than that of the holder of the Preferred Shares to be converted, and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax or established, to the reasonable satisfaction of the Corporation, that such tax has been paid.

(m) CERTAIN DEFINED TERMS. The following definitions shall apply to terms used in this Section 7:

(i) CURRENT MARKET PRICE. For the purpose of any computation under this Section 7, the Current Market Price per share of Common Stock on any date in question shall be deemed to be the average of the daily closing prices for the twenty consecutive Trading Days preceding such date in question; PROVIDED, HOWEVER, that if an event occurs that would require an adjustment pursuant to paragraph (f) through (j), inclusive, the Board may make such adjustments to the closing prices during such twenty Trading Day period as it deems appropriate to effectuate the intent of the adjustments in this Section 7, in which case any such determination by the Board shall be set forth in a resolution of the Board and shall be conclusive.

(ii) "Trading Day" shall mean a day on which the Common Stock is traded on the New York Stock Exchange, or other national exchange or quotation system used to determine the Closing Price.

Section 8. PREFERRED SHARES -- CHANGE OF CONTROL AND PUT OPTION.

(a) Subject to the last sentence of this Section 8(a), if a Change of Control or Put Event (as defined in paragraph (f) of this Section 8) occurs, in either case as a result of the voluntary (and not legally compelled) act, omission or participation of the Corporation, which act, omission or participation the Corporation had the discretion under existing laws and regulations to refrain from, then each holder of Preferred Shares will have the right to require that the Corporation, to the extent it shall have Legally Available Funds therefor, redeem such holder's Preferred Shares at a redemption price payable in cash in an amount equal to 102% of the Liquidation Value thereof, plus accrued and unpaid dividends whether or not declared, if any (the "Put Payment"), to the date of purchase or the date payment is made available (the "Put Date") pursuant to the offer described in paragraph (b) below (the "Put Offer"). If a Change of Control or Put Event occurs that is not the result of such voluntary act, omission or participation of the Corporation, the Corporation may elect not to make the foregoing Put Payment by not commencing the Put Offer on the Put Date, in which event the Conversion Ratio shall be revised to the greater of (i) 120% of the then current Conversion Ratio so that each Preferred Share will be convertible into 120% of the number of shares of Common Stock into which it would otherwise have been convertible and (ii) a fraction the denominator of which is 83.33% of the Current Market Price and the numerator of which is $25.00. Notwithstanding the foregoing, if the Securities and Exchange Commission or its staff, by written communication to the Corporation indicates that, or by rule, release or other written directive which would have the effect that, the application of the provisions of the first sentence of this Section 8(a) would preclude the Corporation from treating the Preferred Shares as equity on its financial statements, then the Corporation shall have the right, in lieu of application of the first sentence of this Section 8(a), to apply the Conversion Ratio revision alternative set forth in the second sentence of this Section 8(a).

(b) Within 15 days following the Corporation becoming aware that an event has occurred that has resulted in any Change of Control or Put Event, in either case as a result of the voluntary (and not legally compelled) act, omission or participation of the Corporation, which act, omission or participation the Corporation had the discretion under existing laws and regulations to refrain from, the Corporation shall mail a notice to each holder of Preferred Shares, at such holder's address appearing in the records of the Corporation, stating (i) that a Change of Control or Put Event, as applicable, has occurred and that such holder has the right to require the Corporation to redeem such holder's Preferred Shares in cash, (ii) the date of redemption (which shall be a Business Day, no earlier than 30 days and no later than 60 days from the date such notice is mailed, or such later date as may be necessary to comply with the requirements of applicable law including the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in no event shall such date be earlier than 20 business days after the notice was mailed pursuant to the second sentence of Section 5(b) herein,), (iii) the redemption price for the redemption, and (iv) the instructions determined by the Corporation, consistent with this paragraph, that a holder must follow in order to have its Preferred Shares redeemed.

(c) On the Put Date, the Corporation will, to the extent lawful, accept for payment Preferred Shares or portions thereof tendered pursuant to the Put Offer and pay an amount equal to the Put Payment in respect of all Preferred Shares or portions thereof so tendered. The Corporation shall promptly mail to each holder of Preferred Shares to be redeemed the Put Payment for such Preferred Shares.

(d) Notwithstanding anything else herein, to the extent they are applicable to any Change of Control, the Corporation will comply with Section 14 of the Exchange Act and the provisions of Regulation 14D and 14E and any other tender offer rules under the Exchange Act and any other federal and state securities laws, rules and regulations and all time periods and requirements shall be adjusted accordingly.

(e) "Change of Control" means each occurrence of any of the following: (i) the acquisition, directly or indirectly, by any individual or entity or group (as such term is used in Section 13(d)(3) of the Exchange Act) of beneficial ownership (as defined in Rule 13d-3 under the Exchange Act, except that such individual or entity shall be deemed to have beneficial ownership of all shares that any such individual or entity has the right to acquire, whether such right is exercisable immediately or, in a transaction to which the Corporation is a party thereto or otherwise is a participant, only after passage of time) of more than 33% of the aggregate outstanding voting power of capital stock of the Corporation (other than when such an acquisition is made by Five Arrows Realty Securities II L.L.C., Rothschild Realty Inc. or the one

hundred percent (100%) member of Five Arrows Realty Securities II L.L.C., or one of their respective members or partners, or any other holder of a majority of the Preferred Shares); (ii) other than with respect to the election, resignation or replacement of the Preferred Directors, during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Corporation (together with any new directors whose election by such Board of Directors or whose nomination for election by the stockholders of the Corporation was approved by a vote of at least 66 2/3% of the directors of the Corporation (excluding Preferred Directors) then still in office who were either directors at the beginning of such period, or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Corporation then in office; and (iii) (A) the Corporation consolidates with or merges into another entity (the "Merger Entity) or conveys, transfers or leases all or substantially all of its respective assets (including, but not limited to, real property investments) to any individual or entity (the "Acquiring Entity", and, together with the Merger Entity, the "Successor Entity"), or (B) any corporation consolidates with or merges into the Corporation, which in either event (A) or (B) is pursuant to a transaction in which the outstanding voting capital stock of the Corporation is reclassified or changed into or exchanged for cash, securities or other property (unless the holders of the voting capital stock of the Corporation immediately prior to such transaction hold immediately after such transaction more than 50% of the outstanding voting capital stock of the Successor Entity).

(f) "Put Event" means each occurrence of any of (i) the Corporation fails to qualify as a real estate investment trust as described in Section 856 of the Internal Revenue Code of 1986, as amended (the "Code"), other than as a result of any action, or unreasonable failure to act, by any holder of Preferred Shares; (ii) the Corporation becomes a "closely-held" REIT as defined in Section 856(h) of the Code, other than as a result of any action, or unreasonable failure to act, by any holder of Preferred Shares; (iii) the Corporation becomes a "Pension-held REIT" as defined in Section 856(h)(3)(D) of the Code, other than as a result of any action, or unreasonable failure to act, by any holder of Preferred Shares; or (iv) the Corporation ceases to be engaged primarily in the business of investing in health care facilities (primarily nursing homes), assisted living facilities and retirement centers, as well as specialty care facilities, directly, or through subsidiaries, as carried on as of the date hereof and described in the Corporation's Annual Report on Form 10-K, as amended, as filed with the Securities and Exchange Commission for the year ended December 31, 1997.

Section 9. PREFERRED SHARES -- RESTRICTIONS ON OWNERSHIP TRANSFER TO PRESERVE TAX BENEFIT.

(a) The Preferred Shares shall be governed by the restrictions on ownership and transfer set forth in Article VI of the By-Laws.

(b) So long as Preferred Shares are outstanding, without the consent of the holders of at least a majority of the Preferred Shares at the time outstanding, given in person or by proxy, at a meeting called for that purpose at which the holders of the Preferred Shares shall vote separately as a class, or by unanimous written consent in writing of all holders of the Preferred Shares, the Corporation will not effect or validate any amendment, alteration or repeal of any Section of the Charter or the By-Laws, so as to increase in any respect the restrictions or limitations on ownership applicable to the Preferred Shares pursuant thereto.

Section 10. PREFERRED SHARES -- CONVERSION AND EXCESS SECURITIES. Preferred Shares converted into Excess Securities pursuant to Section 2 of Article VI of the By-Laws shall be governed by Article VI of the By-Laws.

Section 11. MISCELLANEOUS.

(a) EXCHANGE OR MARKET TRANSACTIONS. Nothing in Section 9, Section 10 or this Section 11 shall preclude the settlement of any transaction entered into through the facilities of the New York Stock Exchange or any other national securities exchange or automated inter-dealer quotation system. However, as set forth in Section 9, Section 10 or this Section 11, certain transactions may be settled by providing shares of Excess Securities.

(b) SEVERABILITY. If any provision of Section 9, Section 10 or this Section 11 or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provisions shall be affected only to the extent necessary to comply with the determination of such court.

(c) MAILINGS. All mailings shall be made by overnight United States mail or by another overnight courier service.

(d) REACQUIRED SHARES. Any Preferred Shares purchased or otherwise acquired by the Corporation in any matter whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be classified again and reissued as part of a new series or class of Preferred Stock to be created by the Board pursuant to its power contained in the Charter, subject to conditions and restrictions on issuance set forth herein.

IN WITNESS WHEREOF, HEALTH CARE REIT, INC. has caused its corporate seal to be hereunto affixed and this Certificate of Designation to be signed by its Chairman of the Board, CEO and President, George L. Chapman, and attested by its Secretary, Erin C. Ibele, this 21st day of January, 1999.

HEALTH CARE REIT, INC.

By: /s/ George L. Chapman

Name: George L. Chapman
Title: Chairman of the Board, CEO and President

THE UNDERSIGNED, Secretary of Health Care REIT, Inc., hereby acknowledges, in the name and on behalf of said corporation, the foregoing Certificate of Designation to be the corporate act of said corporation and further certifies that, to the best of his knowledge, information and belief, the matters and facts set forth therein with respect to the approval thereof or otherwise required to be verified under oath are true in all material respects, under the penalties of perjury.

By: /s/ Erin C. Ibele

Name: Erin C. Ibele
Title: Secretary

Corporate Seal

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

NAME OF SUBSIDIARY	STATE OF ORGANIZATION AND TYPE OF ENTITY	DATE OF ORGANIZATION
HCRI Pennsylvania Properties, Inc.	Pennsylvania corporation	November 1, 1993
HCRI Overlook Green, Inc.	Pennsylvania corporation	July 9, 1996
HCRI Texas Properties, Inc.	Texas corporation	December 27, 1996
HCRI Texas Properties, Ltd.	Texas limited partnership	December 30, 1996
Health Care REIT International, Inc.	Delaware corporation	February 11, 1998
HCN Atlantic GP, Inc.	Delaware corporation	February 20, 1998
HCN Atlantic LP, Inc.	Delaware corporation	February 20, 1998
HCRI Nevada Properties, Inc.	Nevada corporation	March 27, 1998
HCRI Southern Investments I, Inc.	Delaware corporation	June 11, 1998
HCRI Louisiana Properties, L.P.	Delaware limited partnership	June 11, 1998
HCN BCC Holdings, Inc.	Delaware corporation	September 25, 1998
HCRI Tennessee Properties, Inc.	Delaware corporation	September 25, 1998
HCRI Limited Holdings, Inc.	Delaware corporation	September 25, 1998
Pennsylvania BCC Properties, Inc.	Pennsylvania corporation	September 25, 1998
HCRI Tennessee Properties, L.P.	Tennessee limited partnership	October 26, 1998

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-46561) dated March 20, 1992 pertaining to The 1985 Incentive Stock Option Plan of Health Care REIT, Inc., the Registration Statement (Form S-8 No. 333-1237) dated February 27, 1996 pertaining to The 1985 Incentive Stock Option Plan of Health Care REIT, Inc., the Registration Statement (Form S-8 No. 333-1239) dated February 27, 1996 pertaining to the Health Care REIT, Inc. 1995 Stock Incentive Plan, the Registration Statement (Form S-3 No. 333-19537) dated January 10, 1997 of Health Care REIT, Inc., the Registration Statement (Form S-8 No. 333-40769) dated November 21, 1997 pertaining to the Health Care REIT, Inc. Stock Plan for non-employee Directors of Health Care REIT, Inc., the Registration Statement (Form S-8 No. 333-40771) dated November 21, 1997 pertaining to the Health Care REIT, Inc. 1995 Stock Incentive Plan of Health Care REIT, Inc., Amendment No. 1 to the Registration Statement (Form S-3 No. 333-43177) dated January 7, 1998 of Health Care REIT, Inc. of our report dated January 20, 1999 with respect to the consolidated financial statements and schedules of Health Care REIT, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 1998.

ERNST & YOUNG LLP

Toledo, Ohio
March 2, 1999

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1998, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 19th day of January, 1999.

/S/ WILLIAM C. BALLARD, JR.

William C. Ballard, Jr., Director

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1998, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 19th day of January, 1999.

/S/ PIER C. BORRA

Pier C. Borra, Director

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1998, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 19th day of January, 1999.

/S/ JEFFREY H. DONAHUE

Jeffrey H. Donahue, Director

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1998, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 19th day of January, 1999.

/S/ BRUCE DOUGLAS

Bruce Douglas, Director

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1998, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 19th day of January, 1999.

/S/ PETER J. GRUA

Peter J. Grua, Director

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1998, hereby constitutes and appoints GEORGE L. CHAPMAN her true and lawful attorney-in-fact and agent, with full power to act, her true and lawful attorney-in-fact and agent, for her and in her name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as she might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets her hand this 19th day of January, 1999.

/S/ SHARON M. OSTER

Sharon M. Oster, Director

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1998, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity of director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the

Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 19th day of January, 1999.

/S/ BRUCE G. THOMPSON

Bruce G. Thompson, Director

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1998, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacity as director, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 19th day of January, 1999.

/S/ RICHARD A. UNVERFERTH

Richard A. Unverferth, Director

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, the Controller of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1998, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for his and in his name, place and stead, in the capacity as Controller, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 19th day of January, 1999.

/S/ FREDERIC D. WOLFE

Frederic D. Wolfe, Director

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, a director and the Chairman of the Board and Principal Executive Officer of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1998, hereby constitutes and appoints EDWARD F. LANGE, JR., his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacities as director and Chairman of the Board and Principal Executive Officer, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 19th day of January, 1999.

/S/ GEORGE L. CHAPMAN

George L. Chapman, Director,
Chairman of the Board and
Principal Executive Officer

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, the Principal Financial Officer and the Principal Accounting Officer of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1998, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in the capacities as the Principal Financial Officer and Principal Accounting Officer, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 19th day of January, 1999.

/S/ EDWARD F. LANGE, JR.

Edward F. Lange, Jr., Chief Financial
Officer and Principal Financial Officer

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned, the Controller of Health Care REIT, Inc. (the "Company"), a Delaware corporation that is about to file with the Securities and Exchange Commission, Washington, D.C. 20549, under the provisions of the Securities Exchange Act of 1934, as amended, a Form 10-K Annual Report for the year ended December 31, 1998, hereby constitutes and appoints GEORGE L. CHAPMAN his true and lawful attorney-in-fact and agent, with full power to act, his true and lawful attorney-in-fact and agent, for his and in his name, place and stead, in the capacity as Controller, to sign such Form 10-K which is about to be filed, and any and all amendments to such Form 10-K, and to file such Form 10-K and each such amendment so signed, with all exhibits thereto, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorney-in-fact and agent, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned hereunto sets his hand this 19th day of January, 1999.

/S/ MICHAEL A. CRABTREE

Michael A. Crabtree, Controller
(Principal Accounting Officer)

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