HCP, INC.
Form 424B5
March 22, 2011

Filed Pursuant to Rule 424(b)(5)
Registration Statement No. 333-161721

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus Supplement dated March 22, 2011

PROSPECTUS SUPPLEMENT

To Prospectus dated September 4, 2009

24,000,000 Shares

HCP, Inc.

Common Stock

We are offering 24,000,000 shares of our common stock to the public. Our common stock is traded on the New York Stock Exchange under the symbol "HCP." On March 21, 2011, the last reported sale price for our common stock on the New York Stock Exchange was $37.60 per share.

The closing of this offering is not conditioned upon the consummation of our acquisition of the real estate assets of HCR ManorCare, Inc. as described in this prospectus supplement.

Investing in our common stock involves risks. See "Risk Factors" on page S-15 of this prospectus supplement and page 4 of the accompanying prospectus and "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2010.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds (before expenses) to HCP	$	$

To the extent the underwriters sell more than 24,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 3,600,000 shares from us.

The underwriters expect to deliver the shares against payment in New York, New York on March , 2011.

Sole Book-Running Manager

BofA Merrill Lynch

The date of this prospectus supplement is March , 2011.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and, if applicable, any free writing prospectus we may provide you in connection with this offering. We have not, and the underwriters have not, authorized anyone to provide you with information that is different. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale of these securities is not permitted. This document may only be used where it is legal to sell these securities. You should assume that the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide you in connection with this offering is accurate only as of their respective dates and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. This prospectus supplement also adds to, updates and changes information contained in the accompanying prospectus. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. The accompanying prospectus is part of a registration statement that we filed with the Securities and Exchange Commission ("SEC") using a shelf registration statement. Under the shelf registration process, from time to time, we may offer and sell debt securities, warrants or other rights, stock purchase contracts, units, common stock, preferred stock or depositary shares, or any combination thereof, in one or more offerings.

It is important that you read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in "Incorporation by Reference" on page S-4 of this prospectus supplement and "Where You Can Find More Information" on page 2 of the accompanying prospectus.

In this prospectus supplement, unless otherwise indicated herein or the context otherwise indicates:

- the terms "HCP," "we," "us, "our" and the "Company" refer to HCP, Inc., together with its consolidated subsidiaries, except where it is clear from the context that the term means only the issuer, HCP, Inc.;
- the term "HCR ManorCare" refers to HCR ManorCare, Inc., together with its consolidated subsidiaries;
- the term "HCR ManorCare PropCo" refers to HCR Properties, LLC, an indirect wholly owned subsidiary of HCR ManorCare, together with its consolidated subsidiaries;
- the term "HCR ManorCare Facilities Acquisition" refers to the acquisition by HCP of all of the equity interests of HCR ManorCare PropCo, pursuant to the Purchase Agreement, dated as of December 13, 2010, by and among HCP, HCP 2010 REIT LLC, a Delaware limited liability company, HCR ManorCare, HCR ManorCare PropCo and HCR Healthcare, LLC;
- the term "HCP Ventures II Purchase" refers to the acquisition of the remaining 65% of HCP Ventures II, the previously existing senior housing joint venture in which we owned a 35% unconsolidated interest, which closed on January 14, 2011;
- the term "Acquisitions" refers to the HCR ManorCare Facilities Acquisition and the HCP Ventures II Purchase;
- the term "December 2010 Common Stock Offering" refers to our registered offering in December 2010 of 46 million shares of our common stock pursuant to an underwriting agreement between us and Citigroup Global Markets Inc., as representative of the several underwriters named therein;
- the term "January 2011 Notes Offering" refers to our registered offering in January 2011 of $2.4 billion aggregate principal amount of senior unsecured notes, including $400 million of 2.700% senior notes due 2014, $500 million of 3.750% senior notes due 2016, $1.2 billion of 5.375% senior notes due 2021 and $300 million of 6.750% senior notes due 2041 pursuant to an underwriting agreement between us and Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Securities LLC and Wells Fargo Securities, LLC, as representatives of the several underwriters named therein; and
- currency amounts in this prospectus supplement are stated in U.S. dollars.

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CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this prospectus supplement and the information incorporated by reference in this prospectus supplement and the accompanying prospectus that are not historical factual statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. We intend to have our forward-looking statements covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with those provisions. Forward-looking statements include, among other things, statements regarding our and our officers' intent, belief or expectations as identified by the use of words such as "may," "will," "project," "expect," "believe," "intend," "anticipate," "seek," "forecast," "plan," "estimate," "could," "would," "should" and other comparable and derivative terms or the negatives thereof. In addition, we, through our officers, from time to time, make forward-looking oral and written public statements concerning our expected future operations, strategies, securities offerings, growth and investment opportunities, dispositions, capital structure changes, budgets and other developments. Readers are cautioned that, while forward-looking statements reflect our good faith belief and reasonable assumptions based upon current information, we can give no assurance that our expectations or forecasts will be attained. Therefore, readers should be mindful that forward-looking statements are not guarantees of future performance and that they are subject to known and unknown risks and uncertainties that are difficult to predict. As more fully set forth herein under "Risk Factors" in this prospectus supplement and under "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2010, factors that may cause our actual results to differ materially from the expectations contained in the forward-looking statements include:

- Changes in national and local economic conditions, including a prolonged period of weak economic growth;
- Continued volatility in the capital markets, including changes in interest rates and the availability and cost of capital;
- Our ability to manage our indebtedness level and changes in the terms of such indebtedness;
- Changes in federal, state or local laws and regulations, including those affecting the healthcare industry that affect our costs of compliance or increase the costs, or otherwise affect the operations of our operators, tenants and borrowers;
- The potential impact of existing and future litigation matters, including the possibility of larger than expected litigation costs and related developments;
- Competition for tenants and borrowers, including with respect to new leases and mortgages and the renewal or rollover of existing leases;
- Our ability to negotiate the same or better terms with new tenants or operators if existing leases are not renewed or we exercise our right to replace an existing operator or tenant upon default;
- Availability of suitable properties to acquire at favorable prices and the competition for the acquisition and financing of those properties;
- The ability of our operators, tenants and borrowers to conduct their respective businesses in a manner sufficient to maintain or increase their revenues and to generate sufficient income to make rent and loan payments to us;
- The financial weakness of some operators and tenants, including potential bankruptcies and downturns in their businesses, which results in uncertainties regarding our ability to continue to realize the full benefit of such operators' and/or tenants' leases;

The financial, legal and regulatory difficulties of significant operators of our properties, including Sunrise Senior Living, Inc.;

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The risk that we may not be able to achieve the benefits of investments within expected time-frames or at all, or within expected cost projections;

Our ability to obtain financing necessary to consummate acquisitions on favorable terms;

Changes in the reimbursement available to our tenants and borrowers by governmental or private payors, including changes in Medicare and Medicaid payment levels and the availability and cost of third party insurance coverage; and

Our ability to close the HCR ManorCare Facilities Acquisition and to effectively integrate the acquisition in our operations, and the effects of any future acquisitions.

Except as required by law, we undertake no, and hereby disclaim any, obligation to update any forward-looking statements, whether as a result of new information, changed circumstances or otherwise.

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INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" information into this prospectus supplement and the accompanying prospectus. This means that we can disclose important information to you by referring you to another document that HCP has filed separately with the SEC that contains that information. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus. Information that HCP files with the SEC after the date of this prospectus supplement and that is incorporated by reference in this prospectus supplement will automatically modify and supersede the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference (other than any portions of any such documents that are not deemed "filed" under the Securities Exchange Act of 1934 in accordance with the Securities Exchange Act of 1934 and applicable SEC rules):

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2010;

- our Current Report on Form 8-K/A filed on January 19, 2011 and our Current Reports on Form 8-K filed on January 24, 2011, February 15, 2011 (Item 5.02(b)), March 10, 2011, March 15, 2011 (Items 1.01 and 2.03), March 21, 2011 (Item 5.02(b)) and March 22, 2011;

- the description of our common stock contained in our Registration Statement on Form 10 dated May 7, 1985 (File No. 1-08895), including the amendments dated May 20, 1985 and May 23, 1985, and any other amendment or report filed for the purpose of updating such description, including the description of amendments to our charter contained in our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2001, June 30, 2004 and September 30, 2007; and

- any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities offered by this prospectus supplement.

You may request a copy of any of these filings at no cost to you by contacting us by mail, telephone or e-mail using the information set forth below:

Legal Department
HCP, Inc.
3760 Kilroy Airport Way, Suite 300
Long Beach, California 90806
(562) 733-5100
legaldept@hcpi.com

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SUMMARY

The information below is a summary of the more detailed information included elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read carefully the following summary together with the more detailed information contained in this prospectus supplement, the accompanying prospectus, and the information incorporated by reference into those documents, including the risk factors described on page S-15 of this prospectus supplement and on page 4 of the accompanying prospectus and the "Risk Factors" section in our Annual Report on Form 10-K for the year ended December 31, 2010. This summary is not complete and does not contain all of the information you should consider when making your investment decision.

Unless otherwise expressly stated or the context otherwise requires, information in this prospectus supplement assumes that the option granted to the underwriters to purchase up to 3,600,000 additional shares from us has not been exercised.

The closing of this offering is not conditioned upon the closing of the HCR ManorCare Facilities Acquisition. Except as otherwise indicated, this prospectus supplement does not give pro forma effect to the Acquisitions and the related transactions, the January 2011 Notes Offering or the offering of common stock by this prospectus supplement. Unless otherwise indicated, references to fiscal year refer to the fiscal year of HCP, which ends on December 31. Our financial results on a pro forma basis for the Acquisitions and the January 2011 Notes Offering for the fiscal year ended December 31, 2010 are set forth below under "Unaudited Pro Forma Condensed Consolidated Financial Statements."

Our Company

We invest primarily in real estate serving the healthcare industry in the United States, or U.S. We are a Maryland corporation and were organized to qualify as a self-administered real estate investment trust, or REIT, in 1985. We are headquartered in Long Beach, California, with offices in Nashville, Tennessee and San Francisco, California. We acquire, develop, lease, manage and dispose of healthcare real estate and provide financing to healthcare providers. Our portfolio is comprised of investments in the following five healthcare segments: (i) senior housing, (ii) life science, (iii) medical office, (iv) post-acute/skilled nursing, and (v) hospital. We make investments within our healthcare segments using the following five investment products: (i) properties under lease, (ii) debt investments, (iii) developments and redevelopments, (iv) investment management and (v) non-managing member limited liability companies, or DownREITs. As of December 31, 2010, our portfolio of investments, including properties owned by our Investment Management Platform, consisted of: (i) interests in 672 facilities among the following segments: 251 senior housing, 102 life science, 253 medical office, 45 post-acute/skilled nursing and 21 hospital and (ii) $2.0 billion of mezzanine and other secured loan investments.

The delivery of healthcare services requires real estate and, as a result, tenants and operators depend on real estate, in part, to maintain and grow their businesses. HCP believes that the healthcare real estate market provides investment opportunities due to the following:

- compelling demographics driving the demand for healthcare services;
- specialized nature of healthcare real estate investing; and
- ongoing consolidation of the fragmented healthcare real estate sector.

HCR ManorCare Facilities Acquisition

On December 13, 2010, we signed a definitive purchase agreement (the "Purchase Agreement") to acquire HCR ManorCare PropCo, which owns substantially all of the post-acute, skilled nursing and assisted living facilities of HCR ManorCare, for a total consideration of $6.1 billion, comprised of

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approximately $852 million of our common stock (a fixed 25.7 million shares), $3.5 billion in cash, and the reinvestment of $1.7 billion resulting from the payoff of HCP's existing debt investments in HCR ManorCare. Under the terms of the Purchase Agreement, we can elect to fund all or a portion of the stock portion of the consideration in cash. We expect to use the proceeds of this offering to fund all of the stock portion of the consideration in cash in lieu of issuing 25.7 million shares of our common stock to HCR ManorCare. HCR ManorCare, based in Toledo, Ohio, is owned by private equity funds managed by The Carlyle Group. Upon the closing of the HCR ManorCare Facilities Acquisition, we will acquire from HCR ManorCare 334 post-acute, skilled nursing and assisted living facilities located in 30 states, with the highest concentrations in Illinois, Ohio, Pennsylvania, Michigan and Florida. On the closing date, we will enter into a long-term triple-net master lease supported by a guaranty from HCR ManorCare under which HCR ManorCare will continue to operate the facilities that we are acquiring. See "The HCR ManorCare Facilities Acquisition Master Lease" for additional information.

The HCR ManorCare Facilities Acquisition is expected to close in March or April of 2011. If the closing of the HCR ManorCare Facilities Acquisition has not occurred by April 15, 2011, then the purchase price will decrease by an amount equal to $675,000 multiplied by a fraction (which shall not be greater than one) equal to the gross financing proceeds (including equity and debt) raised by us after the date of the Purchase Agreement divided by $4.1 billion for each day thereafter until the closing occurs. In addition, the purchase price will be adjusted at closing based on changes in net liabilities associated with the acquired assets, which adjustments may be effected through adjustments in the amount of stock issued to the shareholders of HCR ManorCare. This acquisition will be subject to various customary conditions to closing, the failure of which to occur could delay the closing or result in the transaction not closing. In the event that HCR ManorCare terminates the Purchase Agreement when all of its conditions to closing are satisfied or capable of being satisfied (other than conditions not satisfied because of our breach or default), and we have not consummated the acquisition, then we would be required to pay HCR ManorCare $500 million as its sole and exclusive remedy for such termination.

In addition, after the closing of the HCR ManorCare Facilities Acquisition, we currently anticipate that the HCP board of directors will appoint Paul A. Ormond, Chairman, President and Chief Executive Officer of HCR ManorCare, to HCP's board of directors.

In addition, in conjunction with the HCR ManorCare Facilities Acquisition and the terms of the Purchase Agreement, HCP will either (i) have the option to purchase a 9.9% equity interest in HCR ManorCare for $95 million at the consummation of the HCR ManorCare Facilities Acquisition or (ii) be granted a warrant to purchase a 9.9% equity interest, subject to dilution, in HCR ManorCare that is exercisable between the second and seventh anniversaries of the consummation of the HCR ManorCare Facilities Acquisition for $100 million.

January 2011 Notes Offering

In January 2010, we completed an offering of $2.4 billion aggregate principal amount of senior unsecured notes, including $400 million of 2.700% senior notes due 2014, $500 million of 3.750% senior notes due 2016, $1.2 billion of 5.375% senior notes due 2021, and $300 million of 6.750% senior notes due 2041. The net proceeds from the January 2011 Notes Offering were approximately $2.37 billion, all of which we expect to use to fund a portion of the HCR ManorCare Facilities Acquisition. If the HCR ManorCare Facilities Acquisition does not close, we are required to redeem all of the notes issued in the January 2011 Notes Offering.

The HCP Ventures II Purchase

On January 14, 2011, we acquired our partner's 65% interest in a joint venture that owns 25 senior housing facilities and became the sole owner of these facilities. The assets were initially acquired on

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October 5, 2006, through HCP's acquisition of CNL Retirement Properties, Inc., and subsequently were contributed to the joint venture in January 2007.

In exchange for our partner's interest and the assumption of their share of approximately $650 million of Fannie Mae debt secured by these facilities, we paid approximately $137 million in cash in a transaction valuing the assets of the joint venture at $860 million.

Healthcare Industry

Healthcare is the single largest industry in the U.S. based on Gross Domestic Product ("GDP"). According to the National Health Expenditures report dated September 2010 by the Centers for Medicare and Medicaid Services ("CMS"): (i) national health expenditures are projected to grow 4.2% in 2011; (ii) the average compounded annual growth rate for national health expenditures, over the projection period of 2009 through 2019, is anticipated to be 6.3%; and (iii) the healthcare industry is projected to represent 17.4% of U.S. GDP in 2011.

Senior citizens are the largest consumers of healthcare services. According to CMS, on a per capita basis, the 75-year and older segment of the population spends 76% more on healthcare than the 65 to 74-year-old segment and over 200% more than the population average.

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The Offering

Common stock offered by HCP	24,000,000 shares
Common stock outstanding after this offering(1)	395,507,538 shares
Use of proceeds	We estimate that the net proceeds of this offering, after giving effect to the underwriting discount and estimated expenses payable by us, will be approximately $874 million, assuming an initial public offering price of $37.60 per share, which is the last reported sale price of our common stock on the New York Stock Exchange, or NYSE, on March 21, 2011. We intend to use the net proceeds from this offering to finance part of the aggregate purchase price of the HCR ManorCare Facilities Acquisition, including approximately $852 million to fund all of the stock portion of the consideration in cash in lieu of issuing 25.7 million shares of our common stock to HCR ManorCare. See "The HCR ManorCare Facilities Acquisition." If the HCR ManorCare Facilities Acquisition is not consummated (or if the net proceeds exceed the amount necessary to fund the acquisition), we would use the net proceeds from this offering (or remaining net proceeds) for general corporate purposes and/or working capital purposes, which may include the repayment of indebtedness or other acquisitions or investment opportunities. Pending such uses, the net proceeds may be invested in short-term, investment-grade, interest bearing securities. See "Use of Proceeds."
Risk factors	You should carefully consider the information set forth under "Risk Factors" beginning on page S-15 of this prospectus supplement and the "Risks Factors" section in our Annual Report on Form 10-K for the year ended December 31, 2010, and the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus in connection with this offering before buying our common stock.
Registrar and Transfer Agent	Wells Fargo Bank N.A.
NYSE symbol	HCP

(1)
Based on 371,507,538 shares of our common stock outstanding as of March 18, 2011. Does not include:

- approximately 8.0 million shares issuable upon the exercise of outstanding options;
- approximately 7.8 million shares reserved for future awards under equity incentive plans;
- approximately 6.0 million shares issuable in exchange for non-managing member units of affiliated entities; and
- 3.6 million shares that the underwriters have the option to purchase from us.

For additional information regarding our common stock, see "Description of Capital Stock We May Offer Common Stock," "Description of Capital Stock We May Offer Transfer and Ownership Restrictions Relating to our Common Stock" and "Certain Provisions of Maryland Law and HCP's Charter and Bylaws" in the accompanying prospectus.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA OF HCP

The following table sets forth our summary consolidated financial data. You should read this information together with our consolidated financial statements, including the related notes, included in our Annual Report on Form 10-K for the year ended December 31, 2010, from which such information has been derived, and which is incorporated by reference herein. The following data is presented on a historical basis.

	Year Ended December 31,		
	2010	2009	2008
	(in thousands, except per share data)		
Revenues:			
Rental and related revenues	$ 951,855	$ 878,492	$ 867,367
Tenant recoveries	89,012	89,457	82,688
Income from direct financing leases	49,438	51,495	58,149
Interest income	160,163	124,146	130,869
Investment management fee income	4,666	5,312	5,923
Total revenues	1,255,134	1,148,902	1,144,996
Costs and expenses:			
Depreciation and amortization	311,952	316,722	312,009
Interest expense	288,650	298,869	348,343
Operating	210,276	185,704	192,945
General and administrative	83,048	78,471	73,691
Litigation provision		101,973	
Impairments (recoveries)	(11,900)	75,389	18,276
Total costs and expenses	882,026	1,057,128	945,264
Other income, net	15,819	7,768	25,672
Income before income tax expense and equity income from and impairments of investments in unconsolidated joint ventures	388,927	99,542	225,404
Income taxes	(412)	(1,910)	(4,224)
Equity income from unconsolidated joint ventures	4,770	3,511	3,326
Impairments of investments in unconsolidated joint ventures	(71,693)		
Income from continuing operations	321,592	101,143	224,506
Discontinued operations:			
Income before impairments and gain on sales of real estate, net of income taxes	$ 2,878	$ 7,812	$ 26,463
Impairments		(125)	(9,175)
Gain on sales of real estate, net of income taxes	19,925	37,321	229,189
Total discontinued operations	22,803	45,008	246,477
Net income	344,395	146,151	470,983
Noncontrolling interests' share in earnings	(13,686)	(14,461)	(22,488)
Net income attributable to HCP, Inc.	330,709	131,690	448,495
Preferred stock dividends	(21,130)	(21,130)	(21,130)
Participating securities' share in earnings	(2,081)	(1,491)	(1,997)
Net income applicable to common shares	$ 307,498	$ 109,069	$ 425,368
Basic earnings per common share:			
Continuing operations	$ 0.93	$ 0.23	$ 0.76
Discontinued operations	0.08	0.17	1.03

Net income applicable to common shares	$	1.01	$	0.40	$	1.79
Diluted earnings per common share:						
Continuing operations	$	0.93	$	0.23	$	0.76
Discontinued operations		0.07		0.17		1.03
Net income applicable to common shares	$	1.00	$	0.40	$	1.79

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	Year Ended December 31,		
	2010	2009	2008
	(in thousands, except per share data)		
Weighted average shares used to calculate earnings per common share:			
Basic	305,574	274,216	237,301
Diluted	306,900	274,631	237,972
Dividends declared per common share	$ 1.86	$ 1.84	$ 1.82

	As of December 31,	
	2010	2009
	(in thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 1,036,701	$ 112,259
Total assets	13,331,923	12,209,735
Total liabilities	5,185,876	6,251,126
Total equity	8,146,047	5,958,609

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THE HCR MANORCARE FACILITIES ACQUISITION

On December 13, 2010, we signed a definitive purchase agreement (the "Purchase Agreement") to acquire HCR ManorCare PropCo, which owns substantially all of the post-acute, skilled nursing and assisted living facilities of HCR ManorCare (the "Facilities"), for a total consideration of $6.1 billion, comprised of approximately $852 million of our common stock as of December 13, 2010 (a fixed 25.7 million shares), $3.5 billion in cash and the reinvestment of $1.7 billion resulting from the payoff of HCP's existing debt investments in HCR ManorCare. Under the terms of the Purchase Agreement, we can elect to fund all or a portion of the stock portion of the consideration with cash. HCR ManorCare, based in Toledo, Ohio, is owned by private equity funds managed by The Carlyle Group. Upon the closing of the acquisition, we will acquire from HCR ManorCare 334 post-acute skilled nursing and assisted living facilities principally located in Illinois, Ohio, Pennsylvania, Michigan and Florida. As described below under " Master Lease," on the closing date, we will enter into a long-term triple-net master lease supported by a guaranty from HCR ManorCare under which HCR ManorCare will continue to operate the facilities that we are acquiring.

The HCR ManorCare Facilities Acquisition is expected to close in March or April of 2011. If the closing has not occurred by April 15, 2011, then the purchase price will decrease by an amount equal to $675,000 multiplied by a fraction (which shall not be greater than one) equal to the gross financing proceeds (including equity and debt) raised by us after the date of the Purchase Agreement divided by $4.1 billion for each day thereafter until the closing occurs. In addition, the purchase price will be adjusted at closing based on changes in net liabilities associated with the acquired assets, which adjustments may be effected through adjustments in the amount of stock issued to the shareholders of HCR ManorCare. The acquisition is subject to various customary conditions to closing, the failure of which to occur could delay the closing or result in the transaction not closing.

In addition, after the closing of the HCR ManorCare Facilities Acquisition, we currently anticipate that the HCP board of directors will appoint Paul A. Ormond, Chairman, President and Chief Executive Officer of HCR ManorCare, to the board.

In addition, in conjunction with the HCR ManorCare Facilities Acquisition and the terms of the Purchase Agreement, HCP will either (i) have the option to purchase a 9.9% equity interest in HCR ManorCare for $95 million at the consummation of the HCR ManorCare Facilities Acquisition or (ii) be granted a warrant to purchase a 9.9% equity interest, subject to dilution, in HCR ManorCare that is exercisable between the second and seventh anniversaries of the consummation of the HCR ManorCare Facilities Acquisition for $100 million.

The acquisition is subject to certain governmental and regulatory approvals and other closing conditions and is expected to close in March or April of 2011. However, we cannot assure you that the acquisition will close or, if it does, when such closing will occur. See "Risk Factors Risks Related to this Offering and the HCR ManorCare Facilities Acquisition." The acquisition is not subject to a financing contingency. In the event that HCR ManorCare terminates the Purchase Agreement when all of its conditions to closing are satisfied or capable of being satisfied (other than conditions not satisfied because of our breach or default), and we have not consummated the acquisition, then we would be required to pay HCR ManorCare $500 million as its sole and exclusive remedy for such termination.

Master Lease

Immediately after the closing of the HCR ManorCare Facilities Acquisition, certain wholly-owned subsidiaries of HCR ManorCare PropCo will lease the Facilities to a wholly-owned subsidiary of HCR ManorCare pursuant to a triple-net master lease (the "Master Lease"). All obligations under the Master Lease will be guaranteed by HCR ManorCare with HCR ManorCare being subject to (i) a fixed charge coverage ratio on a debt incurrence basis and (ii) dividend payment limitations tied to a

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fixed charge coverage ratio and a percentage of available cash flow after funding capital expenditures and mandatory debt amortization.

To minimize facility renewal risk, the Facilities will be divided into four pools with initial lease terms of between 13 and 17 years. HCR ManorCare will have a one-time lease extension option with respect to each pool for varying extension terms which could extend the total lease terms to between 23 and 35 years in length. The pools are designed to have a comparable mix of Facilities based on location, asset type, and performance.

The Master Lease will provide for minimum rent in the first year of $472.5 million, with minimum rent to increase by 3.5% per year during the subsequent five years of the term and by 3% per year for the remaining portion of the initial term. Upon the exercise of an extension option, minimum rent will reset to the greater of fair market value rent or 103% of the minimum rent for the prior year. Thereafter, minimum rent will increase by the greater of the annual increase in the consumer price index or 3%.

The Master Lease is structured so that HCR ManorCare will be responsible for all operating costs associated with the Facilities, including the repayment of taxes, insurance, and all repairs. HCR ManorCare will also provide indemnities against liabilities associated with the operation of the Facilities.

On an annual basis, HCR ManorCare is required to make capital improvements to the Facilities equal to a minimum of $1,250/bed for the first three years of the Master Lease and a minimum of $800/bed commencing in year four of the Master Lease, subject to annual escalations. Capital expenditures will be assessed in years 10 and 20 of the Master Lease term with HCR ManorCare being responsible for certain deferred maintenance and capital expenditure requirements based on such assessments.

HCP will have the right of first refusal to provide sale-leaseback or other financing for any purchase options on facilities HCR ManorCare currently leases, any owned facilities not included in the transaction and any development projects currently in HCR ManorCare's pipeline.

The Financing Transactions

December 2010 Common Stock Offering

In December 2010, we completed an offering of 46 million shares of our common stock. The net proceeds from the December 2010 Common Stock Offering were approximately $1.4 billion, a portion of which was used to fund the HCP Ventures II Purchase and the remainder of which will be used to fund a portion of the HCR ManorCare Facilities Acquisition.

January 2011 Notes Offering

In January 2010, we completed an offering of $2.4 billion aggregate principal amount of senior unsecured notes, including $400 million of 2.700% senior notes due 2014, $500 million of 3.750% senior notes due 2016, $1.2 billion of 5.375% senior notes due 2021, and $300 million of 6.750% senior notes due 2041. The net proceeds from the January 2011 Notes Offering were approximately $2.37 billion, all of which we expect to use to fund a portion of the HCR ManorCare Facilities Acquisition. If the HCR ManorCare Facilities Acquisition does not close, we are required to redeem all of the notes issued in the January 2011 Notes Offering.

This Offering

We are offering 24,000,000 shares of our common stock in this offering. We intend to use the net proceeds from this offering to finance part of the aggregate purchase price of the HCR ManorCare

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Facilities Acquisition, including approximately $852 million to fund all of the stock portion of the consideration in cash in lieu of issuing 25.7 million shares of our common stock to HCR ManorCare. This offering is not conditioned upon the consummation of the HCR ManorCare Facilities Acquisition.

Revolving Credit Facility

On March 11, 2011, we refinanced our existing $1.5 billion revolving credit facility with a new $1.5 billion senior unsecured revolving credit facility with Bank of America, N.A., as administrative agent, swing line lender, letter of credit issuer and alternative currency fronting lender, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as joint lead arrangers and joint bookrunners, JPMorgan Chase Bank, N.A., as syndication agent, Citibank, N.A., Wells Fargo Bank, N.A. and UBS Loan Finance, LLC, as co-documentation agents and a syndicate of banks, as lenders. Proceeds of the new revolving credit facility will be used for working capital and general corporate purposes.

Bridge Loan Facility

In connection with the HCR ManorCare Facilities Acquisition, we entered into a credit agreement for a 364-day bridge loan facility (from funding to maturity) in an aggregate amount of up to $3.3 billion. We currently have remaining commitments of approximately $94 million available under the bridge loan facility, which is available to provide us additional funds to finance the HCR ManorCare Facilities Acquisition, if necessary. However, upon consummation of this offering, we will have raised sufficient funds to finance the acquisition without drawing on the bridge loan facility, and we expect such commitments to be reduced to zero, which will effectuate the termination of the bridge loan facility.

Investments in HCR ManorCare Debt

Prior to the HCR ManorCare Facilities Acquisition, we purchased approximately $1.7 billion of outstanding debt of HCR ManorCare. On January 31, 2010, we purchased an additional $360 million participation in the outstanding first mortgage debt of HCR ManorCare. This transaction increased our total debt investments in HCR ManorCare to an aggregate par value of $2.08 billion.

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Sources and Uses of Funds for the HCR ManorCare Facilities Acquisition

The following table sets forth the expected sources and uses of funds upon completion of the HCR ManorCare Facilities Acquisition, assuming a closing date in March or April of 2011. No assurances can be given that the information in the following table will not change depending on the nature of our financing arrangements and/or whether the HCR ManorCare Facilities Acquisition will be consummated in accordance with the anticipated timing or at all. See "Risk Factors Risks Related to this Offering and the HCR ManorCare Facilities Acquisition."

Sources	**Amount (in millions)**	**Uses**	**Amount (in millions)**
Cash	$ 2,256(1)	Cash portion of purchase price	$ 4,279
January 2011 Notes Offering	2,400	HCP's loan investment in ManorCare PropCo's debt	1,718(2)
HCP's loan investment in ManorCare PropCo's debt	1,718(2)	Repayment of HCP secured debt collateralized by its investment in ManorCare PropCo's mortgage debt	425
Bank line of credit	180	Estimated fees and expenses	132
Total	**$ 6,554**	**Total**	**$ 6,554**

(1) Includes cash on hand and proceeds from the December 2011 Common Stock Offering and this offering. Proceeds from this offering are based on an assumed initial public offering price of $37.60 per share, which is the last reported sale price of our common stock on the NYSE on March 21, 2011. We intend to use approximately $852 million from the net proceeds from this offering to fund all of the stock portion of the consideration in cash in lieu of issuing 25.7 million shares of our common stock to HCR ManorCare.

(2) Does not include a $360 million participation in the outstanding first mortgage debt of HCR ManorCare that we purchased on January 31, 2011.

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RISK FACTORS

Before purchasing shares of our common stock, you should consider carefully the information under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, in the accompanying prospectus and the following risk factors, each of which could materially adversely affect our operating results and financial condition. You should also carefully consider the other information included in this prospectus supplement, the accompanying prospectus and other information incorporated by reference herein. Each of the risks described in our Form 10-K , the accompanying prospectus and below could result in a decrease in the value of our common stock and your investment therein. Although we have tried to discuss what we believe are key risk factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our financial performance or the value of our common stock. The information contained, and incorporated by reference, in this prospectus supplement and in the accompanying prospectus includes forward-looking statements that involve risks and uncertainties, and we refer you to the "Cautionary Language Regarding Forward-Looking Statements" section in this prospectus supplement and the accompanying prospectus.

Risks Related to this Offering and the HCR ManorCare Facilities Acquisition

There can be no assurance that the HCR ManorCare Facilities Acquisition will be consummated in accordance with the anticipated timing or at all, and the closing of this offering is not conditioned on the consummation of the HCR ManorCare Facilities Acquisition.

Although we expect to close the HCR ManorCare Facilities Acquisition in March or April of 2011, there can be no assurance that the HCR ManorCare Facilities Acquisition will be completed in accordance with the anticipated timing or at all. In order to consummate the HCR ManorCare Facilities Acquisition, we and HCR ManorCare must obtain certain regulatory and other approvals and consents in a timely manner. If these approvals or consents are not received, or they are not received on terms that satisfy the conditions set forth in the Purchase Agreement, then we and/or HCR ManorCare will not be obligated to complete the HCR ManorCare Facilities Acquisition. The Purchase Agreement also contains customary and other closing conditions, which may not be satisfied or waived. In addition, under circumstances specified in the Purchase Agreement, we or HCR ManorCare may terminate the Purchase Agreement.

The closing of this offering is not conditioned on the consummation of the HCR ManorCare Facilities Acquisition. Therefore, upon the closing of this offering, you will become a holder of our common stock irrespective of whether the HCR ManorCare Facilities Acquisition is consummated or delayed. If the HCR ManorCare Facilities Acquisition is not consummated, shares of our common stock that you have purchased in this offering will not reflect any interest in HCR ManorCare PropCo, and if the HCR ManorCare Facilities Acquisition is delayed, this interest will not be reflected during the period of delay. If this offering is consummated and the HCR ManorCare Facilities Acquisition is not consummated, your expected earnings per share of our common stock may be significantly reduced. Also, the price of our common stock may decline to the extent that the current market price of our common stock reflects a market assumption that the HCR ManorCare Facilities Acquisition will be consummated and that we will realize certain anticipated benefits of the HCR ManorCare Facilities Acquisition. In addition, our business may be harmed to the extent that customers, suppliers and others believe that we cannot effectively compete in the marketplace without HCR ManorCare PropCo, or otherwise remain uncertain about us.

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We will incur substantial expenses and payments even if the HCR ManorCare Facilities Acquisition is not completed.

We have incurred substantial legal, accounting, financial advisory and other costs and our management has devoted considerable time and effort in connection with the HCR ManorCare Facilities Acquisition. If the HCR ManorCare Facilities Acquisition is not completed, we will bear certain fees and expenses associated with this transaction without realizing the benefits of the acquisition. The fees and expenses may be significant and could have an adverse impact on our results of our operations.

Risks Related to the Company

Certain provisions of Maryland law and our bylaws could hinder, delay or prevent a change in control transaction, even if our stockholders believe such transaction to be otherwise in their best interests.

The Maryland Control Share Acquisition Act provides that holders of "control shares" of a corporation acquired in a "control share acquisition" shall have no voting rights with respect to the control shares except to the extent approved by a vote of two-thirds of the votes eligible to be cast on the matter under the statute. "Control shares" means shares of stock that, if aggregated with all other shares of stock previously acquired by the acquiror, would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of the voting power: one-tenth or more but less than one-third, one-third or more but less than a majority, or a majority or more of all voting power. A "control share acquisition" means the acquisition of control shares, subject to certain exceptions.

If voting rights of control shares acquired in a control share acquisition are not approved at a stockholders' meeting, or if the acquiring person does not deliver an acquiring person statement as required by the Maryland Control Share Acquisition Act, then subject to certain conditions and limitations, the issuer may redeem any or all of the control shares for fair value. If voting rights of such control shares are approved at a stockholders' meeting and the acquiror becomes entitled to vote a majority of the shares of stock entitled to vote, all other stockholders may exercise appraisal rights. Our bylaws contain a provision exempting acquisitions of shares of our stock from the Maryland Control Share Acquisition Act. However, our Board of Directors may amend our bylaws in the future to repeal or modify this exemption, in which case any control shares of our company acquired in a control share acquisition will be subject to the Maryland Control Share Acquisition Act.

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USE OF PROCEEDS

We estimate that the net proceeds of this offering, after giving effect to the underwriting discount and estimated expenses payable by us, will be approximately $874 million, assuming an initial public offering price of $37.60 per share, which is the last reported sale price of our common stock on the NYSE on March 21, 2011. We intend to use the net proceeds from this offering to finance part of the aggregate purchase price of the HCR ManorCare Facilities Acquisition, including approximately $852 million to fund all of the stock portion of the consideration in cash in lieu of issuing 25.7 million shares of our common stock to HCR ManorCare. See "The HCR ManorCare Facilities Acquisition." If the HCR ManorCare Facilities Acquisition is not consummated (or if the net proceeds exceed the amount necessary to fund the acquisition), we would use the net proceeds from this offering (or remaining net proceeds) for general corporate purposes and/or working capital purposes, which may include the repayment of indebtedness or other acquisitions or investment opportunities. Pending such uses, the net proceeds may be invested in short-term, investment-grade, interest bearing securities. See "Underwriting Conflicts of Interest."

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2010:

(1) on an actual basis,

(2) on an adjusted basis to give effect to the sale of 24,000,000 shares of common stock in this offering at an assumed offering price of $37.60 per share, which is the last reported sale price of our common stock on the NYSE on March 21, 2011 (assuming no exercise of the underwriters' option to purchase additional shares of our common stock), and

(3) on a pro forma as adjusted basis to give effect to the consummation of (i) this offering and (ii) the HCR ManorCare Facilities Acquisition (and the related financing transactions, including our issuance of $2.4 billion aggregate principal amount of senior notes in the January 2011 Notes Offering) and the HCP Ventures II Purchase, as if each had occurred on December 31, 2010.

The following table is unaudited and should be read in conjunction with "Summary Historical Consolidated Financial Data of HCP, "The HCR ManorCare Facilities Acquisition," "Use of Proceeds," and "Unaudited Pro Forma Condensed Consolidated Financial Statements," contained elsewhere in this prospectus supplement, and our consolidated annual financial statements and the notes thereto included in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. No assurances can be given that the HCR ManorCare Facilities Acquisition will be consummated in accordance with the anticipated timing or at all. The consummation of this offering is not conditioned upon the consummation of the HCR ManorCare Facilities Acquisition.

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HCP, INC.

CAPITALIZATION

As of December 31, 2010

(in thousands, except share and per share data)

	Actual	As Adjusted(1)	Pro Forma, As Adjusted(1)(2)
	(in thousands, except share and per share data)		
Debt obligations:			
Bank line of credit	$	$	$ 179,518
2.700% senior notes due 2014			400,000
3.750% senior notes due 2016			500,000
5.375% senior notes due 2021			1,200,000
6.750% senior notes due 2041			300,000
Other senior unsecured notes	3,318,379	3,318,379	3,318,379
Mortgage and other secured debt	1,235,779	1,235,779	1,871,248
Other debt	92,187	92,187	92,187
Total debt	4,646,345	4,646,345	7,861,332
Stockholders' equity:			
Preferred stock, $1.00 par value per share: 50,000,000 shares authorized; 11,820,000 shares issued and outstanding	$ 285,173	$ 285,173	$ 285,173
Common stock, $1.00 par value per share: 750,000,000 shares authorized; 370,924,887 actual shares, 394,924,887 shares as adjusted, and 394,924,887 shares pro forma as adjusted, issued and outstanding	370,925	394,925	394,925
Additional paid-in capital	8,089,982	8,940,210	8,940,210
Cumulative dividends in excess of earnings	(775,476)	(775,476)	(775,017)
Accumulated other comprehensive loss	(13,237)	(13,237)	(13,237)
Total stockholders' equity	7,957,367	8,831,595	8,832,054
Noncontrolling interests:			
Joint venture partners	14,935	14,935	14,935
Non-managing member unitholders	173,745	173,745	173,745
Total noncontrolling interests	188,680	188,680	188,680
Total equity	8,146,047	9,020,275	9,020,734
Total capitalization	$ 12,792,392	$ 13,666,620	$ 16,882,066

(1)

Assumes that the underwriters do not exercise their option to purchase up to 3,600,000 additional shares of our common stock.

(2) See "Unaudited Pro Forma Condensed Consolidated Financial Statements" for a discussion of the pro forma adjustments.

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PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock is listed on the NYSE, under the symbol "HCP." The table below sets forth, for the fiscal quarters indicated, high and low reported sale prices per share of our common stock on the NYSE and the cash dividends per share paid in such periods. The last reported sale price of our common stock on the NYSE on March 21, 2011 was $37.60 per share.

	Stock Price		
	High	Low	Dividends Paid
2009			
First Quarter	$ 27.77	$ 14.93	$ 0.460
Second Quarter	24.50	17.07	0.460
Third Quarter	30.73	19.79	0.460
Fourth Quarter	33.45	26.94	0.460
2010			
First Quarter	$ 34.37	$ 26.70	$ 0.465
Second Quarter	34.50	28.53	0.465
Third Quarter	38.05	31.08	0.465
Fourth Quarter	37.65	31.87	0.465
2011			
First Quarter (through March 21, 2011)	$ 38.29	$ 35.81	$ 0.480

As of March 18, 2011, there were approximately 12,522 common stockholders of record.

It has been our policy to declare dividends to the holders of shares of our common stock so as to comply with applicable provisions of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, governing REITs. The cash dividends per share paid on our common stock since January 1, 2009 are set forth in the table above.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is an excerpt of information contained in our Current Report on Form 8-K, filed by HCP with the SEC on March 22, 2011 and incorporated herein by reference. You should read and consider the information in the documents to which we have referred you in "Incorporation by Reference" including the foregoing Current Report of Form 8-K, before purchasing shares of our common stock.

The accompanying unaudited pro forma condensed consolidated financial statements presented below have been prepared based on certain pro forma adjustments to the historical consolidated financial statements of HCP, HCR ManorCare PropCo and HCP Ventures II as of and for the year ended December 31, 2010. The historical financial information of HCP was derived from its consolidated financial statements that are included in its Annual Report on Form 10-K for the year ended December 31, 2010. The historical financial information of HCR ManorCare PropCo was derived from its consolidated financial statements that are included as Exhibit 99.2 to the Current Report on Form 8-K filed by HCP with the SEC on March 22, 2011.

The accompanying unaudited pro forma condensed consolidated financial statements give effect to the Acquisitions. The unaudited pro forma condensed consolidated balance sheet as of December 31, 2010 has been prepared as if the Acquisitions had occurred as of that date. The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2010 has been prepared as if the Acquisitions had occurred as of January 1, 2010. Such statements also reflect the incurrence of debt and give effect to certain capital transactions undertaken by HCP in order to finance the Acquisitions.

The allocation of the purchase price of HCR ManorCare PropCo and HCP Ventures II reflected in these unaudited pro forma condensed consolidated financial statements has been based upon preliminary estimates of the fair value of assets acquired and liabilities assumed. A final determination of the fair values of HCR ManorCare PropCo's and HCP Ventures II's assets and liabilities will be based on the actual valuation of the tangible and intangible assets and liabilities of HCR ManorCare PropCo and HCP Ventures II that exist as of the date of completion of the transactions. Consequently, amounts preliminarily allocated to identifiable tangible and intangible assets and liabilities could change significantly from those used in the pro forma condensed consolidated financial statements presented below and could result in a material change in amortization of tangible and intangible assets and liabilities.

In the opinion of HCP's management, the pro forma financial statements include all significant necessary adjustments that can be factually supported to reflect the effects of the Acquisitions. The unaudited pro forma condensed consolidated financial statements are provided for informational purposes only. The unaudited pro forma condensed consolidated financial statements are not necessarily and should not be assumed to be an indication of the results that would have been achieved had the transactions been completed as of the dates indicated or that may be achieved in the future. The completion of the valuation, the allocation of the purchase price, the impact of ongoing integration activities, the timing of completion of the transactions and other changes in HCR ManorCare PropCo and HCP Ventures II tangible and intangible assets and liabilities could cause material differences in the information presented. Furthermore, following consummation of the HCR ManorCare Facilities Acquisition, HCP expects to apply its own methodologies and judgments in accounting for the assets and liabilities acquired in the transaction, which may differ from those reflected in HCR ManorCare PropCo's historical financial statements and the pro forma financial statements.

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HCP, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

December 31, 2010

	HCP Historical	HCR ManorCare PropCo Historical (A)	HCR ManorCare PropCo Pro Forma Adjustments (B)	HCP Ventures II Historical (A)	HCP Ventures II Pro Forma Adjustments (P)	HCP Pro Forma
			(in thousands)			
ASSETS						
Real estate:						
Buildings, improvements and development	$ 8,353,922	$	$	$ 936,074	$ (252,287)**(P)**	$ 9,037,709
Land	1,573,984			108,907	(28,727)**(P)**	1,654,164
Accumulated depreciation and amortization	(1,251,142)			(109,830)	109,830**(P)**	(1,251,142)
Net real estate	8,676,764			935,151	(171,184)	9,440,731
Net investment in direct financing leases	609,661	3,133,172	2,864,926**(C)**			6,607,759
Loans receivable, net	2,002,866		(1,592,822)**(D)**			410,044
Investments in and advances to unconsolidated joint ventures	195,847				(64,985)**(Q)**	130,862
Accounts receivable, net	34,504					34,504
Cash, cash equivalents and restricted cash	1,073,020	7,446	(863,252)**(E)**	5,738	(136,748)**(O)**	86,204
Intangible assets, net	316,375		13,500**(F)**	35,458	42,835**(R)**	408,168
Other assets, net	422,886	31,677	(18,614)**(G)**	6,999	(6,499)**(S)**	436,449
Total assets	$ 13,331,923	$ 3,172,295	$ 403,738	$ 983,346	$ (336,581)	$ 17,554,721
LIABILITIES AND EQUITY						
Bank line of credit	$	$	$ 179,518**(E)**	$	$	$ 179,518
Senior unsecured notes	3,318,379		2,400,000**(E)**			5,718,379
Mortgage and other secured debt	1,235,779			649,450	(13,981)**(T)**	1,871,248
Long-term debt		4,595,942	(4,595,942)**(E)**			
Other debt	92,187					92,187
	148,072			962	(962)**(U)**	148,072

Intangible liabilities, net						
Accounts payable and accrued expenses and deferred revenues	391,459	1,081,819	(951,843)**(H)**	3,160	(12)**(Q)**	524,583
Total liabilities	5,185,876	5,677,761	(2,968,267)	653,572	(14,955)	8,533,987
Equity:						
Preferred stock	285,173					285,173
Common stock	370,925		24,000**(I)**			394,925
Additional paid-in capital	8,089,982		850,228**(I)**			8,940,210
Cumulative dividends in excess of earnings	(775,476)		22,258**(D)**		8,298**(Q)**	(775,017)
			(29,947)**(B)**		(150)**(O)**	
Accumulated other comprehensive loss	(13,237)					(13,237)
Total members' equity (deficit)		(2,505,466)	2,505,466**(B)**	329,774	(329,774)**(O)**	
Total stockholders' equity	7,957,367	(2,505,466)	3,372,005	329,774	(321,626)	8,832,054
Total noncontrolling interests	188,680					188,680
Total equity	8,146,047	(2,505,466)	3,372,005	329,774	(321,626)	9,020,734
Total liabilities and equity	$ 13,331,923	$ 3,172,295	$ 403,738	$ 983,346	$ (336,581)	$ 17,554,721

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

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HCP, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2010

	HCP Historical	HCR ManorCare PropCo Historical (A)	HCR ManorCare PropCo Pro Forma Adjustments (B)	HCP Ventures II Historical (A)	HCP Ventures II Pro Forma Adjustments (O)	HCP Pro Forma
	(in thousands, except per share data)					
Revenues and other income:						
Rental and related revenues	$ 951,855	$	$	$ 73,193	$ (6,442)**(W)**	$ 1,018,606
Tenant recoveries	89,012					89,012
Income from direct financing leases	49,438	442,970	178,347**(J)**			670,755
Interest income	160,163		(112,605)**(K)**			47,558
Investment management fee income	4,666				(2,300)**(X)**	2,366
Total revenues	1,255,134	442,970	65,742	73,193	(8,742)	1,828,297
Costs and expenses:						
Depreciation and amortization	311,952			27,575	4,506**(Y)**	344,033
Interest expense	288,650	155,686	(40,306)**(L)**	38,234	1,762**(Z)**	444,026
Operating	210,276	1,700	(1,547)**(M)**	15		210,444
General and administrative	83,048			3,908	(3,538)**(X)**	83,418
Impairments (recoveries)	(11,900)			54,500	(54,500)**(AA)**	(11,900)
Total costs and expenses	882,026	157,386	(41,853)	124,232	(51,770)	1,070,021
Other income, net	15,819	(25,641)	25,641	1		15,820
Income before income taxes and equity income from and impairments of investments in unconsolidated joint ventures	388,927	259,943	133,236	(51,038)	43,028	774,096
Income taxes	(412)	(98,283)	98,283**(N)**			(412)
Equity income from unconsolidated joint ventures	4,770				(2,839)**(BB)**	1,931
Impairments of investments in unconsolidated joint ventures	(71,693)				71,693**(BB)**	
Income from continuing operations	321,592	161,660	231,519	(51,038)	111,882	775,615
Noncontrolling interests' share of	(13,686)					(13,686)

earnings						
Income from continuing operations attributable to HCP, Inc.	307,906	161,660	231,519	(51,038)	111,882	761,929
Preferred stock dividends	(21,130)					(21,130)
Participating securities' share in earnings	(2,081)					(2,081)
Income from continuing operations applicable to common shares	$ 284,695	$ 161,660	$ 231,519	$ (51,038)	$ 111,882	$ 738,718
Income from continuing operations per common share basic**(CC)**	$ 0.93					$ 1.97
Income from continuing operations per common share diluted**(CC)**	$ 0.93					$ 1.97
Weighted average shares used to calculate income from continuing operations per common share:						
Basic**(CC)**	305,574		64,045**(DD)**		4,455**(DD)**	374,074
Diluted**(CC)**	306,900		64,045**(DD)**		4,455**(DD)**	375,400

The accompanying notes are an integral part of these
unaudited pro forma condensed consolidated financial statements.

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HCP, INC.

NOTES TO UNAUDITED PRO FORMA CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the respective historical financial statements and the notes thereto of HCP and HCR ManorCare PropCo as of and for the year ended December 31, 2010 that are incorporated herein by reference.

(A)

The historical financial statements of HCR ManorCare PropCo and HCP Ventures II as of and for the year ended December 31, 2010 have been presented based on the financial statement classification utilized by HCP.

(B)

On December 13, 2010, HCP signed a definitive agreement to acquire HCR ManorCare PropCo, a wholly-owned subsidiary of HCR ManorCare, Inc., for a total purchase price of approximately $6.1 billion, comprised of $3.5 billion in cash (adjusted for working capital), the $1.6 billion settlement of HCP's then current loan investments in HCR ManorCare PropCo's debt at its estimated fair value and approximately $852 million of HCP common stock. Under the terms of the purchase agreement, HCP can elect to fund all or a portion of the stock portion of the consideration with cash (See Note I). After the HCR ManorCare Facilities Acquisition is consummated, a wholly-owned subsidiary of HCR ManorCare, Inc. will continue to operate the assets pursuant to a long-term triple-net master lease supported by a guaranty from HCR ManorCare, Inc.

The calculation of the HCR ManorCare PropCo total purchase price follows (in thousands):

		December 31, 2010
Calculation of HCR ManorCare PropCo purchase price		
Payment of aggregate cash consideration, net of cash acquired	$	4,271,542
HCP's loan investment in HCR ManorCare PropCo's debt settled at fair value		1,615,080
Assumed HCR ManorCare PropCo accrued tax and other liabilities at fair value		129,976
Total purchase price	$	6,016,598
Estimated fees and costs		
Advisory fees(1)	$	12,600
Legal, accounting and other fees and costs(1)		17,347
Debt issuance costs		19,135
Total	$	49,082

(1)

Represents estimated fees and costs that will be expensed. These charges are directly attributable to the transaction and represent non-recurring costs; therefore, the anticipated impact on the results of operations was excluded from the pro forma condensed consolidated statements of operations.

Adjustment to the total members' deficit represents the elimination of such historical deficit balance of HCR ManorCare PropCo.

(C)
Adjustment has been made to reflect HCR ManorCare PropCo's existing direct financing lease ("DFL") assets at their estimated fair value.

(D)
HCP's historical investments in loan receivables from HCR ManorCare PropCo will be settled at the closing of the HCR ManorCare Facilities Acquisition resulting in an estimated gain on

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HCP, INC.

NOTES TO UNAUDITED PRO FORMA CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (Continued)

settlement of $22.3 million, which represents the loan receivables' estimated fair value in e