

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, 1999

Commission File No. 1-8923

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

DELAWARE
(State or other jurisdiction of
incorporation or organization)

34-1096634
(I.R.S. Employer
Identification Number)

One SeaGate, Suite 1500, Toledo, Ohio
(Address of principal executive office)

43604
(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 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 17, 2000 was \$420,683,000 based on the reported closing sales price of such shares on the New York Stock Exchange for that date. As of March 17, 2000, there were 28,587,994 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 May 4, 2000, are incorporated by reference into Part III.

HEALTH CARE REIT, INC.
1999 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 and assisted living facilities. The Company also invests in specialty care facilities. As of December 31, 1999, long-term care facilities, which include nursing homes and assisted living facilities, 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, 1999, the Company had \$1,240,223,000 of real estate investments, inclusive of credit enhancements, in 238 facilities located in 34 states and managed by 38 different operators. At that date, the portfolio included 182 assisted living facilities, 48 nursing homes, six specialty care facilities, and two behavioral care facilities. At December 31, 1999, the Company had approximately \$53,356,000 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, 1999:

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	\$ 865,634	70%	182	12,238	\$ 74,401	24	29
Nursing Homes	281,595	22%	48	6,807	42,612	13	14
Specialty Care Facilities	83,807	7%	6	695	120,586	3	5
Behavioral Care Facilities	9,187	1%	2	294	31,250	1	1
Totals	\$1,240,223 -----	100% -----	238 -----	20,034 -----			

(1) Investments include real estate investments and credit enhancements which amounted to \$1,227,798,000 and \$12,425,000, respectively.

(2) Investment Per Bed/Unit was computed by using the total investment amount of \$1,293,579,000 which includes real estate investments, unfunded commitments for which initial funding has commenced, and credit enhancements which total \$1,227,798,000, \$53,356,000 and \$12,425,000, respectively.

(3) The Company has investments in properties located in 34 states, managed by 38 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.

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 and assisted living facilities. The Company also invests in specialty care facilities. The Company intends to continue to diversify its investment portfolio by operator 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 investments are designed with escalating rate structures. The Company's policy is to structure long term financings to maximize returns. Depending upon market conditions, the Company believes that appropriate new investments will be available in the future with substantially the same spreads over its costs of borrowing.

Mortgage loans and operating leases are normally secured by guarantees and/or letters of credit. As of December 31, 1999, letters of credit from commercial banks and cash deposits aggregating \$44,790,000 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, 1999, the Company had warrants from 19 operators to purchase their common stock or partnership interest. None of the warrants are publicly traded.

In connection with investments in two operators, the Company also received warrants that were converted into shares of common stock. As of December 31, 1999, those shares of common stock were recorded on the Company's balance sheet at a value of \$863,000.

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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 15 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 \$767,825,000 at December 31, 1999. The base rents range from approximately 7.68% to 14.91% per annum of the Company's net book value 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 \$374,390,000 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 9.00% to 14.04% 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, 1999, 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, 1999, direct investments included the preferred stock of one private corporation, subordinated debt in six 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 its terms converts either into a long-term operating lease or mortgage loan upon the completion of the facility. 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, 1999, the Company had outstanding construction financings of \$68,862,000 (\$58,954,000 leased properties and \$9,908,000 mortgage loans) and was committed to providing additional financing of approximately \$53,356,000 to complete construction.

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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 5 of Notes to Financial Statements. At December 31, 1999, the total allowance of \$5,587,000 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, 1999, 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. The operations of long-term care companies have been negatively impacted by these changes in reimbursement, among other factors. Some of these companies have filed for bankruptcy protection. While the Company has not been affected by any bankruptcy filings, a reduction in revenues could result in bankruptcy filings by significant customers of the Company. Furthermore, any failure by these customers to effectively conduct their operations could have a material adverse effect on their business reputation or on their ability to enlist and maintain patients in their facilities.

Due in part to the potential negative effect of the prospective payment system on the financial condition of long-term care facilities, Standard & Poor's placed many long-term care facility companies on a 'credit watch' in November 1998. In March, 1999, Standard & Poor's lowered the ratings of several long-term care facility companies, particularly those companies with substantial debt.

On November 29, 1999, the President signed legislation that provides additional payments for certain Medicare providers. Among other things, Medicare payments to skilled nursing facilities were increased by 4 percent per year for fiscal 2001 and 2002, and per diem payments for the 15 categories representing the most medically complex cases were increased by 20 percent.

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

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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 fiscal 2001 would reduce payments to Medicare providers by \$6.37 billion over five years, \$4.3 billion of which comes from hospitals. The budget does not contain substantial funding reductions in payments to skilled nursing facilities, according to Administration officials. The budget also includes funding for new programs to improve quality of care in Medicare and Medicaid-certified nursing facilities, much of which would be used to bolster state enforcement efforts and to improve federal oversight of state agencies. The budget proposal would also maintain and upgrade the Nursing Home Compare World Wide Web site, which publishes information concerning certification inspections. 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. 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 until the end of the third taxable year following the year of acquisition without adverse consequences. With the consent of the Treasury Department, this period can be extended for up to three additional taxable years. 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.

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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, and 1997 and incurred an excise tax of approximately \$315,000 and \$360,000 respectively, in those years. This requirement was met for 1999. There is a cumulative underdistribution of \$6,242,000 that will carry over to 2000 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, 1999, 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.	Delaware 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 North Carolina Properties, LLC	Delaware limited liability company	December 10, 1999
HCRI Properties, Inc.	Rhode Island corporation	April 22, 1999

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, 1999.

FACILITY LOCATION	NUMBER OF FACILITIES	NUMBER OF BEDS/ UNITS	(IN THOUSANDS)	
			TOTAL INVESTMENT (1)	ANNUALIZED INCOME (2)
SKILLED NURSING FACILITIES:				
Arizona.....	1	163	\$ 3,961	\$ 413
California.....	2	216	7,578	911
Colorado.....	1	180	6,114	638
Florida.....	8	947	55,864	6,391
Idaho.....	3	393	21,702	2,253
Illinois.....	2	212	12,188	1,450
Kentucky.....	1	92	4,244	536
Massachusetts.....	13	1,926	88,279	9,833
Missouri.....	1	98	6,917	763
Ohio.....	2	219	8,688	1,004
Oklahoma.....	2	575	18,132	1,770
Oregon.....	1	121	5,356	558
Pennsylvania.....	4	474	23,598	3,024
Texas.....	7	1,191	18,973	2,385
Total.....	48	6,807	281,594	31,929
ASSISTED LIVING FACILITIES:				
Alabama.....	2	149	\$ 10,498	\$ 951
Arizona.....	4	463	15,765	1,427
California.....	6	351	22,157	2,469
Colorado.....	1	50	3,890	404
Connecticut.....	2	161	20,675	2,206
Florida.....	20	1,116	83,593	9,327
Georgia.....	4	361	37,396	3,573
Indiana.....	9	460	36,243	4,139
Illinois.....	2	321	10,425	165
Louisiana.....	2	209	16,360	1,786
Maryland.....	4	340	20,739	2,111
Massachusetts.....	1	130	10,851	1,210
Minnesota.....	1	78	6,537	724
Montana.....	2	104	8,055	902
Nevada.....	3	298	26,155	2,952
New Jersey.....	2	400	20,517	2,410
New Mexico.....	2	158	7,712	890
New York.....	6	775	61,746	6,306
North Carolina.....	18	988	87,690	9,083
Ohio.....	10	819	55,659	6,522
Oklahoma.....	17	586	25,349	3,107
Oregon.....	2	70	9,673	1,102
Pennsylvania.....	10	708	59,183	7,087
South Carolina.....	5	232	18,259	2,117
Tennessee.....	4	204	14,443	1,654
Texas.....	39	2,458	156,640	17,512
Utah.....	1	57	5,903	623
Virginia.....	2	146	6,740	793
Washington.....	1	46	6,781	747
Total.....	182	12,238	865,634	94,299
SPECIALTY CARE FACILITIES:				
Arkansas.....	1	117	\$ 28,855	\$ 3,393
California.....	2	398	31,621	3,872
Minnesota.....	1	0	246	31
Texas.....	1	70	13,507	1,436
Washington D.C.....	1	110	9,578	1,189
Total.....	6	695	83,807	9,921
BEHAVIORAL CARE FACILITIES:				
Florida.....	2	294	\$ 9,188	\$ 965
TOTAL ALL FACILITIES:	238	20,479	\$1,240,223	\$137,132

- (1) Investments include real estate investments and credit enhancements which amounted to \$1,227,798,000 and \$12,425,000, respectively.
- (2) Reflects contract rate of annual base rent or interest recognized or to be recognized upon completion of construction.

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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 5,240 shareholders of record as of December 31, 1999.

	SALES PRICE		DIVIDENDS PAID
	HIGH	LOW	
1999			
First Quarter.....	\$ 26.6250	\$ 21.1875	\$.560
Second Quarter.....	25.6250	20.7500	.565
Third Quarter.....	23.8750	19.3125	.570
Fourth Quarter.....	20.0000	14.6875	.575
1998			
First Quarter.....	\$29.2500	\$ 26.625	\$.540
Second Quarter.....	28.4375	25.375	.545
Third Quarter.....	27.5000	22.375	.550
Fourth Quarter.....	26.6250	20.000	.555

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ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for the five years ended December 31, 1999, are derived from the audited consolidated financial statements of the Company.

(In thousands, except per share data)

	1999	1998	1997	1996	1995
	----	----	----	----	----
OPERATING DATA					
Revenues.....	\$129,307	\$97,992	\$73,308	\$54,402	\$44,596
Expenses:					
Interest expense.....	26,916	18,030	15,365	14,635	12,752
Provision for depreciation.....	17,885	10,254	5,287	2,427	1,580
General and administrative and other expenses (1).....	8,868	7,399	6,178	6,664	10,835
Settlement of management contract (2).....					5,794
Total expenses.....	53,669	35,683	26,830	23,726	30,961
Net income.....	75,638	62,309	46,478	30,676	13,635
Preferred stock dividends.....	12,814	4,160			
Net income available to common shareholders.....	\$ 62,824	\$58,149	\$46,478	\$30,676	\$13,635
	=====	=====	=====	=====	=====
OTHER DATA					
Average number of common shares outstanding (3):					
Basic.....	28,128	25,579	21,594	14,093	11,710
Diluted.....	28,384	25,954	21,929	14,150	11,728
Cash available for distribution (4).....	\$ 76,880	\$ 68,490	\$56,856	\$36,705	\$27,938
PER SHARE					
Net income available to common shareholders:					
Basic.....	\$2.23	\$2.27	\$2.15	\$2.18	\$1.16
Diluted.....	2.21	2.24	2.12	2.17	1.16
Cash distributions per common share.....	2.27	2.19	2.11	2.08	2.075

DECEMBER 31,

(In thousands)

	1999	1998	1997	1996	1995
	----	----	----	----	----
BALANCE SHEET DATA					
Real estate investments, net.....	\$1,222,211	\$1,027,706	\$713,557	\$512,894	\$351,924
Total assets.....	1,271,171	1,073,424	734,327	519,831	358,092
Total debt.....	538,842	418,979	249,070	184,395	162,760
Total liabilities.....	564,175	439,665	264,403	194,295	170,494
Total shareholders' equity.....	706,996	633,759	469,924	325,536	187,598

-
- (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 23.
 - (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, 1999, the Company's net real estate investments totaled approximately \$1,222,211,000, which included 182 assisted living facilities, 48 nursing facilities, six specialty care facilities and two behavioral care facilities. Depending upon the availability and cost of external capital, the Company anticipates making additional investments in health care related facilities. New investments are funded from temporary borrowings under the Company's line of credit arrangements, internally generated cash and the proceeds derived from asset sales. Permanent financing for future investments, which replaces funds drawn under the line of credit arrangements, is expected to be provided through a combination of private and public offerings of debt and equity securities, and the assumption of secured debt. 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.

During 1999, the underperformance of publicly owned nursing home and assisted living companies, combined with the much publicized shift in equity funds flow from income-oriented investments to high-growth opportunities, impaired the stock valuations of all health care REITs. The availability of external capital is limited and expensive, constraining new investment activity and earnings growth. The Company believes the restrictive capital environment will continue until the prospects for the long-term care industry improve.

In October 1999, the Company announced a \$200 million asset divestiture program, which is proceeding as planned. The Company believes the limited asset sales will strengthen the Company's portfolio and generate liquidity, enhancing the Company's balance sheet. This strategy should position the Company for new investment and growth opportunities in the future.

During 1999, the Company invested \$81,008,000 in real property, provided permanent mortgage financings of \$17,565,000, made construction advances of \$169,085,000, funded \$7,462,000 of equity related investments and had net advances on working capital loans of \$9,440,000. During 1999, the Company received principal payments on real estate mortgages of \$4,515,000, proceeds of \$38,216,000 from the prepayment of mortgage loans, and proceeds of \$18,112,000 derived from property sales. As of December 31, 1999, the Company had approximately \$53,356,000 in unfunded commitments.

During 1999, 43 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 \$226,695,000, and twelve construction loans converted to permanent mortgage loans with an aggregate investment balance of \$67,553,000.

As of December 31, 1999, the Company had shareholders' equity of \$706,996,000 and a total outstanding debt balance of \$538,842,000, which represents a debt to equity ratio of 0.76 to 1.0.

In January 1999, the Company announced the sale of 3,000,000 shares of cumulative convertible preferred stock. These shares have a liquidation value of \$25.00 per share and will pay quarterly dividends equivalent to the greater of \$0.5625 or the quarterly dividend then payable per common share on an as converted basis. 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.

In February 1999, the Company entered into a \$75,000,000 Secured Credit Facility. The Credit Facility bears interest at the lender's prime rate or LIBOR plus 2.0%, with a floor of 7.0%. At December 31, 1999, \$60,000,000 was advanced under this Credit Agreement.

In March 1999, the Company completed the sale of \$50 million of 8.17% Senior Unsecured Notes due March 15, 2006.

As of December 31, 1999, 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 \$20,000,000 bearing interest at the lender's prime rate expiring April 30, 2000. At December 31, 1999, under the Company's line of credit arrangements, available funding totaled \$17,500,000.

As of December 31, 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. Depending upon market conditions, 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.

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RESULTS OF OPERATIONS DECEMBER 31, 1999 VS. DECEMBER 31, 1998

Revenues for the year ended December 31, 1999, were \$129,307,000 compared to \$97,992,000 for the year ended December 31, 1998, an increase of \$31,315,000 or 32%. Revenue growth resulted primarily from increased operating rent income of \$30,747,000, from additional real estate investments made during the past twelve to fifteen months.

Expenses for the year ended December 31, 1999, totaled \$53,669,000, an increase of \$17,986,000 from expenses of \$35,683,000 for the year ended December 31, 1998. The increase in total expenses for the year ended December 31, 1999 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, 1999, was \$26,916,000 compared with \$18,030,000 for the year ended December 31, 1998. The increase in interest expense during 1999 was primarily due to the issuance in March 1999 of the Senior Unsecured Notes Due 2006, the addition of \$60,000,000 borrowed under the Secured Credit Facility and higher average borrowings under the unsecured lines of credit during 1999, which were offset by the amount of capitalized interest recorded in 1999.

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, 1999, totaled \$8,578,000, as compared with \$7,740,000 for the same period in 1998.

The provision for depreciation for the year ended December 31, 1999, totaled \$17,885,000, an increase of \$7,631,000 over the year ended 1998 as a result of additional real property investments.

General and administrative expense for the year ended December 31, 1999, totaled \$7,359,000 as compared with \$6,114,000 for the year ended December 31, 1998. The expenses for the year ended December 31, 1999, were 5.69% of revenues as compared with 6.24% for the year ended December 31, 1998.

Dividend payments associated with the Company's outstanding preferred stock for the year ended December 31, 1999, totaled \$12,814,000 as compared with

\$4,160,000 for 1998.

As a result of the various factors mentioned above, net income available for common shareholders for the year ended December 31, 1999, was \$62,824,000, or \$2.21 per share, as compared with \$58,149,000, or \$2.24 per share for the year ended December 31, 1998.

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.

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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.

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 inflation will not impact the availability of equity and debt financing.

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 have resulted in system failures, malfunctions, or miscalculations that would have disrupted normal operations. The Company did not experience any Year 2000 related problems. In addition, the Company's outside vendors and tenant/borrowers did not encounter any significant problems related to Year 2000 issues.

The Company's expenditures for remedies were not material.

The Company does not anticipate any future risk due to the Year 2000, but will continue to monitor all computer software and hardware throughout the next year.

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 and cost of capital, the ability of the Company's lessees and borrowers to make payments under their leases and loans, and regulatory and other changes in the health care sector, as described in the Company's filings with the Securities and Exchange Commission.

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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 senior unsecured notes were \$258 million and \$239 million at December 31, 1999 and 1998, respectively. A 1% increase in interest rates would result in a decrease in fair value of the Company's senior unsecured notes by approximately \$11 million at both December 31, 1999 and 1998.

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, 1999, 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.

Potential Risks from Bankruptcies

The Company is exposed to the risk that its operators may not be able to meet the rent and interest payments due the Company, which may result in an operator bankruptcy or insolvency. Although the Company's operating lease agreements and loans provide the Company the right to terminate an investment, evict an operator, demand immediate repayment, and other remedies, the Bankruptcy laws afford certain rights to a party that has filed for bankruptcy or reorganization. An operator in bankruptcy may be able to restrict the Company's ability to collect unpaid rent or interest, and collect interest during the bankruptcy proceeding.

The receipt of liquidation proceeds or the replacement of an operator that has defaulted on its lease or loan could be delayed by the approval process of any federal, state or local agency necessary for the transfer of the property or the replacement of the operator licensed to manage the facility. In addition, the Company may be required to fund certain expenses (i.e. real estate taxes and maintenance) to retain control of a property. In some instances the Company may take possession of a property, which may expose the Company to successor liabilities. Should such events occur, the Company's revenue and operating cash flow may be adversely affected.

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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, 1999 and 1998, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. 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 auditing standards generally accepted in the United States. 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, 1999 and 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. 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 21, 2000
Toledo, Ohio

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HEALTH CARE REIT, INC.
CONSOLIDATED BALANCE SHEETS

	DECEMBER 31	
	1999	1998

	(IN THOUSANDS)	
ASSETS		
Real estate investments:		
Real property owned		
Land	\$ 73,234	\$ 44,722
Buildings & improvements	730,337	443,574
Construction in progress	58,954	151,317
	-----	-----
	862,525	639,613
Less accumulated depreciation	(35,746)	(19,624)
	-----	-----
Total real property owned	826,779	619,989
Loans receivable	401,019	412,704
	-----	-----
	1,227,798	1,032,693
Less allowance for loan losses	(5,587)	(4,987)
	-----	-----
Net real estate investments	1,222,211	1,027,706
Other Assets:		
Direct investments	25,361	26,180
Marketable securities	863	4,106
Deferred loan expenses	3,311	2,389
Cash and cash equivalents	2,129	1,269
Receivables and other assets	17,296	11,774
	-----	-----
	48,960	45,718
Total assets	\$ 1,271,171	\$ 1,073,424
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Borrowings under line of credit arrangements	\$ 177,500	\$ 171,550
Senior unsecured notes	290,000	240,000
Secured debt	71,342	7,429
Accrued expenses and other liabilities	25,333	20,686
	-----	-----
Total liabilities	564,175	439,665
Shareholders' equity:		
Preferred Stock, \$1.00 par value:		
Authorized - 10,000,000 shares		
Issued and outstanding - 6,000,000 in 1999		
and 3,000,000 in 1998		
at liquidation preference	150,000	75,000
Common Stock, \$1.00 par value:		
Authorized - 75,000,000 shares		
Issued and outstanding - 28,532,419		
shares in 1999 and 28,240,165		
shares in 1998	28,532	28,240
Capital in excess of par value	524,204	520,692
Undistributed net income	8,883	10,434
Accumulated other		
comprehensive income	593	3,982
Unamortized restricted stock	(5,216)	(4,589)
	-----	-----
Total shareholders' equity	706,996	633,759
	-----	-----

Total liabilities and shareholders' equity	\$ 1,271,171	\$ 1,073,424
	=====	=====

See accompanying notes

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HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF INCOME

	YEAR ENDED DECEMBER 31		
	1999	1998	1997
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Revenues:			
Rental income	\$ 72,700	\$ 41,953	\$ 22,178
Interest income	48,076	48,488	47,237
Commitment fees and other income	6,263	5,914	3,364
Prepayment fees	1,565	588	529
	-----	-----	-----
	128,604	96,943	73,308
Expenses:			
Interest expense	26,916	18,030	15,365
Provision for depreciation	17,885	10,254	5,287
General and administrative	7,359	6,114	4,858
Loan expense	909	685	720
Provision for loan losses	600	600	600
	-----	-----	-----
	53,669	35,683	26,830
	-----	-----	-----
Income before gain on sale of properties	74,935	61,260	46,478
Gains on sale of properties	703	1,049	
	-----	-----	-----
Net Income	75,638	62,309	46,478
Preferred stock dividends	12,814	4,160	
	-----	-----	-----
Net income available to common shareholders	\$ 62,824	\$ 58,149	\$ 46,478
	=====	=====	=====
Average number of common shares outstanding:			
Basic	28,128	25,579	21,594
Diluted	28,384	25,954	21,929
Net income available to common shareholders per share:			
Basic	\$ 2.23	\$ 2.27	\$ 2.15
Diluted	\$ 2.21	\$ 2.24	\$ 2.12

See accompanying notes

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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
	-----	-----	-----	-----	-----	-----	-----
			(In thousands, except per share data)				
Balances at January 1, 1997	\$	\$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 common stock 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 common stock, net of expenses of \$7,477		5,566	127,143				132,709
Cash dividends on common stock --\$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 common stock 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 common stock, net of expenses of \$4,599		3,459	77,893				81,352
Net proceeds from sale of preferred stock	75,000		(2,790)				72,210
Cash dividends:							
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
Comprehensive income:							
Net income				75,638			75,638
Other comprehensive income:							
Unrealized loss on marketable securities					(3,243)		(3,243)
Foreign currency translation adjustment					(146)		(146)
Total comprehensive income							72,249
Proceeds from issuance of common stock from dividend reinvestment and stock incentive plans		292	5,967			(1,707)	4,552
Amortization of restricted stock grants						1,080	1,080
Net proceeds from sale of preferred stock	75,000		(2,455)				72,545
Cash dividends:							
Common stock -- \$2.27 per share				(64,375)			(64,375)
Preferred stock, Series B--\$2.22 per share				(6,656)			(6,656)
Preferred stock, Series C--\$2.19 per share				(6,158)			(6,158)
BALANCES AT DECEMBER 31, 1999	\$150,000	\$28,532	\$524,204	\$ 8,883	\$ 593	\$(5,216)	\$706,996
	=====	=====	=====	=====	=====	=====	=====

See accompanying notes

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HEALTH CARE REIT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31

1999

1998

1997

(IN THOUSANDS)

OPERATING ACTIVITIES			
Net income	\$ 75,638	\$ 62,309	\$ 46,478
Adjustments to reconcile net income to net cash provided from operating activities:			
Provision for depreciation	18,106	10,348	5,361
Amortization	1,998	1,306	980
Provision for losses	600	600	600
Loan and commitment fees earned less than (greater than) cash received	(399)	1,222	4,642
Direct financing lease income less than cash received	65	292	372
Rental income in excess of cash received	(6,692)	(3,047)	(1,548)
Interest income less than (greater than) cash received	378	(380)	(29)
Increase in accrued expenses and other liabilities	5,045	4,133	790
Decrease (increase) in receivables and other assets	1,394	(1,037)	(1,638)
Net cash provided from operating activities	96,133	75,746	56,008
INVESTING ACTIVITIES			
Investment in real property	(215,491)	(270,015)	(135,835)
Investment in loans receivable	(56,089)	(105,282)	(123,376)
Other investments, net of payments	(2,024)	(20,965)	(4,964)
Principal collected on loans	42,731	38,629	49,750
Proceeds from sale of properties	18,112	11,378	2,569
Other	(444)	(328)	(213)
Net cash used in investing activities	(213,205)	(346,583)	(212,069)
FINANCING ACTIVITIES			
Net increase (decrease) under line of credit arrangements	5,950	93,150	(13,725)
Borrowings under senior notes	50,000	100,000	80,000
Proceeds from issuance of Secured Debt	64,000		
Principal payments on other long-term obligations	(87)	(23,241)	(1,600)
Net proceeds from the issuance of Common Stock	4,552	90,120	139,554
Net proceeds from the issuance of Preferred Stock	72,545	72,210	
Increase in deferred loan expense	(1,839)	(798)	(1,564)
Cash distributions to shareholders	(77,189)	(60,716)	(45,804)
Net cash provided from financing activities	117,932	270,725	156,861
Increase (decrease) in cash and cash equivalents	860	(112)	800
Cash and cash equivalents at beginning of year	1,269	1,381	581
Cash and cash equivalents at end of year	\$ 2,129	\$ 1,269	\$ 1,381
Supplemental Cash Flow Information-interest paid	\$ 32,826	\$ 23,714	\$ 16,444

See accompanying notes

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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 and assisted living facilities. 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 primarily collateralized by a first mortgage on or assignment of partnership interest in the related facilities which consist of nursing homes, assisted living facilities, 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. These properties are depreciated on a straight-line basis over their estimated useful lives. 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 depreciable 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 asset 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, 1999, 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.

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 \$8,578,000, \$7,740,000 and \$2,306,000 during 1999, 1998 and 1997, respectively, related to construction of real property owned by the Company. The Company's interest expense reflected in the statement of income has been reduced by the amounts capitalized.

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.

1. ACCOUNTING POLICIES AND RELATED MATTERS (CONTINUED)

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 six 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 10.

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 guidelines for the reporting and

display of comprehensive income and its components. Comprehensive income includes unrealized gains or losses on the Company's marketable securities and foreign currency translation adjustments. These items are included as a component of shareholders' equity.

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, 2001. Under the Statement, all financial instruments meeting the definition of a derivative will be carried at fair value. The impact that this statement will have on the Company has not been determined. The Company currently has no derivative instruments nor has engaged in any hedging activities.

2. LOANS RECEIVABLE

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

	DECEMBER 31	
	1999	1998
Mortgage loans	\$ 349,514	\$ 362,715
Mortgage loans to related parties	24,876	0
Construction loans	9,908	42,708
Working capital	13,458	5,532
Working capital loans to related parties	3,263	1,749
TOTALS	\$ 401,019	\$ 412,704

Mortgage loans include \$6,741,000 of direct financing leases in 1998. Loans to related parties (various entities whose ownership includes two Company directors) included above are at rates comparable to other third party borrowers 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 \$3,639,000, \$1,236,000 and \$980,000 for 1999, 1998 and 1997, respectively.

The following is a summary of mortgage loans at December 31, 1999 (in thousands):

FINAL PAYMENT DUE	NUMBER OF LOANS	PAYMENT TERMS	PRINCIPAL AMOUNT AT INCEPTION	CARRYING AMOUNT
2001	3	Monthly payments from \$21,460 to \$58,932, including interest from 10.50% to 12.00%	\$ 11,684	\$ 9,434
2002	12	Monthly payments from \$18,360 to \$47,342, including interest at 9.00%	52,130	51,987
2006	1	Monthly payment at \$96,412, including interest at 9.48%	12,204	12,204
2007	2	Monthly payments from \$28,403 to \$73,860, including interest from	14,698	10,421

		10.70% to 13.20%		
2008	1	Monthly payment at \$88,967, including interest at 14.04%	7,400	7,228
2009	1	Monthly payment at \$70,577, including interest at 11.26%	7,072	6,917
2010	2	Monthly payments from \$41,253 to \$133,235, including interest from 10.85% to 11.19%	18,025	17,695

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2. LOANS RECEIVABLE (CONTINUED)

FINAL PAYMENT DUE	NUMBER OF LOANS	PAYMENT TERMS	PRINCIPAL AMOUNT AT INCEPTION	CARRYING AMOUNT
2011	6	Monthly payments from \$18,921 to \$38,663, including interest from 9.48% to 11.90%	\$ 20,797	\$ 20,588
2012	3	Monthly payments from \$42,607 to \$305,007, including interest from 9.70% to 11.98%	38,668	38,492
2013	1	Monthly payment at \$45,173, including interest at 9.79%	5,537	5,537
2015	3	Monthly payments from \$53,679 to \$122,053, including interest from 11.18% to 12.82%	26,360	25,461
2016	3	Monthly payments from \$44,413 to \$119,094, including interest from 10.41% to 11.60%	25,346	24,962
2017	9	Monthly payments from \$26,649 to \$233,818, including interest from 9.74% to 12.48%	75,886	74,733
2018	7	Monthly payments from \$24,892 to \$187,727, including interest from 9.38% to 10.43%	48,657	48,022
2019	5	Monthly payments from \$22,500 to \$47,513, including interest from 10.00% to 10.39%	20,735	20,709
		TOTALS	\$ 385,199 =====	\$ 374,390 =====

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3. REAL ESTATE INVESTMENTS

The following table summarizes certain information about the Company's real estate properties as of December 31, 1999 (in thousands):

	Number of Facilities	Land	Building & Improvements	Total Investment	Accumulated Depreciation
NURSING HOMES:					
Arizona	1	\$ 180	\$ 3,988	\$ 4,168	\$ 207
California	2	2,640	5,212	7,852	274
Colorado	1	370	6,051	6,421	307

Florida	6	3,462	41,258	44,720	1,727
Idaho	3	2,010	20,662	22,672	970
Illinois	2	1,010	11,446	12,456	268
Kentucky	1	130	4,870	5,000	756
Massachusetts	7	3,548	34,051	37,599	3,224
Ohio	2	786	8,778	9,564	876
Oklahoma	1	470	5,673	6,143	215
Oregon	1	300	5,316	5,616	260
Pennsylvania	3	669	17,567	18,236	1,866
Texas	1	663	12,588	13,251	2,359
Construction in Progress			7,576	7,576	
	31	16,238	185,036	201,274	13,309
ASSISTED LIVING FACILITIES:					
Arizona	2	560	6,467	7,027	125
California	1	980	6,195	7,175	159
Connecticut	2	1,230	19,053	20,283	445
Florida	19	8,431	71,847	80,278	3,190
Georgia	2	3,166	24,542	27,708	225
Indiana	9	1,951	34,874	36,825	583
Maryland	1	1,320	13,641	14,961	276
Massachusetts	1	810	10,500	11,310	459
Minnesota	1	322	6,345	6,667	130
Montana	1	360	3,282	3,642	109
Nevada	2	1,706	21,769	23,475	435
New Jersey	1	3,297	14,233	17,530	1,124
New Mexico	1	233	5,355	5,588	323
New York	1	400	10,528	10,928	616
North Carolina	9	7,708	53,667	61,375	1,661
Ohio	8	4,103	40,364	44,467	1,822
Oklahoma	15	1,703	21,408	23,111	2,239
Oregon	2	1,077	8,756	9,833	160
Pennsylvania	10	5,889	55,479	61,368	2,872
South Carolina	4	1,372	13,315	14,687	193
Tennessee	4	1,521	12,461	13,982	168
Texas	25	7,457	93,320	100,777	5,028
Washington	1	1,400	5,476	6,876	95
Construction in Progress			51,378	51,378	
	122	56,996	604,255	661,251	22,437
TOTAL REAL ESTATE	153	\$ 73,234	\$ 789,291	\$ 862,525	\$ 35,746

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3. REAL ESTATE INVESTMENTS (CONTINUED)

At December 31, 1999, future minimum lease payments receivable under operating leases are as follows (in thousands):

2000	\$	76,866
2001		83,167
2002		84,916
2003		85,829
2004		86,714
Thereafter		506,662

TOTAL	\$	924,154
		=====

The Company converted \$16,309,000, \$73,430,000, and \$13,103,000, of mortgage loans into operating lease properties in 1999, 1998 and 1997, respectively. This noncash activity is appropriately not reflected in the accompanying statements of cash flows.

The Company has leased one nursing home and five assisted living facilities to an operator that has a director who is also a director of the Company and the Company is constructing two assisted living facilities that will be leased to this operator upon completion. The Company recognized \$1,266,000 of rental income from this operator in 1999. The Company did not recognize rental income from this operator in 1998 or 1997. In 1999, a director of the Company was appointed as a director of an operator which leases seven facilities from the Company. The Company recognized \$1,546,000 of rental income from this operator in 1999.

4. CONCENTRATION OF RISK

As of December 31, 1999, long-term care facilities, which include nursing homes and assisted living facilities, comprised 92% of the Company's real estate investments and were located in 34 states. Investments in assisted living facilities comprised 70% of the Company's real estate investments. The Company's investments with the three largest operators totaled approximately 29%. No single operator has a real estate investment balance which exceeds 14% of total real estate investments, including credit enhancements.

5. ALLOWANCE FOR LOAN LOSSES

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

	1999	1998	1997
	-----	-----	-----
Balance at beginning of year	\$ 4,987	\$ 4,387	\$ 9,787
Provision for loan losses	600	600	600
Charge-offs			(6,000)
	-----	-----	-----
Balance at end of year	\$ 5,587	\$ 4,987	\$ 4,387
	=====	=====	=====

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.

6. 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, 1999 was 7.05%. 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 unsecured line of credit with a bank for a total of \$20,000,000 which expires April 30, 2000. Borrowings under this line of credit are subject to interest at the bank's prime rate of interest (8.50% at December 31, 1999) and are due on demand.

6. 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		
	1999	1998	1997
	-----	-----	-----
Balance outstanding at December 31	\$ 177,500	\$ 171,550	\$ 78,400
Maximum amount outstanding at any month end	180,950	171,550	158,950
Average amount outstanding (total of daily principal balances divided by days in year)	153,318	103,739	78,826

Weighted average interest rate
(actual interest expense divided
by average borrowings outstanding)

6.61%

6.90%

7.63%

7. SENIOR NOTES AND OTHER LONG-TERM OBLIGATIONS

The Company has \$290,000,000 of unsecured Senior Notes with interest ranging from 7.06% to 8.34% and maturing at various dates to 2008.

The Company has two mortgage notes payable, collateralized by two health care facilities with interest rates from 7.625% to 12% and maturing at various dates to 2034.

The Company has one secured note collateralized by one health care facility with interest at 2% over LIBOR (8.16% at December 31, 1999).

The Company has a \$75,000,000 secured line of credit, collateralized by fourteen health care facilities, with interest at 2% over LIBOR (7.69% at December 31, 1999). The outstanding balance at December 31, 1999 was \$60,000,000.

The carrying values of the health care properties securing the mortgages and secured debt totaled \$154,224,000 at December 31, 1999.

At December 31, 1999, the annual principal payments on these long-term obligations are as follows (in thousands):

	SENIOR NOTES	SECURED LINE OF CREDIT	SECURED NOTE	MORTGAGES
	-----	-----	-----	-----
2000	\$ 35,000	\$ 0	\$ 0	\$ 99
2001	10,000	0	0	109
2002	20,000	0	0	121
2003	35,000	0	0	133
2004	40,000	60,000	4,000	186
2005	0	0	0	549
2006	50,000	0	0	62
2007	0	0	0	67
2008	100,000	0	0	72
Thereafter	0	0	0	5,944
	-----	-----	-----	-----
Total	\$ 290,000	\$ 60,000	\$ 4,000	\$ 7,342
	=====	=====	=====	=====

8. 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 Plan for Non-Employee Directors which authorizes up to 240,000 shares to be issued.

8. STOCK INCENTIVE PLANS AND RETIREMENT ARRANGEMENTS (CONTINUED)

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

	1999		1998		1997	
	SHARES	AVERAGE EXERCISE PRICE	SHARES	AVERAGE EXERCISE PRICE	SHARES	AVERAGE EXERCISE PRICE
STOCK OPTIONS						
Options at beginning of year	1,418	\$22.06	1,126	\$21.56	749	\$19.51
Options granted	410	20.17	362	23.00	475	24.44
Options exercised	(6)	21.81	(63)	18.57	(84)	19.16
Options terminated	(9)	23.90	(7)	24.90	(14)	23.61
	-----	-----	-----	-----	-----	-----
	1,813	\$21.62	1,418	\$22.06	1,126	\$21.56
	=====	=====	=====	=====	=====	=====
At end of year:						
Shares exercisable	733	\$21.17	466	\$20.83	406	\$20.79
Weighted average fair value of options granted during the year		\$ 2.11		\$ 1.98		\$ 1.97

The stock options generally vest over a five year period and expire ten years from the date of grant. Options at December 31, 1999, had exercise prices ranging from \$17.875 to \$27.375 per share and a weighted average contractual life of 4.7 years.

The Company issued 86,250, 74,100 and 157,000 restricted shares during 1999, 1998 and 1997, respectively, including 9,000, 2,250 and 2,000 shares for directors in 1999, 1998 and 1997, respectively. Vesting periods range from six months for directors to periods of five to ten years for officers and key salaried employees. Expense, which is recognized as the shares vest based on the market value at the date of the award, totaled \$1,080,000, \$601,000 and \$257,000 in 1999, 1998 and 1997, respectively.

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 \$621,000, \$393,000, and \$212,000 in 1999, 1998 and 1997, 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 \$144,000, \$120,000, and \$110,000 in 1999, 1998 and 1997, respectively.

9. PREFERRED STOCK

In January 1999, the Company announced the sale of 3,000,000 shares of Series C Cumulative Convertible Preferred Stock. These shares have a liquidation value of \$25.00 per share and will pay dividends equivalent to the greater of (i) the annual dividend rate of \$2.25 per share (a quarterly dividend rate of \$0.5625 per share); or (ii) the quarterly dividend then payable per common share on an as converted basis. 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.

In May 1998, the Company sold 3,000,000 shares of 8.875% Series B Cumulative Redeemable Non-Voting Preferred Stock with a liquidation preference of \$25.00 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 \$25.00 per share, plus accrued and unpaid dividends thereon to the redemption date.

10. 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 \$0, \$315,000 and \$360,000 for the years ended December 31, 1999, 1998 and 1997, respectively. Undistributed net income for federal income tax purposes amounted to \$6,242,000 at December 31, 1999. The principal reasons for the difference between undistributed net income for federal income tax purposes and financial statement purposes are the recognition of straight-line rent for reporting 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		
	1999	1998	1997
Per Share:			
Ordinary income	\$ 2.217	\$ 2.142	\$ 2.085
Capital gains	.053	.048	.025
	-----	-----	-----
TOTALS	\$ 2.270	\$ 2.190	\$ 2.110
	=====	=====	=====

11. COMMITMENTS AND CONTINGENCIES

At December 31, 1999, the Company had outstanding commitments to provide financing for facilities in the approximate amount of \$53,356,000 for ongoing construction activity 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. In addition, the Company has an outstanding letter of credit relating to one construction project. At December 31, 1999, obligations under these agreements for which the Company was contingently liable aggregated approximately \$12,425,000.

12. 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.

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13. EARNINGS PER SHARE

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

	1999 -----	1998 -----	1997 -----
Numerator for basic and diluted earnings per share - income available to common shareholders	\$ 62,824 =====	\$ 58,149 =====	\$ 46,478 =====
Denominator for basic earnings per share - weighted average shares	28,128	25,579	21,594
Effect of dilutive securities:			
Employee stock options	15	174	182
Nonvested restricted shares	241 -----	201 -----	153 -----
Dilutive potential common shares	256 -----	375 -----	335 -----
Denominator for diluted earnings per share - adjusted weighted average shares	28,384 =====	25,954 =====	21,929 =====
Basic earnings per share	\$ 2.23 =====	\$ 2.27 =====	\$ 2.15 =====
Diluted earnings per share	\$ 2.21 =====	\$ 2.24 =====	\$ 2.12 =====

The diluted earnings per share calculation excludes the dilutive effect of 1,813,000 and 179,000 shares for 1999 and 1998, respectively because the exercise price was greater than the average market price. The Series C Cumulative Convertible Preferred Stock was not included in this calculation as the effect of the conversion was anti-dilutive.

14. 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 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.

Secured Debt--Same as Line of Credit Arrangements.

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

The carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1999 and 1998, are as follows (in thousands):

	DECEMBER 31, 1999		DECEMBER 31, 1998	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial Assets:				
Mortgage loans	\$374,390	\$381,082	\$355,974	\$375,252
Working capital and construction loans	26,629	26,629	49,989	49,989
Cash and cash equivalents	2,129	2,129	1,269	1,269
Marketable securities	863	863	4,106	4,106
Direct investments	25,361	25,361	26,180	26,180
Financial Liabilities:				
Borrowings under line of credit arrangements	177,500	177,500	171,550	171,550
Senior unsecured notes	290,000	257,679	240,000	239,396
Secured debt	64,000	64,000		
Mortgage notes payable	7,342	7,342	7,429	7,429

15. 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, 1999 and 1998 (in thousands, except per share data):

	YEAR ENDED DECEMBER 31, 1999			
	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Revenues	\$ 28,164	\$ 32,469	\$ 34,160	\$ 33,811
Net Income Available to Common Shareholders	16,219	15,787	16,195	14,623
Net Income Available to Common Shareholders Basic	.58	.56	.57	.52

Diluted .57 .56 .57 .51

	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	.60

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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 Three Directors" and "Executive Officers of the Company" in the definitive proxy statement of the Company which will be filed with the Commission prior to May 4, 2000.

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 May 4, 2000.

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 Directors and Management" in the definitive proxy statement of the Company which will be filed with the Commission prior to May 4, 2000.

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 May 4, 2000.

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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, 1999 and 1998.....	18
Consolidated Statements of Income - Years ended December 31, 1999, 1998 and 1997.....	19
Consolidated Statements of Shareholders' Equity - Years ended December 31, 1999, 1998 and 1997.....	20
Consolidated Statements of Cash Flows - Years ended December 31, 1999, 1998 and 1997.....	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 Second Supplemental Indenture dated as of March 13, 1998 between Health Care REIT, Inc. and Fifth Third Bank.
- 4.5 Third Supplemental Indenture dated as of March 18, 1999 between Health Care REIT, Inc. and Fifth Third Bank.
- 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 Loan Agreement dated as of March 28, 1997 by and among Health Care REIT, Inc., its subsidiaries, the banks signatory thereto, Keybank National Association, as Administrative Agent, and Fleet Bank, N.A., as Syndication 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 1999:

None.

(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 37 through 43.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed 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 20, 2000 by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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/s/ WILLIAM C. BALLARD, JR.*

William C. Ballard, Jr., Director

/s/ PIER C. BORRA*

Pier C. Borra, Director

/s/ JEFFREY H. DONAHUE*

Jeffrey H. Donahue, Director

/s/BRUCE DOUGLAS*

Bruce Douglas, Director

/s/ PETER J. GRUA*

Peter J. Grua, Director

/s/ SHARON M. OSTER*

Sharon M. Oster, Director

/s/ BRUCE G. THOMPSON*

Bruce G. Thompson, Director

/s/ R. SCOTT TRUMBULL*

R. Scott Trumbull, Director

/s/ RICHARD A. UNVERFERTH*

Richard A. Unverferth, Director

/s/ GEORGE L. CHAPMAN

George L. Chapman, Chairman,
Chief Executive Officer, President
and Director (Principal Executive
Officer)

/s/ EDWARD F. LANGE, JR.*

Edward F. Lange, Jr., Chief
Financial Officer (Principal
Financial Officer)

/s/ MICHAEL A. CRABTREE*

Michael A. Crabtree, Controller
(Principal Accounting Officer)

*By: /s/GEORGE L. CHAPMAN

George L. Chapman, Attorney-in-Fact

HEALTH CARE REIT, INC.
SCHEDULE III

REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1999

DESCRIPTION	INITIAL COST TO COMPANY			COST CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD			YEAR ACQUIRED	YEAR BUILT
	ENCUMBRANCES	LAND	BUILDINGS & IMPROVEMENTS		LAND	BUILDINGS & IMPROVEMENTS	ACCUMULATED DEPRECIATION		
ASSISTED LIVING FACILITIES:									
Lake Havasu, AZ	\$	\$110	\$ 2,244	\$	\$110	\$ 2,244	\$ 72	1998	1998
Lake Havasu, AZ		450	4,223		450	4,223	54	1999	1999
Costa Mesa, CA		980	6,195		980	6,195	159	1999	1997
Litchfield, CT		660	8,812		660	8,812	362	1998	1998
South Windsor, CT		570	10,241		570	10,241	83	1999	1999
Bradenton, FL		252	3,298		252	3,298	380	1996	1995
Bradenton, FL		25	450		25	450	28	1997	1992
Bradenton, FL		25	400		25	400	25	1997	1988
Bradenton, FL		50	850		50	850	52	1997	1996
Bradenton, FL		50	850		50	850	52	1997	1996
Clermont, FL		350	5,232		350	5,232	302	1997	1997
Ft. Myers, FL		1,230	13,098		1,230	13,098	346	1999	1999
Haines City, FL		80	1,937		80	1,937	35	1999	1999
Jacksonville, FL		400	3,674		400	3,674	221	1997	1997
Lake Wales, FL		80	1,939		80	1,939	35	1999	1999
Lauderhill, FL		20	1,374	121	20	1,495	74	1998	1995
Leesburg, FL		70	1,170		70	1,170	59	1998	1972
Margate, FL		500	5,343	1,900	500	7,243	385	1998	1972
Naples, FL		1,716	17,306		1,716	17,306	357	1999	1999
North Miami Beach, FL		300	5,621		300	5,621	300	1998	1987
North Miami Beach, FL		150	1,242	628	150	1,870	75	1998	1987
Orange City, FL		80	2,238		80	2,238	98	1998	1998
Plantation, FL		2,578	0		2,578	0	0	1999	1999
Sarasota, FL		475	3,175		475	3,175	365	1996	1995
Atlanta, GA		2,059	14,914		2,059	14,914	17	1999	1999
Roswell, GA		1,107	9,628		1,107	9,628	208	1999	1999
Auburn, IN		145	3,511		145	3,511	76	1999	1999
Avon, IN		170	3,504		170	3,504	44	1999	1999
Kokomo, IN		195	3,709		195	3,709	81	1999	1999
Laporte, IN		165	3,674		165	3,674	80	1999	1999
Marion, IN		175	3,504		175	3,504	4	1999	1999
Merrillville, IN		643	7,084		643	7,084	153	1999	1999
Shelbyville, IN		165	3,497		165	3,497	69	1999	1999
Terre Haute, IN		175	3,499		175	3,499	4	1999	1999
Vincennes, IN		118	2,892		118	2,892	72	1999	1999
Attleboro, MA		810	10,500		810	10,500	459	1998	1998
Ellicott City MD		1,320	13,641		1,320	13,641	276	1999	1999
Rochester, MN		322	6,345		322	6,345	130	1999	1999

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SCHEDULE III - Continued

DESCRIPTION	INITIAL COST TO COMPANY			COST CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD			YEAR ACQUIRED	YEAR BUILT
	ENCUMBRANCES	LAND	BUILDINGS & IMPROVEMENTS		LAND	BUILDINGS & IMPROVEMENTS	ACCUMULATED DEPRECIATION		
Kalispell, MT	\$	\$ 360	\$ 3,282	\$	\$ 360	\$ 3,282	\$ 109	1998	1998
Ashville, NC		204	3,489		204	3,489	73	1999	1999
Cary, NC		1,500	4,350		1,500	4,350	185	1998	1996
Charlotte, NC		640	4,090		640	4,090	279	1997	1997
Durham, NC		1,476	10,659		1,476	10,659	224	1999	1999
Elizabeth City, NC		200	2,760		200	2,760	49	1999	1999
Hendersonville, NC		2,270	11,771		2,270	11,771	488	1998	1998
Pineville, NC		1,009	10,554		1,009	10,554	222	1999	1999
Wake Forest, NC		200	3,003		200	3,003	88	1999	1999
Wilmington, NC		210	2,991		210	2,991	53	1999	1999
Cranford, NJ		3,297	11,703	2,530	3,297	14,233	1,124	1996	1993
Gardnerville, NV		1,326	12,549		1,326	12,549	164	1999	1999
Roswell, NM		233	5,355		233	5,355	323	1997	1996
Henderson, NV		380	9,220		380	9,220	271	1998	1998
Albany, NY		400	10,528		400	10,528	616	1997	1997
Canton, OH		300	2,098		300	2,098	67	1998	1998

Cincinnati, OH	1,728	10,272	1,728	10,272	835	1997	1985
Dayton, OH	80	6,730	80	6,730	279	1998	1997
Findlay, OH	200	1,800	200	1,800	136	1997	1997
Mentor, OH	980	9,868	980	9,868	36	1999	1999
Newark, OH	410	5,711	410	5,711	229	1998	1997
Piqua, OH	204	1,885	204	1,885	94	1998	1998
Troy, OH	200	2,000	200	2,000	145	1997	1997
Bartlesville, OK	100	1,380	100	1,380	154	1994	1995
Chickasha, OK	85	1,395	85	1,395	149	1995	1996
Duncan, OK	103	1,347	103	1,347	135	1995	1996
Edmond, OK	175	1,564	175	1,564	154	1995	1996
Enid, OK	90	1,390	90	1,390	155	1995	1996
Lawton, OK	144	1,456	144	1,456	144	1995	1996
Midwest City, OK	95	1,385	95	1,385	155	1996	1996
Muskogee, OK	150	1,432	150	1,432	129	1996	1996
Norman, OK	55	1,484	55	1,484	176	1995	1996
N. Oklahoma City, OK	87	1,508	87	1,508	131	1995	1996
Oklahoma City, OK	130	1,350	130	1,350	143	1995	1996
Owasso, OK	215	1,380	215	1,380	121	1996	1996
Ponca City, OK	114	1,536	114	1,536	182	1995	1995
Shawnee, OK	80	1,400	80	1,400	155	1995	1996
Stillwater, OK	80	1,400	80	1,400	156	1995	1996
Portland OR	628	3,585	628	3,585	56	1999	1999
Salem, OR	449	5,172	449	5,172	104	1999	1999
Baldwin, PA	535	2,222	535	3,744	188	1997	1995
Beaver Falls, PA	850	7,910	850	7,910	363	1998	1998
Elizabeth, PA	740	2,561	740	2,758	118	1998	1986
Lebanon, PA	400	3,799	400	3,799	18	1999	1999

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SCHEDULE III - Continued

DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY		COST CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD			YEAR ACQUIRED	YEAR BUILT
		LAND	BUILDINGS & IMPROVEMENTS		LAND	BUILDINGS & IMPROVEMENTS	ACCUMULATED DEPRECIATION		
Library, PA	\$	\$ 960	\$ 5,040	\$ 327	\$ 960	\$ 5,367	\$ 220	1998	1995
Pittsburgh, PA		430	6,736	1,607	430	8,343	744	1996	1989
Pittsburgh, PA	6,431	423	10,158		423	10,158	991	1996	1989
Saxonburg, PA		677	4,669		677	4,669	109	1999	1994
Seven Fields, PA		484	4,663		484	4,663	95	1999	1999
Williamsport, PA		390	4,069		390	4,069	25	1999	1999
Florence, SC		380	2,881		380	2,881	41	1999	1999
Hilton Head, SC		510	6,037		510	6,037	50	1999	1999
N Augusta, SC		332	2,558		332	2,558	52	1999	1999
Walterboro, SC		150	1,838		150	1,838	51	1999	1992
Clarksville, TN		330	2,292		330	2,292	72	1998	1998
Columbia, TN		341	2,295		341	2,295	48	1999	1999
Morristown, TN		400	3,808		400	3,808	23	1999	1999
Oakridge, TN		450	4,066		450	4,066	25	1999	1999
Austin, TX		880	9,520		880	9,520	239	1999	1999
Benbrook, TX		1,050	7,550	27	1,050	7,577	632	1997	1984
Cedar Hill, TX		171	1,490		171	1,490	124	1997	1997
Claremore, TX		155	1,427		155	1,427	128	1996	1996
Corpus Christi, TX		420	4,796		420	4,796	361	1997	1989
Corpus Christi, TX		155	2,935		155	2,935	179	1997	1997
Desoto, TX		205	1,383		205	1,383	115	1997	1997
Ft. Worth, TX		210	3,790		210	3,790	386	1992	1984
Ft. Worth, TX		281	3,473	150	281	3,623	189	1999	1999
Georgetown, TX		200	2,100		200	2,100	152	1997	1997
Granbury, TX		80	2,020		80	2,020	157	1997	1997
Grand Prairie, TX		399	5,161		399	5,161	181	1998	1998
Harlingen, TX		92	2,057		92	2,057	125	1997	1989
Harlingen, TX		340	5,621		340	5,577	291	1998	1998
Houston, (CareMatrix) Tx		550	10,751		550	10,751	227	1999	1999
Houston, TX		261	3,139		261	3,139	302	1994	1995
Kingwood, TX		300	3,309		300	3,309	46	1999	1999
Mt. Pleasant, TX		247	3,868		247	3,868	234	1997	1992
N Richland Hills, TX		330	5,355		330	5,355	142	1999	1999
Palestine, TX		173	1,410		173	1,410	127	1996	1996
San Marcos, TX		355	4,560		355	4,560	159	1998	1998
Texarkana, TX		192	1,403		192	1,403	123	1996	1996
Tyler, TX		147	2,699		47	2,699	165	1997	1991
Waxahachie, TX		154	1,429		154	1,429	128	1996	1996
Wolforth, TX		110	1,898		110	1,898	117	1997	1990
Everett, WA		1,400	5,476		1,400	5,476	95	1999	1990
TOTAL ASSISTED LIVING FACILITIES:	\$ 6,431	\$56,996	\$ 543,868	\$ 9,009	\$56,996	\$ 552,877	\$ 22,437		

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SCHEDULE III - Continued

DESCRIPTION	ENCUMBRANCES	INITIAL COST TO COMPANY		COST CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD			YEAR ACQUIRED	YEAR BUILT
		LAND	BUILDINGS & IMPROVEMENTS		LAND	BUILDINGS & IMPROVEMENTS	ACCUMULATED DEPRECIATION		
SKILLED NURSING FACILITIES:									
Payson, AZ	\$	\$ 180	\$ 3,987	\$	\$ 180	\$ 3,987	\$ 207	1998	1995
La Mesa, CA		1,180	1,332		1,180	1,332	79	1998	1961
Santa Rosa, CA		1,460	3,880		1,460	3,880	195	1998	1968
Pueblo, CO		370	6,051		370	6,051	307	1998	1989
Hilliard, FL		150	6,990		150	6,990	184	1999	1994
Lakeland, FL		697	4,581	261	697	4,842	222	1998	1984
New Port Richey, FL		624	6,930	377	624	7,307	328	1998	1984
North Fort Myers, FL		636	5,712	314	636	6,026	273	1998	1984
Vero Beach, FL		660	7,642	414	660	8,056	360	1998	1984
West Palm Beach, FL		696	7,623	414	696	8,037	360	1998	1984
Boise, ID		600	7,383		600	7,383	336	1998	1985
Boise, ID		810	5,401		810	5,401	278	1998	1996
Couer D'Alene		600	7,878		600	7,878	355	1998	1996
Granite City IL		400	4,303		400	4,303	58	1999	1964
Granite City, IL		610	7,143		610	7,143	210	1998	1973
Owensboro, KY		130	4,870		130	4,870	756	1993	1967
Braintree, MA		170	6,080		170	6,080	599	1997	1968
Braintree, MA		80	4,245		80	4,245	413	1997	1973
Clark, MA		1,053	902	1,331	1,053	2,233	216	1996	1973
Fall River, MA		620	5,080		620	5,080	505	1996	1966
Falmouth, MA		670	3,022	123	670	3,145	308	1996	1966
South Boston, MA		385	1,463	3,016	385	4,479	341	1995	1961
Webster, MA		570	8,790		570	8,790	841	1995	1982
Kent, OH		215	3,367		215	3,367	612	1989	1983
Westlake, OH		571	5,411		571	5,411	264	1998	1972
Midwest City, OK		470	5,673		470	5,673	215	1998	1958
Eugene, OR		300	5,316		300	5,316	260	1998	1976
Bloomsburg, PA		0	3,918		0	3,918	78	1999	1996
Cheswick, PA		384	6,041	1,293	384	7,334	333	1998	1982
Easton, PA		285	6,315		285	6,315	1,456	1993	1959
San Antonio, TX		662	12,588		662	12,588	2,360	1993	1978
TOTAL SKILLED NURSING FACILITIES:		\$16,238	\$ 169,917	\$ 7,543	\$16,238	\$ 177,460	\$ 13,309		
Construction in Progress						58,954			
TOTAL INVESTMENT IN PROPERTIES		\$73,234	\$ 713,785	\$ 16,554	\$73,234	\$ 789,291	\$ 35,746		

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SCHEDULE III - Continued

	YEAR ENDED DECEMBER 31		
	1999	1998	1997
Investment in Real Estate:			
Balance at Beginning of year	\$ 639,613	\$ 309,044	\$ 160,105
Additions:			
Acquisitions	81,109	110,432	79,727
Improvements	138,694	159,582	56,109
Other (1)	16,309	73,430	13,103
Total Additions	236,112	343,444	148,939
Deductions:			
Cost of real estate sold	(13,200)	(12,875)	
Other			
Total deductions	(13,200)	(12,875)	0
Balance at end of year	\$ 862,525	\$ 639,613	\$ 309,044

Accumulated depreciation:

Balance at beginning of year	\$ 19,624	11,769	6,482
Additions:			
Depreciation expense	17,885	10,254	5,287
Deductions:			
Sale of properties	(1,763)	(2,399)	
Balance at end of year	\$ 35,746	\$ 19,624	\$ 11,769

(1) Represents mortgage loans converted to operating leases.

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SCHEDULE IV - MORTGAGE LOANS ON REAL ESTATE
HEALTH CARE REIT, INC.
DECEMBER 31, 1999

DESCRIPTION	INTEREST RATE	FINAL MATURITY DATE	PERIODIC PAYMENT TERMS	PRIOR LIENS	(IN THOUSANDS)		PRINCIPAL AMOUNT OF LOANS SUBJECT TO DELINQUENT PRINCIPAL OR INTEREST
					FACE AMOUNT OF MORTGAGES	CARRYING AMOUNT OF MORTGAGES	
FIRST MORTGAGES:							
McAllen, TX (Specialty Care Facility)	10.85%	01/01/10	Monthly Payments \$133,235		\$13,750	\$13,507	None
Stoughton, MA (Nursing Home)	11.17%	01/01/10	Monthly Payments \$190,343		19,341	19,026	None
Little Rock, AK (Specialty Care Facility)	11.98%	01/01/12	Monthly Payments \$305,007		29,000	28,855	None
Sun Valley, CA (Specialty Care Facility)	12.48%	01/01/17	Monthly Payments \$233,818		21,500	21,033	None
Briarcliff, NY (Assisted Living Facility)	10.41%	08/01/16	Monthly Payments \$119,094		12,810	12,710	None
New York City, NY (Assisted Living Facility)	9.79%	03/01/18	Monthly Payments \$187,727		21,000	20,814	None
Oklahoma City, OK (Nursing Home)	9.48%	06/1/2006	Monthly Payments \$96,412		12,204	12,204	None
50 mortgage loans relating to 9 nursing homes, 38 assisted living facilities,	From 9.00% to 14.04%	From 08/01/01-05/01/19			255,594	246,241	None
2 behavioral care facilities and 3 specialty care facilities							
6 construction loans (all with first mortgage liens) relating to 6 assisted living facilities	From 11.00% to 15.00%	N/A			19,273	9,908	None
TOTALS					\$404,472	\$384,298	\$-0-

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SCHEDULE IV - Continued

(IN THOUSANDS)
YEAR ENDED DECEMBER 31

1999	1998	1997
------	------	------

Reconciliation of mortgage loans:

Balance at beginning of period	\$398,682	\$405,336	\$353,455
Additions during period:			
New mortgage loans	44,656	105,282	120,705
Negative principal amortization		6	29
	-----	-----	-----
	443,338	510,624	474,189
Deductions during period:			
Collections of principal (1)	42,731	38,512	55,750
Other (2)	16,309	73,430	13,103
	-----	-----	-----
Balance at end of period	\$384,298	\$398,682	\$405,336
	=====	=====	=====

- (1) Includes collection of negative principal amortization.
- (2) Includes properties originally financed with mortgage loans that were purchased during the periods indicated.

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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	3(i)	Second Restated Certificate of Incorporation.	
3.2(1)	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 (2)	4	Indenture dated as of April 17, 1997 by and between Health Care REIT, Inc. and Fifth Third Bank.	
4.3 (3)	4	First Supplemental Indenture dated as of April 17, 1997 by and between Health Care REIT, Inc. and Fifth Third Bank.	
4.4 (4)	4	Second Supplemental Indenture dated as of March 13, 1998 between Health Care REIT, Inc. and Fifth Third Bank.	
4.5 (5)	4	Third Supplemental Indenture dated as of March 18, 1999 between Health Care REIT, Inc. and Fifth Third Bank.	
10.1 (6)	10(ii)(A)	Rights Agreement.	
10.2 (7)	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 (8)	10(ii)(C)	Loan Agreement dated as of March 28, 1997 by and among Health Care REIT, Inc., its subsidiaries, the banks signatory thereto, and Keybank National Association, as Administrative Agent, and Fleet Bank, N.A., as Syndication Agent.	
10.4 (9)	10(ii)(D)	Note Purchase Agreement between Health Care REIT, Inc. and each of the Purchasers a Party thereto, dated April 15, 1996.	
10.5 (10)	10(iii)(A)	The 1985 Incentive Stock Option Plan of Health Care REIT, Inc., as amended.	

10.6 (11)	10(iii)(B)	The Health Care REIT, Inc. 1995 Stock Incentive Plan.
21	21	Subsidiaries of the Registrant.

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

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- (1) Incorporated by reference to Exhibit 3(ii) to the Registrant's Form 8-K filed October 24, 1997.
 - (2) Incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed on April 21, 1997.
 - (3) Incorporated by reference to Exhibit 4.2 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 March 11, 1998.
 - (5) Incorporated by reference to Exhibit 4.2 to the Registrant's Form 8-K filed on March 17, 1999.
 - (6) Incorporated by reference to Exhibit 2 to the Registrant's Form 8-A filed on August 3, 1994 (File No. 1-8923).
 - (7) 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.
 - (8) Incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K filed on April 8, 1997.
 - (9) Incorporated by reference to Exhibit 4 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1996.
 - (10) 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.
 - (11) 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.

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SECOND RESTATED CERTIFICATE OF INCORPORATION

OF

HEALTH CARE REIT, INC.

We, Bruce G. Thompson, Chairman of the Board and Chief Executive Officer, and Erin C. Ibele, Vice President and Corporate Secretary, of Health Care REIT, Inc., a Delaware corporation (the "Corporation"), do hereby certify that, in accordance with the General Corporation Law of the State of Delaware, Title 8, Sections 103 and 245 of the Delaware Code (hereinafter referred to as the "GCL"), the Corporation's Certificate of Incorporation, which was originally filed on April 4, 1985, is hereby integrated and restated in its entirety to state as follows:

1. NAME. The name of the Corporation is Health Care REIT, Inc.

2. REGISTERED OFFICE AND AGENT. The address of the Registered Office of the Corporation in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle. The name of its registered agent at that address is The Corporation Trust Company.

3. PURPOSE. The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the GCL.

4. AUTHORIZED SHARES. The number of shares that the Corporation is authorized to issue and have outstanding is 50,000,000, consisting of 40,000,000 shares of common stock with par value of \$1.00 per share (hereinafter referred to as the "Common Stock"), and 10,000,000 shares of preferred stock with par value of \$1.00 per share (hereinafter referred to as the "Preferred Stock"), which Preferred Stock shall have the terms and conditions as specified in a resolution or resolutions to be adopted by the Board of Directors of the Corporation.

5. MANAGEMENT OF BUSINESS AND AFFAIRS. The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(a) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

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(b) The directors shall have concurrent power with the stockholders to make, alter, amend, change, add to or repeal the By-Laws of the Corporation.

(c) The initial Board of Directors shall be composed of nine members, which number may be changed in the manner provided in the By-Laws of the Corporation. Election of directors need not be by written ballot unless the By-Laws so provide.

(d) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such

acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the statutes of Delaware, this Certificate of Incorporation, and the By-Laws of the Corporation; provided, however, that no By-Law hereafter adopted shall invalidate any prior act of the directors that would have been valid if such By-Law had not been adopted.

6. COMPROMISE OR ARRANGEMENT WITH CREDITORS OR STOCKHOLDERS. Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of the GCL or on or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of the GCL, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned, by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

7. DIRECTOR LIABILITY. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as

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a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the GCL, or (iv) for any transaction from which the director derived any improper personal benefit. If the GCL is amended after approval by the stockholders of this provision to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the extent permitted by the GCL, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

8. Any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, special meetings of stockholders of the Company may be called only by the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors.

I, Bruce G. Thompson being the Chairman of the Board and Chief Executive Officer of the Corporation, do hereby declare and certify that the foregoing Second Restated Certificate of Incorporation was duly adopted in accordance with the provisions of GCL Sections 103 and 245, and that the foregoing Second Restated Certificate of Incorporation only restates and

integrates and does not further amend the provisions of the Corporation's Certificate of Incorporation, as amended and supplemented, and that there is no discrepancy between those provisions and the provisions of this Second Restated Certificate of Incorporation, and I further state that the execution of the Second Restated Certificate of Incorporation is my own act and deed and that the facts hereby stated are true, and accordingly I have hereunto set my hand this 21st day of July, 1994.

/s/ Bruce G. Thompson

Bruce G. Thompson, Chairman of the Board and Chief Executive Officer

Attested By /s/ Erin C. Ibele

Erin C. Ibele, Vice-President and Corporate Secretary

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STATE OF OHIO)
) SS:
COUNTY OF LUCAS)

The foregoing Second Restated Certificate of Incorporation of Health Care REIT, Inc. was acknowledged before me this 21st day of July, 1994 by Bruce G. Thompson, Chairman of the Board and Chief Executive Officer, on behalf of Health Care REIT, Inc., a Delaware corporation.

/s/ Annette M. Plunkett Nee Langenderfer

Notary Public

[ANNETTE M. LANGENDERFER
Notary Public, State of Ohio
My Commission Expires 10-22-96]

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CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS
OF JUNIOR PARTICIPATING PREFERRED STOCK, SERIES A
OF
HEALTH CARE REIT, INC.

Pursuant to Section 151 of the Corporation Law
of the State of Delaware

We, Bruce G. Thompson, Chairman of the Board and Chief Executive Officer, and Erin C. Ibele, Vice President and Corporate Secretary, of Health Care REIT, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 151 thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Second Restated Certificate of Incorporation of the said Corporation, the said Board of Directors on July 19, 1994, adopted the following resolution creating a series of thirteen thousand (13,000) shares of Preferred Stock

designated as Junior Participating Preferred Stock, Series A:

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Second Restated Certificate of Incorporation a series of Preferred Stock of the Corporation be, and it hereby is, created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. DESIGNATION AND AMOUNT. The shares of such series shall be designated as "Junior Participating Preferred Stock, Series A" (the "Series A Preferred Stock") and the number of shares constituting such series shall be thirteen thousand (13,000).

Section 2. DIVIDENDS AND DISTRIBUTIONS.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock, par value \$1.00 per share, of the Corporation (the "Common Stock") and of any other junior stock, shall be entitled to receive, when, as and

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if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the fifteenth day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$25.00 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time on or after August 5, 1994, declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision of combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a

dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$25.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred

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Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. VOTING RIGHTS. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time on or after August 5, 1994, declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as

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one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. CERTAIN RESTRICTIONS.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, or make any other distributions on, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of

Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could under, paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. REACQUIRED SHARES. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of preferred stock and may be reissued as part of a new series of preferred stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. LIQUIDATION, DISSOLUTION OR WINDING UP. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of Common Stock, or (2) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock, and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time on or after August 5, 1994, declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of

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the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. CONSOLIDATION, MERGER, ETC. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Preferred Stock then outstanding shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time on or after August 5, 1994, declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or

change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. NO REDEMPTION. The shares of Series A. Preferred Stock shall not be redeemable.

Section 9. AMENDMENT. The Second Restated Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

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IN WITNESS WHEREOF, we have executed and subscribed this Certificate and do affirm the foregoing as true under the penalties of perjury this 19th day of July, 1994.

/s/ Bruce G. Thompson

Bruce G. Thompson, Chairman of the
Board and Chief Executive Officer

ATTEST:

/s/ Erin C. Ibele

Erin C. Ibele, Vice-President
and Corporate Secretary

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CERTIFICATE OF MERGER
OF
FIRST TOLEDO ADVISORY COMPANY
(AN OHIO CORPORATION)
WITH AND INTO
HEALTH CARE REIT, INC.
(A DELAWARE CORPORATION)

It is hereby certified that:

FIRST: The name and state of incorporation of Health Care REIT, Inc. is Delaware and the state of incorporation of First Toledo Advisory Company is Ohio.

SECOND: An Agreement and Plan of Merger has been approved, adopted, certified, executed and acknowledged by each of the aforesaid constituent corporations in accordance with the provisions of subsection (c) of Section 252 of the General Corporation Law of the State of Delaware, to wit, by First Toledo Advisory Company in accordance with the laws of the state of Ohio and by Health Care REIT, Inc. in the same manner as is provided in Section 251 of the General Corporation Law of the State of Delaware.

THIRD: The name of the surviving corporation in the merger herein certified is Health Care REIT, Inc., which will continue its existence as said

surviving corporation under its present name upon the effective date of said merger pursuant to the provisions of the General Corporation Law of the State of Delaware.

FOURTH: The Certificate of Incorporation of Health Care REIT, Inc. as now in force and effect, shall continue to be the Certificate of Incorporation of said surviving corporation until amended and changed in accordance with the provisions of the General Corporation Law of the State of Delaware.

FIFTH: The executed Agreement and Plan of Merger between the aforesaid constituent corporations is on file at the principal place of business of the aforesaid surviving corporation, the address of which is One SeaGate, Suite 1950, Toledo, Ohio, 43604.

SIXTH: The aforesaid Agreement and Plan of Merger will be furnished by the aforesaid surviving corporation, upon request and without cost, to any stockholder of either of the aforesaid constituent corporations.

SEVENTH: The authorized capital stock of First Toledo Advisory Company consists of 850 shares of common stock, no par value.

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EIGHTH: The merger herein certified shall be effective upon filing of this Certificate of Merger with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the undersigned, for the purpose of effectuating the merger of the aforesaid constituent corporations, pursuant to the General Corporation Law of the State of Delaware, under penalties of perjury do hereby declare and certify that this is the act and deed of the corporation and the facts stated herein are true and accordingly have hereunto signed this Certificate of Merger as of the 28th day of November, 1995.

HEALTH CARE REIT, INC.,
a Delaware corporation

By: /s/ Erin C. Ibele

Erin C. Ibele

Its: Vice President and Secretary

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CERTIFICATE OF DESIGNATION

OF

8 7/8% SERIES B CUMULATIVE REDEEMABLE PREFERRED STOCK

OF

HEALTH CARE REIT, INC.

PURSUANT TO SECTION 151 OF THE
GENERAL CORPORATION LAW OF THE STATE OF DELAWARE

The undersigned duly authorized officer of Health Care REIT, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 151 thereof, DOES HEREBY CERTIFY:

That the Certificate of Incorporation of the Corporation provides that the Corporation is authorized to issue ten million (10,000,000) shares of Preferred Stock, par value \$1.00 per share ("Preferred Stock"), issuable in series by the Board. On July 19, 1994, the Corporation authorized the issuance of thirteen thousand (13,000) shares of Junior Participating Preferred Stock, Series A, which constitute a separate series of Preferred Stock, which shares are reserved for issuance. Such shares are the only shares of Preferred Stock authorized by the Board to be issued.

That pursuant to the authority conferred upon the Board of Directors by the Second Restated Certificate of Incorporation of the Corporation, the said Board of Directors on April 21, 1998 and May 7, 1998 adopted the following resolution creating a series of three million four hundred fifty thousand (3,450,000) shares of Preferred Stock designated as 8 7/8% Series B Cumulative Redeemable Preferred Stock:

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation in accordance with the provisions of its Second Restated Certificate of Incorporation, a series of Preferred Stock of the Corporation be, and it hereby is, created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitation or restrictions thereof are as follows:

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Section 1. DESIGNATION AND AMOUNT. The shares of such series shall be designated as "8 7/8% Series B Cumulative Redeemable Preferred Stock" (the "Series B Preferred Stock") and the number of shares constituting such series shall be three million four hundred fifty thousand (3,450,000).

Section 2. MATURITY. The Series B Preferred Stock shall have no stated maturity and will not be subject to any sinking fund or mandatory redemption.

Section 3. RANK. The Series B Preferred Stock 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 Series B Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Corporation, (ii) on a parity with all equity securities issued by the Corporation the terms, of which specifically provide that such equity securities rank on a parity with the Series B Preferred Stock 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 Series B Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up of the Corporation.

Section 4. DIVIDENDS.

(A) Holders of shares of the Series B Preferred Stock are entitled to receive, when, as and if declared by the Board of Directors (or a duly authorized committee thereof), out of funds of the Corporation legally available

for the payment of dividends, cumulative preferential cash dividends at the rate of 8 7/8% of the liquidation preference per annum per share (equivalent to \$2.21875 per share).

(B) Dividends on the Series B Preferred Stock shall be cumulative from the date of original issue and shall be payable quarterly in arrears on or about the 15th day of January, April, July and October or, if not a business day, the next succeeding business day (each, a "Dividend Payment Date"). The first dividend on the Series B Preferred Stock is scheduled to be paid on July 15, 1998. Any dividend payable on the Series B Preferred Stock for any partial dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends will be payable to holders of record as they appear in the stock records of the Corporation at the close of business on the applicable record date, which shall be the last day of the previous calendar month in which the applicable Dividend Payment Date falls or on such other date designated by the Board of Directors of the Corporation for the payment of dividends that is not more than 30 nor less than 10 days prior to such Dividend Payment Date (each, a "Dividend Record Date").

(C) No dividends on shares of Series B Preferred Stock shall be declared by the Board of Directors or paid or set apart for payment by the Corporation at such time as the terms and provisions of any agreement of the Corporation, including any agreement relating to its indebtedness, prohibits such declaration, payment or setting apart for payment or provides

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that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration or payment shall be restricted or prohibited by law.

(D) Notwithstanding the foregoing, dividends on the Series B Preferred Stock will accrue whether or not the Corporation has earnings, whether or not there are funds legally available for the payment of such dividends and whether or not such dividends are declared. Accrued but unpaid dividends on the Series B Preferred Stock will not bear interest and holders of the Series B Preferred Stock will not be entitled to any dividends in excess of full cumulative dividends described above. Any dividend payment made on the Series B Preferred Stock shall first be credited against the earliest accumulated but unpaid dividend due with respect to such shares that remains payable.

(E) If, for any taxable year, the Corporation elects to designate as "capital gain dividends" (as defined in Section 857 of the Internal Revenue Code of 1986, as amended (the "Code")) any portion (the "Capital Gains Amount") of the dividends (as determined for federal income tax purposes) paid or made available for the year to holders of all classes of stock (the "Total Dividends"), then the portion of the Capital Gains Amount that shall be allocable to the holders of Series B Preferred Stock shall be the amount that the total dividends (as determined for federal income tax purposes) paid or made available to the holders of the Series B Preferred Stock for the year bears to the Total Dividends. Beginning January 1, 1998, the Corporation will make a similar allocation with respect to any undistributed long-term capital gains of the Corporation which are to be included in its shareholders' long-term capital gains, based on the allocation of the Capital Gains Amount which would have resulted if such undistributed long-term capital gains had been distributed as "capital gains dividends" by the Corporation to its shareholders.

(F) No full dividends will be declared or paid or set apart for payment on any series of preferred stock ranking, as to dividends, on a parity with or junior to the Series B Preferred Stock (other than a dividend in shares of any class of stock ranking junior to the Series B Preferred Stock as to dividends and upon liquidation) for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for such payment on the Series B Preferred

Stock for all past dividend periods and the then current dividend period. When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series B Preferred Stock and the shares of any other series of preferred stock ranking on a parity as to dividends with the Series B Preferred Stock, all dividends declared upon the Series B Preferred Stock and any other series of preferred stock ranking on a parity as to dividends with the Series B Preferred Stock shall be declared pro rata so that the amount of dividends declared per share of Series B Preferred Stock and such other series of preferred stock shall in all cases bear to each other the same ratio that accrued dividends per share on the Series B Preferred Stock and such other series of preferred stock (which shall not include any accrual in respect of unpaid dividends for prior dividend periods if such preferred stock does not have a cumulative dividend) bear to each other.

(G) Except as provided in the immediately preceding paragraph, unless full cumulative dividends on the Series B Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof is set apart for

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payment for all past dividend periods and the then current dividend period, no dividends (other than in shares of Common Stock or other shares of capital stock ranking junior to the Series B Preferred Stock as to dividends and upon liquidation) shall be declared or paid or set aside for payment nor shall any other distribution be declared or made upon the Common Stock, or any other capital stock of the Corporation ranking junior to or on a parity with the Series B Preferred Stock as to dividends or upon liquidation, nor shall any shares of Common Stock, or any other shares of capital stock of the Corporation ranking junior to or on a parity with the Series B Preferred Stock as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares of any such stock) by the Corporation (except by conversion into or exchange for other capital stock of the Corporation ranking junior to the Series B Preferred Stock as to dividends and upon liquidation or for the purpose of preserving the Corporation's qualification as a Real Estate Investment Trust (a "REIT")).

Section 5. LIQUIDATION PREFERENCES. Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of the Series B Preferred Stock shall be entitled to be paid out of the assets of the Corporation legally available for distribution to its shareholders a liquidation preference of \$25.00 per share, plus an amount equal to any accrued and unpaid dividends to the date of payment, before any distribution of assets is made to holders of Common Stock or any other class or series of capital stock of the Corporation that ranks junior to the Series B Preferred Stock as to liquidation rights. For such purposes, the consolidation or merger of the Corporation with or into any other corporation, or the sale, lease or conveyance of all or substantially all of the property or business of the Corporation, shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation.

Section 6. REDEMPTION.

(A) The Series B Preferred Stock shall not be redeemable prior to May 1, 2003. On and after May 1, 2003, the Corporation, at its option, upon not less than 30 nor more than 60 days' written notice, may redeem shares of the Series B Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus all accrued and unpaid dividends thereon to the date fixed for redemption, to the extent the Corporation has funds legally available therefor. The redemption price (other than the portion thereof consisting of accrued and unpaid dividends) is payable solely out of the sale proceeds of other capital stock of the Corporation, which may include shares of other series of preferred stock. For purposes of the preceding

sentence, "capital stock" means any common stock, preferred stock, depository shares, interests, participation or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable for equity securities) or options to purchase any of the foregoing. Holders of Series B Preferred Stock to be redeemed shall surrender such Series B Preferred Stock at the place designated in such notice and shall be entitled to the redemption price and any accrued and unpaid dividends payable upon such redemption following such surrender. If notice of redemption of any shares of Series B Preferred Stock has been given and if the funds necessary for such redemption have been set aside by the Corporation in trust for the benefit of the holders of any shares of Series B Preferred Stock so called for redemption, then from and after the redemption date dividends will cease to

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accrue on such shares of Series B Preferred Stock, such shares of Series B Preferred Stock shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price. If less than all of the outstanding Series B Preferred Stock is to be redeemed, the Series B Preferred Stock to be redeemed shall be selected pro rata (as nearly as may be practicable without creating fractional shares) or by any other equitable method determined by the Corporation.

(B) Unless full cumulative dividends on all shares of Series B Preferred Stock shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period, no shares of Series B Preferred Stock shall be redeemed unless all outstanding shares of Series B Preferred Stock are simultaneously redeemed and the Corporation shall not purchase or otherwise acquire directly or indirectly any shares of Series B Preferred Stock (except by exchange for capital stock of the Corporation ranking junior to the Series B Preferred Stock as to dividends and upon liquidation); provided, however, that the foregoing shall not prevent the purchase by the Corporation of shares of Series B Preferred Stock in order to ensure that the Corporation continues to meet the requirements for qualification as a REIT, or the purchase or acquisition of shares of Series B Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series B Preferred Stock. So long as no dividends are in arrears, the Corporation shall be entitled at any time and from time to time to repurchase shares of Series B Preferred Stock in open-market transactions duly authorized by the Board of Directors and effected in compliance with applicable laws.

(C) Notice of redemption shall be given by publication in a newspaper of general circulation in the City of New York, such publication to be made once a week for two successive weeks commencing not less than 30 nor more than 60 days prior to the redemption date. A similar notice furnished by the Corporation will be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the respective holders of record of the Series B Preferred Stock to be redeemed at their respective addresses as they appear on the stock transfer records of the transfer agent. No failure to give such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any shares of Series B Preferred Stock except as to the holder to whom notice was defective or not given. Each notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series B Preferred Stock to be redeemed; (iv) the place or places where the Series B Preferred Stock is to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date. If less than all of the Series B Preferred Stock held by any holder is to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series B Preferred Stock held by such holder to be redeemed.

(D) Immediately prior to any redemption of Series B Preferred Stock, the Corporation shall pay, in cash, any accumulated and unpaid dividends through

the redemption date, unless a redemption date falls after a Dividend Record Date and prior to the corresponding Dividend Payment Date, in which case each holder of Series B Preferred Stock at the close of business on such Dividend Record Date shall be entitled to the dividend payable on such shares

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on the corresponding Dividend Payment Date notwithstanding the redemption of such shares before such Dividend Payment Date.

(E) From and after the redemption date (unless default shall be made by the Corporation in providing for the payment of the redemption price plus accumulated and unpaid dividends, if any), dividends shall cease to accumulate on the shares of the Series B Preferred Stock called for redemption and all rights of the holders thereof (except the right to receive the redemption price plus accumulated and unpaid dividends, if any) shall cease.

Section 7. VOTING RIGHTS.

(A) Holders of the Series B Preferred Stock shall not have any voting rights except as set forth in this Section 7 or as otherwise required by law.

(B) Whenever dividends on any shares of Series B Preferred Stock shall be in arrears for six or more quarterly periods, whether or not consecutive, the holders of such shares of Series B Preferred Stock (voting separately as a class with all other series of preferred stock upon which like voting rights have been conferred and are exercisable) will be entitled to vote for the election of a total of two additional directors of the Corporation at a special meeting called by holders of record of at least 25% of the Series B Preferred Stock or the holders of any other series of preferred stock so in arrears (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of shareholders) or at the next annual meeting of shareholders, and at each subsequent annual meeting until all dividends accumulated on such shares of Series B Preferred Stock for the past dividend periods and the dividend for the then current dividend period shall have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment. In such case, the entire Board of Directors of the Corporation will be increased by two directors.

(C) So long as any shares of Series B Preferred Stock remain outstanding, the Corporation shall not, without the consent of the affirmative vote of the holders of two-thirds of the shares of Series B Preferred Stock outstanding at the time given in person or by proxy, either in writing or at a meeting (such Series B Preferred Stock voting separately as a class) (i) authorize, create or issue, or increase the authorized or issued amount of, any series of stock ranking prior to such Series B Preferred Stock with respect to payment of dividends, or in the distribution of assets on liquidation, dissolution or winding up, or reclassify any authorized stock of the Corporation into any such shares, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such shares or (ii) repeal, amend, or otherwise change any of the provisions applicable to the Series B Preferred Stock in any manner which materially and adversely affects the powers, preferences, voting power or other rights or privileges of the Series B preferred Stock or the holders thereof; provided, however, that any increases in the amount of the authorized preferred stock or the creation or issuance of other series of Preferred Stock, or any increase in the amount of authorized shares of such series or of any other series of Preferred Stock, in each case ranking on a parity with or junior to the Series B Preferred Stock, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

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(D) The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Series B Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

(E) Except as expressly stated in this Certificate of Designation, the Series B Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers, and the consent of the holders thereof shall not be required for the taking of any corporate action, including but not limited to, any merger or consolidation involving the Corporation or a sale of all or substantially all of the assets of the Corporation, irrespective of the effect that such merger, consolidation or sale may have upon the rights, preferences or voting powers of the holders of the Series B Preferred Stock.

Section 8. CONVERSION. The Series B Preferred Stock shall not be convertible into or exchangeable for any other property or securities of the Corporation.

Section 9. RESTRICTIONS ON OWNERSHIP AND TRANSFER.

(A) Limit on Stock Ownership. No person may own more than 9.8% of the outstanding shares of the Corporation's Series B Preferred Stock (the "Ownership Limit"), and no Securities, as defined herein, may be issued or transferred to any person if, following such issuance or transfer, such person's ownership of Series B Preferred Stock would exceed the Ownership Limit. No person may actually or constructively own shares of stock of the Corporation that would result in the Corporation being "closely held" under Section 856(h) of the Code (including, but not limited to, Ownership that would result in the Corporation owning (actually or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation (either directly or indirectly through one or more partnerships) from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code) or otherwise cause the Corporation to fail to qualify as a REIT. Notwithstanding any other provisions contained in this Section 9, if any purported transfer of shares of the Series B Preferred Stock would cause the Corporation to be beneficially owned by fewer than 100 persons, such transfer will be null and void in its entirety and the intended transferee will acquire no rights to the stock.

(B) Notice and Request for Information. Any person who acquires or attempts or intends to acquire actual or constructive ownership of shares of Series B Preferred Stock that will or may violate any of the restrictions on transferability and ownership contained in this Section 9 is required to give notice immediately to the Corporation and provide the Corporation with such other information as the Corporation may request in order to determine the effect of such transfer on the Corporation's status as a REIT. In addition, each holder of Series B Preferred Stock shall upon demand be required to disclose to the Corporation in writing such information as the Corporation may request in order to determine the effect, if any, of such stockholder's actual and constructive ownership of the Series B Preferred Stock on the Corporation's status as a REIT and to ensure compliance with the Ownership Limit, or such other limit as permitted by the Board of Directors.

(C) Transfers in Excess of the Ownership Limit. If any purported transfer of Series B Preferred Stock or any other event would otherwise result in any person violating the Ownership Limit or such other limit as permitted by the Board of Directors, then any such purported transfer will be void and of no force or effect with respect to the purported transferee (the "Prohibited Transferee") as to that number of shares of Series B Preferred Stock in excess

of the Ownership Limit or such other limit (the "Excess Shares"), and the Prohibited Transferee shall acquire no right or interest (or, in the case of any event other than a purported transfer, the person or entity holding record title to any such Excess Shares (the "Prohibited Owner") shall cease to own any right or interest) in such Excess Shares. Any such Excess Shares described above will be transferred automatically, by operation of law, to a trust, the beneficiary of which will be a qualified charitable organization described in Sections 170(b)(1)(A), 170(c)(2) or 501(c)(3) of the Code and selected by the Corporation (the "Beneficiary"). Such automatic transfer shall be deemed to be effective as of the close of business on the business day prior to the date of such violative transfer. Within 20 days of receiving notice from the Corporation of the transfer of shares to the trust, the trustee of the trust (who shall be designated by the Corporation and be unaffiliated with the Corporation and any Prohibited Transferee or Prohibited Owner) will be required to sell such Excess Shares to a person or entity who could own such shares without violating the Ownership Limit, or such other limit as permitted by the Board of Directors, and distribute to the Prohibited Transferee or Prohibited Owner, as applicable, an amount equal to the lesser of the price paid by the Prohibited Transferee or Prohibited Owner for such Excess Shares or the sales proceeds received by the trust for such Excess Shares. In the case of any Excess Shares resulting from any event other than a transfer, or from a transfer for no consideration (such as a gift), the trustee will be required to sell such Excess Shares to a qualified person or entity and distribute to the Prohibited Owner an amount equal to the lesser of the Market Price of such Excess Shares as of the date of such event or the sales proceeds received by the trust for such Excess Shares. In either case, any proceeds in excess of the amount distributable to the Prohibited Transferee or Prohibited Owner as applicable will be distributed to the Beneficiary. Prior to a sale of any such Excess Shares by the trust, the trustee will be entitled to receive, in trust for the Beneficiary, all dividends and other distributions paid by the Corporation with respect to such Excess Shares, and also will be entitled to exercise all voting rights with respect to such Excess Shares. Subject to Delaware law, effective as of the date that such shares have been transferred to the trust, the trustee shall have the authority (at the trustee's sole discretion) (i) to rescind as void any vote cast by a Prohibited Transferee or Prohibited Owner, as applicable, prior to the discovery by the Corporation that such shares have been transferred to the trust and (ii) to recast such vote in accordance with the desires of the trustee acting for the benefit of the Beneficiary. However, if the Corporation has already taken irreversible corporate action, then the trustee shall not have the authority to rescind and recast such vote. Any dividend or other distribution paid to the Prohibited Transferee or Prohibited Owner (prior to the discovery by the Corporation that such shares had been automatically transferred to a trust as described above) will be required to be repaid to the trustee upon demand for distribution to the Beneficiary. In the event that the transfers to the trust as described above is not automatically effective (for any reason) to prevent violation of the Ownership Limit or such other limit as permitted by the Board of Directors, then the transfer of the Excess Shares shall be void. In addition, shares of the Series B Preferred Stock of the Corporation held in the trust shall be deemed to have been offered for sale to the Corporation, or its designee, at a price

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per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer until the trustee has sold the shares of stock held in the trust. Upon such a sale to the Corporation, the interest of the Beneficiary in the shares sold shall terminate and the trustee shall distribute the net proceeds of the sale to the Prohibited Transferee or Prohibited Owner.

(D) Exceptions.

(i) The Board of Directors may, but in no event will be required to, waive the Ownership Limit with respect to a particular shareholder if it determines that such ownership will not jeopardize the Corporation's status as a REIT and the Board of Directors otherwise decides such action would be in the best interest of the Corporation. As a condition of such waiver, the Board of Directors may require an opinion of counsel satisfactory to it and/or undertakings or representations from the applicant with respect to preserving the REIT status of the Corporation.

(ii) The restrictions on transferability and ownership contained in this Section 9 will not apply if the Board of Directors determines that it is no longer in the best interest of the Corporation to attempt to qualify, or to continue to qualify, as a REIT.

(E) Definitions. For purposes of this Section 9: (i) "Person" includes an individual, corporation, partnership, association, joint stock company, trust, unincorporated association or other entity; (ii) "Securities" means shares of Series B Preferred Stock; (iii) "Ownership" means beneficial ownership determined on the basis of the beneficial ownership rules applicable under the Securities Exchange Act of 1934, as amended, or such other basis as the Board of Directors reasonably determines to be appropriate to effectuate the purposes hereof; and (iv) "Market Price" means the price of the shares reflected in the closing sales price for the shares, if then listed on a national securities exchange, or if the shares are not then listed on a national securities exchange, the "Market Price" means the redemption price of such shares of Series B Preferred Stock.

(F) Additional Restrictions. Notwithstanding anything herein to the contrary, the Corporation and its transfer agent may refuse to transfer any shares, passing either by voluntary transfer, by operation of law, or under the last will and testament of any stockholder, if such transfer would or might, in the opinion of the Board of Directors or counsel to the Corporation, disqualify the Corporation as a REIT under the Internal Revenue Code. Nothing herein contained shall limit the ability of the Corporation to impose or to seek judicial or other imposition of additional restrictions if deemed necessary or advisable to preserve the Corporation's tax status as a qualified REIT.

(G) Certificate Legend. All certificates representing shares of the Series B Preferred Stock shall be marked with a legend sufficient under the laws of the State of Delaware to provide a purchaser of such Securities with notice of the restrictions on transfer under this Section 9.

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(H) New York Stock Exchange. Nothing in this Section 9, including but not limited to Paragraph (B), shall preclude the settlement of any transactions entered into through the facilities of the New York Stock Exchange or any other stock exchange. The fact that settlement of any transaction takes place shall not, however, negate the effect of any other provision of this Section 9, and any transferee, and the shares of capital stock transferred to such transferee in such a transaction, shall be subject to all of the provisions and limitations in this Section 9.

(I) Invalidity of Provisions. If any provision of this Article or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issue, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

(J) The provisions set forth in this Section 9 shall apply to the Series B Preferred Stock notwithstanding any contrary provisions of the Series B Preferred Stock described in this Certificate of Designation.

Section 10. AMENDMENT. Neither the Second Restated Certificate of Incorporation of the Corporation nor this Certificate of Designation shall be amended in any manner which would materially and adversely affect the holders of the Series B Preferred Stock without the affirmative consent or vote of the holders of two-thirds of the Series B Preferred Stock outstanding at the time. Except as otherwise described in this Certificate of Designation, any change in the Ownership Limit requires an amendment to this Certificate of Designation in accordance with this Section 10.

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IN WITNESS WHEREOF, the undersigned has executed and subscribed this certificate and does affirm the foregoing as true under the penalties of perjury this 7th day of May, 1998.

/s/ George L. Chapman

George L. Chapman
Chairman of the Board, Chief Executive
Officer and President

ATTEST:

/s/ Erin C. Ibele

Erin C. Ibele
Vice President and Corporate Secretary

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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 7/8% 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

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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

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(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.

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(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

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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

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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

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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

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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

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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

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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

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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.

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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, 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, CEO
& 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

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STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
OF SECOND RESTATED CERTIFICATE OF INCORPORATION
OF HEALTH CARE REIT, INC.

Health Care REIT, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That at a meeting of Board of Directors of the Corporation resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of the Corporation, declaring the amendment to be advisable and calling for the proposed amendment to be submitted for the approval of the Corporation's shareholders at the annual meeting of shareholders. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that Section 4 of the Second Restated Certificate of Incorporation shall be amended to read as follows:

The number of shares that the Corporation is authorized to issue and have outstanding is 85,000,000, consisting of 75,000,000 shares of common stock with par value of \$1.00 per share (hereinafter referred to as the "Common Stock"), and 10,000,000 shares of preferred stock with par value of \$1.00 per share (hereinafter referred to as the "Preferred Stock"), which Preferred Stock shall have the terms and conditions as specified in a resolution or resolutions to be adopted by the Board of Directors of the Corporation.

SECOND: That thereafter, the annual meeting of the stockholders of the Corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of the Corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by Erin C. Ibele, Vice President and Corporate Secretary and an authorized officer of the Corporation, this 16th day of July, 1999.

By: /s/ Erin C. Ibele

Erin C. Ibele, Vice President and Corporate Secretary

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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.	Delaware 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 North Carolina Properties, LLC	Delaware limited liability company	December 10, 1999
HCRI Properties, Inc.	 Rhode Island corporation	 April 22, 1999

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., and 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 21, 2000 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, 1999.

ERNST & YOUNG LLP

Toledo, Ohio
March 15, 2000

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, 1999, 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 14th day of March, 2000.

/s/ William C. Ballard, Jr.

William C. Ballard, Jr., Director

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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, 1999, 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 10th day of March, 2000.

/s/ Pier C. Borra

Pier C. Borra, Director

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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, 1999, 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 13th day of March, 2000.

/s/ Jeffrey H. Donahue

Jeffrey H. Donahue, Director

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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, 1999, 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 8th day of March, 2000.

/s/ Peter J. Grua

Peter J. Grua, Director

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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, 1999, 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 13th day of March, 2000.

/s/ Sharon M. Oster

Sharon M. Oster, Director

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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, 1999, 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 10th day of March, 2000.

/s/ Bruce G. Thompson

Bruce G. Thompson, Director

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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, 1999, 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 13th day of March, 2000.

/s/ R. Scott Trumbull

R. Scott Trumbull, Director

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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, 1999, 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 10th day of March, 2000.

/s/ Richard A. Unverferth

Richard A. Unverferth, Director

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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, 1999, 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 13th day of March, 2000.

/s/ George L. Chapman

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

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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, 1999, 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 9th day of March, 2000.

/s/ Edward F. Lange, Jr.

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

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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, 1999, 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 9th day of March, 2000.

/s/ Michael A. Crabtree

Michael A. Crabtree, Controller

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