

Community Healthcare Trust Inc
 Form 4
 January 20, 2016

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 Barnes W. Page

2. Issuer Name and Ticker or Trading Symbol
 Community Healthcare Trust Inc [CHCT]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Executive Vice President & CFO

C/O COMMUNITY HEALTHCARE TRUST INC., 354 COOL SPRINGS BLVD., SUITE 106

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 ____ Form filed by More than One Reporting Person

FRANKLIN, TN 37067

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	01/15/2016		A	16,832 A \$ 0	56,521	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Reporting Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Barnes W. Page
 C/O COMMUNITY HEALTHCARE TRUST INC.
 354 COOL SPRINGS BLVD., SUITE 106
 FRANKLIN, TN 37067

Executive Vice President & CFO

Signatures

Taylor K. Wirth,
 Attorney-in-Fact 01/20/2016

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. the Board increased the size of the Board to 12 and elected Mr. Buthman and Mr. Michels to serve until the 2011 Annual Meeting and, if elected by shareholders, through the balance of their terms. The Board chose the classes to which they were assigned in order to keep the director classes equal in anticipation of the August 2011 retirement of Class II directors John P. Neafsey and Geoffrey F. Worden under the Board's retirement policy.

Director Qualifications and Biographies

As a leading manufacturer of pharmaceutical packaging and delivery systems with global operations, we believe that our Board of Directors should include a mix of backgrounds and expertise that enhances the ability of the directors collectively to understand the issues facing us and to fulfill the Board's and the Board committees' responsibilities. Board members should have high standards of integrity and commitment, exhibit independence of judgment, be willing to ask hard questions of management and work well with others. Directors are expected to devote

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sufficient time to our affairs and be free of conflicts of interest; engage in constructive discussion with each other and management and demonstrate diligence and faithfulness in attending Board and committee meetings.

The Nominating and Corporate Governance Committee reviews annually with the Board the size and composition of the Board as a whole to determine the qualifications and areas of expertise needed to further enhance the composition of the Board. As a result of this process, the Nominating and Corporate Governance Committee has identified the following specific criteria as important for potential director candidates: (1) senior level executive leadership at public companies, particularly companies with international operations; (2) leadership in the healthcare or public health fields; (3) science or technology backgrounds; and (4) financial expertise.

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The Committee works with management and the other directors to attract candidates with those qualifications. The goal of the Committee is to achieve a Board that reflects the appropriate balance and diversity of knowledge, experience, skills and expertise. The following chart shows the current mixture of our Board of Directors.

Mix of Qualifications, Skills and Experience

The information that follows includes each director's (1) age and tenure on our Board; (2) experience, qualifications, attributes and skills that led the Board to conclude that each director and nominee should serve on our Board; and (3) service on the boards of directors of other public companies during the past five years.

Nominees For Directors In Class III For Terms To Expire In 2014

Mark Butman, 50, has served as a director since February 2011. He has been Chief Financial Officer of Kimberly-Clark since 2003. He is an active participant in the Standard & Poor Corporate Rating Issuers Council and the Dallas Area CFO Roundtable and serves as a member of the board of directors of K-C de Mexico.

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Having served since 2003 as the Senior Vice President and Chief Financial Officer of Kimberly-Clark, a global producer of branded products for the consumer, professional and healthcare markets, Mr. Buthman provides expertise in the fields of finance and accounting as well as additional experience with real estate, investor relations and information-technology services. Throughout his tenure at Kimberly-Clark, he has served a wide range of leadership roles in the areas of analysis, strategy and mergers and acquisitions.

Donald E. Morel, Jr., Ph.D., 53, has served as a director since March 2002. He has been our Chief Executive Officer since April 2002 and Chairman of the Board since March 2003. Dr. Morel was our President from April 2002 to June 2005. He serves as a director of Fox Chase Cancer Center and Kensey Nash Corporation and as a member of the board of trustees of The Franklin Institute and of Lafayette College.

Dr. Morel has significant biomedical and pharmaceutical experience with over 20 years' experience developing and managing programs involving advanced materials for aerospace, biomedical and pharmaceutical applications. In addition, having served with us in a variety of increasingly responsible roles, including Chief Operating Officer, head of our drug-delivery division, and Vice President of Research and Development, Dr. Morel has considerable experience identifying and implementing strategic priorities.

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Robert C. Young, M.D., 71, has served as a director since July 2002. He has been President of RCY Medicine, a healthcare policy consulting firm, since July 2009. He served as Chancellor of Fox Chase Cancer Center from June 2007 to his retirement in July 2009 and as its President from December 1988 to June 2007. Dr. Young previously served as a chairman of the Board of Scientific Advisors of the National Cancer Institute and currently serves as director of Human Genome Sciences and AVEO Pharmaceuticals, Inc. He is also a past President of the American Society of Clinical Oncology, the American Cancer Society and the International Gynecologic Cancer Society.

Dr. Young brings to our Board extensive experience and knowledge of the healthcare field, having been a medical oncologist with over 40 years of healthcare experience. He is internationally known for his work in the treatment of lymphoma and ovarian cancer. He previously served as a President of the American Cancer Society, the American Society of Clinical Oncology, one of the world's largest oncology societies, and of the International Gynecologic Cancer Society. Dr. Young is a former member of the National Cancer Policy Board of the Institute of Medicine.

John H. Weiland, 55, has served as a director since May 2007. He has been President and Chief Operating Officer of C. R. Bard, Inc., a medical-device company, since August 2003, and served as its Group President from April 1997 to August 2003 and its Group Vice President from March 1996 to April 1997.

Mr. Weiland has considerable expertise in the area of healthcare with 25 years of experience in the healthcare industry and brings to our Board executive leadership in medical-device company operations with significant international business expertise. As Bard's President and Chief Operating Officer, Mr. Weiland has responsibility for all of its business operations.

Nominee For Director In Class II For A Term To Expire In 2013

Douglas A. Michels, 54, has served as a director since February 2011. Since June 2004, he has served as President and Chief Executive Officer of OraSure Technologies, Inc. He also serves as a member of the board of directors of St. Luke's Hospital and Health Network in Bethlehem, Pennsylvania.

Mr. Michels brings considerable expertise and executive leadership skills in the pharmaceutical, medical device and diagnostic industry having spent seven years with Orasure Technologies, Inc., 19 years with Johnson & Johnson and seven years with Abbott Laboratories. In February 2010, Mr. Michels was appointed to the Presidential Advisory Council on HIV/AIDS (PACHA). PACHA provides advice, information and recommendations to the President of the United States through the Secretary of Health and Human Services on domestic and global HIV/AIDS policy issues. Mr. Michels previously served on the Board of the National Blood Foundation, the Board of the National Committee for Quality Health Care, and the Coalition to Protect America's Health Care.

Continuing Class I Directors Whose Terms Expire In 2012

Paula A. Johnson, M.D., MPH, 51, has served as a director since October 2005. She is a cardiologist and has been the Executive Director of the Connors Center for Women's Health and Gender Biology and Chief of the Division of Women's Health at Brigham and Women's Hospital since January 2002. Dr. Johnson also is an Associate Professor at Harvard Medical School.

Dr. Johnson brings a wealth of leading healthcare expertise to our Board. She is a nationally recognized expert in cardiology and women's and minority healthcare issues. In her role as Chief of the Division of Women's Health at Brigham and Women's Hospital, Dr. Johnson has built a novel, interdisciplinary research, education, clinical and policy program in women's health whose mission is to improve the health of women and to transform their medical care. Dr. Johnson is the recipient of many awards recognizing her contributions to women's and minority health and is featured as a national leader in medicine by the National Library of Medicine. She has an extensive background in quality and safety in healthcare and in public health systems.

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Anthony Welters, 56, has served as a director since March 1997. He has been Executive Vice President, UnitedHealth Group Inc., a diversified health and well-being company, since November 2006 and President of the Public and Senior Markets Group since September 2007. Mr. Welters was President and Chief Executive Officer of AmeriChoice Corporation, a UnitedHealth Group Company, and its predecessor companies from 1989 until November 2006. Mr. Welters also serves as Vice Chair of New York University, Chairman of Morehouse School of Medicine, a director of C. R. Bard, Inc. and Qwest Communications International, Inc., the Chair of the New York University School of Law Board of Trustees and a trustee of the New York University School of Medicine and the Library of Congress.

Mr. Welters brings to our Board considerable financial and management expertise, having distinguished himself as a visionary yet practical business leader, with demonstrated entrepreneurial, operations and management expertise. As CEO of AmeriChoice Corporation, he directed a highly successful managed care plan while pursuing new market opportunities in the field of managed healthcare. Mr. Welters is the recipient of the prestigious Horatio Alger award and serves as a director of the Horatio Alger Association.

Patrick J. Zenner, 64, has served as a director since July 2002. He is retired from Hoffmann-La Roche Inc., North America, the prescription drug unit of the Roche Group, a leading research-based healthcare enterprise, where he served as President and Chief Executive Officer from 1993 to January 2001. He was a director and the Chairman of the Board of Exact Sciences Corporation until July 2010, and from July 2007 until March 2008, served as its Interim CEO. He also served as Interim Chief Executive Officer of CuraGen Corporation from May 2005 through March 2006. Mr. Zenner serves as Chairman of the Board and a director of ArQule, Inc. and is a director of Par Pharmaceuticals Companies, Inc.

Mr. Zenner provides to the Board over 40 years of experience and expertise in the pharmaceutical industry. Since retiring from Hoffmann-La Roche, Mr. Zenner has devoted his considerable industry expertise and corporate-governance knowledge to small and early-stage pharmaceutical and technology companies in various capacities, including board member, chairman and interim CEO.

Continuing Class II Directors Whose Terms Expire In 2013

Thomas W. Hofmann, 59, has served as a director since October 2007. He is the retired Senior Vice President and CFO of Sunoco, Inc., an oil refining and marketing company, where he served in that capacity from January 2002 until December 2008. Mr. Hofmann was Sunoco's Vice President and Chief Financial Officer from July 1998 to January 2002 and its Comptroller from July 1995 to July 1998. He is a director of Penn Virginia Resource Partners, L.P., Fox Chase Cancer Center and Scholar Academies and is a member of the Advisory Board of the Boys & Girls Clubs of Philadelphia.

Mr. Hofmann provides substantial financial, corporate governance and management experience with expertise in all areas of finance, including tax, accounting, auditing, treasury, investor relations and budgeting, and he is well-versed in strategic planning, risk-management and capital-market issues. Over the course of his distinguished career with Sunoco, Inc., Mr. Hofmann was involved in a number of unique transactions, including significant acquisitions and divestitures.

L. Robert Johnson, 69, has served as a director since March 1989. He is Managing Partner of Founders Capital Partners, a venture capital angel group he established in 1988. He is a life member of the Corporation of the Massachusetts Institute of Technology, a director of the Scholarship Foundation of Santa Barbara, the Santa Barbara Center for the Performing Arts, Affinity Biosensors, LLC and iTMP Technology, Inc.

Mr. Johnson is a seasoned investment and biotechnology business professional, with over 40 years' experience. He has invested in and operated technology-based companies in a variety of fields, including medical care and genomics. He brings a wealth of technology, financial and transactional expertise to our Board.

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Mr. Johnson spent 16 years developing his expertise in research, private equity and venture capital activities through his affiliations with the firms of Donaldson, Lufkin & Jenrette, Inc. and Kidder Peabody & Co., Incorporated, and 22 years in technology investing through Founders Capital Partners. In addition, Mr. Johnson has served on numerous private and public company boards of directors.

John P. Neafsey, 71, has served as a director since November 1987. He is President of JN Associates, an investment consulting firm he formed in November 1993, and was President and CEO of Greenwich Capital Markets from August 1990 to November 1993. Mr. Neafsey is Chairman of the Board of Alliance Resource Partners, L.P. He is a trustee emeritus and presidential counselor of Cornell University and a former member of the Board of Overseers of Weill Cornell Medical College. Mr. Neafsey is also a director of Stepping Stones Museum for Children and the Cornell Club of New York City.

Mr. Neafsey has an extensive background in finance and international business. He served as head of Greenwich Capital Markets, an investment banking firm specializing in the trading of government and asset-backed securities and derivatives, which he left to form his own investment consulting firm. He also had a distinguished 23-year career with Sun Company (now Sunoco, Inc.) where, after rising through the ranks, he served as Chief Financial Officer and Executive Vice President for Canadian operations, coal and financial services activities.

Geoffrey F. Worden, 71, has served as a director since November 1993. He has been President of South Street Capital, Inc., an investment company, since 1991. He is a director of Princess House, Inc., a privately owned direct sales company, and a director or trustee of the following not-for-profit organizations: New York City Outward Bound School; The Episcopal Academy; and Bridges Outreach Inc.

Mr. Worden has significant expertise in the financial industry with over 40 years' experience with financial and investment matters, including strategic, corporate and financial planning, mergers, acquisitions and divestitures and their implementation, and the public and private placement

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of debt and equity securities. Prior to forming South Street Capital, Mr. Worden built his financial career over 27 years at Kidder, Peabody & Co., Incorporated.

The Board of Directors unanimously recommends a vote FOR the election of each of the nominated directors.

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CORPORATE GOVERNANCE MATTERS

Development and implementation of best practices throughout our corporate governance structure is fundamental to our strategy to enhance performance by creating an environment that increases operational efficiency and ensures long-term productivity and growth. Sound corporate governance practices also ensure alignment with shareholder interests by promoting fairness, transparency and accountability in business activities among employees, management and the Board. Our corporate governance practices and policies are established, monitored and regularly assessed by our Board of Directors with assistance and guidance from our Nominating and Corporate Governance Committee.

Corporate Governance Documents

Our principal governance documents are our Corporate Governance Principles, Board Committee Charters, Independence Standards and Code of Business Conduct. These documents are available in the Corporate Governance section of our website at www.westpharma.com and copies of these documents may be requested by writing to our Corporate Secretary, West Pharmaceutical Services, Inc., 101 Gordon Drive, Lionville, PA 19341.

Aspects of our governance documents are summarized below. We encourage our shareholders to read our governance documents, as they present a comprehensive picture of how the Board addresses its governance responsibilities to ensure our vitality and success.

Corporate Governance Principles

Our Board has adopted Corporate Governance Principles to provide guidance to our Board and its committees on the Board's and committees roles, director qualifications and responsibilities, Board and committee composition, organization and leadership. The Nominating and Corporate Governance Committee assesses the Principles in light of corporate governance developments and makes recommendations to the Board on any changes to implement. Our Principles address, among other things:

- director qualifications, including our director independence standards;
- the requirement to hold separate executive sessions of the non-management directors and of the independent directors;
- the role of non-management directors in executive succession planning;

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- the Board's policy on setting director compensation and director stock-ownership guidelines;
- guidelines on Board organization and leadership, including the number and structure of committees and qualifications of committee members;
- policies on access to management;
- director orientation and continuing education; and
- the annual self-assessment of board and committee performance to determine their effectiveness.

Code of Business Conduct

All of our employees, officers and directors are required to comply with our Code of Business Conduct. The Code of Business Conduct covers fundamental ethical and compliance-related principles and practices such as accurate accounting records and financial reporting, avoiding conflicts of interest, the protection and use of our property and information and compliance with legal requirements. The Board has adopted a comprehensive corporate compliance and ethics program and has named John R. Gailey III our Chief Compliance Officer. Mr. Gailey delivers semi-annual reports on the corporate compliance and ethics program to the Audit Committee.

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Board Leadership Structure

The Board has determined that combining the CEO and Chairman positions is currently the appropriate leadership structure for the Company. The Board believes that our CEO is best situated to serve as Chairman because, given his day-to-day involvement with and intimate understanding of our business, industry and management team, he is the director most capable of effectively identifying and implementing strategic priorities.

Independent directors and management have different perspectives and roles in strategy development. Our independent directors bring experience, oversight skills and expertise from outside our organization and industry, while our CEO brings Company-specific experience and expertise. The Board believes that the combined role of Chairman and CEO promotes strategy development and implementation, and facilitates information flow between management and the Board, which are essential to effective governance. The Board further believes that combining these roles fosters clear accountability, effective decision-making and alignment on the development and execution of corporate strategy.

One of the key responsibilities of the Board is to develop strategic direction and hold management accountable for implementing the strategy once it is developed. The Board also believes the combined role of Chairman and CEO is an effective structure for the Board to understand the risks associated with the Company's strategic plans and objectives. Combining these positions places the Company's senior-most executive in a position to guide the Board's agenda in setting priorities for the Company and addressing the risks and challenges the Company faces. Additionally, maintaining an independent board with a Chairman, Independent Directors permits open discussion and assessment of the Company's ability to manage these risks and provides the appropriate balance between strategy development and independent oversight of management.

Chairman, Independent Directors

Thomas W. Hofmann, an independent director who serves as Chairman of the Nominating and Corporate Governance Committee, was selected by the Board last year to serve as the Chairman, Independent Directors for all meetings of non-management directors held in executive session. The Chairman, Independent Directors confers with the CEO on Board agenda items, meeting schedules, presentations and other communications; acts as chairman for Board discussions on any subject where the CEO would not be the appropriate person to chair such discussions; and serves as principal liaison between the CEO and the independent directors.

The CEO and the Chairman, Independent Directors create the agenda for each Board meeting. Each independent director may add items to the agenda. Independent directors meet in regularly scheduled executive sessions and in special executive sessions called by the Chairman, Independent Directors.

The Board's Role in Risk Oversight

The Board's role in risk oversight is consistent with the Company's leadership structure, with management having day-to-day responsibility for assessing and managing the Company's risk exposure and the Board taking an active role in overseeing management of our risks both at the

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Board and committee level.

The Board regularly reviews and monitors the risks associated with our financial condition and operations and specifically reviews the enterprise risks associated with the Company's five-year plan. In particular, the Board reviews the Company's risk portfolio, confirms that management has established risk management processes that are functioning effectively and efficiently and are consistent with the Company's corporate strategy, reviews the most significant risks and determines whether management is responding appropriately.

The Board performs its risk oversight role by using several different levels of review. Each Board meeting begins with a strategic overview by the CEO that describes the most significant issues, including risks, affecting the Company and also includes business updates from each reporting segment. In addition, at least quarterly, the Board reviews in detail the business and operations of each of the Company's reporting segments, including the primary risks associated with that segment.

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The Board focuses on the overall risks affecting the Company. Each committee has been delegated the responsibility for the oversight of specific risks that fall within its areas of responsibility. For example:

- The Compensation Committee is responsible for overseeing the management of risks relating to our executive compensation policies, plans and arrangements and the extent to which those policies or practices increase or decrease risk for the company.
- The Audit Committee oversees management of financial reporting, compliance and litigation risks as well as the steps management has taken to monitor and control such exposures.
- The Nominating and Corporate Governance Committee manages risks associated with the independence of the Board of Directors, potential conflicts of interest and the effectiveness of the Board.
- The Innovation and Technology Committee reviews risks associated with intellectual property, innovation efforts and our technology strategy.

Although each committee is responsible for evaluating certain risks and overseeing the management of those risks, the full Board of Directors is regularly informed about those risks through committee reports.

Director Independence

Our Board of Directors has adopted a formal set of categorical director qualification standards used to determine director independence. The standards meet or exceed the independence requirements of the NYSE corporate governance listing standards. Under the standards, a director must be determined to have no material relationship with us other than as a director. The standards specify the criteria for determining director independence, including strict guidelines for directors and their immediate families regarding employment or affiliation with us or our independent registered public accounting firm. The standards also prohibit Audit Committee members from having any direct or indirect financial relationship with us. The full text of our standards may be found under the *Investors Corporate Governance* captions on our website at www.westpharma.com.

With the assistance of our General Counsel, the Nominating and Corporate Governance Committee has reviewed the applicable legal standards for Board and committee member independence, our standards of independence and the criteria applied to determine audit committee financial expert status. The Committee has also reviewed a summary of the answers to annual questionnaires completed by each director. On the basis of this review, the Nominating and Corporate Governance Committee has reported its findings to the full Board, and the Board has affirmatively determined that each of its non-employee directors is independent of us and our management under our standard of independence. In making its determination, the Board considered relevant facts and circumstances, including direct and indirect transactions and relationships between each director and us.

Director Mandatory Retirement

Non-employee directors are ineligible for election or reelection after age 71 and must retire at age 72. Employee directors must submit their resignation upon employment termination.

Stock Ownership Goal for Directors

To encourage significant stock ownership by our directors, and to further align their interests with the interest of our shareholders, directors are expected to acquire within three years of appointment, and to retain during their tenure on the Board, shares of our common stock equal in value to at least five times the amount of the annual retainer. In 2010, the annual retainer was \$40,000. The Board has set stock ownership goals for senior executive management, which are set forth in Compensation Discussion and Analysis Other Compensation Policies.

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Executive Sessions of Non-Management Directors

Our Board also holds regular executive sessions of only non-management directors to conduct a self-assessment of its performance and to review management's strategy and operating plans, the criteria by which our CEO and other senior executives are measured, management's performance against those criteria and other relevant topics. Last year, non-management directors held three executive sessions in conjunction with regularly scheduled Board meetings, and the independent directors held two separate meetings.

Communicating with the Board

Interested parties may communicate with the Chairman, Independent Directors or the non-management directors as a group by sending a letter addressed to our Board of Directors, c/o Vice President, General Counsel and Secretary, West Pharmaceutical Services, Inc., 101 Gordon Drive, Lionville, PA 19341. Communications to a particular director should be addressed to that director at the same address.

Our corporate secretary maintains a log of all communications received through this process. Communications to specific directors are forwarded to those directors. All other communications are transmitted directly to the Chairman, Independent Directors who decides whether they should be forwarded to a particular Board committee or to management for further handling.

Nomination of Director Candidates

Candidates for nomination to our Board of Directors are selected by the Nominating and Corporate Governance Committee in accordance with the Committee's charter, our Amended and Restated Articles of Incorporation, our Bylaws and our Corporate Governance Principles. All persons recommended for nomination to our Board, regardless of the source of the recommendation, are evaluated in the same manner by the Committee.

The Board and the Nominating and Corporate Governance Committee consider, at a minimum, the following factors in recommending potential new Board members or the continued service of existing members:

- A director is nominated based on his or her professional experience. A director's traits, expertise and experience add to the skill-set of the Board as a whole and provide added value in areas needed for the Board to operate effectively.
- A director must have high standards of integrity and commitment, and exhibit independence of judgment, a willingness to ask hard questions of management and the ability to work well with others.

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- A director should be willing and able to devote sufficient time to the affairs of the Company and be free of any disabling conflict.
- All of the directors, except for the chief executive officer, should be independent as outlined in West's Independence Standards.
- A director should exhibit confidence and a willingness to express ideas and engage in constructive discussion with other Board members, Company management and all relevant persons.
- A director should actively participate in the decision-making process, be willing to make difficult decisions, and demonstrate diligence and faithfulness in attending Board and committee meetings.
- The Board generally seeks active or former senior level executives of public companies, particularly companies with international operations, leaders in the healthcare or public health fields and individuals with financial expertise.

When considering nominees, the Nominating and Corporate Governance Committee may also consider whether the candidate possesses the qualifications, experience and skills it considers appropriate in the context of the Board's overall composition and needs. In addition, the Nominating and Corporate Governance Committee considers the value of diversity on the Board of Directors in the director nominee identification and nomination process.

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Accordingly, the Committee's evaluation of director nominees includes consideration of their ability to contribute to the diversity of personal and professional experiences, opinions, perspectives and backgrounds on the Board. The Committee regularly assesses the effectiveness of this approach as part of its review of the Board's composition.

To assist it with its evaluation of the director nominees for election at the 2011 Annual Meeting, the Committee took into account the factors listed above and used a skills matrix highlighting the experience of our directors in areas such as pharmaceutical and biopharmaceutical services, medical device components, leadership, financial literacy, risk management expertise, and independence. Under the heading "Director Qualifications and Biographies," we provide an overview of each nominee's principal occupation, business experience and other directorships of publicly-traded companies, together with the qualifications, experience, key attributes and skills the Committee and the Board of Directors believe will best serve the interests of the Board, the Company and our shareholders.

Shareholders who wish to recommend or nominate director candidates must provide information about themselves and their candidates and comply with procedures and timelines contained in our Bylaws. These procedures are described under "Other Matters" 2012 Shareholder Proposals or Nominations" in this proxy statement.

Policy on Review of Related Person Transactions

The Board has adopted written policy and procedures relating to the Nominating and Corporate Governance Committee's review and approval of transactions with related persons that are required to be disclosed in proxy statements under SEC regulations. A "related person" includes our directors, officers, 5% shareholders and immediate family members of these persons. Under the policy, the Nominating and Corporate Governance Committee reviews the material facts of all related person transactions, determines whether the related person has a material interest in the transaction and may approve, ratify, rescind or take other action with respect to the transaction. In approving the transactions, the Committee will take into account, among other factors, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transactions.

The Committee reviews and pre-approves certain types of related person transactions, including (1) director and executive officer compensation that is otherwise required to be reported in our proxy statement under SEC regulations; (2) certain transactions with companies at which the related person is an employee only; and (3) charitable contributions that would not disqualify a director's independent status. The policy and procedures can be found in the "Investors" Corporate Governance" Related Party Transaction Policies and Procedures" section of our website www.westpharma.com.

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MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

Meetings

During 2010, the Board met eight times. Each director except Mr. Welters attended at least 75% of the Board meetings and the meetings of the Board committees on which he or she served. All directors are expected to attend the annual meeting of shareholders, and all except one of our directors attended the 2010 Annual Meeting.

Board Committees

The Board has four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Innovation and Technology Committee, each of which consists solely of independent directors. Each of our committees has a written charter, which is posted in the *Investors Corporate Governance* section of our website at www.westpharma.com. You may request a printed copy of each committee's charter from our corporate secretary. The following table sets forth the members of our board committees as of December 31, 2010 and the number of meetings held last year.

2010 Committee Membership and Number of Committee Meetings Held in 2010

Name	Audit	Compensation	Nominating and Corp. Governance	Innovation and Technology
Thomas W. Hofmann	M		C	
L. Robert Johnson				C
Paula A. Johnson				M
John P. Neafsey	C		M	
John H. Weiland		C		
Anthony Welters		M		
Geoffrey F. Worden	M			
Robert C. Young				M
Patrick J. Zenner		M	M	
Number of 2010 Meetings	7	6	3	2

M = Member C = Chair

In May 2010, our committee membership changed. Mr. Zenner left the Audit Committee and joined the Nominating and Corporate Governance Committee, replacing Dr. Young. Mr. Johnson left the Compensation Committee, and Mr. Weiland assumed the chairmanship from Mr. Johnson. Mr. Johnson assumed the chairmanship of the Innovation and Technology Committee from Dr. Young, and Mr. Hofmann was

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appointed chairman of the Nominating and Corporate Governance Committee following his appointment as Chairman, Independent Directors which he assumed from Mr. Welters. Mr. Welters left the Nominating and Corporate Governance Committee.

Audit Committee

The Audit Committee assists our Board in its oversight of (1) the integrity of our financial statements; (2) the independence and qualifications of our independent auditors; (3) the performance of our internal audit function and independent auditors; and (4) our compliance with legal and regulatory requirements. In carrying out these responsibilities, the Audit Committee, among other things:

- Reviews and discusses our annual and quarterly financial statements with management and the independent auditors;

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- Manages our relationship with the independent auditors, including having sole authority for their appointment, retention and compensation; reviewing the scope of its work; approving non-audit and audit services; and confirming the independence of the independent auditors; and
- Oversees management's implementation and maintenance of disclosure controls and procedures and internal control over financial reporting.

Audit Committee Financial Experts. The Board has determined that each current member of the Audit Committee is an audit committee financial expert within the meaning of SEC regulations.

Compensation Committee

The purpose of the Compensation Committee is to discharge the Board's responsibilities relating to compensation of the Company's executive officers. In discharging its duties, the Committee monitors the effectiveness of our executive compensation programs in realizing our compensation philosophy; reviews and approves corporate goals and objectives relevant to the compensation of our executive officers and evaluates their performance against those goals and objectives.

In addition, the Compensation Committee develops our overall compensation philosophy and, either as a committee or together with the other independent directors, determines and approves our executive compensation programs, makes all decisions about the compensation of our executive officers, including the named executive officers, and oversees our cash and equity-based incentive compensation plans. The Compensation Committee reviews and discusses our CEO's compensation with the independent directors in executive session before making a final decision on his compensation. Each year, the Compensation Committee reviews the nature and amounts of all elements of the named executive officers' compensation, both separately and in total, to ensure that compensation levels continue to support our pay-for-performance philosophy and accomplish the Committee's goals of linking compensation with shareholder value.

The Compensation Committee approves guidelines for grants of equity-based awards under our incentive plans and has adopted policy and procedures that govern equity grants. Under that policy, the Compensation Committee makes all equity awards once per year at a committee meeting in February or March, following the release of earnings for the prior fiscal year. The Compensation Committee has delegated limited authority to a plan committee comprised of the CEO, Vice President, Human Resources, General Counsel and Corporate Controller to grant equity awards in connection with the hiring or promotion of employees or for retention purposes. The policy also confirms that the grant date of any equity award is the date the award is approved at a meeting of the Compensation Committee or plan committee and that the exercise price of any stock option is determined as of the grant date in compliance with the terms of the applicable incentive plan.

Additional information about the processes and procedures the Compensation Committee follows in considering and setting executive compensation is provided under Compensation Discussion and Analysis.

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Risk Considerations in Our Compensation Programs. The Compensation Committee has reviewed our compensation policies and practices for our employees and concluded that any risks arising from our policies and programs are not reasonably likely to have a material adverse effect. The Compensation Committee believes that the mix and design of the elements of our compensation program are appropriate and encourage executive officers and key employees to strive to achieve goals that benefit over the long term. Our compensation policies and procedures are applied uniformly to all eligible participants. By targeting both company-wide and business-unit performance goals in our annual bonus plans and long-term compensation, we believe we have allocated our compensation between base salary and short- and long-term target opportunities in a way that does not encourage excessive risk-taking by our employees.

Incentive Compensation Recovery Policy. To further mitigate risk, in February 2010, our Board adopted an incentive compensation recovery policy — clawback policy — which applies to both annual and long-term equity-based and performance-based compensation for all employees. The clawback policy allows us to cancel or seek repayment of incentive awards from any employee who engages in conduct materially harmful to us or whose fraud or misconduct gives rise to a significant or material restatement of financial results.

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It also allows us to seek repayment of award amounts that were overpaid due to mathematical errors, fraud, misconduct or gross negligence. Recovery may be obtained from any award recipient during the three-year period following payment of the award. The clawback policy applies to all awards made on or after February 2010 and will be incorporated into all future awards.

The Compensation Committee has the sole and absolute authority to exercise discretion in the application of the clawback policy with respect to all executive officers and directors. We believe the clawback policy preserves value for our shareholders by providing the Compensation Committee with a specific method to recover amounts that should not have been paid.

Compensation Consultant and 2010 Fees. Since 2004, the Compensation Committee has used Towers Watson (previously named Towers Perrin) as its compensation consultant. The individual primarily responsible for performing executive compensation consulting services for us left Towers Watson in July 2010 and joined Pay Governance LLC, a newly formed advisory firm that solely provides executive compensation advice. Pay Governance is primarily composed of former partners and employees of Towers Watson (and its predecessors). In July 2010, the Committee decided to retain Pay Governance. Factors in the Committee's decision were the Committee's comfort with the individual consultant and his knowledge of our compensation programs, and the fact that the firm would be considered completely independent. Both Towers Watson and Pay Governance reported directly to the Compensation Committee.

During the period that Towers Watson provided executive compensation consulting services, it also provided non-executive compensation consulting services to us. The executive compensation consulting services provided by Towers Watson Services during 2010 totaled \$137,315. The non-executive compensation consulting services provided by Towers Watson Services during 2010 totaled \$379,552, of which \$289,427 were incurred prior to Pay Governance LLC Services becoming our independent consultant. The remaining \$90,125 of the non-executive compensation consulting fees were incurred after we engaged Pay Governance as our consultant.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee identifies qualified individuals to serve as board members; recommends nominees for director and officer positions; determines the appropriate size and composition of our Board and its committees; monitors a process to assess Board effectiveness; reviews related-party transactions; and considers matters of corporate governance. After review by the independent directors, the Nominating and Corporate Governance Committee formally recommends to our Board a successor to our CEO. The committee also reviews and makes recommendations to the Board on the form and level of director compensation. The Nominating and Corporate Governance Committee administers director equity-based compensation awards.

Innovation and Technology Committee

The Innovation and Technology Committee provides guidance to our Board on technical and commercial innovation strategies; reviews emerging technology trends that may affect our business; reviews our major innovation and technological programs and overall patent strategies; and assists our Board in making well-informed choices about investments in new technology.

COMPENSATION OF NON-EMPLOYEE DIRECTORS

Director Compensation For Fiscal 2010

Our non-employee directors receive annual grants of deferred stock and cash compensation, in the form of an annual retainer, meeting and committee fees. The following table shows the meeting fees and retainers we paid to non-employee directors for 2010:

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Compensation Item	Amount
Annual Retainers	
Board	\$ 40,000
Audit Committee Chair	\$ 15,000
Compensation Committee Chair	\$ 7,500
Nominating and Corporate Governance Committee Chair	\$ 7,500
Innovation and Technology Committee Chair	\$ 7,500
Chairman, Independent Directors	\$ 20,000
Per-Meeting Fees	
Board	\$ 1,500
Committee	\$ 1,000

The total 2010 compensation of our non-employee directors is shown in the following table. All directors are currently serving on our Board. Mr. Buthman and Mr. Michels received no compensation as non-employee directors with respect to 2010.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	All Other Compensation (\$)	Total (\$)
Thomas W. Hofmann	77,333	109,992	5,233	192,558
L. Robert Johnson	61,139	109,992	20,339	191,470
Paula A. Johnson	52,000	109,992	7,010	169,002
John P. Neafsey	72,277	109,992	48,997	231,266
John H. Weiland	61,000	109,992	7,515	178,507
Anthony Welters	62,478	109,992	21,555	194,025
Geoffrey F. Worden	60,389	109,992	35,575	205,956
Robert C. Young	56,390	109,992	18,569	184,951
Patrick J. Zenner	60,000	109,992	10,900	180,892

Fees Earned or Paid in Cash. The amounts in the Fees Earned or Paid in Cash column are retainers and meeting fees earned for serving on our Board, board committees and as committee chairs and Chairman, Independent Directors. All annual retainers and meeting fees are paid quarterly. The amounts do not reflect elections to defer fees under the Non-Qualified Deferred Compensation Plan for Non-Employee Directors (Director Deferred Compensation Plan). Mr. Welters and Mr. Weiland deferred 100% of their cash compensation and Dr. Young deferred 50% of his cash compensation during 2010.

Stock Awards. The amounts in the Stock Awards column reflect the grant date fair value for deferred stock awards made in 2010. The grant date fair value is determined under Financial Accounting Standards board (FASB) Accounting Standards Codification (ASC) Topic 718. In 2010, each non-employee director was awarded 2,617 shares of deferred stock. The 2010 deferred stock had a grant date fair market value of \$42.03 per share based on the closing price of our common stock on the award date, May 4, 2010. For a more detailed discussion on the grant date fair value for our deferred stock awards, refer to Note 15, to the consolidated financial statements contained in our 2010 Form 10-K. Deferred-stock awards are made on the date of our annual meeting and vest pro rata on a monthly basis through the date of the next annual meeting when the award will become fully vested. Vesting ceases upon termination for any reason, and the entire award is forfeited immediately if a director is removed from the Board for cause.

All deferred stock is credited to an account under the Director Deferred Compensation Plan and is distributed as shares of common stock according to the terms of that plan, as described below. When dividends are paid on common stock, additional shares of deferred stock are credited to each director's deferred stock account as if those dividends were used to purchase additional shares.

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Stock Options. Prior to 2007, non-employee directors received annual grants of stock options, which vested on the first anniversary of the grant date. After benchmarking this practice, our Board of Directors stopped granting stock options to directors. All stock options are vested and expire 10 years after the original date of grant.

The following table presents information on stock awards and stock options as of December 31, 2010 for each person who served as a non-employee director last year.

Outstanding Director Stock Awards and Stock Options at Fiscal Year-End 2010

Name	Vested Deferred Stock Awards (#)	Unvested Deferred Stock Awards (#)	Total Deferred Stock Awards (#)	Stock Options Outstanding (#)
Thomas W. Hofmann	7,408	1,120	8,528	
L. Robert Johnson	8,074	1,120	9,194	19,200
Paula A. Johnson	8,074	1,120	9,194	6,400
John P. Neafsey	8,074	1,120	9,194	6,400
John H. Weiland	8,074	1,120	9,194	
Anthony Welters	8,074	1,120	9,194	28,200
Geoffrey F. Worden	8,074	1,120	9,194	23,700
Robert C. Young	8,074	1,120	9,194	16,268
Patrick J. Zenner	8,074	1,120	9,194	23,950

All Other Compensation. The amounts in the All Other Compensation column are the sum of: (i) the dividend equivalents credited to accounts under the Director Deferred Compensation Plan and (ii) with respect to Mr. Hofmann, Mr. Neafsey, Mr. Worden, Dr. Young and Mr. Zenner, charitable contributions of \$1,000 each made under our charitable contribution matching program, which is available to our employees, retirees and directors on a non-discriminatory basis.

Director Deferred Compensation Plan

All non-employee directors may participate in the Director Deferred Compensation Plan, which permits participants to defer all or a part of their annual cash retainers and meeting fees until their Board service terminates. Deferred fees may be credited to a stock-unit account that is deemed invested in our common stock or to an account that earns interest at the prime rate of our principal commercial bank. The stock-unit accounts also are credited with dividend equivalents based on the number of stock units credited to the account as of the dividend record date.

The value of a director's account balance is distributed on termination of Board service. The value of a director's stock-unit account is determined by multiplying the number of stock units credited to the account by the fair market value of our common stock on the termination date.

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Directors may receive their distribution as a lump sum or in up to 10 annual installments. Separate elections apply to amounts earned and vested before 2005 and amounts earned and vested after December 31, 2004. Deferred stock is distributed in shares of stock and deferred stock units are distributed in cash. If a director elects the installment option, any cash-account balances during the distribution period will earn interest at the prime rate of our principal commercial bank and deferred stock will be credited with dividends until paid. Partial shares are distributed in cash. The following table summarizes the amounts credited to each Director Deferred Compensation Plan account as of December 31, 2010:

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Name	Stock Units Value(1) (\$)	Deferred Stock Value (1) (\$)	Amount Invested in Cash Account (2) (\$)	Total Account Balance (\$)
Thomas W. Hofmann	-0-	351,370	-0-	351,370
L. Robert Johnson	941,037	378,804	-0-	1,319,841
Paula A. Johnson	140,960	378,804	-0-	519,764
John P. Neafsey	2,601,084	378,804	-0-	2,979,888
John H. Weiland	211,904	378,804	-0-	590,708
Anthony Welters	1,051,024	378,804	-0-	1,429,828
Geoffrey F. Worden	1,795,461	378,804	68,908	2,243,173
Robert C. Young	793,113	378,804	-0-	1,171,917
Patrick J. Zenner	314,430	378,804	-0-	693,234

(1) Value is determined by multiplying the number of stock units or shares of deferred stock, as applicable, times \$41.20, the fair market value of a share of stock on December 31, 2010. Stock units relate to deferred compensation that has previously been reported in the Fees Earned or Paid in Cash column for the year the compensation was earned.

(2) Mr. Worden is the only director with amounts invested in the interest-bearing account. This account earned interest at a rate of 3.35%, compounded quarterly, which resulted in \$2,249 being credited to his account in 2010.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires that our directors and officers file reports of holdings and transactions in our shares with the SEC and the New York Stock Exchange. Based on our records and other information, we believe that in 2010 our directors and officers met all applicable Section 16(a) filing requirements during 2010, with the exception that Joseph E. Abbott, Michael A. Anderson, John R. Gailey III and John Paproski who each filed a single late report with respect to shares withheld to satisfy tax payments resulting from the vesting of restricted stock shares under our incentive compensation plan. The required reports were filed one day after their due date. The late filings were due to an administrative error of the Company.

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The following table shows the number of shares of our common stock beneficially owned by (a) each of our directors; (b) each named executive officer; (c) all current directors and executive officers as a group; and (d) each person or group known by us to own more than five percent of the outstanding shares of our common stock. The information is stated as of March 18, 2011. Unless otherwise noted, the beneficial owners exercise sole voting and/or dispositive power over their shares.

Name	Common Stock (1)	Options Exercisable Within 60 Days	Percent of Class
Mark A. Buthman	-0-		*
Steven A. Ellers	179,555	230,517	1.2%
William J. Federici	84,746	131,202	*
Thomas W. Hofmann	7,408		*
L. Robert Johnson	20,838	19,200	*
Paula A. Johnson	8,074	6,400	*
Heino Lennartz	-0-	7,229	*
Donald E. Morel, Jr.	349,571	685,735	3.1%
Douglas A. Michels	-0-		*
John P. Neafsey	35,111	6,400	*
Ron van Dijk	7,632	7,229	*
John H. Weiland	8,074		*
Anthony Welters	11,000	28,200	*
Geoffrey F. Worden	15,598	23,700	*
Robert C. Young	15,074	16,268	*
Patrick J. Zenner	10,824	23,950	*
All directors and executive officers as a group (22) (2)	812,483(3)	1,267,873	6.2%
Franklin Advisory Services, Inc. One Parker Plaza, Ninth Floor Fort Lee, NJ 07024	3,537,423(4)		10.6%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	2,441,887(5)		7.3%
Neuberger Berman Group LLC 605 Third Avenue New York, NY 10158	1,757,269(6)		5.3%
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19341	1,737,715(7)		5.2%
NFJ Investment Group LLC 2100 Ross Avenue, Suite 700 Dallas, TX 75201	1,705,100(8)		5.1%

* Less than one percent of the outstanding shares of our common stock.

(1) For executive officers, the common stock column includes (a) vested shares held in employee participant accounts under our 401 (k) plan, Non-Qualified Deferred Compensation Plan for Designated Employees and Employee Stock Purchase Plan and (b) incentive shares (time-vested restricted stock held in various incentive plan accounts), unless those shares have been deferred under the Employee Deferred Compensation Plan. For non-employee directors, the common stock column includes vested deferred stock awarded under the Director Deferred Compensation Plan, which are distributed in shares of common stock upon termination of Board service. The following table shows how these shares are held:

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Name	Deferred Stock	401(k) Plan	Employee Deferred Compensation Plan	Employee Stock Purchase Plan	Incentive Shares (Restricted Stock)
Mark A. Buthman	-0-				
Steven A. Ellers		3,498	19,106	8,216	1,098
William J. Federici		489	8,229	5,538	363
John R. Gailey III		699	9,528	-0-	-0-
Thomas W. Hofmann	7,408				
L. Robert Johnson	8,074				
Paula A. Johnson	8,074				
Heino Lennartz				-0-	-0-
Donald E. Morel, Jr.		1,199	23,617	3,983	603
Douglas A. Michels	-0-				
John P. Neafsey	8,074				
Ron van Dijk				-0-	-0-
John H. Weiland	8,074				
Anthony Welters	8,074				
Geoffrey F. Worden	8,074				
Robert C. Young	8,074				
Patrick J. Zenner	8,074				
All directors and executive officers as a group (22)	71,999	20,096	60,480	17,737	2,064

(2) In anticipation of his retirement, Mr. Ellers resigned from his position on January 2, 2011 and Mr. van Dijk left his position on December 31, 2010. They are considered named executive officers because they were among the three most highly compensated executive officers other than the CEO and CFO during 2010, but their holdings are excluded from the calculation of the group beneficial ownership because SEC rules require disclosure of the directors and executive officers in office as of the date of this proxy statement.

(3) Includes 34,803 shares held by our charitable foundation. Paula A. Johnson, a member of our Board, and Richard D. Luzzi, one of our executive officers, are trustees of the foundation and, in that capacity, are each deemed to be the beneficial owner of the shares held by the foundation because they share voting and dispositive power over those shares. Dr. Johnson and Mr. Luzzi disclaim any economic interest in shares held by the foundation.

(4) Based on information contained in a Schedule 13G filing dated February 9, 2011 made by Franklin Resources, Inc., Charles B. Johnson, Rupert H. Johnson, Jr. and Franklin Advisory Services, LLC. Represents shares beneficially owned by one or more open or closed-end investment companies or other managed accounts, which are advised by direct and indirect investment advisory subsidiaries of FRI. Charles B. Johnson and Rupert H. Johnson, Jr. are principal owners of FRI, and they, along with FRI and each of FRI's advisory subsidiaries, including FAS, disclaim any economic interest or beneficial ownership in any of the shares covered by the Schedule. They disclaim the existence of a group. FAS has sole dispositive power with respect to 3,537,423 of the shares and sole voting power with respect to 3,515,323 of the shares.

(5) Based on information contained in a Schedule 13G filing dated February 9, 2011 made by BlackRock, Inc.

(6) Based on information contained in a Schedule 13G filing dated February 14, 2011 made by Neuberger Berman Group LLC and Neuberger Berman LLC. Neuberger Berman LLC and Neuberger Berman Management LLC serve as a sub-advisor and investment manager of Neuberger Berman Group LLC's various registered mutual funds. Neuberger Berman Group LLC has shared dispositive power with respect to 1,757,269 of

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the shares and shared voting power with respect to 1,526,029. Neuberger Berman Group LLC does not have sole power to vote or dispose of the shares.

(7) Based on information contained in a Schedule 13G filing dated February 10, 2011 made by The Vanguard Group, Inc. Vanguard has sole dispositive power with respect to 1,693,985 of the shares, shared dispositive power with respect to 43,730 and sole voting power with respect to 43,730 of the shares.

(8) Based on information contained in a Schedule 13G filing dated February 14, 2011 made by Allianz Global Investors Capital LLC and its wholly owned subsidiary NFJ Investment Group LLC. Allianz Global Investors Capital LLC is a wholly-owned subsidiary of Allianz Global Investors of America L.P. Represents shares held by investment advisory clients or discretionary accounts of which Allianz Global Investors Capital LLC or NFJ is the investment adviser. They disclaim the existence of a group. NFJ has sole dispositive power with respect to 1,705,100 of the shares and sole voting power with respect to 1,684,000 of the shares.

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PROPOSAL 2 AMEND OUR AMENDED AND RESTATED ARTICLES OF INCORPORATION TO DECLASSIFY OUR BOARD OF DIRECTORS

Current Classified Board Structure

Article 8 of our Amended and Restated Articles of Incorporation currently requires that our Board of Directors be divided into three classes of approximately equal size (Class I, Class II and Class III), each with a three-year term. Generally, absent the earlier resignation or removal of a director, the terms of the classes are staggered, meaning that only one of the three classes stands for re-election at each annual meeting of shareholders.

Proposal to Declassify our Board Structure

In February 2011, our Board unanimously approved and recommended that our shareholders approve an amendment to our Articles to declassify our Board of Directors. This will allow you to vote on the election of our entire Board each year, rather than on a staggered basis as with our current classified board structure.

Declassification of the Board requires an amendment to Article 8 of our Articles to delete the references to the classified board structure. A marked copy of the Certificate of Amendment of the Articles reflecting the revisions is attached to this proxy statement as Appendix A. If approved by our shareholders, the amendment will become effective upon the filing of a certificate of amendment with the Secretary of the Commonwealth of Pennsylvania, which will occur shortly after the 2011 Annual Meeting. Each director will then stand for election at the 2012 Annual Meeting (and thereafter) for a one-year term. You are requested in this Proposal 2 to approve the proposed amendment to our Articles to declassify the Board of Directors effective at the 2012 Annual Meeting.

Each director whose term does not expire at the 2012 Annual Meeting has executed a letter shortening his or her respective term. The letters are contingent on shareholder approval of this Proposal and will become effective at the 2012 Annual Meeting. If you do not approve this Proposal 2, our Board will remain classified, the contingent letters will be ineffective, and you will instead be asked to elect only three Class I directors at the 2012 Annual Meeting.

Rationale for Declassification

In determining whether to propose declassifying the Board to our shareholders, our Board considered the arguments in favor of and against continuation of the classified board structure and determined that it would be in the best interests of the Company and our shareholders to amend our Articles to declassify our Board.

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Our Board recognizes that a classified structure may offer several advantages, such as promoting board continuity and stability, encouraging directors to take a long-term perspective, and ensuring that a majority of our Board will always have prior experience with the Company. Additionally, classified boards provide effective protection against unwanted takeovers and proxy contests as they make it difficult for a substantial shareholder to gain control of the Board without the cooperation or approval of incumbent directors.

However, our Board also recognizes that a classified structure may appear to reduce directors' accountability to shareholders, because such a structure does not enable shareholders to express a view on each director's performance by means of an annual vote. Moreover, many institutional investors believe that the election of directors is the primary means for shareholders to influence corporate governance policies and to hold management accountable for implementing those policies.

The Board of Directors unanimously recommends a vote FOR the amendment to our Amended and Restated Articles of Incorporation to declassify the Board of Directors.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis. Based on its review and discussions with management, the Compensation Committee recommended to the Company's Board of Directors, and the Board approved, that the Compensation Discussion and Analysis be included in this proxy statement and in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Compensation Committee

John H. Weiland, Chairman
Anthony Welters
Patrick J. Zenner

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee of the Board of Directors determines the compensation for our executive officers. The Committee develops our overall compensation philosophy, considers, adopts, reviews and revises executive officer compensation plans, programs and guidelines and reviews and determines all components of each executive officer's compensation. The Committee also oversees our cash and equity-based incentive compensation plans and approves guidelines for grants of awards under these plans. As discussed under Meetings and Committees of the Board of Directors Compensation Committee, the Committee engaged Towers Watson and Pay Governance LLC as the Committee's outside consultants.

The Executive Compensation section presents compensation earned by the named executive officers in 2010, 2009 and 2008.

2010 Compensation Program Review

The essential features of our compensation design and program elements have remained substantially the same over the last four years, and we believe the program has successfully linked executive pay with performance and provided appropriate incentive to meeting established financial and strategic goals. During 2010, we conducted a comprehensive review of compensation program pay and philosophy. As a result of that review, we made the following improvements to program elements to better align our executive compensation structure and governance with current trends and practices:

- We adopted a broad clawback policy covering incentive compensation paid to any employee. For a description of this policy, see Compensation Committee Risk Considerations in Our Compensation Programs.

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- We reaffirmed the appropriateness of the two industry groups used for benchmarking executive compensation and rebalanced the make-up of our primary peer group to realign that group with our current size and to better reflect a number of companies often used for comparison by external constituents. The realigned group will be used in our 2011 executive compensation reviews. How we use these groups in making our compensation decisions is discussed under [Comparator Groups](#) below.
- We eliminated income-tax gross-ups for imputed income on executive perquisites.
- We eliminated the [single-trigger](#) feature and golden-parachute excise-tax gross-ups in any change-in-control agreements offered to future executives.
- We amended our compensation philosophy to expressly state our position that incentive plans should appropriately balance risk and reward. We conducted a risk assessment of our incentive plan designs, policies and practices. For further information on the Compensation Committee's role in the oversight of incentive-plan risk management, see [Meetings and Committees of the Board of Directors](#) [Compensation Committee Risk Considerations in Our Compensation Program](#).

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Also as a result of this review, we declined to establish a formal pay mix philosophy. Our Compensation Committee confirmed its belief that it is reasonable to continue our current approach, which is to set incentive opportunities consistent with the market, monitor pay mix when making compensation decisions and disclose actual pay mix for the named executive officers to ensure effective communication with investors.

In addition, in July 2010, our Compensation Committee retained Pay Governance LLC as its compensation consultant. Pay Governance LLC was created through a spin-off of the executive compensation consultant business of Towers Watson, which was the Compensation Committee's former consultant. Pay Governance LLC, whose business is limited to executive compensation consulting, was retained by and works directly for the Committee and performs no other services for us.

Executive Summary

The goal of our executive compensation programs is to motivate our executive officers to improve our financial performance, profitably grow our business and increase shareholder value, and to reward them if they attain these goals. To do that, we need to attract and retain exceptional managers and employees, and compensate them in a way that encourages and rewards their performance. Our executive compensation programs include base salary, a cash bonus management incentive plan (MIP) that rewards annual performance, and long-term compensation in the form of performance vesting share units (PVSUs) and time-based stock options that are dependent on reaching key financial measures over a three-year period. All long-term incentive compensation is paid out under a shareholder-approved long-term incentive plan (LTI plan).

Our compensation packages are largely performance-based, with between 62% and 81% of compensation for our most senior executives performance-based and/or equity-linked. Awards are balanced between short-term and long-term compensation to encourage our executives to achieve superior operating and financial results every year while achieving long-term measures that drive shareholder value.

Our philosophy is to closely align our executive's incentive compensation with the performance of the company on both a short-term and long-term basis by setting performance goals that support our annual budget and three-year strategic plan financial goals without promoting excessive risk. In 2010 these goals were to:

During 2010:

1. Increase operating cash flow, on an adjusted basis, by 20% to \$168.5 million;
2. Increase earnings per share (EPS), on an adjusted basis, by 8% to \$2.30; and
3. Increase operating-profit margin by 0.7 percentage points, to 11.2%.

Over the three-year period 2010-2012:

4. Achieve a return on invested capital (ROIC) of 10%, based on exceeding our weighted average cost of capital; and

5. Achieve a compound annual revenue growth (CAGR) rate of 5.8%.

Our position in the broader healthcare and pharmaceutical packaging industries puts us in a highly competitive talent market. We believe it is important to provide competitive compensation packages to ensure that we attract and retain executives who will achieve these goals. As a way of confirming the competitiveness of our compensation programs, the Compensation Committee conducts comparative reviews of our executive pay with two peer groups. Comparisons are performed by salary, total cash compensation (TCC), consisting of salary, plus annual cash bonus opportunity, and total direct compensation (TDC), consisting of salary, bonus and long-term incentive compensation opportunities.

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2010 Financial Performance and Compensation Highlights

As a global manufacturer of components and systems for the pharmaceutical, healthcare and consumer products industries, we operate in a very competitive, regulated and technologically complex environment. We experienced particular near-term challenges in the last two years, including dampened demand due to pharmaceutical customers' tightened inventory management practices and anticipated lower requirements, a slow economic recovery and an uncertain impact of U.S. healthcare reform on the pharmaceutical industry. In the face of increased government oversight and a marked economic slowdown, our pharmaceutical customers are consolidating operations and beginning to manage globally and actively seek new sources while aggressively reducing cost by exerting pressure on established suppliers.

To compete and grow in this environment, we are investing in a global quality initiative to differentiate our products, new-product innovation and an expansion into lower-cost manufacturing locations. We also are taking steps to better align pricing, market strategies and competitive positioning in an effort to respond to our customers in a single voice. Although we expect modest growth in the near-term, we anticipate growth to accelerate as these investments result in greater sales of high-value products and our innovative products are brought to market.

Our 2010 operating results improved compared to 2009 despite the difficulties described above. Net sales were 4.6% higher than prior-year sales. Cash from operations in 2010 was \$138.3 million compared to \$137.7 million in 2009. Our reported diluted earnings per share declined 10.8% from 2009. Excluding acquisition-related contingencies and the effects of restructuring and related items and discrete tax items in both years, however, 2010 adjusted diluted earnings per share increased by 1.9% on a constant currency basis.

We paid bonuses to our named executive officers of between 90.2% and 92.3% of target under the MIP, reflecting our performance versus expectations in 2010. We also reinstated modest base salary increases for most of our executives after suspending annual increases for almost all of our executives in 2009. We also increased long-term incentive awards following a substantial reduction in 2009 to bring our executives closer to median practice and to provide incentives to successfully implement our investment growth strategy over the next three years.

At the same time, the continuing effects of the global economic recession and consolidation in the pharmaceutical industry reduced revenue growth and negatively impacted stock-price performance, resulting in lower long-term incentive compensation during 2010. This negative impact was reflected in the following:

- Only 43% of the target number of PVSUs vested for the 2008-2010 period primarily due to below-threshold revenue performance.
- As of December 31, 2010, the stock options awarded under the LTI plan in three out of the last five years were still underwater (or out-of-the-money) our stock price was less than the exercise price of the options.

2010 Named Executive Officers

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The financial performance discussed above were a direct result of the leadership of our named executive officers and other senior executive management. Our named executive officers for 2010 were:

- Donald E. Morel, Jr., Chairman and CEO;
- William J. Federici, Vice President and CFO;
- Steven A. Ellers, President and Chief Operating Officer;
- John R. Gailey III, Vice President, General Counsel and Secretary;

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- Ron van Dijk, President, Pharmaceutical Packaging Systems, Asia Pacific Region; and
- Heino Lennartz, President, Pharmaceutical Packaging Systems, Europe Region.

As required by SEC rules, the named executive officers are our CEO, CFO and the three other most highly compensated executive officers in office as of the end of our fiscal year. Although Mr. van Dijk's compensation qualifies him as a named executive officer under SEC rules, his assignment as regional president ended on December 31, 2010. To provide continuity in our public disclosures, we are also including Mr. Lennartz because he was a named executive officer last year and is expected to be included in future years. In addition, Mr. Ellers announced in January 2011 that he intended to retire from the Company, agreeing to stay in a transition role through the first half of the year.

Compensation Program Objectives and Design Features

This section provides additional detail on our compensation program objectives and how our programs are designed to support those objectives. It also discusses and analyzes each element of compensation and includes information on MIP and LTI plan incentive payouts earned with respect to 2010.

To further our goal of producing superior financial returns for our shareholders, the components of our compensation program are intended to achieve the following objectives:

Objective	How We Support Our Objective
Have a strong pay-for-performance element with a significant portion of executive pay at risk based on financial performance.	TDC includes both fixed and variable, at-risk components tied to stock price appreciation and short- and long-term financial performance.
Support achievement of both operating performance and strategic objectives.	Annual bonuses reward performance against key budgeted targets, while long-term incentives keep management focused on profitable growth and effective use of capital during a period of significant investment.
Link management compensation with the interests of shareholders.	Weight executive compensation program in favor of incentive and equity-based compensation elements, especially equity incentives in the form of stock options and performance-vesting share units; maintain a stock ownership goal for all corporate officers and encourage each officer to retain shares acquired under LTI plan awards until his or her goal is met.
Be fair and competitive.	Use comparison peer group and survey data as a point of reference in evaluating target levels for TDC.
Provide compensation opportunities that are consistent with each executive's responsibilities, experience and performance.	Make decisions on salary and targeted incentive compensation largely on job level and experience, with higher incentive opportunities reserved for executives in positions to make the most impact on our performance.

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Offer compensation opportunities that promote a sensible balance of risk and reward, and that do not encourage unnecessary or unreasonable risk-taking.

Design compensation elements that deliver a reasonable mix of fixed and at-risk pay, cash and equity and reward an appropriate combination of stock price growth versus other measures of operational and financial performance.

Our pay-for-performance programs include performance-based cash compensation that rewards strong financial and operational performance, and equity awards that reward stock-price appreciation. Annual incentive cash compensation under the MIP is determined by our annual financial results and is not linked to our stock price performance. We designed our long-term equity compensation program to complement the objectives of the MIP by encouraging longer-term sales growth and profitable investments. Long-term incentives also are intended to align executive and investor interests, assist in retaining key executive personnel, and give executives an opportunity to create wealth over time based on increasing stock value.

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Consistent with our compensation philosophy, annual bonuses and long-term incentive awards generally represent a greater percentage of the total compensation of the executives who have the most influence over and responsibility for the achievement of performance objectives. The following chart illustrates for each named executive officer the allocation of targeted 2010 TDC:

2010 Fixed versus At-Risk Pay Mix

Compensation Elements and 2010 Incentive Compensation Achievement

Additional information about each element of our executive officers' compensation is set forth below.

Base Salary

Base salary represents the only fixed component of the three main elements of our executive compensation program. It is intended to provide a baseline, minimum amount of annual compensation for our executives that is fair and market-competitive.

Annual Incentive Bonus Plan

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The MIP is formula-based and designed to motivate our senior executives by rewarding them with a cash bonus when they achieve or exceed annual financial performance targets. The MIP contains multiple financial metrics, weighted to emphasize the importance of the financial target. The targets and weighting may vary according to organization unit. The Compensation Committee determines the annual incentive performance criteria and weighting based on proposals from our CEO and CFO.

The Compensation Committee assigns a target bonus opportunity to each named executive officer, expressed as a percentage of his base salary. Target bonus opportunities range from 50% to 100%.

An executive's MIP award is calculated by multiplying his base salary times his bonus opportunity times the applicable payout factor for each performance metric times the weighting for that performance metric. The following formula illustrates the calculation of the bonus payout for each performance measure:

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$$\begin{array}{ccccccc}
 & & \textbf{Target} & & & & \\
 & & \textbf{Bonus} & & & & \\
 \textbf{Base Salary} & \times & \textbf{Opportunity} & \times & \textbf{Payout Factor} & \times & \textbf{Weighting} & = & \textbf{Performance} \\
 & & & & \text{(based on achievement} & & & & \textbf{Measure Bonus} \\
 & & & & \text{against target)} & & & & \textbf{Payout} \\
 & & \text{(i.e., \% of salary)} & & & & & &
 \end{array}$$

The payout factor is based on the level of performance versus the targeted performance. If actual performance matches 100% of the performance metric target, the payout factor for that metric is 100%. If actual performance exceeds 100% of targeted performance, the payout factor will be greater than 100%. Payouts are capped at 150% of the target bonus opportunity for achievement of 115% of the performance target. The payout factor is 50% for performance at 85% of the target level and executives receive no payout below the 85% target level. The payout curve is structured to reflect our philosophy that management should be rewarded for exceeding goals and penalized when targets are missed. The following chart shows the payout factor for the MIP. Performance between points is straight-line interpolated.

The Compensation Committee selected EPS and operating cash flow on a non-GAAP basis as performance metrics for the 2010 MIP for the U.S.-based named executive officers Dr. Morel, Mr. Federici, Mr. Ellers and Mr. Gailey. The Committee weighted adjusted EPS more heavily to emphasize the relative importance of improving earnings versus cash flow during the Company's current period of investment. To reflect the globalization of the pharmaceutical packaging business the Compensation Committee selected a balanced weighting between regional, divisional and corporate-wide measures for the other named executive officers. These measures apply to Mr. Lennartz and Mr. van Dijk, who run regional business units. The Committee chose these metrics to focus the regional presidents on improving revenues and operating profit performance in the region over which they have control, contributing to the pharmaceutical packaging division and taking actions that will increase our consolidated earnings and shareholder value. All targets are adjusted to budgeted foreign-exchange rates and may exclude the impact of certain items such as acquisitions and restructuring gains or losses. The following charts illustrate the performance metrics and their relative weighting applicable to the named executive officers.

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2010 MIP

Corporate and Regional Performance Metrics and Weighting

Corporate

Regional

(1) The adjusted regional results metric consists of regional GAAP revenue (10% weight), regional operating income (20% weight) and regional cash flow (10% weight) adjusted for budgeted exchange rates.

(2) The adjusted Pharmaceutical Packaging Systems Division results metric consists of GAAP division revenue (10.05% weight) and division operating income (19.95% weight), adjusted for budgeted exchange rates.

The Compensation Committee reviewed and approved the proposed 2010 financial performance targets based on our Board-approved budget because it believed the proposed goals represented appropriate stretch targets and were aligned with shareholder interests. Performance targets for the corporate unit which included Dr. Morel, Mr. Federici, Mr. Ellers and Mr. Gailey were adjusted EPS of \$2.30 (weighted 65%) and adjusted operating cash flow of \$168.5 million (weighted 35%). Regional performance targets and weighting for Mr. Lennartz (European Region) and Mr. van Dijk (Asia Pacific Region) are set forth in the following table.

2010 MIP Pharmaceutical Packaging Systems Segment

Regional Performance Metrics, Weight and Targets

(In U.S. dollar millions, except per-share data)

Performance Metric	Metric Weighting	Asia Pacific Region Performance Target	European Region Performance Target
Regional Measures:			
Adjusted Regional Revenue	10.00%	\$ 71.5	\$ 431.2
Adjusted Regional Operating Income	20.00%	\$ 12.4	\$ 89.9

Explanation of Responses:

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Adjusted Regional Cash Flow	10.00%	\$	14.0	\$	107.2
Total Regional Measures Weighting	40.00%				
Division Measures:					
Adjusted Division Net Sales	10.05%	\$	808.6	\$	808.6
Adjusted Division Operating Income	19.95%	\$	149.7	\$	149.7
Total Division Measures Weighting	30.00%				
Adjusted Consolidated EPS	30.00%	\$	2.30	\$	2.30

2010 MIP Achievement and Payouts

The 2010 MIP targets, their weighting and performance against target as they apply to each of the named executive officers are shown in the following charts. The Corporate Unit applies to Dr. Morel, Mr. Federici, Mr. Ellers and Mr. Gailey. The Asia Pacific Regional Unit applies to Mr. van Dijk and the European Regional Unit applies to Mr. Lennartz.

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Corporate Unit Achievement and Payouts

Asia Pacific Regional Unit Achievement and Payouts

European Regional Unit Achievement and Payouts

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Long-Term Incentive Program

We generally use two types of long-term incentive awards: PVSUs, which entitle the recipient to receive a number of shares of our common stock dependent on achievement of multi-year financial targets; and non-qualified stock options that vest over time.

PVSUs. Each PVSU award agreement contains a target payout for the recipient. For PVSU awards to our named executive officers, the Committee generally selects a targeted payout that would deliver shares with an expected value within the 50th percentile of market (as represented by the Business or Talent Market Comparator Groups) if 100% of the performance target is achieved. The number of shares an executive earns at the end of a performance period is calculated by multiplying the target number of PVSUs awarded at the beginning of the period times the applicable payout factor for each performance metric times the weighting for that performance metric. The following formula illustrates the calculation of the PVSU payout for each performance measure:

$$\begin{array}{ccccccc}
 \textbf{Target PVSUs} & & \textbf{Payout Factor} & & \textbf{Weighting} & & \\
 \text{(i.e., number of shares to be} & \text{x} & \text{(based on} & \text{x} & \text{(50\% for} & \text{=} & \textbf{Number of} \\
 \text{earned if performance equals} & & \text{achievement against} & & \text{each metric)} & & \textbf{Shares Earned} \\
 \text{100\% target)} & & \text{target)} & & & & \\
 \end{array}$$

As in our MIP, our long-term incentive program includes a payout factor based on the actual performance versus the performance targets. If actual performance matches 100% of the performance metric targeted level, the payout factor for that metric is 100%. If actual performance exceeds target performance, the payout factor is greater than 100%. The PVSU payout opportunity is capped at 200% and actual payouts may range from 0% to 200% based on actual results. Executives receive a 50% payout for achieving 70% of both the CAGR and ROIC targets and no payouts are made if actual performance falls below the 70% level. The following table shows the payout factor for the PVSUs. Performance between points is straight-line interpolated.

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We believe our shareholders place a premium on growing our business while carefully managing capital. To help further these objectives, the Compensation Committee selected CAGR and ROIC performance metrics for determining PVSUs payouts. We believe CAGR and ROIC are equally important in creating shareholder value, and, therefore, each metric is weighted equally. We also believe that performance should be measured over an extended period so CAGR and ROIC are measured over a three-year period.

For the 2010-2012 performance period, the Compensation Committee selected an ROIC target of 10%, which remained unchanged from the last two years. The target was selected after considering projected growth rates contained in the first three years of the Board-approved strategic plan, sensitized to reflect commercialization risks of our innovation programs. The Committee also

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reviewed data that showed the target exceeding our weighted average cost of capital. The Committee selected a 5.8% CAGR target, which it believes is a suitable stretch target versus sensitized five-year plan forecasts.

Stock Options. Option awards are granted to reward executives for long-term stock price appreciation and to align their interests with shareholders' interest. The following table describes the principal features of stock options granted to our named executive officers and how those provisions support our compensation philosophy.

Stock Option Feature	Provision	Link to Compensation Philosophy
Exercise price	Fair market value on grant date	Value of options is linked to share price increases.
Option term	10 years	Encourages executives to make long-term decisions to benefit us and our shareholders.
Vesting period	Vest over four years	Helps us retain key employees.
Exercise period after employment termination	May be exercised for 90 days	Ensures that executives do not share in stock value increases after they terminate for reasons other than retirement.
Exercise period after retirement	May be exercised for the full 10-year term	Rewards long service and provide income security and to encourage executives to think long-term as they near the end of their career.

2008 - 2010 Long-Term Achievement

For PVSUs awarded for the three-year performance period ended December 31, 2010, the Compensation Committee set a target CAGR and ROIC goal of 10% each. Management achieved 9.2% ROIC, or 92% of the ROIC target, and 3.2% CAGR, or 32% of CAGR target. In setting the 2008-2010 CAGR and ROIC targets, the Committee considered past performance, our weighted average cost of capital and sales growth expectations in the markets in which we operate. The following table shows the PVSU targets, performance and payouts for the three-year performance period ended December 31, 2010.

**2008-2010 PVSU Awards
Corporate Achievement and Payouts**

How We Determine Executive Compensation

The Committee uses the named executive officers' current level of compensation as the starting point for determining base salary. Adjustments are based primarily on benchmarking to comparator-group companies and the individual's performance as evaluated by the CEO (other than for himself). Secondary considerations include internal factors such as the time between salary increases, promotion, expansion of responsibilities and advancement potential. The Committee has discretion to set levels that may be higher

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or lower than peer group target levels. The Committee considers benchmarking data and the consultant's suggestions when setting the CEO's salary, and reviews the CEO's performance with the full Board before making a decision.

To assure that executive compensation is fair and market-competitive, base salaries and an expected value of target annual and long-term incentive opportunities are generally set at or near (i.e., +/- 15%) median pay levels of the market as represented by peer-group pay practices. The Committee believes that targeting TCC and TDC at the 50th percentile is appropriate for named executive officers, with higher relative compensation versus peer groups based on individual and company performance. The Compensation Committee also may adjust individual components to take into account such factors as an executive's role in overall corporate policy-making, potential for advancement and/or development, relative experience and the length of time in his position. When setting equity-compensation, the Committee also considers a number of other factors, including share utilization, burn rate, and the desired life of remaining shares eligible for award under the LTI plan, accounting and cost implications, internal equity and individual performance. Long-term grants do not affect the amount of an employee's retirement benefits.

Comparator Groups

To assist the Compensation Committee in its review of executive compensation, the compensation consultant provides compensation data compiled from compensation of similar positions in two peer groups, which are intended to represent companies with which we compete for business, and more broadly, those with which we compete for talent. The primary reference referred to as the Business Segment Comparator Group is a group of specific companies intended to reflect businesses and industries in the healthcare and pharmaceutical supplies industries that are similar in size (i.e., one-half to three times our revenues), complexity as measured by global footprint, manufacturing capabilities, materials, intellectual-property profile and customer base. The companies in the Business Segment Group are identified by the compensation consultant and approved by the Compensation Committee after discussions with the CEO.

The Committee also considers compensation data from a broad survey of companies that participate in the Towers Watson annual executive compensation database referred to as the Talent Market Comparator Group with revenues between \$500 million and \$3 billion and which operate in the chemicals, electronics and scientific equipment, healthcare/medical products, industrial manufacturing or pharmaceuticals industries. The Talent Market Group data are used as a way of confirming that our executive pay is competitive, and when information on particular executive positions within the Business Segment Group is unavailable. The Talent Market Comparator Group members vary from year-to-year.

The Business Segment Group and Talent Market Group for 2010 consisted of the following companies:

2010 Business Segment Comparator Group

Abbott Medical Optics Inc.	Cooper Industries plc	Edwards Lifesciences LLC	Pall Corporation
AptarGroup, Inc.	C. R. Bard, Inc.	Hospira, Inc.	Respironics, Inc.
Arrow International, Inc.	Covidien plc	Invacare Corporation	Rochester Medical Corporation
Baxter International Inc.	Dade Behring	Kinetic Concepts, Inc.	Theragenics Corporation
Beckman Coulter, Inc.	Datascope Corp.	Mentor Corporation	Varian Medical Systems, Inc.

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Becton, Dickinson & Company

Dentsply International Inc.

Millipore Corporation

2010 Talent Market Comparator Group

Ameron International Corporation

Bio-Rad Laboratories, Inc.

Brady Corporation

Cephalon, Inc.

Covance, Inc.

Cubic Corporation

Endo Pharmaceuticals Holdings Inc.

Gentek Inc.

Graco Inc.

H. B. Fuller Company

IDEXX Laboratories Inc.

King Pharmaceuticals, Inc.

Matthews International Corporation

Millipore Corporation

Mine Safety Appliances Company

MSC Industrial Direct Co. Inc.

Omnova Solutions Inc.

Plexus Corp.

Polymer Group, Inc.

ShawCor Ltd.

The Toro Company

Watts Water Technologies, Inc.

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The Compensation Committee reviews the Business Segment Comparator group periodically to ensure that they continue to meet the selection criteria, and companies have come into or out of the group over the years due to going public, going private or being acquired. For example, in 2010 the Committee removed the two largest companies, Baxter International Inc. and Covidien plc, because their size was more than five times our revenue, and removed the two smallest companies, Theragenics Corporation and Rochester Medical, with revenues that are 20% or less than ours. IDEXX Laboratories, Inc., CONMED Corporation, Haemonetics Corp., Greatbatch, Inc. and American Medical Systems Holdings Inc. were added to the group, and will be used for 2011.

Use of Tally Sheets

The Compensation Committee annually reviews tally sheets for each of our executive officers. The tally sheets include salary, equity and non-equity incentive compensation, perquisites and the value of compensation that would be paid in various termination scenarios. The Committee uses the tally sheets as one of the tools to help assess the alignment of executives' pay with our performance and compensation philosophy. In its review of these tally sheets in 2010, the Committee noted that the compensation shown was at the lower end of the range for comparable positions in the Towers Watson materials prepared for the Committee and the amounts were consistent with our compensation decisions and reflected the relative value of each position. The Committee concluded that the tally sheets confirmed that our compensation programs worked correctly during the previous year.

Management's Role

The Committee interacts with management regarding our executive compensation programs. Dr. Morel, Mr. Federici and our vice president of human resources participate in MIP and LTI plan design discussions, including recommendations with respect to performance targets, the results of which are presented to the Committee for consideration and determination. Dr. Morel makes annual merit salary recommendations and may propose changes in annual or long-term incentive opportunities for the senior executives (other than himself), which the Committee considers in addition to data and recommendations presented by the compensation consultant.

Independent Consultant's Role

The Committee retained Towers Watson and Pay Governance LLC as independent compensation consulting firms during 2010. Towers Watson and Pay Governance were engaged by, and reported directly to, the Committee. See Meetings and Committees of the Board of Directors Compensation Committee for additional information.

2010 Compensation Decisions

In the first quarter of 2010, the Compensation Committee set base salaries, approved the MIP bonus targets and three-year LTI plan financial metrics and targeted performance and determined equity awards for executive officers. The Committee reviewed a competitive market analysis prepared by its consultant that showed that executives' TCC was competitive with the 50th percentile of the Business Segment and Talent Market Comparator Groups while long-term incentive compensation and TDC lagged the market median. The consultant also observed that current

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business line positions appeared low compared to corporate positions. Based on these results, and also considering that management performed well in a difficult economic environment, the Committee decided to make modest selective salary adjustments while keeping target bonus levels unchanged for most executives. The Committee also increased long-term incentive expected values for all of the named executive officers to better align them with its median pay philosophy, also taking into consideration that long-term values were reduced in 2009 by approximately 30% to conserve shares remaining available under our LTI plan. Finally, the Committee concluded that positions in the European and Asia Pacific regions most critical to the Company's future success should have greater incentive-based compensation.

Expected Value Methodologies. The Committee has used various methods to calculate the expected value of PVSU and stock option awards. For a number of years, the Committee used the Black-Scholes method to value stock options and the binomial lattice method to determine the size of PVSU awards. Based on a recommendation of its consultant, the Committee used a 30-day average stock price to calibrate 2010 PVSU award sizes. The values shown in Committee Expected Value columns in each of the following tables reflects these methods: 2009 PVSU award values were calculated based on a binomial lattice price of \$26.36 per unit and stock

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options were valued based on a Black-Scholes option value of \$8.35; and 2010 PVSU awards were valued at \$37.63 per unit, the 30-day average of the closing price of our common stock, and stock options were valued at \$7.93 based on a Black-Scholes value of \$7.93. In February 2011, the Committee agreed to use the closing price of our common stock on the date of grant and corresponding Black-Scholes value for calculating the expected value of all future awards in order to avoid any differences between expected values and grant date fair value.

Dr. Morel's 2010 Compensation

Dr. Morel declined a salary increase for the second year in a row. Based on a competitive analysis prepared by the compensation consultant, Dr. Morel's base salary for 2010 was slightly below the 50th percentile of the Business Segment Comparator Group. Dr. Morel's total cash compensation increased 5% driven by a combined 92.3% of target achievement under the MIP bonus plan versus an 83.4% achievement in 2009, but still trailed the 50th percentile by 26%. Dr. Morel was granted two forms of equity awards: PVSUs and stock options. PVSUs are designed to reward Dr. Morel for three-year growth in revenue and ROIC, while options are intended to reward him for long-term stock price appreciation and to align his interests with the interests of shareholders. Dr. Morel was awarded 138,714 stock options and a PVSU award with a target of 29,443 shares. The Committee fixed the combined expected value of the awards at approximately \$2.2 million. Dr. Morel received a 34% increase in long-term value compared to 2009 awards, which had been reduced substantially to conserve available shares under the LTI plan. As a result of the higher bonus payout and larger comparative expected value of his long-term incentive grants, Dr. Morel's TDC increased 20% compared to 2009. The Committee believes that his current TDC is well below the market median.

2009 and 2010 Salary, Bonus and Long-Term Incentive Expected Values – Dr. Morel

	Salary and MIP Cash Payments			Long-Term Equity Awards			TDC	Variance From Comparator Group Median		
	Base Salary	Bonus	TCC	Option Shares	Target PVSUs	Committee Expected Value		Base	TCC	TDC
2009	\$ 825,000	\$ 687,832	\$ 1,512,832	100,000	31,000	\$ 1,652,160	\$ 3,164,992	-7%	-26%	-9%
2010	\$ 825,000	\$ 761,834	\$ 1,586,834	138,714	29,443	\$ 2,207,942	\$ 3,794,776	-7%	-26%	-33%
Change	0%	11%	5%	39%	-5%	34%	20%			

Mr. Federici's 2010 Compensation

After holding Mr. Federici's base salary flat in 2009, the Committee in 2010 awarded Mr. Federici a 3% salary increase, which was slightly above the 50th percentile of the Business Segment Group and consistent with the consultant's recommendation to continue to use restraint consistent with projected market expectations. Based on the CEO's recommendation, the Committee increased Mr. Federici's MIP target bonus opportunity to 65% of salary from 50% to bring him closer to the 50th percentile market level and in recognition of his importance to the global operations of the Company. The increased MIP cash bonus opportunity for Mr. Federici (and a similar increase for Mr. Ellers described below) was made against the backdrop of constraints in awarding additional long-term incentive compensation due to limits on the number of shares remaining available for issuance under our LTI plan. Mr. Federici's TCC increased 11%, which brings him closer to market median as represented by the Business Segment Group. Mr. Federici received a PVSU grant with a target of 8,020 shares and 37,831 stock options, with a combined expected value of \$600,000. His TDC increased 23% compared to 2009 primarily as a result of the comparative higher expected value of his long-term grants and the impact of a larger MIP bonus opportunity. The Committee believes that Mr. Federici's total compensation is below the 50th percentile of CFOs in the Business Segment Group.

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2009 and 2010 Salary, Bonus and Long-Term Incentive Expected Values Mr. Federici

	Salary and MIP Cash Payments			Long-Term Equity Awards			Variance From Primary Comparator Group			
	Base Salary	Bonus	TCC	Option Shares	Target PVSUs	Expected Value	TDC	Base	Median TCC	TDC
2009	\$ 420,176	\$ 232,162	\$ 652,338	26,000	8,000	\$ 427,980	\$ 1,080,318	8%		