

Brookdale Senior Living Inc.  
Form 424B3  
June 05, 2014  
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**Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-196201**

## **MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Shareholders:

Each of the boards of directors of Brookdale Senior Living Inc. ( Brookdale ) and Emeritus Corporation ( Emeritus ) has approved a strategic merger, combining Brookdale and Emeritus to create the first national senior living solutions company.

Brookdale and Emeritus entered into an agreement and plan of merger on February 20, 2014, referred to as the Merger Agreement. Subject to shareholder approvals and certain other customary closing conditions, Brookdale and Emeritus will combine their businesses through the merger of a newly formed, wholly owned subsidiary of Brookdale with and into Emeritus, with Emeritus thereupon becoming a wholly owned subsidiary of Brookdale.

If the merger is completed, Emeritus shareholders will receive 0.95 of a share of Brookdale common stock for each share of Emeritus common stock. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing. Brookdale shareholders will continue to own their existing shares, and the Brookdale common stock will not be affected by the merger. Upon completion of the merger, former Emeritus shareholders will own approximately 27% of the then outstanding Brookdale common stock, based on the number of shares and equity awards of Brookdale and Emeritus outstanding on May 30, 2014. The value of the merger consideration to be received in exchange for each share of Emeritus common stock will fluctuate with the market value of Brookdale common stock until the merger is completed.

Based on the closing sale price for Brookdale common stock on February 19, 2014, the last trading day before public announcement of the merger, the 0.95 exchange ratio represented a 32.2% premium to the closing sale price for Emeritus common stock on such date. Based on the closing sale price for Brookdale common stock on June 4, the last trading day before the date of this proxy statement/prospectus, the 0.95 exchange ratio represented a 49.0% premium to the closing sale price for Emeritus common stock on February 19, 2014.

The common stock of Brookdale and Emeritus is listed on the New York Stock Exchange under the symbols BKD and ESC, respectively. We urge you to obtain current market quotations for the shares of common stock of Brookdale and Emeritus.

**Your vote is very important.** The merger cannot be completed unless Brookdale shareholders approve the amendment to Brookdale's amended and restated certificate of incorporation and the issuance of Brookdale common stock in the merger and Emeritus shareholders approve the Merger Agreement. Each of Emeritus and Brookdale is holding a special meeting of its shareholders to vote on the proposals necessary to complete the merger. Information about these meetings, the merger, the amendment to Brookdale's amended and restated certificate of incorporation, the

share issuance and the other business to be considered by shareholders at each of the special meetings is contained in this joint proxy statement/prospectus. We urge you to read this joint proxy statement/prospectus carefully. **You should also carefully consider the risks that are described in the Risk Factors section beginning on page 30.**

**Whether or not you plan to attend your company's special meeting of shareholders, please submit your proxy as soon as possible to make sure that your shares are represented at that meeting.**

**The Brookdale board of directors recommends that Brookdale shareholders vote FOR the proposal to amend Brookdale's amended and restated certificate of incorporation and FOR the proposal to approve the issuance of Brookdale common stock in the merger, which is necessary to complete the merger.**

**The Emeritus board of directors recommends that Emeritus shareholders vote FOR the proposal to approve the Merger Agreement, which is necessary to complete the merger.**

T. Andrew Smith

*Chief Executive Officer*

*Brookdale Senior Living Inc.*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger or the other transactions described in this joint proxy statement/prospectus or the securities to be issued in connection with the merger or determined if this joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated June 5, 2014, and is first being mailed to shareholders of Brookdale and Emeritus on or about June 9, 2014.

Granger Cobb

*President and Chief Executive Officer*

*Emeritus Corporation*

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON THURSDAY, JULY 10, 2014**

To the Shareholders of Brookdale Senior Living Inc.:

A special meeting of shareholders of Brookdale Senior Living Inc. ( Brookdale ) will be held at 111 Westwood Place, Brentwood, Tennessee 37027 on July 10, 2014, at 10:00 a.m., Central Time, for the following purposes:

1. To approve an amendment to Brookdale s amended and restated certificate of incorporation to increase the number of authorized shares of Brookdale common stock from 200 million to 400 million, the full text of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice (the Charter Amendment proposal).
2. To approve the issuance of Brookdale common stock, par value \$0.01 per share, pursuant to the Agreement and Plan of Merger, dated as of February 20, 2014 (the Merger Agreement ), by and among Brookdale Senior Living Inc., Broadway Merger Sub Corporation and Emeritus Corporation, as the same may be amended from time to time, a copy of which is attached as Annex B to the joint proxy statement/prospectus accompanying this notice (the Share Issuance proposal).
3. To approve any motion to adjourn the Brookdale special meeting, if necessary or appropriate, to solicit additional proxies (the Brookdale Adjournment proposal).

Approval of the Charter Amendment proposal and the Share Issuance proposal is required to complete the merger.

Brookdale will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The accompanying joint proxy statement/prospectus further describes the matters to be considered at the Brookdale special meeting.

The Brookdale board of directors has set May 12, 2014 as the record date for the Brookdale special meeting. Only holders of record of Brookdale common stock at the close of business on May 12, 2014 will be entitled to notice of and to vote at the Brookdale special meeting and any adjournments or postponements thereof. Any shareholder entitled to attend and vote at the Brookdale special meeting is entitled to appoint a proxy to attend and vote on such shareholder s behalf. Such proxy need not be a holder of Brookdale common stock.

**Your vote is very important. To ensure your representation at the Brookdale special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet.** Please vote promptly whether or not you expect to attend the Brookdale special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the Brookdale special meeting.

**The Brookdale board of directors has unanimously approved the Merger Agreement and the transactions contemplated thereby and recommends that you vote FOR the Charter Amendment proposal, FOR the Share Issuance proposal and FOR the Brookdale Adjournment proposal.**

By Order of the Board of Directors,

Chad C. White

*Vice President, Co-General Counsel and  
Secretary*

*Brentwood, Tennessee*

June 5, 2014

**PLEASE VOTE YOUR SHARES PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL MORROW & CO., LLC AT (800) 662-5200 (TOLL-FREE) OR (203) 658-9400 (COLLECT).**

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON THURSDAY, JULY 10, 2014**

To the Shareholders of Emeritus Corporation:

A special meeting of shareholders of Emeritus Corporation ( Emeritus ) will be held at the North Cascade Room of the Harbor Club, 801 Second Avenue, Seattle, Washington 98104, on July 10, 2014, at 2:00 p.m., Pacific Time, for the following purposes:

1. To approve the Agreement and Plan of Merger, dated as of February 20, 2014 (the Merger Agreement ), by and among Brookdale Senior Living Inc., Broadway Merger Sub Corporation and Emeritus Corporation, as the same may be amended from time to time, a copy of which is attached as Annex B to the joint proxy statement/prospectus accompanying this notice (the Merger proposal).
2. To conduct a non-binding, advisory vote to approve the merger-related compensation arrangements of our named executive officers (the Merger-Related Compensation proposal).
3. To approve any motion to adjourn the Emeritus special meeting, if necessary or appropriate, to solicit additional proxies (the Emeritus Adjournment proposal).

Approval of the Merger proposal is required for completion of the Merger.

Emeritus will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The Emeritus board of directors has set May 27, 2014 as the record date for the Emeritus special meeting. Only holders of record of shares of Emeritus common stock at the close of business on May 27, 2014 will be entitled to notice of and to vote at the Emeritus special meeting and any adjournments or postponements thereof.

**Your vote is very important. To ensure your representation at the Emeritus special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet.** Please vote promptly whether or not you expect to attend the Emeritus special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the Emeritus special meeting.

Emeritus shareholders are or may be entitled to assert dissenters' rights with respect to the Merger under Chapter 23B.13 of the Revised Code of Washington (Washington Business Corporation Act). See Questions and Answers About the Special Meetings Do I have appraisal or dissenters' rights in connection with the Merger?

**The Emeritus board of directors has unanimously approved the Merger Agreement and the transactions contemplated thereby, has recommended the Merger Agreement to Emeritus shareholders, and recommends that you vote FOR the Merger proposal, FOR the Merger-Related Compensation proposal and FOR the Emeritus Adjournment proposal.**

By Order of the Board of Directors,

Mark A. Finkelstein

*Executive Vice President Corporate  
Development,*

*General Counsel and Corporate Secretary*

*Seattle, Washington*

June 5, 2014

**PLEASE VOTE YOUR SHARES PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL GEORGESON INC. AT (866) 277-8239 (TOLL-FREE) OR (781) 575-2137 (COLLECT).**

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**REFERENCES TO ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates by reference important business and financial information about Brookdale and Emeritus from other documents that are not included in or delivered with this joint proxy statement/prospectus. For a listing of the documents incorporated by reference into this joint proxy statement/prospectus, see *Where You Can Find More Information* beginning on page 172.

You can obtain any of the documents incorporated by reference into this joint proxy statement/prospectus by requesting them in writing or by telephone from Morrow & Co., LLC, Brookdale's proxy solicitor, or Georgeson Inc., Emeritus' proxy solicitor, at the following addresses and telephone numbers:

**For Brookdale Shareholders:**

Morrow & Co., LLC  
470 West Avenue,  
Stamford, CT 06902  
(800) 662-5200 (toll-free)  
(203) 658-9400 (collect)  
brookdale@morrowco.com

**For Emeritus Shareholders:**

Georgeson Inc.  
480 Washington Boulevard, 26th Floor  
Jersey City, NJ 07310  
(866) 277-8239 (toll-free)  
(781) 575-2137 (collect)  
emeritus@georgeson.com

**To receive timely delivery of the documents in advance of the special meetings, you should make your request no later than July 2, 2014.**

A free copy of this joint proxy statement/prospectus and other filings containing information about Brookdale and Emeritus may be obtained at the Securities and Exchange Commission, which is referred to herein as the SEC, Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, free of charge, from Brookdale at [www.brookdale.com](http://www.brookdale.com) under the heading *About Brookdale / Investor Relations* or from Emeritus at [www.emeritus.com](http://www.emeritus.com) under the heading *Investor Relations*.

We are not incorporating the contents of the websites of the SEC, Brookdale, Emeritus or any other entity into this joint proxy statement/prospectus. We are providing the information about how you can obtain certain documents that are incorporated by reference into this joint proxy statement/prospectus at these websites only for your convenience.

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS**

*The following questions and answers briefly address some commonly asked questions about the Brookdale and Emeritus special meetings. They may not include all the information that is important to shareholders of Brookdale and Emeritus. Shareholders should carefully read this entire joint proxy statement/prospectus, including the annexes and the other documents referred to herein.*

**Q: What is the Merger?**

A: Brookdale Senior Living Inc., which is referred to herein as Brookdale, and Emeritus Corporation, which is referred to herein as Emeritus, have entered into an Agreement and Plan of Merger, dated as of February 20, 2014, which is referred to herein as the Merger Agreement. A copy of the Merger Agreement is attached as Annex B to this joint proxy statement/prospectus. The Merger Agreement contains the terms and conditions of the proposed business combination of Brookdale and Emeritus. Under the Merger Agreement, Broadway Merger Sub Corporation, a direct wholly owned subsidiary of Brookdale, will merge with and into Emeritus, with Emeritus continuing as the surviving corporation and a wholly owned subsidiary of Brookdale, in a transaction which is referred to herein as the Merger.

**Q: Why am I receiving these materials?**

A: Brookdale and Emeritus are sending these materials to their respective shareholders to help them decide how to vote their shares of Brookdale or Emeritus common stock, as the case may be, with respect to the Merger and other matters to be considered at their respective special meetings.

The Merger cannot be completed unless Brookdale shareholders approve the amendment to Brookdale's amended and restated certificate of incorporation and the issuance of Brookdale common stock in the Merger and Emeritus shareholders approve the Merger Agreement. Each of Brookdale and Emeritus is holding a special meeting of its shareholders to vote on the proposals necessary to complete the Merger. Information about these special meetings, the Merger and the other business to be considered by shareholders at each of the special meetings is contained in this joint proxy statement/prospectus.

This joint proxy statement/prospectus constitutes both a joint proxy statement of Brookdale and Emeritus and a prospectus of Brookdale. It is a joint proxy statement because each of the boards of directors of Brookdale and Emeritus are soliciting proxies from their respective shareholders. It is a prospectus because Brookdale will issue shares of its common stock in exchange for outstanding shares of Emeritus common stock in the Merger.

**Q: What will Emeritus shareholders receive in the Merger?**

A: In the Merger, Emeritus shareholders will receive 0.95 of a share of Brookdale common stock for each share of Emeritus common stock, which is referred to herein as the Exchange Ratio, and will receive cash in lieu of fractional shares of Brookdale common stock. The Exchange Ratio is fixed and will not be adjusted to reflect

changes in the stock price of either company before the Merger is completed. Brookdale shareholders will continue to own their existing shares of Brookdale common stock, and the Brookdale common stock will not be affected by the Merger.

**Q: When do Emeritus and Brookdale expect to complete the Merger?**

A: Brookdale and Emeritus are working to complete the Merger as soon as practicable. We currently expect that the Merger will be completed in the third quarter of 2014. Neither Brookdale nor Emeritus can predict, however, the actual date on which the Merger will be completed because it is subject to conditions beyond each company's control, including federal and state regulatory approvals. See The Merger Agreement Conditions to Completion of the Merger beginning on page 114.



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**Q: What am I being asked to vote on, and why is this approval necessary?**

A: Brookdale shareholders are being asked to vote on the following proposals:

1. to approve an amendment to Brookdale's amended and restated certificate of incorporation to increase the number of authorized shares of Brookdale common stock from 200 million to 400 million, which is referred to herein as the Charter Amendment proposal;
2. to approve the issuance of Brookdale common stock, par value \$0.01 per share, pursuant to the Merger Agreement, which is referred to herein as the Share Issuance proposal; and
3. to approve any motion to adjourn the Brookdale special meeting, if necessary or appropriate, to solicit additional proxies, which is referred to herein as the Brookdale Adjournment proposal.

Approval of the Charter Amendment proposal and the Share Issuance proposal by Brookdale shareholders is required to complete the Merger.

Emeritus shareholders are being asked to vote on the following proposals:

1. to approve the Merger Agreement, a copy of which is attached as Annex B to this joint proxy statement/prospectus, which is referred to herein as the Merger proposal;
2. to approve, on a non-binding, advisory basis, the Merger-related compensation arrangements of Emeritus named executive officers, which is referred to herein as the Merger-Related Compensation proposal; and
3. to approve any motion to adjourn the Emeritus special meeting, if necessary or appropriate, to solicit additional proxies, which is referred to herein as the Emeritus Adjournment proposal.

Approval of the Merger proposal by Emeritus shareholders is required for completion of the Merger.

The Charter Amendment proposal, the Share Issuance proposal and the Merger proposal are collectively referred to herein as the Merger-Related proposals.

**Q: What vote is required to approve each proposal at the Brookdale special meeting?**

A: *The Charter Amendment proposal:* The affirmative vote of a majority of the outstanding shares of Brookdale common stock entitled to vote on such proposal is required to approve the Charter Amendment proposal.

*The Share Issuance proposal:* The affirmative vote of a majority of the votes cast by Brookdale shareholders is required to approve the Share Issuance proposal.

*The Brookdale Adjournment proposal:* The affirmative vote of a majority of the shares of Brookdale common stock represented (in person or by proxy) and entitled to vote on the proposal is required to approve the Brookdale Adjournment proposal.

**Q: Have any Brookdale shareholders agreed to vote their shares in favor of any of the Brookdale proposals?**

A: Yes. Brookdale entered into an agreement with certain Brookdale shareholders, referred to herein as the Fortress Shareholders, that are affiliates of certain funds managed by affiliates of Fortress Investment Group LLC, collectively referred to herein as Fortress, providing that, among other things, such shareholders vote all of the shares of Brookdale common stock to the extent held by them as of the record date for Brookdale's special meeting in favor of the transactions contemplated by the Merger Agreement.

For a further discussion of the agreement with the Fortress Shareholders, see *The Fortress Agreement* beginning on page 130.

**Q: What vote is required to approve each proposal at the Emeritus Special Meeting?**

A: *The Merger proposal:* The affirmative vote of not less than a majority of the shares of Emeritus common stock entitled to vote on such proposal is required to approve the Merger proposal.

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*The Merger-Related Compensation proposal:* Approval of the Merger-Related Compensation proposal requires that the votes cast in favor of such proposal exceed the votes cast against such proposal. Because the vote on the Merger-Related Compensation proposal is advisory only, it will not be binding on either Emeritus or Brookdale. Accordingly, if the Merger Agreement is approved and the Merger is completed, the compensation will be payable, subject only to the conditions applicable thereto, regardless of the outcome of the non-binding, advisory vote of Emeritus shareholders.

*The Emeritus Adjournment proposal:* If a quorum is not present at the Emeritus special meeting, the approval of the Emeritus Adjournment proposal requires the affirmative vote of the holders of a majority of the shares of Emeritus common stock present, in person or by proxy, at the special meeting and entitled to vote thereon. If a quorum is present at the Emeritus special meeting, approval of the Emeritus Adjournment proposal requires that the votes cast in favor of such proposal exceed the votes cast against such proposal.

### **Q: Have any Emeritus shareholders agreed to vote their shares in favor of any of the Emeritus proposals?**

A: Yes. Daniel R. Baty, Chairman of Emeritus, and certain of his affiliates (including Stanley L. Baty, the son of Daniel R. Baty and a director of Emeritus), who are collectively referred to herein as the Supporting Shareholders, entered into a voting agreement with Brookdale, which is referred to herein as the Voting Agreement, pursuant to which the Supporting Shareholders agreed, among other things, to vote their shares of Emeritus common stock (i) in favor of the approval of the Merger Agreement, (ii) in favor of any related proposal in furtherance of the Merger and the transactions contemplated by the Merger Agreement, (iii) against any action, proposal, transaction or agreement that would reasonably be expected to result in (A) a breach of any representation, warranty, covenant or agreement of Emeritus in the Merger Agreement or (B) a breach of any representation, warranty, covenant or other agreement or obligation of such shareholder contained in the Voting Agreement, (iv) against any takeover proposal with respect to Emeritus and (v) against any amendment of Emeritus organizational documents, which amendment would in any manner delay, impede, frustrate, prevent or nullify the Merger, the Merger Agreement or any of the other transactions contemplated by the Merger Agreement.

### **Q: What constitutes a quorum?**

A: The presence at the Brookdale special meeting, in person or by proxy, of the holders of a majority of the shares of Brookdale common stock issued and outstanding on the record date for the Brookdale special meeting will constitute a quorum for the transaction of business at the Brookdale special meeting. The presence at the Emeritus special meeting, in person or by proxy, of the holders of a majority of Emeritus shares entitled to vote on the record date for the Emeritus special meeting will constitute a quorum for the transaction of business at the Emeritus special meeting. Abstentions (which are described below) will count for the purpose of determining the presence of a quorum for the transaction of business at each special meeting. Shares held in street name by brokers, banks or other nominees who indicate on their proxies that they do not have discretionary authority to vote the shares as to a particular matter and have not received voting instructions from their clients (broker non-votes) will not count for the purpose of determining the presence of a quorum for the transaction of business at either special meeting.

**Q: How do the boards of directors of Brookdale and Emeritus recommend that I vote?**

A: The board of directors of Brookdale, which is referred to herein as the Brookdale Board, recommends that Brookdale shareholders vote **FOR** the Charter Amendment proposal, **FOR** the Share Issuance proposal and **FOR** the Brookdale Adjournment proposal.

The board of directors of Emeritus, which is referred to herein as the Emeritus Board, recommends that Emeritus shareholders vote **FOR** the Merger proposal and **FOR** the Emeritus Adjournment proposal. In addition, the Emeritus Board recommends that holders of Emeritus common stock vote **FOR** the Merger-Related Compensation proposal to approve, on a non-binding, advisory basis, any golden parachute compensation that may be paid or become payable, to Emeritus named executive officers that is based on or otherwise relates to the Merger or is contemplated by the Merger Agreement.

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**Q: What do I need to do now?**

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, please vote your shares as soon as possible so that your shares will be represented at your respective company's special meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker, bank or other nominee.

**Please do not submit your Emeritus stock certificates at this time. If the Merger is completed, you will receive instructions for surrendering your Emeritus stock certificates in exchange for shares of Brookdale common stock from the exchange agent.**

**Q: If I am a Brookdale shareholder, how do I vote?**

A Brookdale shareholder may vote by proxy or in person at the meeting. To vote by proxy, a Brookdale shareholder may use one of the following methods if it is a registered holder (that is, it holds its stock in its own name):

*Telephone voting*, by dialing the toll-free number and following the instructions on the proxy card;

*Via the Internet*, by going to the web address shown on the proxy card and following the instructions on the proxy card; or

*Mail*, by completing, signing and returning the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

If your Brookdale shares are held in street name, through a broker, bank or other nominee, that institution will send you separate instructions describing the procedure for voting your shares. Street name Brookdale shareholders who wish to vote at the meeting will need to obtain a legal proxy form from their broker, bank or other nominee.

**Q: If I am an Emeritus shareholder, how do I vote?**

An Emeritus shareholder may vote by proxy or in person at the meeting. To vote by proxy, an Emeritus shareholder may use one of the following methods if it is a registered holder (that is, it holds its stock in its own name):

*Telephone voting*, by dialing the toll-free number and following the instructions on the proxy card;

*Via the Internet*, by going to the web address shown on the proxy card and following the instructions on the proxy card; or

*Mail*, by completing, signing and returning the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

If your Emeritus shares are held in street name, through a broker, bank or other nominee, that institution will send you separate instructions describing the procedure for voting your shares. Street name Emeritus shareholders who wish to vote at the meeting will need to obtain a legal proxy form from their broker, bank or other nominee.

**Q: When and where are the Brookdale and Emeritus special meetings of shareholders? What must I bring to attend the special meeting?**

A: The special meeting of Brookdale shareholders will be held at 111 Westwood Place, Brentwood, Tennessee 37027 at 10:00 a.m., Central Time, on July 10, 2014. Subject to space availability, all Brookdale shareholders as of the Brookdale record date, or their duly appointed proxies, may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at 9:30 a.m., Central Time.

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The special meeting of Emeritus shareholders will be held at the North Cascade Room of the Harbor Club, 801 Second Avenue, Seattle, Washington 98104 at 2:00 p.m., Pacific Time, on July 10, 2014. Subject to space availability, all Emeritus shareholders as of the Emeritus record date, or their duly appointed proxies, may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at 1:30 p.m., Pacific Time.

If you wish to attend your respective company's special meeting, you must bring photo identification. If you hold your shares through broker, bank or other nominee, you must also bring proof of ownership such as the voting instruction form from your broker, bank or other nominee or an account statement.

**Q: If my shares are held in street name by a broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?**

A: If you hold your shares in street name through a broker, bank or other nominee, you should have received access to this proxy material from your bank, broker or other holder of record with instructions on how to instruct the holder of record to vote your shares. If you do not submit voting instructions to your broker, your broker may generally vote your shares in its discretion on matters designated as routine under the rules of the New York Stock Exchange, which is referred to herein as the NYSE. However, a broker cannot vote shares held in street name on matters designated as non-routine by the NYSE, unless the broker receives voting instructions from the street name holder. It is expected that all proposals to be voted on at the Brookdale special meeting and the Emeritus special meeting are non-routine matters. Broker non-votes occur when a broker, bank or nominee is not instructed by the beneficial owner of shares to vote on a particular proposal for which the broker does not have discretionary voting power.

If you are a street name Brookdale shareholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee may not vote your shares on the Charter Amendment proposal, which broker non-votes will have the same effect as a vote **AGAINST** such proposal;

your broker, bank or other nominee may not vote your shares on the Share Issuance proposal, which broker non-votes will have no effect on the vote count for such proposal; and

your broker, bank or other nominee may not vote your shares on the Brookdale Adjournment proposal, which broker non-votes will have no effect on the vote count for such proposal.

If you are a street name Emeritus shareholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee may not vote your shares on the Merger proposal, which broker non-votes will have the same effect as a vote **AGAINST** such proposal;

your broker, bank or other nominee may not vote your shares on the Merger-Related Compensation proposal, which broker non-votes will have no effect on the vote count for such proposal; and

your broker, bank or other nominee may not vote your shares on the Emeritus Adjournment proposal, which broker non-votes will have no effect on the vote count for such proposal.

**Q: What if I fail to vote or abstain?**

A: For purposes of each of the Brookdale special meeting and the Emeritus special meeting, an abstention occurs when a shareholder attends the applicable special meeting in person and does not vote or returns a proxy with an abstain vote.

***Brookdale***

*Charter Amendment proposal:* An abstention or failure to vote will have the same effect as a vote cast **AGAINST** the Charter Amendment proposal.



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*Share Issuance proposal:* An abstention will have the same effect as a vote cast **AGAINST** the Share Issuance proposal. If a Brookdale shareholder is not present in person at the Brookdale special meeting and does not respond by proxy, it will have no effect on the vote count for the Share Issuance proposal.

*Brookdale Adjournment proposal:* An abstention will have the same effect as a vote cast **AGAINST** the Brookdale Adjournment proposal. If a Brookdale shareholder is not present in person at the Brookdale special meeting and does not respond by proxy, it will have no effect on the vote count for the Brookdale Adjournment proposal (assuming a quorum is present).

### ***Emeritus***

*Merger proposal:* An abstention or failure to vote will have the same effect as a vote cast **AGAINST** the Merger proposal.

*Merger-Related Compensation proposal:* An abstention will have no effect on the Merger-Related Compensation proposal. If an Emeritus shareholder is not present in person at the Emeritus special meeting and does not respond by proxy, it will have no effect on the vote count for the Merger-Related Compensation proposal (assuming a quorum is present).

*Emeritus Adjournment proposal:* If a quorum is not present at the Emeritus special meeting, your abstention will have the same effect as a vote **AGAINST** the Emeritus Adjournment proposal. If a quorum is present at the Emeritus special meeting, abstentions will have no effect on the vote count for the Emeritus Adjournment proposal.

### **Q: What will happen if I sign and return my proxy or voting instruction card without indicating how to vote?**

A: If you sign and return your proxy or voting instruction card without indicating how to vote on any particular proposal, the Brookdale common stock represented by your proxy will be voted as recommended by the Brookdale Board with respect to that proposal, or the Emeritus common stock represented by your proxy will be voted as recommended by the Emeritus Board with respect to that proposal. Unless a Brookdale shareholder or an Emeritus shareholder, as applicable, checks the box on its proxy card to withhold discretionary authority, the proxyholders may use their discretion to vote on other matters relating to the Brookdale special meeting or Emeritus special meeting, as applicable.

### **Q: What if I hold shares of both Brookdale common stock and Emeritus common stock?**

A: If you are a shareholder of both Brookdale and Emeritus, you will receive two separate packages of proxy materials. A vote as an Emeritus shareholder will not constitute a vote as a Brookdale shareholder and vice versa. Therefore, please sign, date and return all proxy cards that you receive, whether from Brookdale or Emeritus, or vote as both a Brookdale shareholder and as an Emeritus shareholder by Internet or telephone or by attending the special meeting.

### **Q: May I change my vote after I have delivered my proxy or voting instruction card?**

A: Yes. Any shareholder giving a proxy has the power to revoke it at any time before it is exercised. Brookdale shareholders of record may revoke their proxy by filing an instrument of revocation or a duly executed proxy bearing a later date (including by means of a telephone or Internet vote) with Brookdale's Corporate Secretary at 111 Westwood Place, Suite 400, Brentwood, Tennessee 37027. Emeritus shareholders of record may revoke their proxy by filing an instrument of revocation or a duly executed proxy bearing a later date (including by means of a telephone or Internet vote) with Emeritus' Corporate Secretary at 3131 Elliott Avenue, Suite 500, Seattle, Washington 98121. Shareholders of record may also revoke a proxy by attending the Brookdale special meeting or Emeritus special meeting, as applicable, and voting in person. If not revoked, the proxy will be voted at the Brookdale special meeting or Emeritus special meeting, as applicable, in accordance with your instructions. If your shares are held in an account at a broker, bank or other nominee and you have delivered your voting instruction card to your broker, bank or other nominee, you should contact your broker, bank or other nominee to change your vote.

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**Q: What are the material U.S. federal income tax consequences of the Merger?**

A: It is a condition to the obligation of Emeritus to effect the Merger that Emeritus receive a written opinion from Perkins Coie LLP, counsel to Emeritus, which is referred to herein as Perkins Coie, dated as of the closing date, to the effect that for U.S. federal income tax purposes the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to herein as the Code.

It is a condition to the obligation of Brookdale to effect the Merger that Brookdale receive a written opinion from Skadden, Arps, Slate, Meagher & Flom LLP, counsel to Brookdale, which is referred to herein as Skadden, dated as of the closing date, to the effect that for U.S. federal income tax purposes the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

Provided that the Merger so qualifies, a holder of Emeritus common stock will not recognize any gain or loss for U.S. federal income tax purposes upon the exchange of the holder's shares of Emeritus common stock for shares of Brookdale common stock in the Merger, except with respect to cash received in lieu of a fractional share of Brookdale common stock.

**Q: Do I have appraisal or dissenters' rights in connection with the Merger?**

A: Under Delaware law, Brookdale shareholders will not be entitled to exercise any appraisal rights in connection with the Merger or the other transactions contemplated by the Merger Agreement.

Under Washington law, Emeritus shareholders are entitled to exercise dissenters' rights in connection with the Merger or the other transactions contemplated by the Merger Agreement.

**Q: What if I hold Emeritus stock options?**

A: All Emeritus stock options that are outstanding immediately prior to the completion of the Merger (whether vested or unvested) will be canceled as of the completion of the Merger and treated as follows:

Any such Emeritus stock option with an exercise price per share that is less than the implied dollar value (as defined below) of the per share consideration to be received in the Merger will be automatically converted into the right to receive a number of shares of Brookdale common stock (rounded down to the nearest whole share and net of any required withholding taxes) equal to (x) the number of shares of Emeritus common stock subject to the Emeritus stock option multiplied by (y) the excess of the implied dollar value of the per share consideration over the exercise price per share of the Emeritus stock option, which amount is then divided by the volume-weighted average price of Brookdale common stock over the 10 trading days immediately preceding the completion of the Merger.

Any such Emeritus stock option with an exercise price per share that is equal to or greater than the implied dollar value of the per share consideration to be received in the Merger will automatically be terminated without the payment of any consideration.

The implied dollar value of the per share consideration to be received in the Merger is determined by multiplying (i) the value of Brookdale common stock at its volume-weighted average price over the 10 trading days immediately preceding the completion of the Merger, by (ii) 0.95.

**Q: What if I hold shares of Emeritus restricted stock?**

A: Each outstanding share of Emeritus restricted stock will become fully vested immediately prior to the completion of the Merger and will be entitled to receive the same consideration in the Merger as outstanding shares of Emeritus common stock generally.

**Q: Whom should I contact if I have any questions about the proxy materials or voting?**

A: If you have any questions about the proxy materials or if you need assistance submitting your proxy or voting your shares or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact the proxy solicitation agent for the company in which you hold shares.

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If you are a Brookdale shareholder, you should contact Morrow & Co., LLC, the proxy solicitation agent for Brookdale, at (800) 662-5200 (toll-free) or (203) 658-9400 (collect). If you are an Emeritus shareholder, you should contact Georgeson Inc., the proxy solicitation agent for Emeritus, at (866) 277-8239 (toll-free) or (781) 575-2137 (collect).

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**SUMMARY**

*This summary highlights selected information contained in this joint proxy statement/prospectus and does not contain all the information that may be important to you. Brookdale and Emeritus urge you to read carefully this joint proxy statement/prospectus in its entirety, including the annexes. Additional, important information, which Brookdale and Emeritus also urge you to read, is contained in the documents incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 172. Unless stated otherwise, all references in this joint proxy statement/prospectus to Brookdale are to Brookdale Senior Living Inc., all references to Emeritus are to Emeritus Corporation and all references to the Merger Agreement are to the Agreement and Plan of Merger, dated as of February 20, 2014, by and among Brookdale, Broadway Merger Sub Corporation and Emeritus, a copy of which is attached as Annex B to this joint proxy statement/prospectus.*

**The Parties**

***Brookdale***

Brookdale is the largest operator of senior living communities in the United States based on total capacity, with 647 communities in 36 states and the ability to serve approximately 66,000 residents. Brookdale offers its residents access to a full continuum of services across the most attractive sectors of the senior living industry. As of March 31, 2014, Brookdale operated in six business segments: retirement centers, assisted living, continuing care retirement communities ( CCRCs ) rental, CCRCs entry fee, Brookdale Ancillary Services (formerly Innovative Senior Care) and management services. As of March 31, 2014, Brookdale operated 74 retirement center communities with 14,256 units, 440 assisted living communities with 22,483 units, 26 rental CCRC communities with 6,527 units, 15 entry fee CCRC communities with 6,062 units and 92 communities with 16,996 units where Brookdale provides management services for third parties or joint ventures in which Brookdale has an ownership interest.

For the three months ended March 31, 2014 and year ended December 31, 2013, Brookdale had total revenues of approximately \$747.3 million and \$2.9 billion and a net loss of approximately \$2.3 million and \$3.6 million, respectively.

Brookdale's principal offices are located at 111 Westwood Place, Suite 400, Brentwood, Tennessee 37027, and its telephone number is (615) 221-2250. Brookdale common stock is listed on the NYSE, trading under the symbol BKD.

***Emeritus***

Emeritus is one of the largest and fastest-growing senior living service providers in the United States, focused on operating residential style communities. Emeritus' assisted living and Alzheimer's and dementia care ( memory care ) communities provide a residential housing alternative for senior citizens who need help with the activities of daily living, with an emphasis on assisted living and personal care services. Many of Emeritus' communities offer independent living alternatives and, to a lesser extent, skilled nursing care. Emeritus also offers a range of outpatient therapy and home health services in Florida, Arizona and Texas.

As of March 31, 2014, Emeritus operated 508 senior living communities in 45 states. The communities consisted of approximately 46,000 residential rooms or suites with a resident capacity for approximately 54,000 residents.

For the three months ended March 31, 2014 and year ended December 31, 2013, Emeritus had total revenues of approximately \$521.8 million and \$2.0 billion and a net loss attributable to Emeritus shareholders of approximately \$48.4 million and \$152.6 million, respectively.

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Emeritus principal offices are located at 3131 Elliott Avenue, Suite 500, Seattle, Washington 98121, and its telephone number is (206) 298-2909. Emeritus common stock is listed on the NYSE, trading under the symbol ESC.

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### ***Merger Sub***

Broadway Merger Sub Corporation, which is referred to herein as Merger Sub, a wholly owned subsidiary of Brookdale, is a Delaware corporation formed on February 14, 2014 for the purpose of effecting the Merger. Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the Merger Agreement, including the preparation of applicable regulatory filings in connection with the Merger.

### **The Merger**

On February 20, 2014, Brookdale and Emeritus entered into the Merger Agreement, which provides that, subject to the terms and conditions of the Merger Agreement and in accordance with the Washington Business Corporation Act, which is referred to herein as the WBCA, and the General Corporation Law of the State of Delaware, which is referred to herein as the DGCL, Merger Sub will merge with and into Emeritus, with Emeritus continuing as the surviving corporation and a direct wholly owned subsidiary of Brookdale.

### **Consideration to be Received in the Merger by Emeritus Shareholders**

At the effective time of the Merger, each share of Emeritus common stock issued and outstanding immediately prior to the effective time of the Merger (other than (i) any shares of Emeritus common stock held by Brookdale or its subsidiaries, which will be cancelled at the effective time of the Merger, (ii) any shares of Emeritus common stock with respect to which dissenters' rights are properly demanded and not withdrawn under the WBCA, which are referred to herein as dissenting shares, and (iii) except as otherwise provided with respect to fractional shares) will be automatically converted into the right to receive 0.95 of a share of Brookdale common stock. The Exchange Ratio will be adjusted appropriately to reflect the effect of any stock split, combination or other reclassification, any change of common stock into other shares, or any stock distribution with respect to the shares of either Brookdale common stock or Emeritus common stock prior to the effective time of the Merger (provided that the Exchange Ratio will not be adjusted to reflect changes in the price of Brookdale or Emeritus common stock). No fractional shares of Brookdale common stock will be issued in connection with the Merger, and Emeritus shareholders will be entitled to receive cash in lieu thereof. Brookdale shareholders will continue to own their existing shares, which will not be affected by the Merger.

### **Treatment of Equity Awards**

#### ***Emeritus***

All Emeritus stock options that are outstanding immediately prior to the completion of the Merger (whether vested or unvested) will be canceled as of the completion of the Merger. Any such Emeritus stock option with an exercise price per share that is less than the implied dollar value (as defined below) of the per share consideration to be received in the Merger will be automatically converted into the right to receive a number of shares of Brookdale common stock (rounded down to the nearest whole share and net of any required withholding taxes) equal to (x) the number of shares of Emeritus common stock subject to the Emeritus stock option multiplied by (y) the excess of the implied dollar value of the per share consideration over the exercise price of the Emeritus stock option, which amount is then divided by the volume-weighted average price of Brookdale common stock over the 10 trading days immediately preceding the completion of the Merger. Any such Emeritus stock option with an exercise price per share that is equal to or greater than the implied dollar value of the per share consideration to be received in the Merger will automatically be terminated without the payment of any consideration. The implied dollar value of the per share consideration to be received in the Merger is determined by multiplying (i) the value of Brookdale common stock at its volume-weighted average price over the 10 trading days immediately preceding the completion of the Merger, by (ii) 0.95.



Each outstanding share of Emeritus restricted stock will become fully vested immediately prior to the completion of the Merger and will be entitled to receive the same consideration in the Merger as outstanding shares of Emeritus common stock generally.

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For a more complete discussion of the treatment of Emeritus equity awards, see *The Merger Treatment of Emeritus Equity Awards* beginning on page 102. For further discussion of the treatment of Emeritus equity awards held by directors and executive officers of Emeritus, see *The Merger Interests of Directors and Executive Officers in the Merger* beginning on page 92.

## ***Brookdale***

The Merger will not affect Brookdale's restricted stock, restricted stock units or other equity awards. All such awards will remain outstanding subject to the same terms and conditions that are applicable prior to the Merger.

## **Governance of Brookdale Following Completion of the Merger**

T. Andrew Smith will continue to serve as Chief Executive Officer and director and Mark Ohlendorf will continue as President and Chief Financial Officer of the combined company. It is anticipated that certain members of Emeritus senior management team will continue in senior positions after the Merger. It is also anticipated that Granger Cobb will be joining the Brookdale Board, and will continue in a consulting role with the combined company.

## **Headquarters**

Upon completion of the Merger, Brookdale's corporate headquarters will remain in Nashville, Tennessee.

## **Recommendations of the Brookdale Board of Directors**

After careful consideration, the Brookdale Board recommends that holders of Brookdale common stock vote **FOR** the Charter Amendment proposal, the Share Issuance proposal and the Brookdale Adjournment proposal.

For a more complete description of Brookdale's reasons for the Merger and the recommendations of the Brookdale Board, see *The Merger Rationale for the Merger* and *The Merger Brookdale Board of Directors Recommendations and Its Reasons for the Merger* beginning on pages 44 and 45, respectively.

## **Recommendations of the Emeritus Board of Directors**

After careful consideration, the Emeritus Board recommends the Merger Agreement to the Emeritus shareholders and that holders of Emeritus common stock vote **FOR** the Merger proposal and the Emeritus Adjournment proposal.

After careful consideration, the Emeritus Board recommends that holders of Emeritus common stock vote **FOR** the Merger-Related Compensation proposal to approve, on a non-binding, advisory basis, any golden parachute compensation that may be paid or become payable to Emeritus named executive officers that is based on or otherwise relates to the Merger or is contemplated by the Merger Agreement.

For a more complete description of Emeritus' reasons for the Merger and the recommendation of the Emeritus Board, see *The Merger Rationale for the Merger* and *The Merger Emeritus Board of Directors Recommendations and Its Reasons for the Merger* beginning on pages 44 and 48, respectively.

## **Opinions of Brookdale's Financial Advisors**

### ***Opinion of CSCA Capital Advisors, LLC***

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In connection with the Merger, CSCA Capital Advisors, LLC, which is referred to herein as CSCA, rendered an opinion, dated February 20, 2014, to the Brookdale Board as to the fairness, from a financial point of view and as of such date, to Brookdale of the Exchange Ratio. The full text of CSCA's written opinion is

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attached to this joint proxy statement/prospectus as Annex E and is incorporated herein by reference. The written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by CSCA in rendering its opinion. **The opinion was provided for the benefit of the Brookdale Board (in its capacity as such) in connection with, and for the purpose of, its evaluation of the Exchange Ratio from a financial point of view and did not address any other aspect of the Merger. The opinion is addressed to the Brookdale Board and does not constitute advice or a recommendation to any shareholder as to how to vote or act with respect to the Merger.** For a more complete description of CSCA's opinion, see "The Merger Opinions of Brookdale's Financial Advisors" Opinion of CSCA Capital Advisors, LLC beginning on page 52.

***Opinion of BofA Merrill Lynch***

In connection with the Merger, Merrill Lynch, Pierce, Fenner & Smith Incorporated, which is referred to herein as BofA Merrill Lynch, delivered to the Brookdale Board a written opinion, dated February 20, 2014, as to the fairness, from a financial point of view and as of such date, of the Exchange Ratio to Brookdale. **The full text of the written opinion, dated February 20, 2014, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached to this joint proxy statement/prospectus as Annex F and is incorporated herein by reference. BofA Merrill Lynch provided its opinion to the Brookdale Board (in its capacity as such) for the benefit and use of the Brookdale Board in connection with and for purposes of its evaluation of the Exchange Ratio from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the Merger and no opinion or view was expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to Brookdale or in which Brookdale might engage or as to the underlying business decision of Brookdale to proceed with or effect the Merger. BofA Merrill Lynch's opinion does not constitute a recommendation to any shareholder as to how to vote or act in connection with the proposed Merger or any related matter.** For a more complete description of BofA Merrill Lynch's opinion, see "The Merger Opinions of Brookdale's Financial Advisors" Opinion of BofA Merrill Lynch beginning on page 63.

**Opinions of Emeritus Financial Advisors**

***Opinion of Wells Fargo Securities, LLC***

In connection with the Merger, Wells Fargo Securities, LLC, which is referred to herein as Wells Fargo Securities, rendered an opinion, dated February 20, 2014, to the Emeritus Board as to the fairness, from a financial point of view and as of such date, to holders of Emeritus common stock (other than Brookdale, Merger Sub and their respective affiliates) of the Exchange Ratio. The full text of Wells Fargo Securities' written opinion is attached to this joint proxy statement/prospectus as Annex G and is incorporated herein by reference. The written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by Wells Fargo Securities in rendering its opinion. **The opinion was addressed to the Emeritus Board (in its capacity as such) for its information and use in connection with its evaluation of the Exchange Ratio from a financial point of view and did not address any other terms, aspects or implications of the Merger. Wells Fargo Securities' opinion did not address the merits of the underlying decision by Emeritus to enter into the Merger Agreement or the relative merits of the Merger compared with other business strategies or transactions available or that have been or might be considered by Emeritus' management or the Emeritus Board or in which Emeritus might engage. Under the terms of its engagement, Wells Fargo Securities has acted as an independent contractor, not as an agent or fiduciary. Wells Fargo Securities' opinion does not constitute a recommendation to the Emeritus Board or any other person or entity in respect of the Merger, including as to how any shareholder should vote or act in connection with the Merger or any other matters.** For a more complete description of Wells Fargo Securities' opinion, see "The Merger Opinions of Emeritus Financial

Advisors Opinion of Wells Fargo Securities, LLC beginning on page 71.

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***Opinion of Moelis & Company LLC***

In connection with the Merger, the Emeritus Board received a written opinion, dated February 20, 2014, from Emeritus' financial advisor, Moelis & Company LLC, referred to as Moelis, as to the fairness, from a financial point of view and as of the date of such opinion, of the Exchange Ratio to the holders of Emeritus common stock. **The full text of Moelis' written opinion dated February 20, 2014, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this joint proxy statement/prospectus as Annex H and is incorporated herein by reference. Emeritus shareholders are urged to read Moelis' written opinion carefully and in its entirety. Moelis' opinion was provided for the use and benefit of the Emeritus Board (in its capacity as such) in its evaluation of the Merger. Moelis' opinion is limited solely to the fairness, from a financial point of view, of the Exchange Ratio to the holders of Emeritus common stock and does not address Emeritus' underlying business decision to effect the Merger or the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available with respect to Emeritus. Moelis' opinion does not constitute a recommendation to any shareholder of Emeritus as to how such shareholder should vote or act with respect to the Merger or any other matter.** For a more complete description of Moelis' opinion, see *The Merger Opinions of Emeritus' Financial Advisors Opinion of Moelis & Company LLC* beginning on page 80.

**Interests of Directors and Executive Officers in the Merger**

You should be aware that some of the directors and executive officers of Brookdale and Emeritus have interests in the Merger that are different from, or are in addition to, the interests of shareholders generally, including without limitation the following:

*For Brookdale's Directors and Executive Officers:* In connection with entering into the Merger Agreement, Brookdale entered into the Fortress Agreement with the Fortress Shareholders.

*For Emeritus' Directors and Executive Officers:* Treatment of equity-based compensation awards held by directors and executive officers of Emeritus in the Merger; the anticipated appointment of Mr. Granger Cobb as a director of and consultant to Brookdale following the Merger; the anticipated service in senior positions of certain members of Emeritus' senior management team following the Merger; the treatment of compensatory arrangements relating to certain executive officers of Emeritus; and the indemnification of Emeritus' directors and officers by Brookdale.

The Brookdale Board and the Emeritus Board were aware of these additional interests by their respective directors and executive officers and considered these potential interests, among other matters, in evaluating and negotiating the Merger Agreement and the Merger, in approving the Merger Agreement and in recommending that their respective shareholders approve the applicable Merger-Related proposals.

For a further discussion of the interests of Emeritus and Brookdale directors and executive officers in the Merger, see *The Merger Interests of Directors and Executive Officers in the Merger* beginning on page 92.

**The Voting Agreement**

In connection with entering into the Merger Agreement, Daniel R. Baty, Chairman of Emeritus, and certain of his affiliates (including Stanley L. Baty, the son of Daniel R. Baty and a director of Emeritus), who are collectively referred to herein as the Supporting Shareholders, entered into a voting agreement with Brookdale, which is referred to herein as the Voting Agreement, pursuant to which the Supporting Shareholders agreed to, among other things, vote their shares of Emeritus common stock (i) in favor of the approval of the Merger Agreement, (ii) in favor of any

related proposal in furtherance of the Merger and the transactions contemplated by the Merger Agreement, (iii) against any action, proposal, transaction or agreement that would reasonably be

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expected to result in (A) a breach of any representation, warranty, covenant or agreement of Emeritus in the Merger Agreement or (B) a breach of any representation, warranty, covenant or other agreement or obligation of such shareholder contained in the Voting Agreement, (iv) against any takeover proposal with respect to Emeritus and (v) against any amendment of Emeritus' organizational documents, which amendment would in any manner delay, impede, frustrate, prevent or nullify the Merger, the Merger Agreement or any of the other transactions contemplated by the Merger Agreement.

For a further discussion of the Voting Agreement, see *The Voting Agreement* beginning on page 128.

## **The Fortress Agreement**

In connection with entering into the Merger Agreement, Brookdale entered into a letter agreement, referred to herein as the Fortress Agreement, with the Fortress Shareholders that are party to that certain shareholders agreement, dated as of November 28, 2005, by and among Brookdale and the shareholders named therein, as amended, which is referred to herein as the Brookdale Shareholders Agreement, providing for, among other things, the Fortress Shareholders' agreement to vote all of the shares of Brookdale common stock to the extent held by them as of the applicable record date for Brookdale's special meeting in favor of the transactions contemplated by the Merger Agreement.

On June 2, 2014, the Fortress Shareholders completed a sale of all of the shares of Brookdale common stock held by them, referred to herein as the Fortress Sale. Notwithstanding the Fortress Sale, in accordance with the Fortress Agreement, the Fortress Shareholders have agreed to vote the shares held by them as of the applicable record date in favor of the Merger-Related proposals.

For a further discussion of the Fortress Agreement, see *The Fortress Agreement* beginning on page 130.

## **Material U.S. Federal Income Tax Consequences of the Merger**

It is a condition to the obligation of Emeritus to effect the Merger that Emeritus receive a written opinion from Perkins Coie, counsel to Emeritus, dated as of the closing date, to the effect that for U.S. federal income tax purposes the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to the obligation of Brookdale to effect the Merger that Brookdale receive a written opinion from Skadden, counsel to Brookdale, dated as of the closing date, to the effect that for U.S. federal income tax purposes the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

The discussion of U.S. federal income tax consequences of the Merger contained in this joint proxy statement/prospectus is intended to provide only a general summary and is not a complete analysis or description of all potential U.S. federal income tax consequences of the Merger. The discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address the effects of any foreign, state or local tax laws.

**Emeritus shareholders are strongly urged to consult with their tax advisors regarding the tax consequences of the Merger to them, including the effects of U.S. federal, state, local, foreign and other tax laws.**

For a more complete description of the material U.S. federal income tax consequences of the Merger, see *The Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 108.

## **Accounting Treatment of the Merger**



The Merger will be accounted for as an acquisition of Emeritus by Brookdale under the acquisition method of accounting in accordance with accounting principles generally accepted in the United States, which is referred to herein as U.S. GAAP.

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### **Appraisal / Dissenters Rights**

Under Section 262 of the DGCL, the holders of Brookdale common stock do not have appraisal rights in connection with the Merger.

Emeritus shareholders have the right under Chapter 23B.13 of the WBCA to dissent from the Merger, obtain a court appraisal of the fair value of their Emeritus shares of common stock, and receive cash equal to the appraised fair value of their Emeritus common stock (without giving effect to the Merger) plus interest instead of receiving the Merger consideration. A shareholder electing to dissent from the Merger must strictly comply with all procedures required under the WBCA. The procedures are summarized in *The Merger Appraisal / Dissenters Rights* beginning on page 103, and a copy of the relevant WBCA statutory provisions regarding dissenters rights is included as Annex I.

It is a condition to Brookdale's obligation to complete the Merger that no more than 7.5% of the shares of Emeritus common stock are dissenting shares. See *The Merger Agreement Conditions to Completion of the Merger* beginning on page 114.

### **Regulatory Approvals Required for the Merger**

To complete the Merger, Brookdale and Emeritus must make filings with and obtain authorizations, approvals or consents from federal and state regulatory authorities, including with respect to antitrust and various state healthcare regulatory agencies. The material United States federal and state approvals, consents and filings include the following:

the expiration or termination of the waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the related rules and regulations, which is referred to herein as the HSR Act; and

certain federal and state laws and regulations applicable to the senior living industry require that Brookdale or Emeritus obtain consents or approvals from governmental authorities in connection with the Merger. If the parties are not able to receive such consents and approvals or, if applicable, customary assurances that all applicable consents and approvals will be obtained following closing, then Brookdale may not be required to consummate the Merger, except as provided in the Merger Agreement. See *The Merger Agreement Conditions to Completion of the Merger* beginning on page 114.

For a more complete discussion of regulatory matters relating to the Merger, see *The Merger Regulatory Approvals Required for the Merger* beginning on page 101.

### **Litigation Relating to the Merger**

In connection with the Merger, three purported class action lawsuits have been filed on behalf of Emeritus shareholders in the Superior Court of King County, Washington: *Tampa Maritime Association/International Longshoremen's Association Pension Fund v. Emeritus Corp., et al.*, Case No. 14-2-06385-7-SEA, filed February 28, 2014; *Sciabacucchi v. Emeritus Corp., et al.*, Case No. 14-2-06946-4-SEA, filed March 6, 2014; and *Ellerson v. Emeritus Corp., et al.*, Case No. 14-2-07502-2-SEA, filed March 14, 2014. It is possible that other related suits could subsequently be filed. Emeritus anticipates that any related cases that are subsequently filed will be consolidated and proceed as a single, consolidated case.

The allegations in the three lawsuits are similar. They purport to be brought as class actions on behalf of all shareholders of Emeritus. The complaints name as defendants Emeritus, the Emeritus Board, Brookdale and Merger Sub. The complaints allege that the Emeritus Board breached its fiduciary duties to Emeritus shareholders by, among other things, failing to maximize shareholder value in connection with the Merger or to engage in a fair sale process before approving the Merger. Specifically, the complaints allege that the Emeritus Board undervalued Emeritus in connection with the Merger and that the Emeritus Board agreed to certain deal

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protection mechanisms that precluded Emeritus from obtaining competing offers. The Sciabacucchi complaint also alleges that the Emeritus Board breached its fiduciary duties by failing to disclose all material information concerning the Merger to Emeritus shareholders. The three complaints also allege that Brookdale, Emeritus and Merger Sub aided and abetted the Emeritus Board's alleged breaches of fiduciary duties. The complaints seek, among other things, injunctive relief preventing the closing of the Merger, rescission of the Merger or an award of rescissory damages to the purported class in the event that the Merger is consummated, and damages, including counsel fees and expenses. On April 30, 2014, the court consolidated the three lawsuits, relieved all defendants of the need to respond to the three filed complaints, and ordered plaintiffs to file a consolidated and amended complaint as soon as practicable after a registration statement is filed with the SEC in connection with the Merger. The consolidated action is under new caption *In re Emeritus Corp. Shareholder Litigation*, No. 14-2-06385-7 SEA. On May 6, 2014, the court appointed co-lead plaintiffs and co-lead and liaison counsel for plaintiffs in the consolidated proceeding.

For a more complete discussion of litigation relating to the Merger, see *The Merger Litigation Relating to the Merger* beginning on page 107.

### **Conditions to Completion of the Merger**

The parties expect to complete the Merger after all of the conditions to the Merger in the Merger Agreement are satisfied or waived, including after Brookdale and Emeritus receive shareholder approvals at their respective special meetings and receive required regulatory approvals. The parties currently expect to complete the Merger in the third quarter of 2014. However, it is possible that factors outside of each company's control could require them to complete the Merger at a later time or not to complete it at all.

The obligations of each of Brookdale, Merger Sub and Emeritus to complete the Merger are each subject to the satisfaction (or waiver) of the following conditions:

approval by Brookdale shareholders of the Charter Amendment proposal and the Share Issuance proposal;

approval by Emeritus shareholders of the Merger proposal;

termination or expiration of any waiting period applicable to the Merger under the HSR Act or any other applicable competition or similar law;

absence of any law or legal restraint in effect prohibiting the consummation of the Merger;

effectiveness of the registration statement of which this joint proxy statement/prospectus forms a part and the absence of a stop order or proceedings initiated or threatened by the SEC for that purpose;

authorization of the listing on the NYSE of the shares of Brookdale common stock to be issued in connection with the Merger, subject to official notice of issuance;

accuracy of the other party's representations and warranties in the Merger Agreement, subject to certain exceptions and materiality qualifiers;

the prior performance by the other party, in all material respects, of its obligations under the Merger Agreement;

receipt of a certificate executed by the chief executive officer and chief financial officer of the other party as to the satisfaction of the conditions described in the preceding two bullets;

receipt of a legal opinion from its counsel to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code; and

the absence of a material adverse effect with respect to the other party since the date of the Merger Agreement.

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The obligations of Brookdale and Merger Sub to complete the Merger are subject to the satisfaction (or waiver) of the following additional conditions:

no pending or threatened action by any governmental authority challenging or prohibiting the Merger, or seeking to require Brookdale to take (or refrain from taking) certain actions in order to obtain required regulatory approvals beyond those required by the Merger Agreement;

certain scheduled regulatory approvals shall have been obtained prior to closing and remain in full force and effect as of the closing;

(i) the parties shall have obtained customary assurances to conclude that all consents and approvals of governmental authorities necessary for the ownership and operation of the Emeritus facilities and management properties following closing have been or will be issued, and all notice periods with respect thereto will have expired effective as of the closing; and (ii) applicable lender consents shall have been obtained; provided that such conditions will be deemed satisfied unless (a) the impact of the failures of such conditions and/or the costs associated with satisfying such conditions are reasonably expected to exceed, in the aggregate, \$23.5 million or (b) the failure of such conditions would, individually or in the aggregate, result in or be reasonably likely to result in a material adverse effect on Brookdale;

certain scheduled consents obtained on or prior to the date of the Merger Agreement, shall as of the closing remain in full force and effect; and

no more than 7.5% of the shares of Emeritus common stock shall be dissenting shares.

The conditions set forth in the Merger Agreement may be waived by Brookdale or Emeritus. For a more complete discussion of the conditions to the Merger, see *The Merger Agreement Conditions to Completion of the Merger* beginning on page 114.

## **Timing of the Merger**

The Merger is expected to be completed in the third quarter of 2014. However, it is possible that factors outside of each company's control could require them to complete the Merger at a later time or not to complete it at all.

## **No Solicitation of Other Offers**

In the Merger Agreement, subject to certain exceptions, each of Brookdale and Emeritus has agreed that it will not, directly or indirectly:

solicit, initiate, cause, knowingly encourage, or knowingly facilitate, any inquiries or the making of any proposal that constitutes or is reasonably likely to lead to a takeover proposal (as described in the section entitled *The Merger Agreement No Solicitation of Other Offers* beginning on page 120);

participate in any discussions or negotiations regarding a takeover proposal; or

furnish any information in connection with or in furtherance of a takeover proposal.

The Merger Agreement includes customary exceptions such that, prior to obtaining shareholder approval, the parties may engage in negotiations regarding and, subject to complying with certain specified procedures and, in certain circumstances, a payment of a termination fee as described below, the applicable party's board of directors may change its recommendation of the transaction in light of, or terminate the Merger Agreement to enter into an agreement for, an unsolicited takeover proposal that is determined to be a superior proposal, in each case, to the extent necessary to do so to comply with applicable fiduciary duties.

For a discussion of the limitations on solicitation of acquisition proposals from third parties, see The Merger Agreement No Solicitation of Other Offers beginning on page 120.

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**Termination of the Merger Agreement; Termination Fees and Shareholder Termination Payment**

The Merger Agreement may be terminated at any time prior to completion of the Merger, whether before or after the receipt of the Brookdale shareholder approval or the Emeritus shareholder approval, as specified below:

by mutual written consent of Brookdale and Emeritus;

by either party, if:

the Merger has not been completed on or before the nine-month anniversary of the date of the Merger Agreement; provided that each of Brookdale or Emeritus has the right to extend such date for one additional 60-day period if the only unsatisfied conditions to the completion of the Merger are those regarding the receipt of certain regulatory and third party approvals and consents or any pending or threatened action by any governmental authority challenging or prohibiting the Merger, or seeking Brookdale to take (or refrain from taking) certain actions in order to obtain required regulatory approvals beyond those required by the Merger Agreement;

a final, non-appealable law or other legal restraint prohibits the Merger;

the requisite approvals by the shareholders of Brookdale or Emeritus have not been obtained;

the other party has breached any representation, warranty or covenant in the Merger Agreement in a manner such that the related condition to closing would not be satisfied, and such breach is not cured within 30 days following notice thereof;

the other party's board of directors changes its recommendation that its shareholders vote for, in the case of Brookdale, the Charter Amendment proposal and the Share Issuance proposal or, in the case of Emeritus, the Merger proposal (or within 10 business days after announcement of a takeover proposal, such board of directors fails to publicly confirm its recommendation to shareholders); or

the terminating party's board of directors exercises its right to terminate the Merger Agreement in connection with a superior proposal.

The Merger Agreement provides that, upon a termination of the Merger Agreement under specified circumstances, Emeritus is required to pay a termination fee equal to \$53.0 million to Brookdale and, alternatively, Brookdale is required to pay a termination fee equal to \$143.0 million to Emeritus. If the Merger Agreement is terminated due to the failure to obtain the Brookdale shareholder approval of the Charter Amendment proposal or the Share Issuance proposal, Brookdale would be required to pay Emeritus a fixed payment of \$13.5 million (which amount is intended as reimbursement for transaction expenses); and if the Merger Agreement is terminated due to the failure to obtain the Emeritus shareholder approval of the Merger proposal, Emeritus would be required to pay Brookdale a fixed payment



of \$13.5 million (which amount is intended as reimbursement for transaction expenses).

For a more detailed discussion of each party's termination rights and the related termination fee and/or shareholder termination payment, see "The Merger Agreement - Termination of the Merger Agreement" beginning on page 125 and "The Merger Agreement - Effect of Termination; Termination Fees and Shareholder Termination Payment" beginning on page 125.

### **Matters to be Considered at the Special Meetings**

#### ***Brookdale***

At the Brookdale special meeting, Brookdale shareholders will be asked to consider and vote upon:

the Charter Amendment proposal;

the Share Issuance proposal; and

the Brookdale Adjournment proposal.

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Brookdale shareholder approval of both the Charter Amendment proposal and the Share Issuance proposal is required to complete the Merger.

The affirmative vote of a majority of the outstanding shares of Brookdale common stock entitled to vote on such proposal is required to approve the Charter Amendment proposal.

The affirmative vote of a majority of the votes cast by Brookdale shareholders is required to approve the Share Issuance proposal.

The affirmative vote of a majority of the shares of Brookdale common stock represented (in person or by proxy) and entitled to vote on the proposal is required to approve the Brookdale Adjournment proposal.

The Brookdale Board recommends that Brookdale shareholders vote **FOR** all of the proposals set forth above, as more fully described under Brookdale Proposals beginning on page 136.

## ***Emeritus***

At the Emeritus special meeting, Emeritus shareholders will be asked to consider and vote upon:

the Merger proposal;

the Merger-Related Compensation proposal; and

the Emeritus Adjournment proposal.

Emeritus shareholder approval of the Merger proposal is required for completion of the Merger.

The affirmative vote of not less than a majority of the shares of Emeritus common stock entitled to vote on such proposal is required to approve the Merger proposal.

Approval of the Merger-Related Compensation proposal requires that the votes cast in favor of such proposal exceed the votes cast against such proposal.

If a quorum is not present at the Emeritus special meeting, the approval of the Emeritus Adjournment proposal requires the affirmative vote of the holders of a majority of the shares of Emeritus common stock present, in person or by proxy, at the special meeting and entitled to vote thereon. If a quorum is present at the Emeritus special meeting, approval of the Emeritus Adjournment proposal requires that the votes cast in favor of such proposal exceed the votes cast against such proposal.

The Emeritus Board recommends that Emeritus shareholders vote **FOR** all of the proposals set forth above, as more fully described under Emeritus Proposals beginning on page 142.

## **Voting by Brookdale and Emeritus Directors and Executive Officers**

As of the Brookdale record date, directors and executive officers of Brookdale and their affiliates owned and were entitled to vote 22,770,676 shares of Brookdale common stock (which number does not include 1,161,641 unvested restricted shares with respect to which the holders have no voting rights), representing approximately 18.2% of the total voting power of the shares of Brookdale common stock outstanding on that date. As of the Emeritus record date, directors and executive officers of Emeritus and their affiliates owned and were entitled to vote 5,596,595 shares of Emeritus common stock, representing approximately 11.4% of the total voting power of the shares of Emeritus common stock outstanding on that date.

In addition, the Supporting Shareholders entered into the Voting Agreement with Brookdale, pursuant to which such shareholders agreed to vote in favor of the approval of the Merger Agreement and the transactions contemplated thereby, and to vote against any alternative acquisition proposals. Also, the Fortress Shareholders have entered into the Fortress Agreement providing for, among other things, the Fortress Shareholders

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agreement to vote all of the shares of Brookdale common stock to the extent held by them as of the applicable record date for Brookdale's special meeting in favor of the transactions contemplated by the Merger Agreement. See "The Voting Agreement" and "The Fortress Agreement" beginning on pages 128 and 130, respectively.

## **Risk Factors**

You should also carefully consider the risks that are described in the section entitled "Risk Factors" beginning on page 30.

## **Recent Developments**

On April 23, 2014, Brookdale and HCP, Inc., a Maryland corporation, which is referred to herein as HCP, entered into a Master Contribution and Transactions Agreement, which is referred to herein as the Master Agreement. At the closing of the transactions contemplated by the Master Agreement, which is referred to herein as the Master Agreement Closing, Brookdale and HCP will enter into two joint venture transactions, referred to herein as the Ventures, and amend the terms of certain existing agreements between Brookdale and HCP and/or certain of their respective affiliates, and between Emeritus and HCP and/or certain of their respective affiliates, referred to herein as the HCP Transactions. At the Master Agreement Closing:

Brookdale and HCP will enter into a joint venture, which is referred to herein as CCRCs JV, with respect to certain continuing care retirement / entrance fee communities currently owned by HCP or Brookdale and leased and/or operated by Brookdale. Brookdale will own a 51% ownership interest, and HCP will own a 49% ownership interest in the CCRCs JV.

Brookdale and HCP will enter into a joint venture, which is referred to herein as the RIDEA JV, with respect to certain independent living, assisted living, memory care and/or skilled nursing care communities currently owned by HCP and leased and operated by Emeritus. Brookdale will own a 20% ownership interest, and HCP will own an 80% ownership interest in the RIDEA JV.

Brookdale and HCP will amend and restate certain triple net leases, which is referred to herein as the NNN-Leased Portfolio, between Emeritus and affiliates of HCP in respect of 153 communities, which amended and restated leases will provide for the creation of multiple pools of master leases. The amended and restated leases will provide for lower future rent payments and escalations compared to the existing leases. HCP has agreed to make available up to \$100 million for capital expenditures related to the communities in the NNN-Leased Portfolio during calendar years 2014 through 2017 at an initial lease rate of 7.0%.

In connection with the transactions contemplated by the Master Agreement, Brookdale and HCP have also agreed that Brookdale will waive the purchase option rights granted by HCP to Emeritus pursuant to 49 of the existing Emeritus leases. The Master Agreement Closing is subject to a number of conditions, including the prior or concurrent closing of the Merger.

Brookdale has agreed to pay CSCA and BofA Merrill Lynch aggregate fees of \$2 million and \$1 million, respectively, for their services in connection with the HCP Transactions, the payment of which is contingent upon the consummation of the HCP Transactions.

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On June 2, 2014, the Fortress Shareholders completed the Fortress Sale. Notwithstanding the Fortress Sale, in accordance with the Fortress Agreement, the Fortress Shareholders have agreed to vote the shares held by them as of the applicable record date in favor of the Merger-Related proposals.

Immediately following the completion of the Fortress Sale, and in accordance with the Fortress Agreement, Wesley R. Edens and Randal A. Nardone, each a designee of the Fortress Shareholders to the Brookdale Board, resigned as directors of the Brookdale Board.

On June 3, 2014, the Brookdale Board appointed T. Andrew Smith, Brookdale's Chief Executive Officer, to the Brookdale Board as a Class I director.

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**SELECTED HISTORICAL FINANCIAL DATA**

The following selected historical financial information is being provided to assist you in your analysis of the financial aspects of the Merger.

The Brookdale annual historical information is derived from the audited consolidated financial statements of Brookdale as of and for each of the years in the five-year period ended December 31, 2013.

The Emeritus annual historical information is derived from the audited consolidated financial statements of Emeritus as of and for each of the years in the five-year period ended December 31, 2013.

The data as of March 31, 2014 and for the three months ended March 31, 2014 and 2013 has been derived from the unaudited interim financial statements of both Brookdale and Emeritus and, in the opinion of each company's management, includes all normal and recurring adjustments that are considered necessary for the fair presentation of the results for the interim period.

The information is only a summary and should be read in conjunction with each company's historical consolidated financial statements and related notes contained in the Brookdale and Emeritus annual reports on Form 10-K for the year ended December 31, 2013, and quarterly reports on Form 10-Q for the period ended March 31, 2014, which have been incorporated by reference into this joint proxy statement/prospectus, as well as other information that has been filed with the SEC. See *Where You Can Find More Information* beginning on page 172 of this joint proxy statement/prospectus for information on where you can obtain copies of this information. The historical results included below and elsewhere in this joint proxy statement/prospectus are not necessarily indicative of the future performance of Brookdale, Emeritus or the combined company.

**Table of Contents****Brookdale Selected Historical Financial Information**

	<b>Three Months Ended</b>		<b>Year Ended December 31,</b>				
	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<i>Dollars and shares in thousands, except per share</i>	<b>(Unaudited)</b>						
<b>Consolidated Statements of Operations Data:</b>							
Total operating revenues	\$ 747,275	\$ 712,266	\$ 2,891,966	\$ 2,768,738	\$ 2,456,483	\$ 2,278,920	\$ 2,098,605
Total operating expenses	715,127	673,579	2,760,678	2,687,799	2,367,738	2,214,541	2,070,494
Income from operations	32,148	38,687	131,288	80,939	88,745	64,379	28,111
Net other expense	(33,441)	(33,981)	(133,116)	(145,887)	(156,015)	(146,327)	(128,961)
(Loss) income before income taxes	(1,293)	4,706	(1,828)	(64,948)	(67,270)	(81,948)	(100,850)
(Provision) benefit for income taxes	(1,006)	(1,148)	(1,756)	(1,519)	(1,780)	32,062	33,577
Net (loss) income	\$ (2,299)	\$ 3,558	\$ (3,584)	\$ (66,467)	\$ (69,050)	\$ (49,886)	\$ (67,273)
Basic and diluted (loss) income per common share attributable to Brookdale Senior Living Inc. common shareholders:	\$ (0.02)	\$ 0.03	\$ (0.03)	\$ (0.54)	\$ (0.57)	\$ (0.42)	\$ (0.60)
Weighted average number of common shares outstanding:							
Basic	124,478	122,823	123,671	121,991	121,161	120,010	111,288
Diluted	124,478	124,391	123,671	121,991	121,161	120,010	111,288
	<b>March 31, 2014</b>		<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	<b>(Unaudited)</b>						

**Consolidated  
Operating Data:**

Total number of communities (at period end)	647	649	647	647	559	565
Total units operated(1)						
Period end	65,584	66,524	65,936	66,183	50,521	51,021
Weighted average	65,720	66,173	66,102	55,548	50,870	49,536

*Dollars in millions***Consolidated  
Balance Sheet Data:**

Cash and cash equivalents	\$ 45.7	\$ 58.5	\$ 69.2	\$ 30.8	\$ 81.8	\$ 66.4
Total assets	4,719.6	4,737.8	4,706.8	4,503.4	4,565.8	4,684.2
Total debt	2,634.4	2,636.6	2,679.4	2,463.6	2,570.3	2,625.5
Total Brookdale Senior Living Inc. stockholders equity	1,026.7	1,020.9	997.0	1,035.3	1,056.0	1,083.5

(1) Period end units operated excludes equity homes. Weighted average units operated represents the average units operated during the period, excluding equity homes.



**Table of Contents****Emeritus Selected Historical Financial Information**

	Three Months Ended		2013	Year Ended December 31,			2009
	2014	2013		2012	2011	2010	
<i>Dollars and shares in thousands, except per share</i>	(Unaudited)						
<b>Consolidated Statements of Operations Data:</b>							
Total operating revenues	\$ 521,830	\$ 472,368	\$ 1,960,618	\$ 1,568,076	\$ 1,472,623	\$ 1,128,910	\$ 950,196
Total operating expenses	498,512	439,874	1,818,264	1,470,343	1,410,936	1,069,294	901,330
Operating income from continuing operations	23,318	32,494	142,354	97,733	61,687	59,616	48,866
Net other expense	(70,092)	(71,053)	(283,585)	(176,261)	(111,361)	(116,875)	(102,013)
Loss from continuing operations before income taxes	(46,774)	(38,559)	(141,231)	(78,528)	(49,674)	(57,259)	(53,147)
Benefit of (provision for) income taxes	(695)	(1,106)	(639)	1,158	(1,019)	762	(336)
Loss from continuing operations	(47,469)	(39,665)	(141,870)	(77,370)	(50,693)	(56,497)	(53,483)
Loss from discontinued operations	(1,539)		(11,100)	(7,705)	(21,570)	(1,345)	(1,335)
Net loss	(49,008)	(39,665)	(152,970)	(85,075)	(72,263)	(57,842)	(54,818)
Net loss attributable to the noncontrolling interest	562	(91)	409	231	354	883	943
Net loss attributable to Emeritus Corporation common	\$ (48,446)	\$ (39,756)	\$ (152,561)	\$ (84,844)	\$ (71,909)	\$ (56,959)	\$ (53,875)

## shareholders

Basic and diluted  
loss per common  
share attributable to  
Emeritus  
Corporation  
common  
shareholders:

Continuing operations	\$	(0.99)	\$	(0.88)	\$	(3.04)	\$	(1.73)	\$	(1.14)	\$	(1.39)	\$	(1.34)
Discontinued operations		(0.03)		(0.24)		(0.17)		(0.49)		(0.03)		(0.03)		(0.03)
	\$	(1.02)	\$	(0.88)	\$	(3.28)	\$	(1.90)	\$	(1.63)	\$	(1.42)	\$	(1.37)

Weighted average  
number of common  
shares outstanding:

Basic and diluted	47,633	45,417	46,553	44,680	44,312	39,974	39,183
	<b>March 31,</b>		<b>2013</b>	<b>2012</b>	<b>December 31,</b>	<b>2010</b>	<b>2009</b>
	<b>2014</b>				<b>2011</b>		
	<b>(Unaudited)</b>						

**Consolidated  
Operating Data:**

Communities Emeritus Corporation owns or leases	494	497	461	328	306	266
Number of units	44,938	45,173	40,988	29,905	28,277	24,055

**Consolidated  
Balance Sheet  
Data:**

Cash and cash equivalents	\$	58,670	\$	76,672	\$	59,795	\$	43,670	\$	110,124	\$	46,070
Working capital deficit		(139,363)		(137,557)		(55,541)		(100,079)		(17,728)		(7,482)
Total assets		4,541,574		4,594,648		4,660,750		2,810,328		2,613,792		2,089,940
Long-term debt, less current portion		1,336,672		1,345,242		1,558,936		1,528,710		1,305,757		1,375,088
Capital lease and financing obligations, less current portion		2,479,631		2,481,930		2,384,857		619,088		629,797		165,372
Total Emeritus Corporation shareholders equity		84,447		111,670		211,423		279,100		344,345		312,082

**Table of Contents****SELECTED UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

The following tables show selected unaudited pro forma consolidated financial information about the consolidated financial condition and operating results of Brookdale after giving effect to the Merger and the HCP Transactions. The unaudited pro forma financial information assumes that the Merger is accounted for by applying the acquisition method. The selected unaudited pro forma consolidated balance sheet data gives effect to the Merger and the HCP Transactions as if they both had occurred on March 31, 2014. The selected unaudited pro forma consolidated income statement data gives effect to the Merger and the HCP Transactions as if they both had occurred on January 1, 2013, in each case based on the most recent valuation data available. The selected unaudited pro forma consolidated financial information listed below has been derived from and should be read in conjunction with the more detailed unaudited pro forma condensed consolidated financial statements, including the notes thereto, appearing elsewhere in this joint proxy statement/prospectus and the historical consolidated financial statements and related notes of both Brookdale and Emeritus, incorporated herein by reference. See **Unaudited Pro Forma Condensed Consolidated Financial Statements** beginning on page 143 and **Where You Can Find More Information** beginning on page 172. The unaudited pro forma consolidated financial statements are prepared for informational purposes only and are based on assumptions and estimates considered appropriate by Brookdale's management; however, they are not necessarily indicative of what Brookdale's consolidated financial condition or results of operations actually would have been assuming the transactions had been consummated as of the dates indicated, nor do they purport to represent the consolidated financial position or results of operations for future periods.

<b>(In thousands, except for per share amounts)</b>	<b>Three Months Ended</b>	
	<b>March 31, 2014</b>	
	<b>Year Ended</b>	
	<b>December 31, 2013</b>	
<b>Consolidated Statements of Operations Data:</b>		
Total revenue	\$ 1,211,944	\$ 4,741,751
Total operating expenses	1,144,628	4,919,871
Income from operations	67,316	(178,120)
Net other expense	(94,479)	(396,225)
Loss from continuing operations before income taxes	(27,163)	(574,345)
Benefit for income taxes	8,893	221,599
Loss from continuing operations	\$ (18,270)	\$ (352,746)
Basic and diluted loss from continuing operations per share	\$ (0.11)	\$ (2.07)
Weighted average shares used in computing basic and diluted loss from continuing operations per share	171,154	170,347

<b>(In thousands)</b>	<b>As of</b>	
	<b>March 31, 2014</b>	
<b>Consolidated Balance Sheet Data:</b>		
Total assets	\$ 10,251,886	

Total debt	\$	6,418,257
Total stockholders equity	\$	2,485,650

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**COMPARATIVE HISTORICAL AND UNAUDITED  
PRO FORMA CONSOLIDATED PER SHARE INFORMATION**

The following table sets forth for the three months ended March 31, 2014 and the year ended December 31, 2013 selected per share information for Brookdale common stock on a historical and pro forma basis, giving effect to the Merger and the HCP Transactions, and for Emeritus common stock on a historical and pro forma equivalent basis. Except for the historical information as of and for the year ended December 31, 2013, the information in the table is unaudited. You should read the table below together with the historical consolidated financial statements and related notes of Brookdale and Emeritus contained in their respective Quarterly Reports on Form 10-Q for the three months ended March 31, 2014 and in their respective Annual Reports on Form 10-K for the year ended December 31, 2013, which are incorporated by reference into this joint proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 172.

The Brookdale pro forma income from continuing operations attributable to common stockholders was calculated using the methodology described below under the heading [Unaudited Pro Forma Condensed Consolidated Financial Statements](#), and is subject to all the assumptions, adjustments and limitations described thereunder. The Brookdale pro forma book value per share was calculated by dividing total Brookdale common stockholders' equity by pro forma equivalent common shares.

	<b>Brookdale Historical</b>	<b>Emeritus Historical</b>	<b>Pro Forma</b>
<b>For the Three Months Ended March 31, 2014</b>			
Basic and diluted loss from continuing operations per share	\$ (0.02)	\$ (0.99)	\$ (0.11)
<b>For the Year Ended December 31, 2013</b>			
Basic and diluted loss from continuing operations per share	\$ (0.03)	\$ (3.04)	\$ (2.07)
<b>As of March 31, 2014</b>			
Book value per share	\$ 8.23	\$ 1.76	\$ 14.50

**Table of Contents****MARKET PRICES AND DIVIDEND DATA****Stock Prices**

The table below sets forth, for the calendar quarters indicated, the high and low sales prices per share of Brookdale common stock and Emeritus common stock, both of which trade on the NYSE under the symbols BKD and ESC, respectively.

	<b>Common Stock</b>	
	<b>High</b>	<b>Low</b>
<b>BKD common stock</b>		
<b>2012</b>		
First Quarter	\$ 19.96	\$ 15.43
Second Quarter	19.78	14.99
Third Quarter	23.97	15.62
Fourth Quarter	26.11	21.28
<b>2013</b>		
First Quarter	\$ 29.92	\$ 25.04
Second Quarter	30.31	25.31
Third Quarter	30.65	24.42
Fourth Quarter	30.00	25.46
<b>2014</b>		
First Quarter	\$ 34.37	\$ 26.10
Second Quarter (through June 4, 2014)	\$ 34.80	\$ 29.50

	<b>Common Stock</b>	
	<b>High</b>	<b>Low</b>
<b>ESC common stock</b>		
<b>2012</b>		
First Quarter	\$ 19.90	\$ 15.56
Second Quarter	18.65	14.24
Third Quarter	21.99	15.10
Fourth Quarter	24.83	19.96
<b>2013</b>		
First Quarter	\$ 30.95	\$ 24.83
Second Quarter	28.22	21.72
Third Quarter	26.56	18.15
Fourth Quarter	22.77	18.30
<b>2014</b>		
First Quarter	\$ 32.30	\$ 20.91
Second Quarter (through June 4, 2014)	\$ 32.57	\$ 27.88

On February 19, 2014, the last trading day before the public announcement of the signing of the Merger Agreement, the closing sale price per share of Brookdale common stock was \$29.91 and the closing sale price per share of Emeritus common stock was \$21.50, in each case on the NYSE. On June 4, 2014, the latest practicable date before the date of this joint proxy statement/prospectus, the closing sale price per share of Brookdale common stock was \$33.71

and the closing sale price per share of Emeritus common stock was \$31.76, in each case on the NYSE.

The table below sets forth the equivalent market value per share of Emeritus common stock on February 19, 2014 and June 4, 2014, as determined by multiplying the closing prices of shares of Brookdale common stock on those dates by the Exchange Ratio. Although the Exchange Ratio is fixed, the market prices of Brookdale

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common stock and Emeritus common stock will fluctuate before the special meetings and before the Merger is completed. The market value of the Merger consideration ultimately received by Emeritus shareholders will depend on the closing price of Brookdale common stock on the day such shareholders receive their shares of Brookdale common stock.

	<b>Brookdale Common Stock</b>	<b>Emeritus Common Stock</b>	<b>Equivalent Per Share of Emeritus Common Stock</b>
February 19, 2014	\$ 29.91	\$ 21.50	\$ 28.41
June 4, 2014	\$ 33.71	\$ 31.76	\$ 32.02

**Dividends**

On December 30, 2008, the Brookdale Board voted to suspend its quarterly cash dividend indefinitely and no dividends were declared during the last five fiscal years.

Emeritus has never declared or paid any dividends on its common stock.



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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This document contains certain forward-looking information about Brookdale, Emeritus, the combined company, the Merger and the HCP Transactions that is intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this joint proxy statement/prospectus or may be incorporated by reference to other documents and may include statements for the period after completion of the Merger. Those forward-looking statements are subject to various risks and uncertainties. Forward-looking statements are generally identifiable by use of forward-looking terminology such as may, will, should, potential, intend, expect, endeavor, seek, anticipate, estimate, overestimate, could, would, project, predict, continue, plan or other similar words or expressions. Forward-looking statements specifically include potential strategic and financial benefits from the Merger, such as expected increases in CFFO and cash flow and enhancements in value.

The expectations reflected in any forward-looking statements are based on assumptions, and Brookdale and Emeritus can give no assurance that such expectations will be attained and actual results could differ materially from those projected. Factors which could have a material adverse effect on operations and future prospects or which could cause events or circumstances to differ from the forward-looking statements include, but are not limited to:

the risk associated with the current global economic situation and its impact upon capital markets and liquidity;

changes in governmental reimbursement programs;

the inability of Brookdale or Emeritus to extend (or refinance) debt (including any credit or letter of credit facilities) as it matures;

the risk that Brookdale or Emeritus may not be able to satisfy the conditions precedent to exercising the extension options associated with certain debt agreements;

events which adversely affect the ability of seniors to afford monthly resident fees or entrance fees;

the conditions of housing markets in certain geographic areas;

the ability to generate sufficient cash flow to cover required interest and long-term operating lease payments;

the effect of indebtedness and long-term operating leases on liquidity;

the risk of loss of property pursuant to mortgage debt and long-term lease obligations;

the possibilities that changes in the capital markets, including changes in interest rates and/or credit spreads, or other factors could make financing more expensive or unavailable;

Brookdale's determination from time to time to purchase any shares under its repurchase program;

the ability to fund any repurchases;

the ability to effectively manage growth;

the ability to maintain consistent quality control;

delays in obtaining regulatory approvals;

the risk that the combined company may not be able to expand, redevelop and reposition its communities as planned;

the ability to complete acquisitions and integrate them into operations;

competition for the acquisition of assets;

the ability to obtain additional capital on acceptable terms;

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a decrease in the overall demand for senior housing;

vulnerability to economic downturns;

acts of nature in certain geographic areas;

terminations of resident agreements and vacancies in leased living spaces;

early terminations or non-renewal of management agreements;

increased competition for skilled personnel;

increased union activity;

departure of key officers;

increases in market interest rates;

environmental contamination at any of the facilities;

failure to comply with existing environmental laws;

an adverse determination or resolution of complaints filed against Brookdale or Emeritus;

the cost and difficulty of complying with increasing and evolving regulation;

risks relating to the Merger and the transactions contemplated by the Master Agreement, including:

in respect of the satisfaction of closing conditions to such transactions;

diversion of management attention on matters related to such transactions;

unanticipated difficulties and/or expenditures relating to such transactions;

the risk that regulatory approvals required for such transactions are not obtained or are obtained subject to conditions that are not anticipated;

uncertainties as to the timing of such transactions;

litigation relating to such transactions;

the impact of such transactions on relationships with residents, employees and third parties;

the inability to obtain, or delays in obtaining, cost savings and synergies from such transactions; and

other risks detailed from time to time in the respective filings of Brookdale and Emeritus with the SEC, including Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

Brookdale and Emeritus expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

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**RISK FACTORS**

*In addition to the other information included or incorporated by reference in this joint proxy statement/prospectus, including the matters addressed in Cautionary Note Regarding Forward-Looking Statements beginning on page 28, you should carefully consider the following risks before deciding how to vote.*

**Risks Relating to the Merger**

***Failure to complete the Merger could negatively affect the share prices, future businesses and financial results of Brookdale and Emeritus.***

Completion of the Merger is not assured and is subject to risks, including the risks that approval of the transaction by shareholders of Brookdale and Emeritus or by governmental agencies will not be obtained or that certain other closing conditions will not be satisfied. If the Merger is not completed, the ongoing businesses and financial results of Brookdale or Emeritus may be adversely affected and Brookdale and Emeritus will be subject to several risks, including:

having to pay certain significant transaction costs relating to the Merger without receiving the benefits of the Merger;

for Brookdale, potentially having to pay a termination payment of \$13.5 million if Brookdale shareholder approval is not obtained or a termination fee of \$143.0 million in other specific circumstances, including without limitation, a change in the Brookdale Board's recommendation to its shareholders or termination to accept an alternative takeover proposal;

for Emeritus, potentially having to pay a termination payment of \$13.5 million if Emeritus shareholder approval is not obtained or a termination fee of \$53.0 million in other specific circumstances, including without limitation, a change in the Emeritus Board's recommendation to its shareholders or termination to accept an alternative takeover proposal;

the potential loss of key personnel during the pendency of the Merger as employees may experience uncertainty about their future roles with the combined company;

Brookdale and Emeritus will have been subject to certain restrictions on the conduct of their businesses which may have prevented them from making certain acquisitions or dispositions or pursuing certain business opportunities while the Merger was pending;

the share price of Brookdale and/or Emeritus may decline to the extent that the current market prices reflect an assumption by the market that the Merger will be completed; and

each of Brookdale and Emeritus may be subject to litigation related to any failure to complete the Merger. ***Brookdale and Emeritus will incur substantial transaction fees and costs in connection with the Merger.***

Brookdale and Emeritus expect to incur non-recurring expenses totaling approximately \$57.5 million in connection with the Merger and the HCP Transactions. Additional unanticipated costs may be incurred, including, without limitation, unexpected transaction costs and other expenses in the course of the integration of the businesses of Brookdale and Emeritus. The companies cannot be certain that the elimination of duplicative costs or the realization of other efficiencies related to the integration of the two businesses will offset the transaction and integration costs in the near term, or at all.

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***Brookdale and Emeritus may be unable to obtain the regulatory approvals and third party consents required to complete the Merger or, in order to do so, Brookdale and Emeritus may be required to comply with material restrictions or conditions that may negatively affect the combined company after the Merger is completed or cause them to abandon the Merger. Failure to complete the Merger could negatively affect the future business and financial results of Brookdale and Emeritus.***

Completion of the Merger is contingent upon, among other things, the receipt of certain required regulatory approvals, including required regulatory approvals from governmental authorities necessary for the ownership, operation and management of each of the Emeritus facilities and the Emeritus management properties following closing of the Merger, as well as certain third party consents. Brookdale and Emeritus can provide no assurance that all required regulatory or third party authorizations, approvals or consents will be obtained or that the authorizations, approvals or consents will not contain terms, conditions or restrictions that would be detrimental to the combined company after completion of the Merger. See *The Merger Regulatory Approvals Required for the Merger* beginning on page 101.

***Delays in completing the Merger may substantially reduce the expected benefits of the Merger.***

Satisfying the conditions to, and completion of, the Merger may take longer than, and could cost more than, Brookdale and Emeritus expect. Any delay in completing or any additional conditions imposed in order to complete the Merger may materially adversely affect the synergies and other benefits that Brookdale and Emeritus expect to achieve from the Merger and the integration of their respective businesses. In addition, each of Brookdale and Emeritus have the right to terminate the Merger Agreement if the Merger is not completed by November 20, 2014, except that such date may be extended to January 20, 2015 if the only unsatisfied conditions to the completion of the Merger are those regarding the receipt of certain regulatory and third-party approvals and consents.

***Shareholder litigation against Brookdale and Emeritus could result in an injunction preventing completion of the Merger, the payment of damages in the event the Merger is completed and/or an adverse effect on the combined company's business, financial condition or results of operations following the Merger.***

Transactions such as the Merger are often subject to lawsuits by shareholders. In connection with the Merger, three purported class action lawsuits have been filed on behalf of Emeritus shareholders in the Superior Court of King County, Washington: *Tampa Maritime Association/International Longshoremen's Association Pension Fund v. Emeritus Corp., et al.*, Case No. 14-2-06385-7-SEA, filed February 28, 2014; *Sciabacucchi v. Emeritus Corp., et al.*, Case No. 14-2-06946-4-SEA, filed March 6, 2014; and *Ellerson v. Emeritus Corp., et al.*, Case No. 14-2-07502-2-SEA, filed March 14, 2014. It is possible that other related suits could subsequently be filed. Emeritus anticipates that any related cases that are subsequently filed will be consolidated and proceed as a single, consolidated case.

The allegations in the three lawsuits are similar. They purport to be brought as class actions on behalf of all shareholders of Emeritus. The complaints name as defendants Emeritus, the Emeritus Board, Brookdale and Merger Sub. The complaints allege that the Emeritus Board breached its fiduciary duties to Emeritus shareholders by, among other things, failing to maximize shareholder value in connection with the Merger or to engage in a fair sale process before approving the Merger. Specifically, the complaints allege that the Emeritus Board undervalued Emeritus in connection with the Merger and that the Emeritus Board agreed to certain deal protection mechanisms that precluded Emeritus from obtaining competing offers. The *Sciabacucchi* complaint also alleges that the Emeritus Board breached its fiduciary duties by failing to disclose all material information concerning the Merger to Emeritus shareholders. The three complaints also allege that Brookdale, Emeritus and Merger Sub aided and abetted the Emeritus Board's alleged breaches of fiduciary duties. The complaints seek, among other things, injunctive relief preventing the closing of the Merger, rescission of the Merger or an award of rescissory damages to the purported class in the event that the Merger

is consummated, and damages, including counsel fees and expenses. On April 30, 2014, the court consolidated the three lawsuits, relieved all defendants of the need to respond to the three filed complaints, and ordered plaintiffs to file a consolidated and



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amended complaint as soon as practicable after a registration statement is filed with the SEC in connection with the Merger. The consolidated action is under new caption *In re Emeritus Corp. Shareholder Litigation*, No. 14-2-06385-7 SEA. On May 6, 2014, the court appointed co-lead plaintiffs and co-lead and liaison counsel for plaintiffs in the consolidated proceeding.

One of the conditions to the closing of the Merger is that no temporary restraining order, preliminary or permanent injunction or other judgment, order or decree issued by any court of competent jurisdiction or other law, legal restraint or prohibition will be in effect preventing the consummation of the Merger. Consequently, if any lawsuit is successful in obtaining an injunction prohibiting Emeritus or Brookdale from consummating the Merger on the agreed upon terms, the injunction may prevent the Merger from being completed within the expected timeframe, or at all. Furthermore, if the Merger is prevented or delayed, the lawsuits could result in substantial costs, including any costs associated with the indemnification of directors. The defense or settlement of any lawsuit or claim that remains unresolved at the time the Merger is completed may adversely affect the combined company's business, financial condition or results of operations.

***Brookdale and Emeritus will be subject to various uncertainties and contractual restrictions while the Merger is pending that could adversely affect their financial results.***

Uncertainty about the effect of the Merger on employees, suppliers and residents may have an adverse effect on Brookdale and/or Emeritus. These uncertainties may impair Brookdale's and/or Emeritus' ability to attract, retain and motivate key personnel until the Merger is completed and for a period of time thereafter, and could cause residents, suppliers and others who deal with Brookdale or Emeritus to seek to change existing business relationships with Brookdale or Emeritus. Employee retention and recruitment may be particularly challenging prior to completion of the Merger, as employees and prospective employees may experience uncertainty about their future roles with the combined company.

The pursuit of the Merger and the preparation for the integration of the two companies may place a significant burden on management and internal resources. Any significant diversion of management attention away from ongoing business and any difficulties encountered in the transition and integration process could affect the financial results of Brookdale, Emeritus and/or the combined company.

In addition, the Merger Agreement restricts each of Brookdale and Emeritus, without the other's prior written consent, from taking certain specified actions while the Merger is pending. These restrictions may limit Brookdale and/or Emeritus from pursuing attractive business opportunities and making other changes to their respective businesses prior to completion of the Merger or termination of the Merger Agreement. See "The Merger Agreement" Conduct of Business Prior to Closing beginning on page 117.

***If completed, the Merger may not achieve its intended results, and Brookdale and Emeritus may be unable to successfully integrate their operations.***

Brookdale and Emeritus entered into the Merger Agreement with the expectation that the Merger will result in various benefits, including, among other things, cost savings and operating efficiencies. Achieving the anticipated benefits of the Merger is subject to a number of uncertainties, including whether the businesses of Brookdale and Emeritus can be integrated in an efficient and effective manner.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, additional and unforeseen expenses, the disruption of each company's ongoing businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any

of which could adversely affect the combined company's ability to achieve the anticipated benefits of the Merger. Difficulties in combining operations of Brookdale and Emeritus could also result in the loss of residents, suppliers, partners or other persons with whom Brookdale and Emeritus conduct business and potential disputes or litigation with residents, suppliers, partners or other persons with whom Brookdale and

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Emeritus conduct business. The combined company's results of operations could also be adversely affected by any issues attributable to either company's operations that arise or are based on events or actions that occur prior to the closing of the Merger. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits, expense savings and synergies will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect the combined company's future business, financial condition, operating results and prospects.

### ***Current Brookdale and Emeritus shareholders will have a reduced ownership and voting interest after the Merger.***

Brookdale expects to issue approximately 47 million shares of Brookdale common stock to Emeritus shareholders in the Merger. As a result of these issuances, current Brookdale and Emeritus shareholders are expected to hold approximately 73% and 27%, respectively, of the combined company's outstanding common stock immediately following completion of the Merger.

Brookdale and Emeritus shareholders currently have the right to vote for their respective directors and on other matters affecting the applicable company. When the Merger occurs, each Emeritus shareholder that receives shares of Brookdale common stock will become a shareholder of Brookdale with a percentage ownership of the combined company that will be smaller than the shareholder's percentage ownership of Emeritus. Correspondingly, each Brookdale shareholder will remain a shareholder of Brookdale with a percentage ownership of the combined company that will be smaller than the shareholder's percentage of Brookdale prior to the Merger. As a result of these reduced ownership percentages, Brookdale shareholders will have less voting power in the combined company than they now have with respect to Brookdale, and former Emeritus shareholders will have less voting power in the combined company than they now have with respect to Emeritus.

### ***Because the Exchange Ratio is fixed and the market price of shares of Brookdale common stock will fluctuate, Emeritus shareholders cannot be sure of the value of the Merger consideration they will receive.***

Upon completion of the Merger, each outstanding share of Emeritus common stock will be converted into the right to receive 0.95 of a share of Brookdale common stock. The number of shares of Brookdale common stock to be issued pursuant to the Merger Agreement for each share of Emeritus common stock is fixed and will not change to reflect changes in the market price of Brookdale or Emeritus common stock. Because the Exchange Ratio will not be adjusted to reflect any changes in the market value of Brookdale common stock or Emeritus common stock, the market value of the Brookdale common stock issued in connection with the Merger and the Emeritus common stock surrendered in connection with the Merger may be higher or lower than the values of those shares on earlier dates. Stock price changes may result from, among other things, changes in the business, operations or prospects of Brookdale or Emeritus prior to or following the Merger, market reaction to the announcement of the Merger, market assessment of the likelihood that the Merger will be completed, litigation or regulatory considerations, general business, market, industry or economic conditions and other factors both within and beyond the control of Brookdale and Emeritus. The market price of Brookdale common stock at the time of completion of the Merger may vary significantly from the market prices of Brookdale common stock on the date the Merger Agreement was executed, the date of this joint proxy statement/prospectus and the date of the respective special shareholder meetings. Accordingly, at the time of the Emeritus special shareholder meeting, Emeritus shareholders will not know or be able to calculate the market value of the Merger consideration they will receive upon completion of the Merger.

Under the Merger Agreement, Brookdale is subject to very limited restrictions during the pendency of the Merger, including a restriction prohibiting Brookdale from initiating, soliciting or knowingly encouraging the submission of, or participating in any discussions or negotiations with respect to certain alternative transactions. In addition,

Brookdale is not limited from pursuing certain strategic or financial transactions that do not

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constitute a takeover proposal, or that contemplate the purchase of the combined companies following the Merger. As a result, there is a risk that Brookdale's business may change before or after the completion of the Merger, which may affect the value of Emeritus shares prior to the completion of the Merger and the value of Brookdale common stock held by Emeritus shareholders following the completion of the Merger.

***The Merger Agreement limits each of Brookdale's and Emeritus' ability to pursue alternatives to the Merger, which could discourage a potential acquirer of either Emeritus or Brookdale from making an alternative transaction proposal and, in certain circumstances, could require Brookdale or Emeritus to pay to the other a significant termination fee.***

Under the Merger Agreement, Brookdale and Emeritus are restricted, subject to limited exceptions, from pursuing or entering into alternative transactions in lieu of the Merger. In general, unless and until the Merger Agreement is terminated, both Brookdale and Emeritus are restricted from, among other things, soliciting, initiating, causing, knowingly encouraging or knowingly facilitating any inquiries or the making of any proposals from any person that is or is reasonably likely to lead to a takeover proposal. Each of the Brookdale Board and the Emeritus Board is limited in its ability to change its recommendation with respect to the Merger-Related proposals. Brookdale and Emeritus each has the right to terminate the Merger Agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including compliance with the non-solicitation provisions of the Merger Agreement, the expiration of certain waiting periods that may give the other party an opportunity to amend the Merger Agreement so the superior proposal is no longer a superior proposal and the payment of the required termination fee. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of Brookdale or Emeritus from considering or proposing such an acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than the consideration proposed to be received or realized in the Merger, or might result in a potential acquirer proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable.

***The pro forma financial statements included in this joint proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the Merger.***

The pro forma financial statements contained in this joint proxy statement/prospectus are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of the combined company's financial condition or results of operations following the Merger for several reasons. See Selected Unaudited Pro Forma Combined Consolidated Financial Information beginning on page 24. The actual financial condition and results of operations of the combined company following the Merger may not be consistent with, or evident from, these pro forma financial statements. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the Merger. Any potential decline in the combined company's financial condition or results of operations may cause significant variations in the stock price of the combined company.

***Following the Merger and related transactions, the combined company will have a large number of authorized but unissued shares.***

Following the Merger and related transactions, including the Charter Amendment, based on the shares of Emeritus common stock, the shares of Emeritus restricted stock and the shares subject to Emeritus stock options with an exercise price that is less than the implied dollar value of the per share consideration to be received in the Merger, in each case, outstanding as of the record date, the combined company will have approximately 172 million shares of

common stock outstanding (excluding unvested restricted shares), leaving approximately 228 million authorized but unissued shares. The combined company will be able to issue these shares without shareholder approval, unless shareholder approval is required by applicable law or stock exchange rules. Issuing

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additional shares may dilute the interest of existing shareholders and cause the market price of the combined company's common stock to decline. In addition, the combined company could use these authorized but unissued shares to make more difficult, and thereby discourage, an attempt to acquire control of the combined company, even though shareholders might deem such an acquisition desirable.

*The shares of Brookdale common stock to be received by Emeritus shareholders as a result of the Merger will have different rights from the shares of Emeritus common stock.*

Upon completion of the Merger, Emeritus shareholders will become Brookdale shareholders and their rights as shareholders will be governed by Brookdale's certificate of incorporation and bylaws and the DGCL. Certain of the rights associated with Brookdale common stock are different from the rights associated with Emeritus common stock. See "Comparison of Rights of Shareholders of Brookdale and Emeritus" beginning on page 159 for a discussion of the different rights associated with Brookdale common stock.

## **Risks Relating to Brookdale and Emeritus**

Brookdale and Emeritus are, and will continue to be, subject to the risks described in the following periodic reports, each of which is incorporated by reference into this joint proxy statement/prospectus:

Brookdale's Annual Report on Form 10-K for the year ended December 31, 2013, which was filed by Brookdale on March 3, 2014 with the SEC, as amended by Brookdale's Annual Report on Form 10-K/A for the year ended December 31, 2013, which was filed by Brookdale on April 30, 2014 with the SEC;

Brookdale's Quarterly Report on Form 10-Q for the period ended March 31, 2014, which was filed by Brookdale on May 12, 2014 with the SEC;

Emeritus' Annual Report on Form 10-K for the year ended December 31, 2013, which was filed by Emeritus on February 20, 2014 with the SEC, as amended by Emeritus' Annual Report on Form 10-K/A for the year ended December 31, 2013, which was filed by Emeritus on April 30, 2014 with the SEC; and

Emeritus' Quarterly Report on Form 10-Q for the period ended March 31, 2014, which was filed by Emeritus on May 8, 2014 with the SEC.

Please see "Where You Can Find More Information" beginning on page 172 for how you can obtain information incorporated by reference into this joint proxy statement/prospectus.

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**THE MERGER**

*The following is a discussion of the Merger and the material terms of the Merger Agreement between Brookdale and Emeritus. You are urged to read carefully the Merger Agreement in its entirety, a copy of which is attached as Annex B to this joint proxy statement/prospectus and incorporated by reference herein.*

**Background of the Merger**

During the past several years, as part of the ongoing strategic planning process of each of Emeritus and Brookdale, each company's management and board of directors regularly reviewed and assessed, among other things, long-term strategic goals and opportunities, the competitive environment, trends in the senior housing industry, and short- and long-term performance in light of its strategic plan. In connection with these activities, each company's management and board of directors also considered and evaluated potential strategic alternatives, including business combinations, acquisitions, dispositions and internal restructurings. These strategic alternatives also included the possible separation of such company's real estate assets and operating business and the potential sale or spin-off of one or both. From time to time, the foregoing also has included proposals and discussions between Emeritus and Brookdale and/or certain other companies in the senior living industry, as well as with other business partners, about a variety of possible strategic alternatives that could lead to enhancing shareholder value. Such proposals and discussions did not result in a transaction.

During the first half of 2013, Emeritus engaged in discussions with potential strategic partners and contemplated various strategic opportunities, including the monetization of its real estate assets. As part of this process, Emeritus asked Wells Fargo Securities to serve as its financial advisor. Wells Fargo Securities was retained because of its reputation, credentials and experience with transactions of the nature contemplated by Emeritus. With the assistance of Wells Fargo Securities and Perkins Coie, the Emeritus Board discussed various potential alternatives in light of recent transactions in the senior housing industry and Emeritus' operations and strategic plan.

In late June 2013, a business partner of Emeritus, referred to herein as Company A, had discussions with Emeritus management and indicated that it intended to propose an acquisition of Emeritus' real estate assets. At a June 25, 2013 Emeritus Board meeting at which management discussed Company A's intended proposal, the Emeritus Board formed a transaction committee, referred to herein as the Transaction Committee, comprised of directors H.R. Brereton Barlow, Stanley Baty and Stuart Koenig. The Transaction Committee was formed to facilitate communications with, and to provide feedback to, management in connection with developments relating to, and evaluation of, potential strategic transactions. The Emeritus Board retained the authority to approve any transaction.

Following the June 25, 2013 board meeting, Emeritus, with input from its legal, financial and accounting advisors, explored various potential alternatives related to monetizing its real estate assets, which included a review of tax, legal, accounting, third-party consent and other matters, as well as its ability to consummate any such transaction. The Transaction Committee met on July 8, 2013 to further analyze these potential alternatives and the forthcoming indication of interest from Company A.

On August 13, 2013, Company A submitted a written indication of interest to acquire Emeritus' owned senior housing communities, referred to herein as the Company A Real Estate Proposal. The Company A Real Estate Proposal contemplated a sale and leaseback of Emeritus' owned senior housing communities together with a disposition of Emeritus' operating business. The disposition might have involved a spin-off to Emeritus shareholders, a sale to one or more third parties or another structure. The Company A Real Estate Proposal terms were based on a number of factors, such as lease payment rates, escalation of those rates, lease coverage ratios and other terms typical for such a transaction, that would have an impact on the value of the real estate and the operating business. The transaction



would have required the consent of certain third parties.

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On August 14, 2013, the Transaction Committee met to discuss the Company A Real Estate Proposal with Emeritus management and legal and financial advisors. The proposal indicated that Company A was only interested in acquiring Emeritus owned real estate, but would assist in facilitating the simultaneous sale of Emeritus operating business to one or more third parties. The Transaction Committee discussed the Company A Real Estate Proposal as well as other potential strategic alternatives. The Transaction Committee reviewed with Wells Fargo Securities a number of potential buyers for the operating company, as well as Emeritus in its entirety, and engaged in considerable discussion on the merits of each, which discussion included, among other factors, whether each potential buyer had the capital resources and/or access to capital, industry expertise and other capabilities to timely execute a transaction with Emeritus and their likely level of interest. The Transaction Committee then directed management, with the assistance of Wells Fargo Securities, to develop a list of potential buyers that were believed to be likely interested in and capable of pursuing a value-enhancing transaction with Emeritus and to thereafter contact such potential buyers on a confidential basis in order to assess their interest in Emeritus.

Following the August 14, 2013 Transaction Committee meeting and consistent with the directives of the Transaction Committee at that meeting, Emeritus management and Wells Fargo Securities continued to discuss potential interested buyers, which included extensive discussion of possible buyers of Emeritus in its entirety, and contacted four potential financial buyers with significant capital resources and investments in portfolio companies in the senior living industry, two business partners, one of which is referred to herein as Company C, that were believed to be interested in Emeritus real estate and two strategic buyers, the first referred to herein as Company B, and the second being Brookdale. None of these efforts identified a likely buyer for the operating business on a standalone basis. The two potential strategic buyers, however, expressed an interest in acquiring Emeritus in its entirety, with Company B expressing an interest in a combination which would result in the Emeritus shareholders owning approximately 50% of the combined company, and with Brookdale expressing an interest in a combination structure consistent with the Merger. No other parties expressed an interest in an acquisition of Emeritus in its entirety.

Emeritus management reported the details and results of these discussions to the Transaction Committee at its September 9, 2013 meeting. At that meeting, the Transaction Committee further considered Emeritus strategic considerations and additional potential counterparties.

On September 18, 2013, the Emeritus Board met with Emeritus management and legal advisors and Wells Fargo Securities to discuss the Company A Real Estate Proposal, the other expressions of interest and other potential strategic alternatives. The Emeritus Board considered, among other things, (i) the potential value to Emeritus and its shareholders of the Company A Real Estate Proposal or a similar transaction with other business partners, (ii) the benefits and risks of such a transaction in contrast to a transaction for Emeritus as a whole, (iii) the challenges to executing such a transaction, including obtaining necessary third-party consents, (iv) the fact that none of the potential buyers contacted by Emeritus had expressed sufficient interest in a transaction for the operating business, and (v) the viability and value implications of a spin-off of the operating business. In addition, the Emeritus Board discussed the extent to which certain terms of potential lease arrangements with a real estate-only acquirer would impact the viability of a stand-alone public operating company. Moreover, the Emeritus Board assessed the overall value proposition presented by a real estate-only proposal relative to other strategic alternatives, in particular, the whole company transactions proposed by Company B and Brookdale. Considering these factors, the Emeritus Board agreed that management should continue discussions with Company B and Brookdale with respect to a whole company transaction.

On September 24 and 25, 2013, representatives of Emeritus met with Company B with respect to a potential transaction with Emeritus. No specific transaction terms were proposed or discussed at the meeting.

During the second week of October 2013, Emeritus and Brookdale discussed at multiple meetings a potential all-stock merger in which each outstanding share of Emeritus common stock would be exchanged for a number of shares of Brookdale common stock at an exchange ratio valuing Emeritus at a premium of approximately 15% to 20% to the then-current Emeritus common stock price.

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That same week, Emeritus also met with Company B to explore a potential business combination. No specific transaction terms were proposed or discussed at the meeting; however, the parties expressed interest in further exploring a possible transaction.

On October 16, 2013, Company A and Company C provided a preliminary conceptual term sheet to Emeritus, which outlined a potential transaction, referred to herein as the Joint Real Estate Proposal, whereby Company A and Company C would form a joint venture to purchase the real estate assets of both Emeritus and Brookdale (with a lease of the purchased real estate back to the operating business), and the operating businesses of Emeritus and Brookdale would be combined and spun-off. The purchase price in such transaction would have been paid 30% in cash and 70% in stock of Company A and Company C.

On October 17, 2013, the Emeritus Board reviewed, with the assistance of Emeritus management and legal advisors and Wells Fargo Securities, the status and possible terms of a strategic transaction with Brookdale or Company B and the Joint Real Estate Proposal. Wells Fargo Securities discussed and the Emeritus Board considered financial aspects of the possible transactions. With respect to the Joint Real Estate Proposal, the Emeritus Board considered, among other things, the potential benefits of such transaction and the challenges and risks presented by such a four-party transaction, including those challenges and risks identified with respect to the Company A Real Estate Proposal. Following such discussion, the Emeritus Board authorized management to continue discussions with Brookdale and Company B, the only companies to express an interest in acquiring all of Emeritus. On October 18, 2013, Emeritus management communicated to Company A that the Emeritus Board had determined not to pursue the Joint Real Estate Proposal.

On October 24, 2013, the Brookdale Board discussed the sale process being conducted by Emeritus. With the assistance of Brookdale's management and legal and financial advisors, the Brookdale Board considered, among other things, the relative benefits and risks of pursuing (i) an acquisition of Emeritus as a whole and (ii) the transaction contemplated by the Joint Real Estate Proposal and determined to pursue only the acquisition of Emeritus as a whole. On October 24 and 25, 2013, Brookdale's management and financial advisors communicated to Company A and Company C that the Brookdale Board had determined not to pursue the Joint Real Estate Proposal.

On October 25, 2013, Emeritus received an indication of interest from Company B proposing a transaction in which Emeritus shareholders would own 54% of the combined company and receive a \$6.25 per share cash dividend payable to Emeritus shareholders. At that time, this proposal implied a value of \$26.03 per share of Emeritus common stock, or an approximately 32% premium to Emeritus then-current stock price.

On November 1, 2013, the Emeritus Board again met to discuss in detail the terms of a possible transaction with either Brookdale or Company B. Emeritus management informed the Emeritus Board that Brookdale had determined not to pursue the Joint Real Estate Proposal. Wells Fargo Securities reviewed with the Emeritus Board financial considerations relating to the proposed transactions with Brookdale and Company B. At the meeting, the Emeritus Board discussed the potential benefits and risks of each transaction, including, in the case of the Brookdale transaction, a number of those described in "Rationale for the Merger" beginning on page 44. The Emeritus Board determined that Emeritus management should continue discussions with each of Brookdale and Company B, as well as related assessments and due diligence.

During November and December 2013, Emeritus responded to due diligence requests and inquiries from each of Brookdale and Company B, and continued to discuss a possible transaction with such parties.

On December 5, 2013, Emeritus entered into an engagement letter with Moelis confirming that Moelis had been engaged as a financial advisor to render its opinion to the Emeritus Board as to the fairness of the consideration to be

received by Emeritus shareholders in a potential transaction. Moelis was retained because of its reputation, credentials and experience with transactions of the nature contemplated by Emeritus.

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On December 12, 2013, the Brookdale Board discussed with Brookdale's management and legal and financial advisors, among other things, the relative benefits and risks of pursuing an acquisition of Emeritus as a whole. The Brookdale Board authorized Brookdale's management to continue discussions relating to a merger transaction pursuant to which Emeritus' shareholders would receive 0.820 to 0.850 of a share of Brookdale common stock in exchange for each outstanding share of Emeritus common stock and directed that Brookdale's management and financial advisors continue discussions with Emeritus.

On December 13, 2013, Brookdale's financial advisors informed Wells Fargo Securities that the Brookdale Board had met and expressed interest in proceeding with discussions with respect to a merger transaction pursuant to which Emeritus' shareholders would receive 0.820 to 0.850 of a share of Brookdale common stock in exchange for each outstanding share of Emeritus common stock. Brookdale also stated that as a condition to the continuation of discussions, Brookdale would require that Emeritus enter into an exclusivity agreement with Brookdale.

On December 16, 2013, Emeritus proposed to Company B that it increase the purchase price in its October 25, 2013 proposal such that Emeritus shareholders would receive a combination of cash and Company B common stock with an aggregate implied value of \$29.00 per share of Emeritus common stock.

On December 17, 2013, Emeritus received a written indication of interest from Brookdale proposing a merger transaction pursuant to which Emeritus shareholders would receive 0.820 to 0.850 of a share of Brookdale common stock in exchange for each share of Emeritus common stock, which implied a value as of that date of approximately \$22.10 to \$22.91 per share of Emeritus common stock. The indication of interest also required that the parties negotiate on an exclusive basis through February 15, 2014.

On December 18, 2013, Company B verbally proposed a revised indication of interest for a transaction pursuant to which Emeritus shareholders would receive total consideration with an implied value equal to \$28.00 per share of Emeritus common stock, consisting of a combination of cash and stock that would give Emeritus shareholders an approximately 49.5% aggregate ownership of the combined company. Company B expressed interest in proceeding with discussions on an exclusive basis.

On December 19, 2013, the Emeritus Board met with Emeritus' management and legal and financial advisors. At this meeting, the Emeritus Board reviewed the indications of interest received from Company B and Brookdale, and also reviewed a standalone strategy, and considered the difference in the financial terms proposed by the two companies, the relative benefits and risks with respect to ownership of such companies' common stock and the other factors it considered at prior meetings. The Emeritus Board authorized senior management to proceed in negotiations with Company B on an exclusive basis and terminate discussions with Brookdale.

Following the December 19, 2013 meeting of the Emeritus Board, Emeritus informed Brookdale that the Emeritus Board had decided not to proceed with the Brookdale proposal, in response to which, on December 20, 2013, Brookdale provided Emeritus with a revised indication of interest in pursuing a transaction with an implied value of \$26.00 or more per share of Emeritus common stock.

Later on December 20, 2013, at Emeritus' direction, Wells Fargo Securities sent a process letter to each of Company B and Brookdale requesting the submission of a best and final offer by December 22, 2013.

On December 22, 2013, the Brookdale Board authorized Brookdale's management to submit a proposal to acquire Emeritus in a merger transaction pursuant to which Emeritus' shareholders would receive one share of Brookdale common stock in exchange for each outstanding share of Emeritus common stock.

On December 22, 2013, Emeritus received best and final offers from each of Company B and Brookdale. Company B proposed a transaction pursuant to which Emeritus shareholders would receive total consideration with an implied value equal to \$29.00 per share of Emeritus common stock, consisting of \$7.00 in cash and

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Company B common stock having an implied value of \$22.00 per share of Emeritus common stock, representing a premium of 39.5% to the closing price of Emeritus common stock on December 20, 2013. Company B's proposal contemplated an exchange ratio that would be fixed at the signing of a definitive merger agreement, with the ultimate value of the stock component of the per share consideration fluctuating with Company B's trading price after the signing of a definitive merger agreement. Based on the market price of Company B's common stock at that time, Emeritus shareholders would own approximately 49.8% of the combined company upon consummation of the transaction. Company B indicated that it would require approximately \$350 million of financing from third-party sources to pay the cash portion of the purchase price and closing expenses. Company B delivered with its proposal a customary letter from an internationally recognized investment banking firm indicating that it was highly confident in its ability to arrange the necessary financing.

Brookdale's proposal contemplated a merger transaction pursuant to which Emeritus shareholders would receive one share of Brookdale common stock in exchange for each share of Emeritus common stock. This implied a value of approximately \$27.20 per share of Emeritus common stock based on the closing price of Brookdale common stock on December 20, 2013. Brookdale's proposal contemplated an exchange ratio that would be fixed at the signing of a definitive merger agreement, with the ultimate value of the per share consideration fluctuating with Brookdale's trading price after the signing of a definitive merger agreement. The \$27.20 per share represented a 30.8% premium to the closing price of Emeritus common stock on December 20, 2013. Brookdale noted in its proposal a number of reasons why a combination of Emeritus and Brookdale would be in the best interests of both shareholder groups, including, among others, (i) expected shareholder gains from multiple expansion and synergies, (ii) a significant overlapping shareholder base expected to understand strategic rationale and projected synergies due to a common investment thesis, (iii) meaningful and validated near-term synergy opportunity, with proven execution capabilities at both organizations, (iv) substantial long-term synergy opportunity, (v) significant real estate ownership providing a valuation floor and a post-merger valuation opportunity to shareholders, (vi) visibility of potential future stock performance based on the logical nature of the combination, the similarity of Brookdale and Emeritus stock trading performance over the past several years and the stability of Brookdale's recent stock price and (vii) the scale and expertise of the combined company's ancillary services offerings.

Each of Company B and Brookdale required Emeritus to exclusively negotiate with it to continue to move forward with a possible transaction.

On December 22, 2013, the Emeritus Board considered and discussed at length, with the assistance of Emeritus management and legal and financial advisors, the terms of the offers received from Company B and Brookdale. Wells Fargo Securities discussed with the Emeritus Board financial aspects of each offer. After full discussion and considering all of the advantages and disadvantages of both offers, the Emeritus Board determined that moving forward with a transaction with Brookdale would be in the best interests of Emeritus shareholders. The Emeritus Board considered, among other things, the value to Emeritus shareholders of expected synergies, both on a short- and long-term basis, expected market reaction to the transaction, including a potential increase in Brookdale's stock price, and the overall long-term value proposition of the combination with Brookdale to Emeritus shareholders compared to the transaction contemplated by Company B, as well as the potential risks associated with the transaction contemplated by Company B and other factors considered by the Emeritus Board as more fully described below under

Rationale for the Merger and Emeritus Board of Directors Recommendation and Its Reasons for the Merger beginning on pages 44 and 48, respectively. The Emeritus Board authorized management to negotiate a transaction with Brookdale on an exclusive basis through January 23, 2014.

On December 23, 2013, Emeritus and Brookdale executed an exclusivity agreement providing for Emeritus and Brookdale to negotiate on an exclusive basis through January 23, 2014.



On December 24, 2013, Brookdale sent Emeritus a supplemental due diligence request list, and over the next several weeks, Emeritus, with the assistance of its legal advisors and financial advisors, continued to

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facilitate Brookdale's and its legal and financial advisors' due diligence review. Emeritus, with the assistance of its advisors, also conducted a due diligence review of Brookdale.

On December 27, 2013, Skadden sent a draft merger agreement to Perkins Coie that, among other things, contemplated the entry by the Supporting Shareholders into a voting agreement with Brookdale.

On December 31, 2013 and January 4, 2014, Perkins Coie and Skadden exchanged revised drafts of the merger agreement, and on January 8, 2014, Perkins Coie and Skadden discussed certain open issues in the draft merger agreement, including, among others: (i) the proposed voting agreement between Brookdale and the Supporting Shareholders, (ii) the treatment of Emeritus equity awards, (iii) the applicable fees and/or payments to be paid in connection with a termination of the definitive merger agreement, (iv) the scope of certain provisions relating to the solicitation of competing offers, (v) the scope of certain covenants and closing conditions related to obtaining required third-party consents and regulatory approvals, (vi) the scope of certain representations and warranties and (vii) the scope of certain interim operating covenants.

At a meeting on January 9, 2014, the Emeritus Board reviewed with Emeritus' management and legal and financial advisors the status of the proposed transaction with Brookdale, including matters related to the draft merger agreement and due diligence activities.

On January 10, 2014, Perkins Coie sent a revised draft of the merger agreement to Skadden, and on January 16, 2014, Skadden sent a revised draft of the merger agreement and an initial draft of the voting agreement to Perkins Coie.

On January 17, 2014, Emeritus management communicated to Brookdale management four issues relating to the draft merger agreement that Emeritus aimed to resolve prior to granting any extension of exclusivity, which was scheduled to expire on January 23, 2014: (i) certain terms of the proposed voting agreement between Brookdale and the Supporting Shareholders, (ii) the size of applicable fees and/or payments to be paid in connection with a termination of the definitive merger agreement, (iii) the scope of certain provisions relating to the solicitation of competing offers and (iv) the scope of certain covenants related to obtaining required governmental approvals.

On January 18, 2014, Perkins Coie sent a revised draft of the merger agreement and an initial draft of the confidential disclosure letter to be delivered by Emeritus in connection with the definitive merger agreement. The next day, Skadden and Perkins Coie discussed a list of open issues relating to the draft merger agreement prepared by Skadden, which list included the issues identified by Emeritus management on January 17, 2014, as well as, among other things, the scope of certain representations and warranties and interim operating covenants.

At a meeting on January 21, 2014, the Emeritus Board again met to review with Emeritus' management and legal and financial advisors the status of the proposed transaction with Brookdale, including matters related to the draft merger agreement, the status of outstanding issues, due diligence activities and the status of obtaining consents from each company's most significant business partners. At that meeting, the Emeritus Board also approved the extension of exclusivity with Brookdale through February 5, 2014 to continue negotiations in respect of the draft merger agreement and third-party consents required to complete the transaction. Later on January 21, 2014, Emeritus and Brookdale executed an amendment to the parties' exclusivity agreement providing for Emeritus and Brookdale to continue negotiating on an exclusive basis through February 5, 2014.

On January 24, 2014, Skadden sent a revised draft of the merger agreement and a revised draft of the voting agreement to Perkins Coie, as well as a summary of Brookdale's response positions on the key open issues. Also on January 24, 2014, Perkins Coie sent a revised draft of the Emeritus disclosure letter to Skadden.

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On January 28, 2014, Skadden provided comments to the Emeritus disclosure letter and an initial draft of the Brookdale disclosure letter to Perkins Coie.

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On January 29, 2014, Perkins Coie sent a revised draft of the merger agreement to Skadden, as well responses to the previously circulated summary of Brookdale's response positions, noting that certain issues remained open, including, among others (i) certain terms of the proposed voting agreement between Brookdale and the Supporting Shareholders, (ii) the size of applicable fees and/or payments to be paid in connection with a termination of the definitive merger agreement, (iii) the scope of certain provisions relating to the solicitation of competing offers and (iv) the scope of certain covenants related to obtaining required governmental approvals.

On January 30, 2014, Perkins Coie sent a revised draft of the voting agreement to Skadden.

On January 31, 2014, Skadden sent a revised draft of the merger agreement to Perkins Coie.

On February 4, 2014, the management teams of Emeritus and Brookdale met in Chicago, Illinois at Brookdale's request. Brookdale indicated that it required a reduction in the exchange ratio to 0.95 of a share of Brookdale common stock for each share of Emeritus common stock. Brookdale communicated to Emeritus that the proposed reduction was based on the higher than anticipated costs associated with the transaction and the results of Brookdale's ongoing business and financial due diligence review of Emeritus.

Later on February 4, 2014, and through February 5, 2014, Skadden and Perkins Coie exchanged several drafts of proposed language aimed at resolving the open issues in the draft merger agreement.

On February 5, 2014, the Emeritus Board met to review with Emeritus' management and legal and financial advisors the status of the proposed transaction with Brookdale and to discuss, among other matters, Brookdale's proposed revision to the exchange ratio and the expiration of the exclusivity agreement. The Emeritus Board considered the possibility of re-engaging with Company B in light of the proposed revision to the exchange ratio, and further considered the status of negotiations with Brookdale and in respect of third-party consents, as well as the other benefits and risks of a transaction with Brookdale and Company B. The Emeritus Board concluded that Emeritus should continue to negotiate with Brookdale, and the Emeritus Board also authorized management to extend the exclusivity period with Brookdale to a date not later than February 18, 2014.

On February 6, 2014, Emeritus and Brookdale executed an amendment to the parties' exclusivity agreement providing for Emeritus and Brookdale to continue negotiating on an exclusive basis through February 18, 2014, and the parties continued negotiations in respect of the draft merger agreement and third-party consents required to complete the transaction.

During the following 10 days, Emeritus' and Brookdale's legal advisors exchanged successive drafts of the merger agreement, the Emeritus and Brookdale disclosure letters and the voting agreement. In addition, on February 15, Brookdale sent to Emeritus an initial draft of a proposed letter agreement to be entered into with Mr. Cobb relating to his providing consulting services to Brookdale following the completion of the proposed transaction.

On February 16, 2014, the Brookdale Board discussed with Brookdale's management and legal and financial advisors the current draft of the merger agreement, the parties' ongoing discussions relating to obtaining required third-party consents and the status of Brookdale's due diligence review of Emeritus. The Brookdale Board also considered the appointment of Mr. Cobb to the board of directors of the combined company following the completion of the proposed transaction, as well as Brookdale's potential entry into the letter agreement with Mr. Cobb.

Later on February 16, 2014, Skadden sent a further revised draft of the merger agreement to Perkins Coie.

On February 17, 2014, the Emeritus Board met with Emeritus management and legal and financial advisors to review the proposed transaction with Brookdale, at which meeting the Emeritus Board discussed with Wells Fargo Securities and Moelis the revised exchange ratio and other financial aspects of the proposed transaction and legal counsel reviewed with the Emeritus Board the near final terms and conditions of the draft merger agreement.

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Over the next several days, pursuant to the authorization of the Emeritus Board, Emeritus and Brookdale extended exclusivity on a rolling basis until the negotiations of the terms of the draft merger agreement and ancillary agreements, including agreements relating to certain third-party consents, and due diligence activities were completed on February 20, 2014.

On February 17, 2014, following discussions between Brookdale management and representatives of the Fortress Shareholders, Brookdale received a draft letter agreement from counsel to the Fortress Shareholders, providing for, among other things, the Fortress Shareholders' agreement to vote all of the shares of Brookdale common stock to the extent held by them as of the applicable record date for Brookdale's special meeting to approve the proposed merger in favor of the transactions contemplated by the proposed merger agreement. Later on February 17, 2014, Skadden provided comments to draft letter agreement to counsel to the Fortress Shareholders.

During the following several days, Emeritus and Brookdale's legal advisors and the other applicable counterparties exchanged successive drafts of the merger agreement, the Emeritus and Brookdale disclosure letters, the voting agreement, the letter agreement with the Fortress Shareholders and the letter agreement with Mr. Cobb.

On February 19, 2014, the Brookdale Board's Audit Committee and Nominating and Corporate Governance Committee held a joint meeting at which the committees discussed with Brookdale's management and legal advisors, among other things, the current draft of the merger agreement and the terms of the letter agreement proposed to be entered into with the Fortress Shareholders. The committees unanimously approved Brookdale's entry into the letter agreement.

Following the committee meetings, the Brookdale Board discussed with Brookdale's management and legal and financial advisors, among other things, the current draft of the merger agreement, the parties' ongoing discussions with third parties relating to obtaining required consents and the status of Brookdale's due diligence review of Emeritus, as well as the letter agreement proposed to be entered into with the Fortress Shareholders.

On February 19, 2014 and February 20, 2014, Emeritus and Brookdale's legal advisors and the other applicable counterparties exchanged successive drafts and finalized the terms of the merger agreement and ancillary agreements, including agreements relating to certain third-party consents.

On February 20, 2014, the Emeritus Board, with the assistance of Emeritus' management and legal and financial advisors, reviewed and discussed, among other things: the final material terms and conditions of the Merger Agreement, including the Exchange Ratio and the fact that the Supporting Shareholders (Daniel R. Baty, Stanley L. Baty, B.F., Limited Partnership, and Baty 2014 Grantor Retained Annuity Trust), who collectively owned approximately 12.1% of Emeritus common stock as of such date, would execute the Voting Agreement, providing for their agreement to vote in favor of the transaction and against any alternative transaction. The Emeritus Board noted that the price of Brookdale's common stock had increased from the date Emeritus first entered into exclusive negotiations with Brookdale, and based on the closing price of Brookdale common stock on February 19, 2014, implied a value at the proposed exchange ratio of \$28.41 per share of Emeritus common stock. Also at the meeting, Wells Fargo Securities and Moelis each reviewed with the Emeritus Board its financial analysis of the Exchange Ratio and each rendered to the Emeritus Board separate opinions dated February 20, 2014, to the effect that, as of such date and based on and subject to various qualifications, limitations and assumptions stated in its respective opinion, the Exchange Ratio provided pursuant to the Merger Agreement was fair, from a financial point of view, to holders of Emeritus common stock (other than Brookdale, Merger Sub and their respective affiliates). Believing they were fully informed, on February 20, 2014, the Emeritus Board unanimously determined that the proposed merger and related transactions were in the best interest of Emeritus and its shareholders and approved the Merger Agreement and recommended its approval to Emeritus' shareholders.



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Also on February 20, 2014, the Brookdale Board, with the assistance of Brookdale's management and legal and financial advisors, reviewed and discussed, among other things: the final material terms and conditions of the Merger Agreement and the ancillary agreements, including the Voting Agreement, the Fortress Agreement and the letter agreement with Mr. Cobb. Also at the meeting, CSCA and BofA Merrill Lynch each reviewed with the Brookdale Board its financial analysis of the Exchange Ratio and each delivered to the Brookdale Board an oral opinion, each of which was confirmed by delivery of a written opinion dated February 20, 2014, to the effect that, as of such date and based on and subject to various assumptions and limitations stated in its respective opinion, the Exchange Ratio provided for in the Merger was fair, from a financial point of view, to Brookdale. Based on these and prior discussions with its financial, legal and other advisors, and believing they were fully informed, on February 20, 2014, the Brookdale Board unanimously determined that the proposed merger and related transactions were in the best interest of Brookdale and its shareholders and approved the Merger Agreement.

Following the meetings, Emeritus and Brookdale executed the Merger Agreement and the ancillary agreements and issued a joint press release announcing the Merger following the closing of trading.

## **Rationale for the Merger**

In the course of their discussions regarding a potential business combination, both Brookdale and Emeritus recognized there were substantial potential strategic and financial benefits of the proposed Merger. This section summarizes the principal potential strategies and financial benefits that the parties expect to realize in the Merger and the other reasons that each party decided to approve the Merger Agreement and determined to recommend that their shareholders vote in favor of their Merger-Related proposals. For a discussion of various factors that could prevent or limit the parties from realizing some or all of these benefits, see **Risk Factors** beginning on page 30.

Each of Brookdale and Emeritus believes that the Merger will enhance shareholder value through, among other things, enabling Brookdale and Emeritus to capitalize on the following strategic advantages and opportunities:

*Produces Positive Accretion and Enhances Opportunities to Increase Operating Efficiency; Synergies.* The Merger is expected to produce an increase to CFFO in excess of \$0.40 per share in the third year of combined operations. The parties expect to achieve significant synergies resulting from the greater scale of the combined companies, which is expected to result in an increase in cash flow of up to \$55 million annually. The Merger is expected to produce ongoing opportunities to achieve economies of scale for purchases of items such as insurance, food and benefits and to reduce other general and administrative expenses. See **Unaudited Financial Forecasts** beginning on page 86.

*Enhanced Value of the Combined Company's Real Estate Portfolio.* The Merger creates one of the largest owned senior housing real estate portfolios in the country. Brookdale and Emeritus expect to capture increases in the value of owned real estate as EBITDA grows. Similarly, the combined company will be positioned to unlock significant embedded value in purchase options and to deploy capital in Emeritus assets. With over 1,100 communities post-Merger, Brookdale expects to continue earning a strong return on its investment in portfolio expansion and repositionings through its redevelopment program, named Program Max.



*Significantly Enlarges Geographic Coverage and Density.* The addition of Emeritus will expand Brookdale's unit capacity by more than two-thirds, providing entry into 10 new states and significantly increasing the combined company's presence in many high-population states, especially in the west and northeast. Units will more than double in California, New York, Georgia, New Jersey, Washington and Massachusetts and increase by more than 25% in 13 of the country's 15 most populous states. Enhanced geographic coverage and density is a contributing factor to Brookdale's ability to increase its operating efficiencies and may provide additional opportunities for growth from markets with clusters of assets.

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*Expands Potential for Ancillary Service Growth.* The combination will enable Brookdale to expand its therapy, home health and hospice ancillary programs into Emeritus communities and accelerate the introduction of Emeritus Nurse on Call home health services into Brookdale's major markets.

*Strengthens the Brand.* Consistent with Brookdale's major branding initiative commenced in mid-2013, the larger national platform created by this transaction allows the combined company to build brand awareness more efficiently and effectively, reaching more seniors and their families who can benefit from the company's services.

*Ability to Participate in Future Growth of the Combined Company.* Current Brookdale and Emeritus shareholders are expected to hold approximately 73% and 27%, respectively, of the combined company's outstanding common stock upon completion of the Merger. As a result, both Brookdale and Emeritus shareholders will have the opportunity to benefit from the benefits expected to be realized from the business combination, any future earnings growth of the combined company and any future appreciation in the value of the combined company's common stock.

The actual synergistic benefits from the Merger and costs of integration could be different from the foregoing estimates and these differences could be material. Accordingly, there can be no assurance that any of the potential benefits described above or included in the factors considered by the Brookdale Board described under Brookdale Board of Directors Recommendations and Its Reasons for the Merger below or by the Emeritus Board described under Emeritus Board of Directors Recommendations and Its Reasons for the Merger beginning on page 48 will be realized. See Risk Factors beginning on page 30 and Cautionary Note Regarding Forward-Looking Statements beginning on page 28.

**Brookdale Board of Directors Recommendations and Its Reasons for the Merger**

At a meeting on February 20, 2014, the Brookdale Board (i) determined that it is advisable and in the best interest of Brookdale and its shareholders to enter into the Merger Agreement, (ii) approved the Merger Agreement and the transactions contemplated thereby, including the Merger, (iii) approved and declared the advisability of the Charter Amendment, directed that the Charter Amendment proposal be submitted to a vote at a meeting of Brookdale shareholders and recommended that Brookdale shareholders vote **FOR** the Charter Amendment proposal and (iv) approved and declared the advisability of the Share Issuance, directed that the Share Issuance proposal be submitted to a vote at a meeting of Brookdale shareholders and recommended that Brookdale shareholders vote **FOR** the Share Issuance proposal.

In evaluating the Merger Agreement and the transactions contemplated thereby, including the Charter Amendment and the Share Issuance, the Brookdale Board consulted with Brookdale's management, as well as Brookdale's legal and financial advisors and, in reaching its determinations, considered a variety of factors with respect to the Merger and the other transactions contemplated by the Merger Agreement, including the specific reasons described above under Rationale for the Merger beginning on page 44 and the potentially positive factors listed below.

*Knowledge of Brookdale, Emeritus and the Industry.* The Brookdale Board's knowledge of Brookdale's business, operations, financial condition, asset quality, earnings and prospects (including certain risks and uncertainties disclosed in Brookdale's SEC filings), and of Emeritus' business, operations, financial condition, asset quality, earnings and prospects (including certain risks and uncertainties disclosed in Emeritus' SEC

filings), taking into account the results of Brookdale's due diligence review of Emeritus. In particular, the Brookdale Board focused on the quality of Emeritus' assets, the compatibility of the two companies' operations and opportunities for synergies and future growth.

*Compelling and Unique Strategic Opportunity; Economic Conditions; Industry Trends.* Unique opportunity to merge two of the largest senior housing providers in a strategic transaction that would create the largest national senior living solutions company. The prevailing macroeconomic conditions

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in the economic environment of, and the trends and developments in, the industry in which Brookdale and Emeritus operate, which the Brookdale Board viewed as supporting the rationale for seeking the strategic transaction contemplated by the Merger.

*Accretion and Financial Terms of the Merger.* The review by the Brookdale Board of the financial terms of the Merger, including the value of the Merger consideration based on the Exchange Ratio relative to the then-current market prices and historical trading prices of Brookdale common stock and Emeritus common stock and the relative contribution of Emeritus to the combined company; the fact that shareholders of Brookdale will own approximately 73% of the common stock of the combined company following the closing of the Merger; and the expectation that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

*Due Diligence.* The scope of the due diligence investigation of Emeritus conducted by Brookdale's management and outside advisors, and the results of that investigation.

*Past Record of Integrating Acquisitions.* Brookdale's and Emeritus' past record of integrating acquisitions and of realizing projected financial goals and benefits of acquisitions.

*Recommendation by Management.* Brookdale's management's recommendation in favor of the Merger, the Charter Amendment proposal and the Share Issuance proposal.

*Opinion of CSCA.* The opinion of CSCA, dated February 20, 2014, to the Brookdale Board as to the fairness, from a financial point of view and as of such date, to Brookdale of the Exchange Ratio, and the financial analyses related thereto prepared by CSCA, which opinion was based on and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken as more fully described below under the heading "Opinions of Brookdale's Financial Advisors" "Opinion of CSCA Capital Advisors, LLC" beginning on page 52.

*Opinion of BofA Merrill Lynch.* The opinion of BofA Merrill Lynch, dated February 20, 2014, to the Brookdale Board as to the fairness, from a financial point of view and, as of the date of the opinion, of the Exchange Ratio to Brookdale, and the financial analyses related thereto prepared by BofA Merrill Lynch, as more fully described below under the heading "Opinions of Brookdale's Financial Advisors" "Opinion of BofA Merrill Lynch" beginning on page 63.

*Likelihood of Completion of the Merger.* The likelihood that the Merger will be completed on a timely basis, including the likelihood that each of the Merger-Related proposals will receive the required shareholder approval, including the fact that the Supporting Shareholders entered into the Voting Agreement, and the likelihood that all necessary regulatory approvals will be obtained on the anticipated schedule without the imposition of unacceptable conditions.

*Terms of the Merger Agreement; Commitment of the Parties.* The terms of the Merger Agreement and the commitment on the part of both parties to complete the Merger pursuant to the terms of the Merger Agreement, including the representations, warranties, obligations and rights of the parties under the Merger Agreement, the conditions to each party's obligations to complete the Merger, the ability of each party's board of directors to entertain unsolicited takeover proposals, the circumstances under which each party's board of directors may change or withdraw its recommendation of the transactions and the circumstances in which each party is permitted to terminate the Merger Agreement and the termination fees that would be payable in connection therewith. See "The Merger Agreement" beginning on page 111.

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The Brookdale Board also considered and balanced against the potentially positive factors concerning the Merger a number of potential risks and other negative factors concerning the Merger in connection with its deliberations of the proposed transaction, including the following:

*Fixed Exchange Ratio.* The Merger Agreement provides for a fixed exchange ratio and thus the Exchange Ratio will not change based on changes in the trading prices of Brookdale or Emeritus common stock or changes in the business performance or financial results of Brookdale or Emeritus. Accordingly, if the value of Emeritus' businesses declines relative to the value of Brookdale's businesses prior to completion of the Merger, Emeritus shareholders' percentage ownership in the combined company may exceed Emeritus' relative contribution to the combined company. However, the Brookdale Board determined that the method for determining the Exchange Ratio was appropriate and the risks acceptable in view of the relative intrinsic values and financial performance of Brookdale and Emeritus and the historic trading prices of Brookdale and Emeritus common stock. The Brookdale Board also noted the inclusion in the Merger Agreement of certain structural protections, such as Brookdale's right to not complete the Merger in the event of a material adverse change with respect to Emeritus.

*Regulatory Approvals and Lender Consents.* Various regulatory approvals and lender consents are required to complete the Merger, which present a risk that the applicable governmental authorities or lenders may condition their grant of required approvals or consents on the imposition of unfavorable terms or conditions or that such approvals and consents will not be able to be obtained at all.

*Failure to Close.* There are risks and contingencies relating to the announcement and pendency of the Merger and risks and costs to Brookdale if the closing of the Merger is not timely, or if the Merger does not close at all, including the potential impact on the relationships between Brookdale and its employees, customers, suppliers and other third parties, as well as the potential impact on the trading prices of Brookdale common stock. Additionally, there is the possibility that the Merger may not be completed, or that completion may be unduly delayed, for reasons beyond the control of Brookdale and/or Emeritus.

*Restrictions on Interim Operations.* The provisions of the Merger Agreement impose certain restrictions on the operations of Brookdale until completion of the Merger. For further information, see "The Merger Agreement - Conduct of Business Prior to Closing" beginning on page 117.

*Transaction Costs.* Substantial costs will be incurred by both Brookdale and Emeritus in connection with the Merger, including legal fees and financial advisory fees, as well as the costs of integrating the businesses of Brookdale and Emeritus.

*Diversion of Focus; Integration.* There is a risk that management focus, employee attention and resources for other strategic opportunities, as well as employee attention to operational matters, could be diverted for an extended period of time while the parties work to complete the Merger and integration process. In addition, there are challenges inherent in the combination of two business enterprises of this size, geographic scope and complexity, including the attendant risks that the anticipated cost savings and synergies and other

benefits sought to be obtained from the Merger might not be achieved in the time frame contemplated or at all.

*Interests of Directors and Officers.* The interests that certain executive officers and directors of Brookdale may have with respect to the Merger are in addition to their interests as shareholders of Brookdale. However, such additional interests are limited. See *Interests of Directors and Executive Officers in the Merger* beginning on page 92.

*Employment Matters.* There are differences between Brookdale's and Emeritus' compensation practices and philosophies, which could present issues associated with the transition of Emeritus' employees to Brookdale's compensation and benefit plans. The Brookdale Board also noted the risk of loss of key Emeritus' employees and steps appropriate to retain those people through the completion of the Merger and thereafter.

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*Emeritus Business Risks.* The Brookdale Board considered certain risks inherent in Emeritus' business and operations, including those identified in Emeritus' SEC filings.

*Other Risks Considered.* The Brookdale Board also considered the types and nature of the risks described under the section entitled "Risk Factors" beginning on page 30, and the matters described under "Cautionary Note Regarding Forward-Looking Statements" beginning on page 28.

In view of the wide variety of factors considered in connection with its evaluation of the Merger and the complexity of these matters, the Brookdale Board did not consider it practical, nor did it attempt, to quantify, rank or otherwise assign relative weights to the different factors it considered in reaching its decision. In addition, individual members of the Brookdale Board may have given different weight to different factors.

The Brookdale Board did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination, but rather the Brookdale Board conducted an overall review of the factors described above, including discussions with the senior management team and outside legal and financial advisors.

### **Emeritus Board of Directors' Recommendations and Its Reasons for the Merger**

On February 20, 2014, the Emeritus Board (i) determined that the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, were fair to, advisable and in the best interests of Emeritus and its shareholders, (ii) adopted and approved the Merger Agreement, (iii) directed the Merger Agreement to be submitted to Emeritus' shareholders entitled to vote on the agreement for approval by them pursuant to the applicable provisions of Washington law and Emeritus' restated articles of incorporation and restated bylaws at a special meeting of the shareholders and (iv) recommended that the Emeritus shareholders approve and vote **FOR** the Merger proposal.

In evaluating the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger, the Emeritus Board consulted with Emeritus' management and legal and financial advisors and, in reaching its determinations, considered a variety of factors with respect to the Merger and the other transactions contemplated by the Merger Agreement, including the specific reasons described above under "Rationale for the Merger" beginning on page 44 and the potentially positive factors listed below.

*Knowledge of Emeritus, Brookdale and the Industry.* The Emeritus Board's knowledge of its business, including its financial condition, operations, business plans, management, asset quality, competitive position, challenges and prospects (including certain risks and uncertainties disclosed in Emeritus' SEC filings), as well as its financial plan and prospects if Emeritus were to remain an independent public company and the potential impact of those factors on the trading price of Emeritus common stock (which cannot be quantified numerically), and of Brookdale's business, including its financial condition, operations, business plans, management, asset quality, competitive position, challenges and prospects (including certain risks and uncertainties disclosed in Brookdale's SEC filings), with the Emeritus Board's knowledge being enhanced by the due diligence investigation of Brookdale conducted by Emeritus.

*Knowledge of Industry Participants.* The Emeritus Board's knowledge of possible candidates, including industry participants, business partners and financial buyers, for a strategic transaction that might have



provided value to Emeritus and its shareholders.

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*Strategic Review Process.* The Emeritus Board's lengthy strategic review process, which included, among other things:

management's periodic discussions with business partners, industry participants and financial buyers such as investment funds over the past several years, with the involvement of and discussion with the Emeritus Board and various legal advisors and investment banks;

review of potential strategic alternatives with the assistance of Emeritus' management and legal and financial advisors, including a combination with another senior living communities and/or health care provider or divesting Emeritus' owned real estate and spinning-off or selling Emeritus' operating business; and

the competitive process that led to the proposed Merger and Exchange Ratio.

*Economic Conditions; Industry Trends.* The prevailing macroeconomic conditions in the economic environment of, and the trends and developments in, the industries in which Brookdale and Emeritus operate, which the Emeritus Board viewed as supporting the rationale for seeking a strategic transaction that would create the first national senior living solutions company.

*Financial Terms of the Merger.* The Emeritus shareholders' right to receive 0.95 of a share of Brookdale common stock for each share of Emeritus common stock, representing an implied value of \$28.41 per share of Emeritus common stock based on the closing price of Brookdale common stock on February 19, 2014, the last trading day before the Emeritus Board approved the Merger Agreement. This represented a premium of 32.2% over the closing price of Emeritus common stock on such date. In addition, the Emeritus shareholders' right to participate as owners of approximately 27% of the combined company following the closing of the Merger. In addition, the Emeritus Board's belief that it has obtained the highest price per share of Emeritus common stock that Brookdale is willing to pay as a result of extensive negotiations with, and provision of due diligence materials and information to, Brookdale.

*Optimal Strategic Fit.* The Emeritus Board's belief that Brookdale's business, operations and senior living communities offered the best strategic fit to Emeritus' business, operations and senior living communities, and that, coupled with Brookdale's business and marketing strategies, the combined company offered the best short- and long-term synergies and value to Emeritus' shareholders and its community residents.

*Anticipated Investor Views and Investor Rights to Approve the Merger.* The Emeritus Board's belief that the benefits of a combination of Emeritus and Brookdale would be readily understood by the investment community and securities analysts and that both companies' investors share a similar investment objective. In addition, the requirement that Emeritus shareholders holding a majority of Emeritus common stock must vote to adopt the Merger Agreement and that appraisal rights would be available to any Emeritus shareholder (for more information, see *Appraisal / Dissenters' Rights* beginning on page 103).

*Stability of Revenue Stream.* Brookdale's revenue being derived primarily from private pay customers and therefore less susceptible to possible pressure from changing public payment policies, such as Medicare and other government reimbursement programs, compared to other strategic buyers.

*Improved Liquidity.* The Emeritus Board's expectation that the Merger will result in improved liquidity for Emeritus shareholders as a result of the increased equity capitalization and the increased shareholder base of the combined company.

*Favorable Tax Treatment.* The Emeritus Board's expectation that Emeritus' shareholders would receive Brookdale common stock with positive growth potential without being reduced by taxes associated (as would be the case with a cash purchase price) pursuant to Section 368(a) of the Code.

*Support by Major Shareholders.* The agreements by the Supporting Shareholders and the Fortress Shareholders to vote in favor of the Merger-Related proposals.

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*Integration and Operation of the Combined Company.* Brookdale's and Emeritus' past records of integrating acquisitions and of realizing projected financial goals and benefits of acquisitions. In addition, the experience, reputation and financial capabilities of Brookdale to operate the combined company, and the expectation that Granger Cobb, Emeritus' chief executive officer, will join the Brookdale Board and become a consultant to Brookdale, and that certain Emeritus executives will join Brookdale's senior team.

*Merger More Favorable than Alternatives.* The Emeritus Board's belief that a combination with Brookdale is more favorable to Emeritus' shareholders than other potential strategic alternatives available to Emeritus.

*Risks of Remaining an Independent Public Company.* The Emeritus Board's consideration of the prospective risks to Emeritus as an independent public company, including those risks described under the section entitled "Risk Factors" beginning on page 30.

*Fixed Exchange Ratio.* The Merger Agreement provides for a fixed exchange ratio and thus the Exchange Ratio will not change based on changes in the trading prices of Brookdale or Emeritus common stock or changes in the business performance or financial results of Brookdale or Emeritus. Accordingly, if the value of Brookdale's businesses increases relative to the value of Emeritus' businesses prior to completion of the Merger, Emeritus shareholders' percentage ownership in the combined company may be more than Emeritus' relative contribution to the combined company.

*Likelihood of Completion of the Merger.* The likelihood that the Merger will be completed on a timely basis, including the likelihood that each of the Merger-Related proposals will receive the required shareholder approval, and the likelihood that all necessary regulatory approvals will be obtained on the anticipated schedule without the imposition of unacceptable conditions.

*Opinion of Moelis.* The financial presentation and opinion of Moelis, dated February 20, 2014, to the Emeritus Board as to the fairness, from a financial point of view and as of the date of the opinion, of the Exchange Ratio to the holders of Emeritus common stock, as more fully described below under "Opinions of Emeritus' Financial Advisors' Opinion of Moelis & Company LLC" beginning on page 80; and that Moelis did not receive advisory fees in connection with the Merger other than for delivering such opinion.

*Opinion of Wells Fargo Securities.* The financial presentation and opinion of Wells Fargo Securities, dated February 20, 2014, to the Emeritus Board as to the fairness, from a financial point of view and as of that date, to the holders of Emeritus common stock (other than Brookdale, Merger Sub and their respective affiliates) of the Exchange Ratio provided for pursuant to the Merger Agreement, which opinion was based on and subject to the assumptions made, procedures followed, factors considered and limitations on the review undertaken, as further described below under "Opinions of Emeritus' Financial Advisors' Opinion of Wells Fargo Securities, LLC" beginning on page 71.

*Terms of the Merger Agreement.* The terms of the Merger Agreement, including the representations, warranties, obligations and rights of the parties under the Merger Agreement, the conditions to each party's

obligations to complete the Merger, the ability of each party's board of directors to entertain unsolicited takeover proposals, the circumstances under which each party's board of directors may change or withdraw its recommendation of the transactions and the circumstances in which each party is permitted to terminate the Merger Agreement and the termination fees that would be payable in connection therewith, as well as the fact that the confidentiality agreements entered into between Emeritus and potential acquirors prior to the announcement of the transaction provided that any standstill provisions contained therein would fall away upon announcement of the transaction. See The Merger Agreement beginning on page 111. In addition, the fact that the final terms of the Merger Agreement were the product of extensive arms-length negotiations undertaken with the assistance of legal and financial advisors.

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The Emeritus Board also considered and balanced against the potentially positive factors concerning the Merger a number of potential risks and other negative factors concerning the Merger in connection with its deliberations of the proposed transaction, including the following:

*Premium Offered by Company B.* The implied premium offered by Company B was \$0.59, or 2.1%, greater than the proposal by Brookdale based on the closing prices of Company B and Brookdale common stock on February 19, 2014, the last trading day before the Emeritus Board approved the Merger Agreement, and was \$1.80, or 6.6%, greater than the proposal by Brookdale based on the closing prices of Company B and Brookdale common stock on December 21, 2013, the last trading day prior to the Emeritus Board approval of the exclusive negotiations with Brookdale. The Emeritus Board also considered, however, that the cash portion of Company B's offer would be taxable to the Emeritus shareholders.

*Partial Liquidity Offered by Company B.* The cash component of Company B's proposal would have provided some immediate liquidity to Emeritus' shareholders.

*Limited Ability to Negotiate Another Strategic Alternative.* The limitations under the Merger Agreement, subject to certain exceptions, on Emeritus' ability to solicit, initiate or encourage alternative third-party acquisition proposals and the related disincentives to do so, including the fact that if Emeritus accepted a superior proposal, changed its recommendation of the Merger or, under certain circumstances, entered into an acquisition agreement within a certain time after the Merger Agreement was terminated, it would have to pay Brookdale a termination fee of \$53.0 million.

*No Longer an Independent Company.* Emeritus would no longer be an independent publicly-traded company with strategic direction being decided by a board of directors chosen by the Emeritus shareholders.

*Fixed Exchange Ratio.* The Merger Agreement provides for a fixed exchange ratio and thus the Exchange Ratio will not change based on changes in the trading prices of Brookdale or Emeritus common stock or changes in the business performance or financial results of Brookdale or Emeritus. Accordingly, if the value of Brookdale's businesses declines relative to the value of Emeritus' businesses prior to completion of the Merger, Emeritus shareholders' percentage ownership in the combined company may be less than Emeritus' relative contribution to the combined company. However, the Emeritus Board determined that the method for determining the Exchange Ratio was appropriate and the risks acceptable in view of the relative intrinsic values and financial performance of Brookdale and Emeritus and the historical trading prices of Brookdale and Emeritus common stock. The Emeritus Board also noted that Emeritus shareholders would benefit from an increase in value if Brookdale's businesses increases relative to the value of Emeritus' businesses.

*Regulatory Approvals and Lender Consents.* Various regulatory approvals and lender consents are required to complete the Merger, which present a risk that the applicable governmental authorities or lenders may condition their grant of required approvals or consents on the imposition of unfavorable terms or conditions or that such approvals and consents will not be able to be obtained at all.

*Negative Impacts of Failure to Close.* There are risks and contingencies relating to the announcement and pendency of the Merger and risks and costs to Emeritus if the closing of the Merger is not timely, or if the Merger does not close at all, including the potential impact on the relationships between Emeritus and its employees, customers, suppliers and other third parties, as well as the potential impact on the trading prices of Emeritus common stock. Additionally, there is the possibility that the Merger may not be completed, or that completion may be unduly delayed, for reasons beyond the control of Brookdale and/or Emeritus.

*Diversion of Focus.* There is a risk that management focus, employee attention and resources for other strategic opportunities, as well as employee attention to operational matters, could be diverted for an extended period while the parties work to complete the Merger and integration process. In addition, Emeritus may potentially lose key and other personnel as a result of the pending Merger.

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*Integration Uncertainty.* There are challenges inherent in the combination of two business enterprises of this size, geographic scope and complexity, including the attendant risks that the anticipated cost savings and synergies and other benefits sought to be obtained from the Merger might not be achieved in the time frame contemplated or at all.

*Possible Changes in Business.* Under the Merger Agreement, Brookdale is subject to very limited restrictions during the pendency of the Merger on the conduct of its business, acquisitions it may pursue or entering into other strategic transactions, including an acquisition of Brookdale to the extent it does not contemplate a termination of the Merger Agreement or prevent or materially impair Brookdale's ability to consummate the Merger prior to the outside termination date. As a result, there is a risk that Brookdale's business may change before or after the completion of the Merger, which may affect the value of Brookdale common stock held by Emeritus shareholders following the completion of the Merger.

*Restrictions on Interim Operations.* The restrictions on the conduct of Emeritus' business until completion of the Merger, subjecting Emeritus to a variety of specified limitations absent Brookdale's consent, which may delay or prevent Emeritus from undertaking business opportunities that may arise during such period, even if Emeritus management thinks they may be advisable.

*Transaction Costs.* Substantial costs will be incurred by both Brookdale and Emeritus in connection with the Merger, including legal and financial advisory fees, as well as the costs of integrating the businesses of Brookdale and Emeritus.

*Interests of Directors and Officers.* The interests that certain executive officers and directors of Emeritus may have with respect to the Merger in addition to their interests as shareholders of Emeritus. See *Interests of Directors and Executive Officers in the Merger* beginning on page 92.

*Brookdale Business Risks.* The Emeritus Board considered certain risks inherent in Brookdale's business and operations, including those identified in Brookdale's SEC filings.

*Other Risks Considered.* The Emeritus Board also considered the types and nature of the risks described under the section entitled *Risk Factors* beginning on page 30, and the matters described under *Cautionary Note Regarding Forward-Looking Statements* beginning on page 28.

The preceding discussion of the factors considered by the Emeritus Board is not, and is not intended to be, exhaustive. In light of the variety of factors considered in connection with its evaluation of the Merger and the complexity of these matters, the Emeritus Board found it impracticable to, and did not, quantify or otherwise attempt to assign relative weights to the various factors considered in reaching its determination, nor did it undertake to make any specific determination as to whether any particular factors (or any aspect of any particular factors) were favorable or unfavorable to its ultimate determination. Rather, the Emeritus Board of directors reached its recommendations and determinations based on its evaluation of the totality of the information presented, considered and analyzed during the process. In considering the factors discussed above, individual directors may have ascribed differing significance to different factors.



**Opinions of Brookdale's Financial Advisors**

***Opinion of CSCA Capital Advisors, LLC***

Pursuant to an engagement letter, dated February 18, 2014, CS Capital Advisors, LLC and its wholly owned broker-dealer subsidiary, CSCA, acted as Brookdale's non-exclusive financial advisor in connection with the Merger. At the meeting of the Brookdale Board on February 20, 2014, CSCA rendered its oral opinion, subsequently confirmed in writing, in the CSCA opinion, dated February 20, 2014, to the Brookdale Board to the effect that, as of that date and based on and subject to various assumptions, procedures followed, matters considered and limitations described in the CSCA opinion, the Exchange Ratio of 0.95 shares of Brookdale common stock to be issued by Brookdale in exchange for each share of Emeritus common stock in connection with the Merger was fair, from a financial point of view as of the date of the CSCA opinion, to Brookdale.

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**The full text of the written opinion of CSCA, dated February 20, 2014, which sets forth the assumptions made, matters considered and limits on the review undertaken by CSCA in rendering its opinion, is attached to this joint proxy statement/prospectus as Annex E and is incorporated herein by reference. Brookdale encourages its shareholders to read the opinion carefully in its entirety. The CSCA opinion was provided for the use of the Brookdale Board (in its capacity as such) in connection with its evaluation of the Exchange Ratio from a financial point of view and did not address any other terms, aspects or implications of the Merger, including, without limitation, the form or structure of the Merger or any term, aspect or implication of any voting agreements or other agreement, arrangement or understanding entered into in connection with the Merger or otherwise. CSCA expressed no view as to, and its opinion did not address, the underlying business decision of Brookdale to proceed with or effect the Merger or the relative merits of the Merger as compared to any alternative business strategies that might exist for Brookdale or the effect of any other transaction in which Brookdale might engage. The CSCA opinion does not express an opinion or recommendation as to how any holder of Brookdale common stock should vote with respect to the transactions contemplated by the Merger Agreement or otherwise. The summary of the CSCA opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion included as Annex E.**

In connection with its role as Brookdale's non-exclusive financial advisor, and in arriving at its opinion, CSCA reviewed and considered such financial and other matters as CSCA deemed relevant and appropriate under the circumstances. CSCA's procedures, investigations and financial analysis with respect to the preparation of its opinion included, among other things:

- (i) review of certain publicly available financial statements and other publicly available business, financial and other information relating to Brookdale and Emeritus;
- (ii) review of certain internal non-public financial due diligence information and operating data, including (i) a draft, each delivered on February 19, 2014, of the annual report on Form 10-K for the fiscal year ended December 31, 2013 of each of Brookdale and Emeritus, which were substantially similar to the annual report on Form 10-K for the fiscal year ended December 31, 2013 of each of Brookdale and Emeritus filed with the SEC on March 3, 2014 and February 20, 2014, respectively, and (ii) historical and projected financial information relating to the business, earnings, cash flow, assets, liabilities, capitalization and future results of each of Brookdale, as prepared by management of Brookdale ( Brookdale Forecasts ), and Emeritus, as prepared by management of Emeritus ( Emeritus Forecasts );
- (iii) review of an alternative version of the Emeritus Forecasts incorporating certain adjustments thereto made by the management of Brookdale (the Brookdale-Emeritus Forecasts and, together with the Brookdale Forecasts and the Emeritus Forecasts, the Forecasts ) and discussions with management of Brookdale as to its assessment of the relative likelihood of achieving the future financial results reflected in the Brookdale-Emeritus Forecasts;
- (iv) review of certain estimates as to the amount and timing of the net cost savings and revenue enhancements (collectively, the Synergies ) anticipated by the management of Brookdale to result from the Merger;
- (v) review of the Merger Agreement, dated February 20, 2014, and the Voting Agreement, dated February 20, 2014, each provided to CSCA by management and the legal advisors of Brookdale;
- (vi) review of terms of certain agreements of Brookdale and Emeritus and related amendments, waivers and consents that CSCA deemed relevant to its analysis;

(vii) discussions with (a) the senior management of Brookdale and Emeritus concerning the historical and current business, operations, financial condition and prospects of Emeritus and (b) the senior management of

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Brookdale concerning the historical and current business, operations, financial condition and prospects of Brookdale and such other matters as CSCA deemed relevant;

(viii) review of the trading histories of shares of Brookdale common stock and shares of Emeritus common stock, and comparisons of such trading histories with each other and with the trading histories of other companies as CSCA deemed relevant;

(ix) comparison of certain financial and stock market information of Brookdale and Emeritus with similar information of other companies as CSCA deemed relevant;

(x) review of the financial terms, to the extent available, of certain unrelated acquisition transactions, and comparisons of such terms with the Merger, as CSCA deemed relevant to its analysis;

(xi) performance of various financial analyses as CSCA deemed appropriate, using generally accepted analytical valuation methodologies;

(xii) review of the relative forecasted financial contributions of Brookdale and Emeritus to the future financial performance of the combined company on a pro forma basis; and

(xiii) performance of such other analyses, inquiries and investigations and consideration of such other factors as CSCA deemed appropriate for the purposes of its opinion, including its knowledge of the healthcare services and real estate industries, as well as its experience in connection with similar transactions and securities valuation generally.

In preparing its opinion, CSCA did not assume responsibility for independent verification of, and did not independently verify, any information, whether publicly available, furnished to it, or otherwise made available to it or discussed with CSCA concerning Brookdale or Emeritus, including, without limitation, the items listed above as reviewed by CSCA and the financial statements and forecasts as provided by the management and/or representatives of Brookdale and/or Emeritus. Accordingly, for purposes of its opinion, CSCA, with Brookdale's permission, assumed and relied upon the accuracy and completeness of all such information. CSCA did not conduct a physical inspection of any of the properties or assets, and did not prepare or obtain any independent evaluation, valuation, audit or appraisal of any of the assets or liabilities (contingent or otherwise, including contractual rights or obligations), of Brookdale or Emeritus or any of their respective subsidiaries, nor did CSCA evaluate the solvency or fair value of Brookdale or Emeritus under any state or federal law relating to bankruptcy, insolvency or similar matters. With respect to financial forecasts and projections, including the analyses and forecasts of the Synergies, made available to CSCA and used in its analyses, CSCA assumed with Brookdale's permission that they had been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Brookdale as to the matters covered thereby. In rendering its opinion, CSCA expressed no view as to the reasonableness of such forecasts and projections, including the Synergies, or the assumptions on which they were based. CSCA's opinion was necessarily based upon economic, market and other conditions, and the information made available to it, as of the date thereof. CSCA expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion of which it became aware after the date thereof.

For purposes of rendering its opinion, CSCA assumed with Brookdale's permission that the transactions contemplated by the Merger Agreement will be consummated in all material respects in accordance with its terms, without any waiver, modification or amendment of any term, condition or agreement. CSCA has also assumed that all governmental, regulatory and other consents and approvals contemplated by the Merger will be obtained and that in the course of obtaining any of those consents, no restrictions or conditions (including any divestiture requirements) will be imposed or waivers made that would have an adverse effect on Brookdale, Emeritus or the contemplated

Merger, except as provided by the Merger Agreement. CSCA has assumed, at the direction of Brookdale, that the Merger will qualify for federal income tax purposes as a reorganization under the provisions of Section 368(a) of the Code. CSCA is not a legal, regulatory, tax or accounting expert and relied on the assessments made by Brookdale and its advisors with respect to such issues.

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The CSCA opinion was approved and authorized for issuance by a fairness opinion review committee and was addressed to, and for the sole use and benefit of, the Brookdale Board. The opinion was limited to the fairness, from a financial point of view as of the date of the CSCA opinion, to Brookdale of the Exchange Ratio of 0.95 shares of Brookdale common stock to be issued by Brookdale in exchange for each share of Emeritus common stock in connection with the Merger. Brookdale did not ask CSCA to, and its opinion did not in any manner, address the fairness of the transactions contemplated by the Merger Agreement, or any consideration received in connection therewith, to the holders of any class of securities, creditors or other constituencies of Brookdale, nor did it address the fairness of the contemplated benefits of the transactions contemplated by the Merger Agreement. CSCA did not express any view on, and its opinion did not address, any other term or aspect of the Merger Agreement or transactions contemplated thereby or any term or aspect of any other agreement or instrument contemplated by the Merger Agreement or entered into or amended in connection with the transactions contemplated thereby. CSCA expressed no opinion as to the merits of the underlying decision by Brookdale to engage in the transactions contemplated by the Merger Agreement or the relative merits of such transactions as compared to any alternative business strategies or transactions that might be available to Brookdale, nor did CSCA express an opinion or recommendation as to how any holder of Brookdale's common stock should vote with respect to the transactions contemplated by the Merger Agreement. CSCA did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of the officers, directors, or employees of Brookdale or Emeritus, or any class of such persons, in connection with the transactions contemplated by the Merger Agreement whether relative to the amounts to be received by any other person pursuant to the Merger Agreement or otherwise. CSCA's opinion did not in any manner address the prices at which Brookdale common stock will trade following the announcement or consummation of the transactions contemplated by the Merger Agreement.

The extensive experience of CSCA's investment bankers in providing corporate finance and financial advisory services to companies in the seniors housing, healthcare services and real estate industries, including Brookdale, was a significant factor in the decision of the Brookdale Board to select CSCA to be a financial advisor in connection with the Merger and subsequently to request that CSCA provide a fairness opinion.

CSCA is an investment banking firm providing corporate advisory, capital raising and restructuring services to a wide range of companies, real estate investment trusts and investors in the healthcare and real estate industries and related service sectors from which conflicting interests or duties, or a perception thereof, may arise. CSCA acted as non-exclusive financial advisor to the Brookdale Board in connection with the Merger and Brookdale has agreed to pay CSCA for its services in connection with the Merger an aggregate fee of \$10 million, \$1 million of which was payable in connection with its opinion and \$9 million of which is contingent upon the consummation of the Merger. In addition, Brookdale has agreed to reimburse CSCA for certain reasonable out-of-pocket expenses and indemnify CSCA for certain liabilities arising out of its engagement. In the two years preceding the date of the CSCA opinion, CSCA had performed various investment banking services for Brookdale and Emeritus unrelated to the Merger. These investment banking services did not culminate in any transaction involving Brookdale or Emeritus and CSCA did not receive any fees directly from Brookdale or Emeritus. CSCA has received a fee of \$3 million for investment banking services in connection with the 2012 sale and leaseback of certain communities owned by a joint venture between Emeritus, Blackstone Real Estate Advisors, Columbia Pacific and certain other investors. CSCA may in the future provide investment banking and advisory services to Brookdale and Emeritus and certain of Brookdale's and Emeritus lessors, lenders, joint venture partners and shareholders for which it may in the future receive customary fees and expenses.

The opinion of CSCA was based on the information available to it and economic, market, financial and other conditions and circumstances as they existed and could be evaluated by CSCA on the date of delivery of such opinion. Although subsequent developments may affect its opinion, CSCA does not have any obligation to update, revise or

reaffirm its opinion.

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The following is a summary of the material financial analyses contained in the presentation that was made by CSCA to the Brookdale Board on February 20, 2014 and that were used by CSCA in connection with rendering its opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by CSCA, nor does the order of analyses described represent relative importance or weight given to those analyses by CSCA. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of CSCA's financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before February 20, 2014, and is not necessarily indicative of current market conditions.

The Forecasts include several measures of cash flow, including Cash EBITDA and adjusted cash from facility operations ( CFFO ). Cash EBITDA represents net earnings before non-lease related interest, taxes, depreciation, non-lease related amortization, dividend payments and any other non-recurring charges or adjustments. Cash EBITDA is after cash operating lease expense, capital lease interest and capital lease amortization. CFFO represents U.S. GAAP net cash provided by (used in) operating activities adjusted for changes in operating assets and liabilities; deferred interest and fees added to principal; refundable entrance fees received; first generation entrance fee receipts at any recently opened entrance fee Continuing Care Retirement Communities ( CCRC ) prior to stabilization; entrance fee refunds disbursed adjusted for first generation entrance fee refunds not replaced by second generation entrance fee receipts at the recently opened community prior to stabilization; lease financing debt amortization with fair market value or no purchase options; gain (loss) on facility lease termination; recurring capital expenditures, net; distributions from unconsolidated ventures from cumulative share of net earnings; CFFO from unconsolidated ventures; and other non-recurring adjustments. CSCA notes that while Cash EBITDA and CFFO are recognizable measures of operating performance for senior housing companies created by the senior housing industry, measures of Cash EBITDA and CFFO may not be directly comparable similarly titled measures across companies. Additionally, Cash EBITDA and CFFO should not be considered an alternative to U.S. GAAP net earnings as an indication of operating performance, or to net cash flow from operating activities as determined by U.S. GAAP in the United States, as a measure of liquidity, and is not necessarily indicative of cash available to fund cash needs.

*Transaction Overview*

Based on the closing price per share of Brookdale's common stock of \$29.91 on February 19, 2014, the last full trading day prior to the meeting of the Brookdale Board on February 20, 2014, and the Exchange Ratio of 0.95 shares of Brookdale's common stock to be issued in the Merger for each share of Emeritus common stock, CSCA noted that the implied aggregate value of the consideration to be paid by Brookdale in the Merger as of that date was approximately \$1.4 billion, or an implied per share potential consideration to holders of Emeritus common stock of approximately \$28.41, and the implied enterprise value of Emeritus as of that date based on that implied per share consideration to holders of Emeritus common stock was approximately \$2.8 billion.



**Table of Contents***Exchange Ratio Analysis*

CSCA reviewed the trading prices of Emeritus common stock and Brookdale common stock for the period from February 19, 2009 through February 19, 2014. For each trading day during that period, CSCA derived the implied historical exchange ratio by dividing the closing price per share of Emeritus common stock by the closing price per share of Brookdale common stock. The following table sets forth the average implied historical exchange ratios as of February 19, 2014 and for the specified periods ended February 19, 2014, and the premium/(discount) represented by such ratio as compared to the Exchange Ratio of 0.95 shares of Brookdale common stock to be issued in the Merger for each share of Emeritus common stock.

<b>Period</b>	<b>Implied Historical Exchange Ratio</b>	<b>Premium / (Discount) of 0.95x Exchange Ratio to Implied Historical Exchange Ratio</b>
February 19, 2014	0.719 x	32.2%
Last one-year period	0.839 x	13.2%
Last two-year period	0.899 x	5.7%
Last five-year period	0.997 x	(4.7%)

*Historical Share Price Analysis*

CSCA noted that the low and high closing prices per share of Emeritus common stock during the 52-week period ending on February 19, 2014 were \$18.41 and \$30.56, and the low and high closing prices per share of Brookdale common stock during the same period were \$24.96 and \$30.00. CSCA also reviewed the range of daily implied exchange ratios during the 52-week period ending on February 19, 2014 by dividing the closing price per share of Emeritus common stock by the closing price per share of Brookdale common stock on each trading day. This analysis indicated a range of implied exchange ratios of 0.614 to 1.224, compared to the Exchange Ratio of 0.95 shares of Brookdale common stock to be issued in the Merger for each share of Emeritus common stock.

*Comparable Companies Analysis*

CSCA reviewed and compared certain financial information, ratios and public market multiples for the following publicly traded corporations in the senior housing industry:

Emeritus Corporation

Brookdale Senior Living Inc.

Capital Senior Living Corporation

Although none of the selected companies is directly comparable to each other, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to each other.

In the analysis, CSCA derived and compared multiples for the selected companies, calculated as follows:

the enterprise value as a multiple of estimated Cash EBITDA for calendar year 2014, which is referred to below as  $EV / 2014E \text{ Cash EBITDA}$  ; and

the price per share divided by estimated CFFO per share for calendar year 2014, which is referred to below as  $Price / 2014E \text{ CFFO per Share}$  .

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The multiples and ratios for Capital Senior Living Corporation were calculated using the closing price of the common stock on February 19, 2014 and were based on the most recent publicly available information, certain market data services and available research analyst estimates for 2014. The multiples and ratios for Brookdale and Emeritus were calculated using the respective closing prices per share of Brookdale common stock and Emeritus common stock on February 19, 2014 and were based on Brookdale management estimates.

Multiple	Implied	Implied	Comparable Companies			
	Emeritus Merger (Incl. Synergies)	Emeritus Merger (Pre- Synergies)	Emeritus	Brookdale	Capital Senior Living	Average(1)
EV / 2014E Cash EBITDA	11.7 x	12.3 x	10.8 x	13.1 x	15.2 x	13.0 x
Price / 2014E CFFO per Share	10.8 x	13.0 x	9.5 x	10.9 x	14.0 x	11.5 x

(1) Averages are calculated as the straight average of Emeritus, Brookdale and Capital Senior Living. Using a reference range of 11.0 x to 13.0 x Emeritus and Brookdale's 2014 estimated Cash EBITDA and a range of 10.0 x to 12.0 x CFFO, which represented a subset of the multiples for the range of trading multiples summarized in the table above, CSCA determined a range of implied equity values per share on a fully diluted basis of Emeritus common stock and Brookdale common stock, respectively. This analysis indicated a range of implied values per share of Emeritus common stock of \$22.21 to \$31.53, and a range of implied values per share of Brookdale common stock of approximately \$22.05 to \$33.01.

CSCA also calculated the ratio implied by dividing the low end of the implied equity value per share of Emeritus common stock of \$22.21 by the high end of the implied equity value per share of Brookdale common stock of \$33.01. CSCA also calculated the ratio implied by dividing the high end of the implied equity value per share of Emeritus common stock of \$31.53 by the low end of the implied equity value per share of Brookdale common stock of \$22.05. This analysis indicated a range of implied exchange ratios of 0.673 to 1.430, compared to the Exchange Ratio of 0.95 shares of Brookdale common stock to be issued in the Merger for each share of Emeritus common stock.

*Selected Transactions Analysis*

CSCA analyzed certain information relating to the following transactions involving companies in the senior housing industry since 2006. The transactions considered and the month and year each transaction was announced were as follows:

Target	Acquiror	Date Announced	Transaction Value (\$mm)	Implied Forward EBITDA Multiple
Sunrise Senior Living	Health Care REIT	August 22, 2012	\$ 4,300	15.4 x
Atria Senior Living	Ventas	October 1, 2010	3,100	16.2 x
Holiday Retirement	Fortress Investment Group	December 22, 2006	6,600	17.4 x
American Retirement	Brookdale Senior Living	May 13, 2006	1,460	16.1 x

While none of the companies (other than Brookdale) that participated in the selected transactions are directly comparable to Brookdale and Emeritus and none of the transactions in the selected transactions analysis is directly comparable to the Merger, CSCA selected these transactions because each of the target companies in the selected

transactions was involved in the senior housing industry. CSCA also noted that economic and market conditions were not directly comparable during the timing of each of the selected transactions and the contemplated Merger.

For each of the selected transactions, CSCA calculated and compared enterprise value as a multiple of the target company's one-year forward estimated EBITDA, which is referred to below as "Forward EBITDA". Each of the target companies' Forward EBITDA estimates were based on publicly available information, certain

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market data services and available research analyst estimates at the time a transaction was announced. The Forward EBITDA required to calculate the implied multiples for the Merger were based on Brookdale management estimates.

This analysis indicated the following multiples (including the multiples implied by the Merger at the Exchange Ratio of 0.95 shares of Brookdale common stock to be issued in the Merger for each share of Emeritus common stock):

	<b>Implied Multiples</b>			<b>Merger</b>
	<b>Low</b>	<b>High</b>	<b>Median</b>	
Forward EBITDA	15.4 x	17.4 x	16.2 x	12.3 x
Forward EBITDA (Including Synergies)	na	na	na	11.7 x

Using a reference range of 13.0x to 16.0x Emeritus and Brookdale's 2014 estimated Cash EBITDA, which represented a subset of the range of Forward EBITDA multiples summarized in the table above, CSCA determined a range of implied equity values per share on a fully diluted basis of Emeritus common stock and Brookdale common stock, respectively. The 2014 estimated Cash EBITDA for Emeritus and Brookdale was based on Brookdale management estimates. This analysis indicated a range of implied values per share of Emeritus common stock of \$31.53 to \$45.51, and a range of implied values per share of Brookdale common stock of approximately \$29.43 to \$40.48.

CSCA also calculated the ratio implied by dividing the low end of the implied equity value per share of Emeritus common stock of \$31.53 by the high end of the implied equity value per share of Brookdale common stock of \$40.48 calculated using the selected transactions analysis summarized above. CSCA also calculated the ratio implied by dividing the high end of the implied equity value per share of Emeritus common stock of \$45.51 by the low end of the implied equity value per share of Brookdale common stock of \$29.43 calculated using the selected transactions analysis summarized above. This analysis indicated a range of implied exchange ratios of 0.779 to 1.547, compared to the Exchange Ratio of 0.95 shares of Brookdale common stock to be issued in the Merger for each share of Emeritus common stock.

*Future Stock Price Analyses*

CSCA performed an illustrative future stock price analysis to determine a range of illustrative implied present values per share of Emeritus common stock based on projected CFFO (both including and excluding the impact of cash taxes) and Cash EBITDA for Emeritus on a stand-alone basis for the years ending December 31, 2014 through 2016, using estimates from Brookdale's management. The analysis was based on a discount rate of 10.0%, CFFO multiples ranging from 10.0 x to 12.0 x and Cash EBITDA multiples ranging from 11.0 x to 13.0 x. The discount rate in the analysis reflects CSCA's estimate of the equity cost of capital of Emeritus and the CFFO and Cash EBITDA multiples were primarily based upon the publicly traded multiples of Emeritus, Brookdale and other publicly traded corporations in the senior housing industry of comparable size. This analysis resulted in a range of implied present values of \$20.55 to \$50.59 per share of Emeritus common stock, as summarized below:

	<b>Emeritus Implied Present Equity Value per Share</b>	
	<b>Low</b>	<b>High</b>
Forward CFFO (Including Impact of Cash Taxes):	\$ 20.55	\$ 28.21
Forward CFFO (Excluding Impact of Cash Taxes):	\$ 24.81	\$ 39.58

Forward Cash EBITDA:	\$ 26.81	\$ 50.59
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CSCA also performed an illustrative future stock price analysis to determine a range of illustrative implied present values per share of Brookdale common stock based on projected CFFO (both including and excluding the

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impact of cash taxes) and Cash EBITDA for Brookdale on a stand-alone basis for the years ending December 31, 2014 through 2016, using estimates from Brookdale's management. The analysis was based on a discount rate of 10.0%, CFO multiples ranging from 10.0 x to 12.0 x and Cash EBITDA multiples ranging from 11.0 x to 13.0 x. The discount rate in the analysis reflects CSCA's estimate of the equity cost of capital of Brookdale and the CFO and Cash EBITDA multiples were primarily based upon the publicly traded multiples of Emeritus, Brookdale and other publicly traded corporations in the senior housing industry of comparable size. This analysis resulted in a range of implied present values of \$21.38 to \$37.78 per share of Brookdale common stock, as summarized below:

	<b>Brookdale Implied Present Equity Value per Share</b>	
	<b>Low</b>	<b>High</b>
Forward CFO (Including Impact of Cash Taxes):	\$ 21.38	\$ 32.64
Forward CFO (Excluding Impact of Cash Taxes):	\$ 27.51	\$ 34.84
Forward Cash EBITDA:	\$ 23.85	\$ 37.78

CSCA also calculated the ratio implied by dividing the low end of the implied equity value per share of Emeritus common stock of \$20.56 by the high end of the implied equity value per share of Brookdale common stock of \$37.78. CSCA also calculated the ratio implied by dividing the high end of the implied equity value per share of Emeritus common stock of \$50.59 by the low end of the implied equity value per share of Brookdale common stock of \$21.38. This analysis indicated a range of implied exchange ratios of 0.544 to 2.366, compared to the Exchange Ratio of 0.95 shares of Brookdale common stock to be issued in the Merger for each share of Emeritus common stock.

*Discounted Cash Flow Analyses*

CSCA performed an illustrative discounted cash flow analysis to determine a range of illustrative implied present values per share of Emeritus common stock on a fully diluted basis based on projected unlevered free cash flows for Emeritus on a stand-alone basis for the years ending December 31, 2014 through 2017, using estimates from Brookdale's management. Net free cash flows also reflect certain required sources and uses of capital during such period including, but not limited to, cash taxes, share of joint venture cash flows, working capital adjustments, projected debt refinancing shortfalls or gains, capital expenditures and acquisition costs, where appropriate and as reflected in the Brookdale-Emeritus Forecasts. Net free cash flows also reflect the utilization of available estimated net operating loss carry forwards (NOLs) to reduce potential taxes, as estimated by Brookdale management. The analysis was based on a range of discount rates from 8.0% to 9.0% and a terminal value based on EBITDA terminal multiples ranging from 10.0 x to 12.0 x applied to the estimated 2018 EBITDA of Emeritus. The range of discount rates in the analysis reflects CSCA's estimate of the weighted average cost of capital of Emeritus, Brookdale and other publicly traded corporations in the senior housing industry of comparable size. The range of EBITDA terminal multiples was primarily based upon the publicly traded multiples of Emeritus and Brookdale, the implied multiples of the Merger and CSCA's estimates of multiples in the future. This analysis resulted in a range of implied present values of \$23.78 to \$35.72 per share of Emeritus common stock.

CSCA also performed an illustrative discounted cash flow analysis to determine a range of illustrative implied present values per share of Brookdale common stock on a fully diluted basis based on projected unlevered free cash flows for Brookdale on a stand-alone basis for the years ending December 31, 2014 through 2017, using estimates from Brookdale management and the same methodologies, ranges of discount rates and terminal values summarized above. This analysis resulted in a range of implied present values of \$24.13 to \$33.40 per share of Brookdale common stock.

CSCA also calculated the ratio implied by dividing the low end of the implied equity value per share of Emeritus common stock of \$23.78 by the high end of the implied equity value per share of Brookdale common



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stock of \$33.40. CSCA also calculated the ratio implied by dividing the high end of the implied equity value per share of Emeritus common stock of \$35.72 by the low end of the implied equity value per share of Brookdale common stock of \$24.13. This analysis indicated a range of implied exchange ratios of 0.712 to 1.480, compared to the Exchange Ratio of 0.95 shares of Brookdale common stock to be issued in the Merger for each share of Emeritus common stock.

*Net Asset Value Analyses*

CSCA performed an illustrative net asset value analysis ( NAV ) to determine a range of illustrative implied values per share of Emeritus common stock on a fully diluted basis based on projected calendar year 2014 cash flows for Emeritus on a stand-alone basis, using estimates from Brookdale's management. For this analysis, CSCA applied ranges of market capitalization rates or multiples to Emeritus' projected 2014E Cash EBITDA for each of its real estate and other assets. The capitalization rates and multiples used in these analyses were derived from historical data for comparable asset sales from an evaluation of transaction data obtained from certain market data services, publicly available information and CSCA's estimates. CSCA applied capitalization rates ranging from 6.5% to 7.5% to Emeritus' owned rental assets and multiples ranging from 5.0 x to 10.0 x to Emeritus' leased assets and other business segments. The capitalization rate and multiple ranges applied also take into consideration certain factors (including, but not limited to, the size and age of the assets, market locations, historical capital investments, and in the case of the leased assets and other business segments, the economic terms of the underlying leases and business segments). CSCA then added the cash and cash equivalents and deducted the debt outstanding at December 31, 2013 to the gross asset value to calculate NAV. This analysis resulted in a range of implied values of \$26.12 to \$35.63 per share of Emeritus common stock.

CSCA also performed an illustrative NAV to determine a range of illustrative implied values per share of Brookdale common stock based on projected calendar year 2014 cash flows for Brookdale on a stand-alone basis, using estimates from Brookdale's management. For this analysis, CSCA applied ranges of market capitalization rates or multiples to Brookdale's projected 2014E Cash EBITDA for each of its real estate and other assets. The capitalization rates and multiples used in these analyses were derived from historical data for comparable asset sales from an evaluation of transaction data obtained from certain market data services, publicly available information and CSCA's estimates. CSCA applied capitalization rates ranging from 6.0% to 8.0% to Brookdale's owned rental and entrance fee CCRCs assets and multiples ranging from 5.0 x to 11.0 x to Brookdale's leased assets and other business segments to calculate the aggregate value of Brookdale's assets. The capitalization rate and multiple ranges applied also take into consideration certain factors including, but not limited to, the size and age of the assets, market locations, historical capital investments, and in the case of the leased assets and other business segments, the economic terms of the underlying leases and business segments. CSCA then added the cash and cash equivalents and deducted the debt outstanding at December 31, 2013 to the gross asset value to calculate NAV. This analysis resulted in a range of implied values of \$25.39 to \$33.82 per share of Brookdale's common stock.

CSCA also calculated the ratio implied by dividing the low end of the implied equity value per share of Emeritus common stock of \$26.12 by the high end of the implied equity value per share of Brookdale common stock of \$33.82. CSCA also calculated the ratio implied by dividing the high end of the implied equity value per share of Emeritus common stock of \$35.63 by the low end of the implied equity value per share of Brookdale common stock of \$25.39. This analysis indicated a range of implied exchange ratios of 0.772 to 1.403, compared to the Exchange Ratio of 0.95 shares of Brookdale common stock to be issued in the Merger for each share of Emeritus common stock.

*Contribution Analysis*

CSCA analyzed and compared Brookdale and Emeritus shareholders' respective expected percentage ownership of the combined company to Brookdale's and Emeritus' respective contributions to the combined company based upon Cash EBITDA and CFFO for each company on a stand-alone basis for the years from 2013

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through 2015, in each case based on publicly available information and Brookdale management estimates, as well as the equity value of each company as of February 19, 2014, the enterprise value of each company as of February 19, 2014 and estimated NAV of each company based on projected 2014 cash flow as provided by Brookdale management and calculated as described above. CSCA noted that the implied equity ownership of Emeritus shareholders in the combined company based on the Exchange Ratio of 0.95 of Brookdale common stock to be issued in the Merger for each share of Emeritus common stock represented 26.9%. This analysis indicated that the implied equity value percentage contribution of Emeritus to the combined company based on the contribution analyses described above ranged from 22% to 33%.

### *Pro Forma Analysis of the Merger*

CSCA analyzed the potential pro forma impact of the Merger on Brookdale's estimated CFFO for calendar years 2014 through 2017, which excluded the estimated impact of estimated restructuring and other non-recurring costs associated with the Merger, in each case assuming that the potential Synergies are realized at the rate set forth in the forecasts. In this analysis, CFFO estimates for Brookdale, Emeritus and any assumed transaction adjustments, including the utilization of additional projected NOLs generated by a transaction to reduce potential taxes, were based on estimates prepared by Brookdale management. For purposes of this analysis, all estimates assumed for illustrative purposes that the Merger would close on December 31, 2013. This analysis indicated that the Merger would be approximately break-even in calendar year 2014 and accretive in calendar years 2015, 2016 and 2017 on an CFFO basis. The actual results achieved by the combined company may vary from projected results and such variations may be material.

### *General*

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying CSCA's opinion. In arriving at its fairness determination, CSCA considered the results of all of its analyses, including those not described here, and did not attribute any particular weight to any factor or analysis considered by it. Rather, CSCA made its determination as to fairness on the basis of experience and professional judgment after considering the results of all of its analyses. No company (other than Brookdale or Emeritus) or transaction used in the above analyses as a comparison is directly comparable to Brookdale, Emeritus or the Merger.

CSCA prepared these analyses for purposes of providing its opinion to the Brookdale Board as to the fairness to Brookdale from a financial point of view as of the date of the CSCA opinion of the Exchange Ratio of 0.95 shares of Brookdale common stock to be issued in the Merger for each share of Emeritus common stock. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results, including estimates of the Synergies, are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Brookdale, Emeritus, CSCA or any other person assumes responsibility if future results are materially different from those forecast.

The Exchange Ratio of 0.95 shares of Brookdale common stock to be issued in the Merger for each share of Emeritus common stock was determined through arm's-length negotiations between Brookdale and Emeritus and was approved by the Brookdale Board. CSCA provided advice to Brookdale during these negotiations. CSCA did not, however, recommend any specific exchange ratio to Brookdale or its board of directors or that any specific exchange ratio constituted the only appropriate exchange ratio for the Merger.

As described above, the opinion from CSCA to the Brookdale Board was one of a number of factors taken into consideration by the Brookdale Board in making its determination to approve the Merger Agreement and the

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Merger. The foregoing summary does not purport to be a complete description of the analyses performed by CSCA in connection with its fairness opinion and is qualified in its entirety by reference to the written opinions of CSCA included as Annex E.

***Opinion of BofA Merrill Lynch***

Brookdale has retained BofA Merrill Lynch to act as Brookdale's financial advisor in connection with the Merger. BofA Merrill Lynch is an internationally recognized investment banking firm which is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. Brookdale selected BofA Merrill Lynch to act as Brookdale's financial advisor in connection with the Merger on the basis of BofA Merrill Lynch's experience in transactions similar to the Merger, its reputation in the investment community and its familiarity with Brookdale and its business.

On February 20, 2014, at a meeting of the Brookdale Board held to evaluate the Merger, BofA Merrill Lynch delivered to the Brookdale Board an oral opinion, which was confirmed by delivery of a written opinion dated February 20, 2014, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, the Exchange Ratio was fair, from a financial point of view to Brookdale.

**The full text of BofA Merrill Lynch's written opinion to the Brookdale Board, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached to this joint proxy statement/prospectus as Annex F and is incorporated herein by reference. The following summary of BofA Merrill Lynch's opinion is qualified in its entirety by reference to the full text of the opinion. BofA Merrill Lynch delivered its opinion to the Brookdale Board for the benefit and use of the Brookdale Board (in its capacity as such) in connection with and for purposes of its evaluation of the Exchange Ratio from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the Merger and no opinion or view was expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to Brookdale or in which Brookdale might engage or as to the underlying business decision of Brookdale to proceed with or effect the Merger. BofA Merrill Lynch's opinion does not constitute a recommendation to any shareholder as to how to vote or act in connection with the proposed Merger or any related matter.**

In connection with rendering its opinion, BofA Merrill Lynch:

- (1) reviewed certain publicly available business and financial information relating to Emeritus and Brookdale;
- (2) reviewed certain internal financial and operating information with respect to the business, operations and prospects of Emeritus furnished to or discussed with BofA Merrill Lynch by the management of Emeritus, including the Emeritus Forecasts;
- (3) reviewed the Brookdale-Emeritus Forecasts, and discussed with the management of Brookdale its assessments as to the relative likelihood of achieving the future financial results reflected in the Emeritus Forecasts and the Brookdale-Emeritus Forecasts;

- (4) reviewed certain internal financial and operating information with respect to the business, operations and prospects of Brookdale furnished to or discussed with BofA Merrill Lynch by the management of Brookdale, including the Brookdale Forecasts;
- (5) reviewed the Synergies;
- (6) discussed the past and current business, operations, financial condition and prospects of Emeritus with members of senior managements of Emeritus and Brookdale, and discussed the past and current business, operations, financial condition and prospects of Brookdale with members of senior management of Brookdale;

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- (7) reviewed the potential pro forma financial impact of the Merger on the future financial performance of Brookdale, including the potential effect on Brookdale's estimated cash from facility operations per share;
- (8) reviewed the trading histories for Emeritus common stock and Brookdale common stock and a comparison of such trading histories with each other and with the trading histories of other companies BofA Merrill Lynch deemed relevant;
- (9) compared certain financial and stock market information of Emeritus and Brookdale with similar information of other companies BofA Merrill Lynch deemed relevant;
- (10) compared certain financial terms of the Merger to financial terms, to the extent publicly available, of other transactions BofA Merrill Lynch deemed relevant;
- (11) reviewed the relative financial contributions of Emeritus and Brookdale to the future financial performance of the combined company on a pro forma basis;
- (12) reviewed the Merger Agreement; and
- (13) performed such other analyses and studies and considered such other information and factors as BofA Merrill Lynch deemed appropriate.

In arriving at its opinion, BofA Merrill Lynch assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it and relied upon the assurances of the managements of Brookdale and Emeritus that they were not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the Emeritus Forecasts, BofA Merrill Lynch was advised by Emeritus, and assumed, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Emeritus as to the future financial performance of Emeritus. With respect to the Brookdale-Emeritus Forecasts, the Brookdale Forecasts and the Synergies, BofA Merrill Lynch assumed, at the direction of Brookdale, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Brookdale as to the future financial performance of Emeritus and Brookdale and other matters covered thereby and, based on the assessments of the management of Brookdale as to the relative likelihood of achieving the future financial results reflected in the Emeritus Forecasts and Brookdale-Emeritus Forecasts, BofA Merrill Lynch relied, at the direction of Brookdale, on the Brookdale-Emeritus Forecasts for purposes of its opinion. BofA Merrill Lynch relied, at the direction of Brookdale, on the assessment of the management of Brookdale as to Brookdale's ability to achieve the Synergies and was advised by Brookdale, and assumed, that the Synergies will be realized in the amounts and at the times projected. BofA Merrill Lynch did not make and was not provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Emeritus or Brookdale, nor did it make any physical inspection of the properties or assets of Emeritus or Brookdale. BofA Merrill Lynch did not evaluate the solvency or fair value of Emeritus or Brookdale under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. BofA Merrill Lynch assumed, at the direction of Brookdale, that the Merger would be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement. BofA Merrill Lynch assumed, at the

direction of Brookdale, that the Merger will qualify for federal income tax purposes as a reorganization under the provisions of Section 368(a) of the Code.

BofA Merrill Lynch expressed no view or opinion as to any terms or other aspects of the Merger (other than the Exchange Ratio to the extent expressly specified in its opinion), including, without limitation, the form or structure of the Merger. BofA Merrill Lynch expressed no view or opinion with respect to, and relied, with the consent of Brookdale, upon the assessments of representatives of Brookdale regarding, legal, regulatory, accounting, tax and similar matters relating to Emeritus, Brookdale, any related entity and the Merger (including the contemplated benefits thereof) as to which Brookdale obtained advice as it deemed necessary from qualified professionals. BofA Merrill Lynch's opinion was limited to the fairness, from a financial point of view, of the



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Exchange Ratio to Brookdale, and no opinion or view was expressed with respect to any consideration received in connection with the Merger by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Merger, or class of such persons, relative to the Exchange Ratio. Furthermore, no opinion or view was expressed as to the relative merits of the Merger in comparison to other strategies or transactions that might be available to Brookdale or in which Brookdale might engage or as to the underlying business decision of Brookdale to proceed with or effect the Merger. BofA Merrill Lynch did not express any opinion as to what the value of Brookdale common stock actually would be when issued or the prices at which Brookdale common stock or Emeritus common stock would trade at any time, including following announcement or consummation of the Merger. In addition, BofA Merrill Lynch expressed no opinion or recommendation as to how any shareholder should vote or act in connection with the Merger or any related matter. Except as described above, Brookdale imposed no other limitations on the investigations made or procedures followed by BofA Merrill Lynch in rendering its opinion.

BofA Merrill Lynch's opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Merrill Lynch as of, the date of its opinion. It should be understood that subsequent developments may affect its opinion, and BofA Merrill Lynch does not have any obligation to update, revise or reaffirm its opinion. The issuance of BofA Merrill Lynch's opinion was approved by BofA Merrill Lynch's Americas Fairness Opinion Review Committee.

The following represents a brief summary of the material financial analyses presented by BofA Merrill Lynch to the Brookdale Board in connection with its opinion. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by BofA Merrill Lynch, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by BofA Merrill Lynch. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by BofA Merrill Lynch.** Implied per share equity value reference ranges derived for Emeritus and Brookdale from the analyses described below generally were rounded to the nearest \$0.25. For purposes of BofA Merrill Lynch's opinion and analyses described below, the implied value per share of Emeritus common stock was calculated utilizing the Exchange Ratio and the closing trading price of Brookdale common stock of \$29.91 on February 19, 2014.

***Emeritus Financial Analyses******Selected Publicly Traded Companies Analysis***

BofA Merrill Lynch reviewed publicly available financial and stock market information for Emeritus, Brookdale and Capital Senior Living Corporation, another publicly traded company in the senior housing industry. BofA Merrill Lynch reviewed enterprise values of the selected publicly traded companies, based on closing stock prices on February 19, 2014, adjusted for capital leases and operating leases capitalized at 10.0x U.S. GAAP rent expense, as a multiple of calendar year 2014 estimated earnings before interest, taxes, depreciations, amortization and rent expense, commonly referred to as EBITDAR. BofA Merrill Lynch then applied a selected range of calendar year 2014 estimated EBITDAR multiples of 11.0x to 13.0x derived from the selected publicly traded companies to Emeritus calendar year 2014 estimated EBITDAR. BofA Merrill Lynch also reviewed enterprise values of the selected publicly traded companies, not adjusted for operating leases, as a multiple of calendar year 2014 estimated earnings before interest, taxes, depreciations and amortization, commonly referred to as EBITDA. BofA Merrill Lynch then applied a selected range of calendar year 2014 estimated EBITDA multiples of 11.0x to 13.0x derived from the selected

publicly traded companies to Emeritus calendar year 2014 estimated EBITDA. BofA Merrill Lynch also reviewed the price per share of the selected publicly traded companies, based on closing stock prices on February 19, 2014, as a multiple of calendar year

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2014 estimated cash from facility operations, commonly referred to as CFFO. BofA Merrill Lynch then applied a selected range of calendar year 2014 estimated CFFO multiples of 9.25x to 12.00x derived from the selected publicly traded companies to Emeritus' calendar year 2014 estimated CFFO. Estimated financial data of Capital Senior Living Corporation was based on publicly available research analysts' estimates, and estimated financial data of Emeritus and Brookdale were based on the Brookdale-Emeritus Forecasts and the Brookdale Forecasts, respectively. This analysis indicated the following approximate implied per share equity value reference ranges for Emeritus as compared to the implied value per share of Emeritus common stock at the Exchange Ratio:

**Implied Per Share Equity Value Reference Ranges for Emeritus****Implied Value  
per share of  
Emeritus common stock  
at the Exchange Ratio****2014E EBITDAR**

\$18.50 \$41.75

**2014E EBITDA**

\$14.75 \$31.50

**2014E CFFO**

\$20.75 \$27.00

\$28.41

BofA Merrill Lynch also derived and presented the following multiples for the selected publicly traded senior housing companies:

<b>Multiple</b>	<b>Comparable Companies</b>			
	<b>Emeritus</b>	<b>Brookdale</b>	<b>Capital Senior Living</b>	<b>Average(1)</b>
EV / 2014E EBITDA(2)	11.8 x	12.3 x	15.2 x	13.7 x
Price / 2014E Adjusted CFFO	9.5 x	10.9 x	14.0 x	12.4 x
Adj. EV / 2014E GAAP EBITDAR(3)	11.3 x	11.6 x	12.9 x	12.2 x
Cash EBITDA CAGR (2013E-2015E)	17.9%	10.6%	21.1%	15.8%

(1) Averages are calculated as the straight average of Brookdale and Capital Senior Living.

(2) Calculated based on enterprise value adjusted to include capital leases.

(3) Calculated based on enterprise value adjusted to include capital leases and capitalized operating leases at 10.0x GAAP rent expense.

No company used in this analysis is identical or directly comparable to Emeritus. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies to which Emeritus was compared.

**Selected Precedent Transactions Analysis**

BofA Merrill Lynch reviewed, to the extent publicly available, financial information relating to the following four selected transactions involving companies in the senior housing industry:

<b>Announcement Date</b>	<b>Acquiror</b>	<b>Target</b>	<b>Transaction Value (\$mm)</b>	<b>Capitalization Rate</b>	<b>Implied Cash EBITDA Multiple</b>
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08/22/12	Health Care REIT, Inc.	Sunrise Senior Living	\$ 4,300	6.5%	15.4 x
10/01/10	Ventas REIT Inc.	Atria Senior Living Group	3,100	6.2%	16.2 x
12/22/06	Fortress Investment Group LLC	Holiday Retirement Corp.	6,600	5.8%	17.4 x
05/13/06	Brookdale Senior Living Inc.	American Retirement Corp.	1,460		16.1 x

BofA Merrill Lynch reviewed transaction values, calculated as the enterprise value implied for the target company based on the consideration payable in the selected transactions as a multiple of the target company's one-year forward estimated cash EBITDA, calculated as EBITDA less capital lease interest and capital lease amortization. BofA Merrill Lynch then applied one-year forward cash EBITDA multiples of 14.0x to 16.0x derived from the selected transactions to Emeritus' calendar year 2014 estimated cash EBITDA. Estimated financial data of

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the selected transactions was based on publicly available information at the time of announcement of the relevant transaction. Estimated financial data of Emeritus was based on the Brookdale-Emeritus Forecasts. This analysis indicated the following approximate implied per share equity value reference range for Emeritus, as compared to the implied value per share of Emeritus common stock at the Exchange Ratio:

<b>Implied Per Share Equity Value Reference Range for Emeritus</b>	<b>2014E Cash EBITDA</b>	<b>Implied Value per share of Emeritus common stock at the Exchange Ratio</b>
\$35.50    \$44.25		\$28.41

No company, business or transaction used in this analysis is identical or directly comparable to Emeritus or the Merger. Accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the acquisition or other values of the companies, business segments or transactions to which Emeritus and the Merger were compared.

*Discounted Cash Flow Analysis*

BofA Merrill Lynch performed a discounted cash flow analysis of Emeritus to calculate the estimated present value of the standalone unlevered, after-tax free cash flows that Emeritus was forecasted to generate during Emeritus' fiscal years 2013 through 2017 based on the Brookdale-Emeritus Forecasts. BofA Merrill Lynch calculated terminal values by applying a range of perpetuity growth rates of 2.75% to 3.25%, which range was selected based on BofA Merrill Lynch's professional judgment and experience and after taking into consideration, among other things, the observed data for Capital Senior Living Corporation, Brookdale and Emeritus, which implied a terminal EBITDA exit multiple of 8.8x to 11.5x, to projected unlevered, after-tax free cash flows in the terminal year. BofA Merrill Lynch also calculated the estimated present value of the cash flow from tax-effected Synergies forecasted to be available to Brookdale after the Merger during fiscal years 2014 through 2017. BofA Merrill Lynch calculated terminal values by applying a range of perpetuity growth rates of 1.25% to 1.75%, which range was selected based on BofA Merrill Lynch's professional judgment and experience and after taking into consideration, among other things, the observed data for Capital Senior Living Corporation, Brookdale and Emeritus, to projected cash flow from tax-effected Synergies in the terminal year. BofA Merrill Lynch also calculated the estimated present value of the cash flow from the tax-effected federal NOLs forecasted to be available to Emeritus on a standalone basis during fiscal years 2014 through 2017 based on the Emeritus Forecasts. The cash flows and terminal values were then discounted to present value as of December 31, 2013, using mid-year convention and discount rates ranging from 8.0% to 9.0%, which were based on an estimate of Emeritus' weighted average cost of capital, as estimated by BofA Merrill Lynch based on the Capital Asset Pricing Model (CAPM), which took into account the betas of the selected publicly traded companies, the risk-free rate and the historical equity risk premium. This analysis indicated the following approximate implied per share equity value reference ranges for Emeritus as compared to the implied value per share of Emeritus common stock at the Exchange Ratio:

<b>Implied Per Share Equity Value</b>	<b>Implied Per Share Equity Value</b>	<b>Implied Per Share Equity Value</b>	<b>Implied Value per share of Emeritus common stock at the Exchange Ratio</b>
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Reference Range for Emeritus (not including per share present value of Synergies and NOLs)	Reference Range for Emeritus (including per share present value of Synergies but not including per share present value of NOLs)	Reference Range for Emeritus (including per share present value of Synergies and NOLs)	
\$21.25 \$35.75	\$29.00 \$45.50	\$30.25 \$46.75	\$28.41

**Table of Contents****Brookdale Financial Analyses***Selected Publicly Traded Companies Analysis*

BofA Merrill Lynch reviewed publicly available financial and stock market information for Brookdale, Emeritus and Capital Senior Living Corporation, another publicly traded company in the senior housing industry. BofA Merrill Lynch reviewed enterprise values of the selected publicly traded companies based on closing stock prices on February 19, 2014, adjusted for capitalized leases and operating leases capitalized at 10.0x U.S. GAAP rent expense, as a multiple of calendar year 2014 estimated EBITDAR. BofA Merrill Lynch then applied a selected range of calendar year 2014 estimated EBITDAR multiples of 11.0x to 13.0x derived from the selected publicly traded companies to Brookdale's calendar year 2014 estimated EBITDAR. BofA Merrill Lynch also reviewed enterprise values of the selected publicly traded companies, not adjusted for operating leases, as a multiple of calendar year 2014 estimated EBITDA. BofA Merrill Lynch then applied a selected range of calendar year 2014 estimated EBITDA multiples of 11.0x to 13.0x derived from the selected publicly traded companies to Brookdale's calendar year 2014 estimated EBITDA. BofA Merrill Lynch also reviewed the price per share of the selected publicly traded companies, based on closing stock prices on February 19, 2014. BofA Merrill Lynch then applied a selected range of calendar year 2014 estimated CFFO multiples of 9.25x to 12.00x derived from the selected publicly traded companies to Brookdale's calendar year 2014 estimated CFFO. Estimated financial data of Capital Senior Living Corporation was based on publicly available research analysts' estimates, and estimated financial data of Brookdale and Emeritus were based on the Brookdale Forecasts and the Brookdale-Emeritus Forecasts, respectively. This analysis indicated the following approximate implied per share equity value reference ranges for Brookdale:

**Implied Per Share Equity Value Reference Ranges for Brookdale**

**Closing Trading Price of  
Brookdale common stock  
on February 19, 2014**  
\$29.91

2014E EBITDAR		2014E EBITDA		2014E CFFO	
\$26.25	\$38.25	\$24.50	\$32.75	\$25.50	\$33.00

BofA Merrill Lynch also derived and presented the following multiples for the selected publicly traded senior housing companies:

Multiple	Comparable Companies			
	Emeritus	Brookdale	Senior Living	Average(1)
EV / 2014E EBITDA(2)	11.8 x	12.3 x	15.2 x	13.7 x
Price / 2014E Adjusted CFFO	9.5 x	10.9 x	14.0 x	12.4 x
Adj. EV / 2014E GAAP EBITDAR(3)	11.3 x	11.6 x	12.9 x	12.2 x
Cash EBITDA CAGR (2013E-2015E)	17.9%	10.6%	21.1%	15.8%

(1) Averages are calculated as the straight average of Brookdale and Capital Senior Living.

(2) Calculated based on enterprise value adjusted to include capital leases.

(3) Calculated based on enterprise value adjusted to include capital leases and capitalized operating leases at 10.0x GAAP rent expense.

*Discounted Cash Flow Analysis*

BofA Merrill Lynch performed a discounted cash flow analysis of Brookdale to calculate the estimated present value of the standalone unlevered, after-tax free cash flows that Brookdale was forecasted to generate during Brookdale's fiscal years 2013 through 2017 based on the Brookdale Forecasts, excluding NOLs. BofA Merrill Lynch calculated terminal values by applying a range of perpetuity growth rates of 2.75% to 3.25%, which range was selected based on BofA Merrill Lynch's professional judgment and experience and after taking into consideration, among other things, the observed data for Capital Senior Living Corporation, Brookdale and Emeritus, which implied a terminal EBITDA exit multiple of 10.3x to 13.5x, to projected unlevered, after-tax free cash flows in the terminal year. The cash flows and terminal values were then discounted to present value as



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of December 31, 2013, using mid-year convention and discount rates ranging from 8.0% to 9.0%, which were based on an estimate of Brookdale's weighted average cost of capital, as estimated by BofA Merrill Lynch based on the CAPM, which took into account the betas of the selected publicly traded companies, the risk-free rate and the historical equity risk premium. This analysis indicated the following approximate implied per share equity value reference range for Brookdale:

<b>Implied Per Share Equity Value Reference Range for Brookdale (not including per share present value of NOLs)</b>	<b>Closing Trading Price of Brookdale common stock on February 19, 2014</b>
\$23.50 \$37.50	\$29.91

*Relative Contribution Analysis*

BofA Merrill Lynch reviewed the relative financial contributions of Brookdale and Emeritus to the combined corporation for 2013, 2014 and 2015 estimated cash EBITDA and estimated adjusted CFFO. Financial data for Brookdale and Emeritus were based on the Brookdale Forecasts and the Brookdale-Emeritus Forecasts, respectively. BofA Merrill Lynch calculated overall aggregate implied pro forma equity ownership percentages of Brookdale's and Emeritus' respective shareholders in the combined corporation based on those relative contributions and after taking into account the respective debt and outstanding common shares, restricted stock units and stock options of Brookdale and Emeritus, as applicable, which indicated an implied overall ownership breakdown reference range for Brookdale of 71.2% to 77.3%, based on weighted average multiples, as compared to the aggregate equity ownership percentage of Brookdale's shareholders in the combined corporation, based on the Exchange Ratio, of approximately 73.4% immediately upon consummation of the Merger. Based on Brookdale and Emeritus' relative contributions to the combined corporation of the financial metrics described above of approximately 67.3% to 77.3% and 22.7% to 32.7%, respectively, BofA Merrill Lynch calculated the following implied exchange ratio reference range by applying weighted average trading multiples to the respective contributions:

<b>Implied Exchange Ratio Reference Range</b>	<b>Exchange Ratio</b>
0.767x 1.055x	0.95x

*Other Factors*

In rendering its opinion, BofA Merrill Lynch also reviewed and considered other factors, including:

Trading prices of Emeritus' common stock during the 52-week period ended February 19, 2014, the last trading day prior to Brookdale's public announcement it would merge with Emeritus, noting, as reference points, that during such period, Emeritus' stock prices ranged from \$18.15 to \$30.95;

Trading prices of Brookdale's common stock during the 52-week period ended February 19, 2014, noting, as reference points, that during such period, Brookdale's stock prices ranged from \$24.42 to \$30.65;

The present value of analyst one-year forward price target, discounted one period at Emeritus' cost of equity of 11.5%, noting, as reference points, that such price targets ranged from \$23.25 to \$27.75;

The present value of analyst one-year forward price target, discounted one period at Brookdale's cost of equity of 10.75%, noting, as reference points, that such price targets ranged from \$28.00 to \$36.00;

Historical trading prices of Brookdale common stock and Emeritus common stock during the two-year period ended February 19, 2014; and

The relationship between movements in Brookdale common stock and Emeritus common stock during the five-year period ended February 19, 2014, including the daily ratio of the closing price of Brookdale common stock to the closing price of Emeritus common stock during such period, and the average of this ratio calculated over various periods ended February 19, 2014.

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As noted above, the discussion set forth above is a summary of the material financial analyses presented by BofA Merrill Lynch to the Brookdale Board in connection with its opinion and is not a comprehensive description of all analyses undertaken by BofA Merrill Lynch in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis or summary description. BofA Merrill Lynch believes that its analyses summarized above must be considered as a whole. BofA Merrill Lynch further believes that selecting portions of its analyses and the factors considered or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA Merrill Lynch's analyses and opinion. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing its analyses, BofA Merrill Lynch considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of Brookdale and Emeritus. The estimates of the future performance of Brookdale and Emeritus in or underlying BofA Merrill Lynch's analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by BofA Merrill Lynch's analyses. These analyses were prepared solely as part of BofA Merrill Lynch's analysis of the fairness, from a financial point of view, of the Exchange Ratio and were provided to the Brookdale Board in connection with the delivery of BofA Merrill Lynch's opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Merrill Lynch's view of the actual values of Brookdale or Emeritus.

The type and amount of consideration payable in the Merger was determined through negotiations between Brookdale and Emeritus, rather than by any financial advisor, and was approved by the Brookdale Board. The decision to enter into the Merger Agreement was solely that of the Brookdale Board. As described above, BofA Merrill Lynch's opinion and analyses were only one of many factors considered by the Brookdale Board in its evaluation of the proposed Merger and should not be viewed as determinative of the views of the Brookdale Board or management with respect to the Merger or the Exchange Ratio.

Brookdale has agreed to pay BofA Merrill Lynch for its services in connection with the Merger an aggregate fee of \$10 million, \$1 million of which was payable upon delivery of its opinion and \$9 million of which is contingent upon the consummation of the Merger. In addition, Brookdale has agreed to reimburse BofA Merrill Lynch for its expenses incurred in connection with BofA Merrill Lynch's engagement and to indemnify BofA Merrill Lynch, any controlling person of BofA Merrill Lynch and each of their respective directors, officers, employees, agents and affiliates against specified liabilities, including liabilities under the federal securities laws.

BofA Merrill Lynch and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of their businesses, BofA Merrill Lynch and its affiliates invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in the equity, debt or other securities or financial

instruments (including derivatives, bank loans or other obligations) of Brookdale, Emeritus and certain of their respective affiliates, including Fortress, an affiliate of Brookdale, and certain of its affiliates and portfolio companies.

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BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide investment banking, commercial banking and other financial services to Brookdale, Fortress and certain of its affiliates and portfolio companies, and have received or in the future may receive compensation for the rendering of these services, including (i) having acted or acting as lender under certain term loans, letters of credit and credit facilities for Brookdale, (ii) having acted as an administrative agent and/or a bookrunner and arranger for, and a lender (including in some instances a letter of credit or swing line lender) under, certain term loans, letters of credit and other credit facilities and arrangements of Fortress and certain of its affiliates and portfolio companies, (iii) having provided or providing certain treasury and trade management services and products to Brookdale, Fortress and certain of its affiliates and portfolio companies, (iv) having acted or acting as financial advisor to an affiliate of Fortress in connection with a mergers and acquisitions transaction, (v) having acted as a joint bookrunner for a convertible debt offering by Brookdale and as a bookrunner for various equity and/or debt (including convertible debt) offerings undertaken by Fortress and certain of its affiliates and portfolio companies, and (vi) having provided or providing certain equity, derivatives and foreign exchange trading services to Fortress and certain of its affiliates and portfolio companies. From February 1, 2012 through January 31, 2014, BofA Merrill Lynch and its affiliates received or derived, directly or indirectly, aggregate revenues of approximately \$2,500,000 from Brookdale for commercial, corporate and investment banking services unrelated to the Merger.

Further, in connection with Brookdale's issuance of \$316,250,000 principal amount of 2.75% convertible senior notes due 2018 (the Notes), Brookdale entered into separate convertible bond hedge and warrant transactions, collectively referred to as the call spread transaction, with three banks, with 25% of the notional amount of the call spread transaction being entered into with BofA Merrill Lynch's affiliate, Bank of America, N.A. (BANA), acting as principal for its own account. The call spread transaction consisted of the purchase by Brookdale of call options with respect to the number of shares of Brookdale common stock initially underlying the Notes and the sale by Brookdale of warrants with respect to the same number of shares of Brookdale common stock. If the Merger is consummated, the value to BANA of the call spread transaction may increase or decrease in value. The Brookdale Board was aware of BANA's interest in the call spread transaction prior to Brookdale's engagement of BofA Merrill Lynch as financial advisor in connection with the Merger. In BofA Merrill Lynch's engagement letter with Brookdale with respect to the Merger, Brookdale consented to, and waived any actual or potential conflicts of interest arising from, the call spread transaction. Brookdale also separately engaged CSCA as an additional financial advisor to provide Brookdale with mergers and acquisitions financial advisory services (including a fairness opinion) in connection with the Merger and to advise Brookdale on the call spread transaction, including with respect to the Merger's potential impact on BANA's interest in the call spread transaction (which impact was determined by Brookdale, after appropriate review and consideration, to be immaterial).

In addition, BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide investment banking, commercial banking and other financial services to Emeritus and have received or in the future may receive compensation for the rendering of these services, including having acted or acting as sole bookrunner on an equity follow-on offering by Emeritus. From February 1, 2012 through January 31, 2014, BofA Merrill Lynch and its affiliates received or derived, directly or indirectly, aggregate revenues of less than \$1,000 from Emeritus for commercial, corporate and investment banking services.

**Opinions of Emeritus Financial Advisors*****Opinion of Wells Fargo Securities, LLC***

Emeritus retained Wells Fargo Securities to act as Emeritus' financial advisor in connection with the Merger. As part of Wells Fargo Securities' engagement, the Emeritus Board requested that Wells Fargo Securities evaluate the fairness, from a financial point of view, to holders of Emeritus common stock (other than



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Brookdale, Merger Sub and their respective affiliates) of the Exchange Ratio. On February 20, 2014, at a meeting of the Emeritus Board held to evaluate the Merger, Wells Fargo Securities rendered to the Emeritus Board an oral opinion, confirmed by delivery of a written opinion dated February 20, 2014, to the effect that, as of such date and based on and subject to various qualifications, limitations and assumptions stated in its opinion, the Exchange Ratio was fair, from a financial point of view, to holders of Emeritus common stock (other than Brookdale, Merger Sub and their respective affiliates).

**The full text of Wells Fargo Securities' written opinion, dated February 20, 2014, to the Emeritus Board is attached to this joint proxy statement/prospectus as Annex G and is incorporated herein by reference. The written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by Wells Fargo Securities in rendering its opinion. The following summary is qualified in its entirety by reference to the full text of the opinion. The opinion was addressed to the Emeritus Board (in its capacity as such) for its information and use in connection with its evaluation of the Exchange Ratio from a financial point of view and did not address any other terms, aspects or implications of the Merger. Wells Fargo Securities' opinion did not address the merits of the underlying decision by Emeritus to enter into the Merger Agreement or the relative merits of the Merger compared with other business strategies or transactions available or that have been or might be considered by Emeritus' management or the Emeritus Board or in which Emeritus might engage. Under the terms of its engagement, Wells Fargo Securities has acted as an independent contractor, not as an agent or fiduciary. Wells Fargo Securities' opinion does not constitute a recommendation to the Emeritus Board or any other person or entity in respect of the Merger, including as to how any shareholder should vote or act in connection with the Merger or any other matters.**

The terms of the Merger were determined through negotiations between Emeritus and Brookdale, rather than by any financial advisor, and the decision to enter into the Merger Agreement was solely that of the Emeritus Board. Wells Fargo Securities did not recommend any specific form of consideration to the Emeritus Board or that any specific form of consideration constituted the only appropriate consideration for the Merger. The opinion was only one of many factors considered by the Emeritus Board in its evaluation of the Merger and should not be viewed as determinative of the views of the Emeritus Board, management or any other party with respect to the Merger or the consideration payable in the Merger.

In arriving at its opinion, Wells Fargo Securities, among other things:

reviewed a draft, dated February 20, 2014, of the Merger Agreement, including the financial terms thereof;

reviewed certain publicly available business, financial and other information regarding Emeritus and Brookdale, including information set forth in their respective annual reports to shareholders and annual reports on Form 10-K for the fiscal years ended December 31, 2010, 2011 and 2012 and quarterly reports on Form 10-Q for the period ended September 30, 2013;

reviewed certain other business and financial information regarding Emeritus and Brookdale furnished to Wells Fargo Securities by and discussed with the managements of Emeritus and Brookdale, including financial forecasts and estimates relating to Emeritus for the fiscal years ending December 31, 2013 through December 31, 2017 prepared by the management of Emeritus and financial forecasts and estimates relating to Brookdale for the fiscal years ending December 31, 2013 through December 31, 2017 prepared by the

management of Brookdale;

discussed with the managements of Emeritus and Brookdale the operations and prospects of Emeritus and Brookdale, including the historical financial performance and trends in the results of operations of Emeritus and Brookdale;

discussed with the managements of Emeritus and Brookdale the strategic rationale for the Merger and financial and strategic benefits anticipated by the managements of Emeritus and Brookdale to result from the Merger;



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participated in discussions and negotiations among representatives of Emeritus, Brookdale and their respective advisors regarding the proposed Merger;

reviewed reported prices and trading activity for Emeritus common stock and Brookdale common stock;

compared certain financial data of Emeritus and Brookdale with similar data of certain publicly traded companies that Wells Fargo Securities deemed relevant in evaluating Emeritus and Brookdale;

compared the proposed financial terms of the Merger with the financial terms of certain business combinations and other transactions that Wells Fargo Securities deemed relevant in evaluating the Merger;

analyzed the estimated present value of the future cash flows of Emeritus and Brookdale based upon the financial forecasts and estimates referred to above and assumptions relating thereto discussed with and confirmed as reasonable by the managements of Emeritus and Brookdale;

reviewed the relative financial contributions of Emeritus and Brookdale to the financial performance of the pro forma combined company based upon financial forecasts and estimates referred to above and assumptions relating thereto discussed with and confirmed as reasonable by the managements of Emeritus and Brookdale; and

considered such other information, such as financial studies and analyses, as well as financial, economic and market criteria, and made such other inquiries, as Wells Fargo Securities deemed relevant.

In connection with its review, Wells Fargo Securities assumed and relied upon the accuracy and completeness of the financial and other information provided, discussed with or otherwise made available to Wells Fargo Securities, including all accounting, tax, regulatory and legal information, and Wells Fargo Securities did not make (and assumed no responsibility for) any independent verification of such information. Wells Fargo Securities relied upon assurances of the managements of Emeritus and Brookdale that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial forecasts, estimates and other information relating to Emeritus and Brookdale utilized in Wells Fargo Securities' analyses, Wells Fargo Securities was advised by the respective managements of Emeritus and Brookdale and, at the direction of the Emeritus Board, Wells Fargo Securities assumed that they were reasonably prepared and reflected the best currently available estimates, judgments and assumptions as to the future financial performance of Emeritus and Brookdale, as the case may be, the potential pro forma financial effects of, and potential synergies that may result from, the Merger, the potential net operating loss carryforwards expected to be utilized by Emeritus and Brookdale both on a standalone and pro forma basis, and the other matters covered thereby. Wells Fargo Securities assumed no responsibility for, and expressed no view as to, such forecasts, estimates or other information or the judgments or assumptions upon which they were based. Wells Fargo Securities also assumed that there were no meaningful changes in the condition (financial or otherwise), results of operations, businesses or prospects of Emeritus or Brookdale since the respective dates of the most recent financial statements and other information provided to Wells Fargo Securities. Wells Fargo Securities relied, at the direction of the Emeritus Board, upon the assessments of the managements of Emeritus and Brookdale as to (i) business trends and prospects for, and governmental and regulatory policies and matters affecting, the senior and assisted living and broader healthcare industry, including, without limitation, changes in laws and

regulations relating to Medicare and Medicaid and other healthcare reform, and the potential impact thereof on Emeritus and Brookdale, (ii) the potential impact on Emeritus and Brookdale of certain trends and recent developments in, and prospects for, the commercial real estate market and related credit and financial markets, (iii) existing and proposed lease terms and other arrangements or agreements relating to the properties of Emeritus and Brookdale and (iv) the ability to integrate the businesses of Emeritus and Brookdale. Wells Fargo Securities assumed, with the consent of the Emeritus Board, that there would be no developments with respect to any such matters that would have an adverse effect on Emeritus, Brookdale or the Merger (including the contemplated benefits thereof) or that otherwise would be meaningful in any respect to its analyses or opinion.

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In arriving at its opinion, Wells Fargo Securities did not conduct physical inspections of the properties or assets of Emeritus, Brookdale or any other entity and it did not make, and was not provided with, any evaluations or appraisals of the properties, assets or liabilities (contingent or otherwise) of Emeritus, Brookdale or any other entity. Wells Fargo Securities also did not evaluate the solvency or fair value of Emeritus, Brookdale or any other entity under any state, federal or other laws relating to bankruptcy, insolvency or similar matters.

In rendering its opinion, Wells Fargo Securities assumed, at the direction of the Emeritus Board, that the final form of the Merger Agreement, when signed by the parties thereto, would not differ from the draft Merger Agreement reviewed by Wells Fargo Securities in any respect meaningful to its analyses or opinion, that the Merger would be consummated in accordance with the terms described in the Merger Agreement and in compliance with all applicable laws and other requirements without amendment or waiver of any material terms or conditions and that, in the course of obtaining any necessary legal, regulatory or third party consents, approvals or agreements for the Merger, no delay, limitation or restriction would be imposed or action would be taken that would have an adverse effect on Emeritus, Brookdale or the Merger or that otherwise would be meaningful in any respect to its analyses or opinion. Wells Fargo Securities also assumed, at the direction of the Emeritus Board, that the Merger would qualify for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and that any reorganization transaction, including a holding company structure, that might be implemented by Emeritus prior to consummation of the Merger or changes to the structure of the Merger as permitted under the terms of the Merger Agreement would not be meaningful in any respect to the analyses or opinion of Wells Fargo Securities.

Wells Fargo Securities did not express any opinion as to what the value of Brookdale common stock actually would be when issued pursuant to the Merger or the prices at which Emeritus common stock or Brookdale common stock would trade at any time. Wells Fargo Securities' opinion was necessarily based on economic, market, financial and other conditions existing, and information made available to Wells Fargo Securities, as of the date of its opinion. Wells Fargo Securities noted for the Emeritus Board that the credit, financial and stock markets have experienced significant volatility, and Wells Fargo Securities expressed no opinion or view as to any potential effects of such volatility on Emeritus, Brookdale or the Merger. Although subsequent developments may affect the matters set forth in its opinion, Wells Fargo Securities does not have any obligation to update, revise, reaffirm or withdraw its opinion or otherwise comment on or consider any such events occurring or coming to its attention after the date of its opinion.

Wells Fargo Securities' opinion only addressed the fairness, from a financial point of view and as of the date of its opinion, to holders of Emeritus common stock (other than Brookdale, Merger Sub and their respective affiliates) of the Exchange Ratio to the extent expressly specified in its opinion, and did not address any other terms, aspects or implications of the Merger, including, without limitation, the form or structure of the Merger, any pre-closing reorganization or any voting agreement or other agreement, arrangement or understanding entered into in connection with or contemplated by the Merger or otherwise. In addition, Wells Fargo Securities' opinion did not address the fairness of the amount or nature of, or any other aspects relating to, any compensation to be received by any officers, directors or employees of any parties to the Merger Agreement, or class of such persons, relative to the Exchange Ratio or otherwise. Wells Fargo Securities did not express any view or opinion with respect to, and with the consent of the Emeritus Board relied upon the assessments of Emeritus' representatives regarding, accounting, tax, regulatory, legal or similar matters as to which Wells Fargo Securities understood that Emeritus obtained such advice as it deemed necessary from qualified professionals. Except as described in this summary, Emeritus imposed no other instructions or limitations on Wells Fargo Securities with respect to the investigations made or procedures followed by Wells Fargo Securities in rendering its opinion.

In connection with rendering its opinion, Wells Fargo Securities performed certain financial, comparative and other analyses as summarized below. This summary is not a complete description of the financial analyses performed and factors considered in connection with such opinion. In arriving at its opinion, Wells Fargo Securities did not ascribe a

specific value to Emeritus common stock but rather made its determinations as to the fairness, from a financial point of view, of the Exchange Ratio on the basis of various financial and comparative

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analyses taken as a whole. The preparation of a financial opinion is a complex process and involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a financial opinion is not readily susceptible to summary description.

In arriving at its opinion, Wells Fargo Securities did not attribute any particular weight to any single analysis or factor considered but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered and in the context of the circumstances of this particular transaction. Accordingly, the analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying such opinion. The fact that any specific analysis has been referred to in the summary below is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary. No company or transaction is identical to Emeritus, Brookdale or the Merger and an evaluation of Wells Fargo Securities' analyses is not entirely mathematical; rather, such analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading, acquisition or other values of the companies or transactions reviewed.

In performing its analyses, Wells Fargo Securities considered industry performance, general business and economic conditions and other matters existing as of the date of its opinion, many of which are beyond the control of Emeritus, Brookdale or any other parties to the Merger. None of Emeritus, Brookdale, Wells Fargo Securities or any other person assumes responsibility if future results are different from those discussed whether or not any such difference is material. Any estimates contained in these analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of properties, businesses or securities do not purport to be appraisals or necessarily reflect the prices at which properties, businesses or securities may actually be sold or acquired. Accordingly, the assumptions and estimates used in, and the results derived from, the following analyses are inherently subject to substantial uncertainty.

The following is a summary of the material financial analyses provided on February 20, 2014 to the Emeritus Board by Wells Fargo Securities in connection with its opinion. **Certain financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of such financial analyses.** In calculating implied exchange ratio reference ranges from the analyses described below, Wells Fargo Securities (i) compared the low-end of the approximate implied per share equity value reference ranges for Emeritus to the high-end of the approximate implied per share equity value reference ranges for Brookdale in order to calculate the low-end of the implied exchange ratio reference ranges and (ii) compared the high-end of the approximate implied per share equity value reference ranges for Emeritus to the low-end of the approximate implied per share equity value reference ranges for Brookdale in order to calculate the high-end of the implied exchange ratio reference ranges.

*Selected Public Companies Analyses*

Wells Fargo Securities reviewed and compared financial and operating data relating to Emeritus and the following three selected companies, which Wells Fargo Securities in its professional judgment considered generally relevant for comparative purposes as publicly traded companies with operations primarily in senior and assisted living industries, referred to below as the Emeritus selected companies:

Brookdale

Capital Senior Living Corporation

Five Star Quality Care, Inc.

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Wells Fargo Securities also reviewed and compared financial and operating data relating to Brookdale with the same selected publicly traded companies noted above, excluding Brookdale and including Emeritus, referred to below as the Brookdale selected companies. The Emeritus selected companies and the Brookdale selected companies are collectively referred to below as the selected companies.

Wells Fargo Securities reviewed:

enterprise values, calculated as fully diluted equity values based on closing stock prices on February 19, 2014 plus net debt (including capital leases), preferred stock and non-controlling interests;

cash enterprise values, calculated as fully diluted equity values based on closing stock prices on February 19, 2014 plus net debt (excluding capital leases), preferred stock and non-controlling interests;

adjusted enterprise values, calculated as fully diluted equity values based on closing stock prices on February 19, 2014 plus net debt (including capital leases at balance sheet value and operating leases capitalized at 10.0x), preferred stock and non-controlling interests; and

fully diluted equity values based on closing stock prices on February 19, 2014.

Adjusted enterprise values were reviewed as a multiple of calendar year 2014 and calendar year 2015 estimated earnings before interests, taxes, depreciation, amortization and rents costs, referred to as EBITDAR. Enterprise values were reviewed as a multiple of calendar year 2014 and calendar year 2015 estimated EBITDAR less rent costs, referred to as EBITDA. Cash enterprise values were reviewed as a multiple of calendar year 2014 and calendar year 2015 estimated EBITDAR less cash rent costs plus non-recurring general and administrative expenses and stock-based compensation, referred to as Cash EBITDA. Fully diluted equity values were reviewed as a multiple of calendar year 2014 and calendar year 2015 estimated cash from facility operations, referred to as CFFO per share. Estimated financial data of Emeritus and Brookdale were based both on Wall Street consensus estimates and internal estimates of the respective managements of Emeritus and Brookdale.

For calendar year 2014, the overall low to high multiples observed for the selected companies were as follows:

estimated EBITDAR: 9.4x to 13.3x (with a mean of 11.5x and a median of 11.6x for the selected companies, a mean of 11.6x and a median of 12.0x for the Emeritus selected companies and a mean and median of 11.3x for the Brookdale selected companies);

estimated EBITDA: 6.0x to 15.9x (with a mean of 11.8x and a median of 12.7x for the selected companies, a mean of 11.7x and a median of 13.1x for the Emeritus selected companies and a mean of 11.4x and a median of 12.2x for the Brookdale selected companies);

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estimated Cash EBITDA: 5.8x to 14.6x (with a mean of 10.7x and a median of 11.3x for the selected companies, a mean of 11.0x and a median of 12.5x for the Emeritus selected companies and a mean of 10.1x and a median of 10.0x for the Brookdale selected companies); and

estimated CFFO per share: 11.0x to 14.1x, excluding Emeritus, and 9.2x to 14.1x, excluding Brookdale (with a mean of 11.4x and a median of 11.0x for the selected companies, a mean and median of 12.6x for the Emeritus selected companies and a mean and median of 11.6x for the Brookdale selected companies).

For calendar year 2015, the overall low to high multiples observed for the selected companies were as follows:

estimated EBITDAR: 9.0x to 12.0x (with a mean of 10.9x and a median of 11.3x for the selected companies, a mean of 10.7x and a median of 11.3x for the Emeritus selected companies and a mean of 10.8x and a median of 11.3x for the Brookdale selected companies);



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estimated EBITDA: 5.3x to 13.2x (with a mean of 10.6x and a median of 11.9x for the selected companies, a mean of 10.2x and a median of 12.2x for the Emeritus selected companies and a mean of 10.0x and a median of 11.6x for the Brookdale selected companies);

estimated Cash EBITDA: 5.2x to 12.2x (with a mean of 9.6x and a median of 10.5x for the selected companies, a mean of 9.7x and a median of 11.6x for the Emeritus selected companies and a mean of 8.9x and a median of 9.4x for the Brookdale selected companies); and

estimated CFFO per share: 10.1x to 12.4x, excluding Emeritus, and 8.0x to 12.4x, excluding Brookdale (with a mean of 10.2x and a median of 10.1x for the selected companies, a mean and median of 11.2x for the Emeritus selected companies and a mean and median of 10.2x for the Brookdale selected companies).

Wells Fargo Securities applied selected ranges of (i) calendar year 2014 estimated EBITDAR, EBITDA, Cash EBITDA and CFFO per share multiples of 11.2x to 12.2x, 12.0x to 13.0x, 11.0x to 12.0x and 9.5x to 11.5x, respectively, and (ii) calendar year 2015 estimated EBITDAR, EBITDA, Cash EBITDA and CFFO per share multiples of 10.5x to 11.5x, 11.0x to 12.0x, 10.0x to 11.0x and 8.5x to 10.5x, respectively, derived from the selected companies to corresponding data of Emeritus and Brookdale. These analyses indicated approximate implied per share equity value reference ranges for Emeritus common stock of \$19.50 to \$27.00 and for Brookdale common stock of \$24.00 to \$28.75.

Based on the approximate implied per share equity value reference ranges for Emeritus common stock and Brookdale common stock described above, Wells Fargo Securities calculated the following implied exchange ratio reference range, as compared to the Exchange Ratio:

**Implied Exchange**

<b>Ratio Reference Range</b>	<b>Exchange Ratio</b>
0.6783x 1.1250x	0.95x

*Selected Precedent Transactions Analysis*

In evaluating Emeritus, Wells Fargo Securities reviewed publicly available financial terms of the following four selected transactions, which Wells Fargo Securities in its professional judgment considered generally relevant for comparative purposes as transactions involving publicly traded companies with operations primarily in senior and assisted living industries, referred to as the selected transactions:

<b>Announcement Date</b>	<b>Acquiror</b>	<b>Target</b>
February 26, 2013	TPG Capital, L.P.	Assisted Living Concepts, Inc.
August 22, 2012	Health Care REIT, Inc.	Sunrise Senior Living, Inc.
May 12, 2006	Brookdale	American Retirement Corporation
November 4, 2004	Extendicare Inc.	Assisted Living Concepts, Inc.

Wells Fargo Securities reviewed:

adjusted enterprise values, calculated as the purchase prices paid in the selected transactions plus net debt (including capital leases at balance sheet value and operating leases valued at 10.0x the lease payment), preferred stock and non-controlling interests; and

enterprise values, calculated as the purchase prices paid in the selected transactions plus net debt (including capital leases), preferred stock and non-controlling interests.

Adjusted enterprise values were calculated as a multiple of latest 12 months EBITDAR and enterprise values were calculated as a multiple of latest 12 months EBITDA. Estimated financial data of the selected transactions were based on public filings, publicly available research analysts estimates and other publicly available information. Estimated financial data of Emeritus was based on internal estimates of the management of Emeritus.

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Latest 12 months overall low to high multiples observed for the selected transactions were as follows:

estimated EBITDAR: 10.4x to 14.9x (with a mean and median of 12.6x); and

estimated EBITDA: 10.5x to 18.7x (with a mean and median of 14.6x).

Wells Fargo Securities then applied selected ranges of latest 12 months EBITDAR and EBITDA multiples of 12.0x to 13.0x and 14.0x to 15.0x, respectively, derived from the selected transactions to Emeritus' latest 12 months (as of December 31, 2013) EBITDAR and EBITDA. Financial data of the selected transactions were based on publicly available research analysts' estimates, press releases, public filings and other publicly available information. This analysis indicated an approximate implied per share equity value reference range for Emeritus common stock of \$15.00 to \$24.00.

Based on the approximate implied per share equity value reference range for Emeritus common stock described above and the approximate implied per share equity value reference range for Brookdale common stock of \$24.00 to \$28.75 derived from the selected public companies analysis described above, Wells Fargo Securities calculated the following implied exchange ratio reference range, as compared to the Exchange Ratio:

**Implied Exchange**

<b>Ratio Reference Range</b>	<b>Exchange Ratio</b>
0.5217x 1.0000x	0.95x

*Discounted Cash Flow Analyses*

Wells Fargo Securities performed discounted cash flow analyses of Emeritus and Brookdale to calculate a range of implied present values of the standalone unlevered, after-tax free cash flows that each of Emeritus and Brookdale was forecasted to generate during the fiscal years ending December 31, 2014 through December 31, 2017 based on each of Emeritus' and Brookdale's fiscal year 2017 estimated unlevered, after-tax free cash flows utilizing internal estimates of the respective managements of Emeritus and Brookdale. Wells Fargo Securities derived implied terminal values for each of Emeritus and Brookdale by applying to the respective estimated EBITDA of Emeritus and Brookdale for the fiscal year ending December 31, 2017 a range of terminal value EBITDA multiples of 12.0x to 13.0x. Present values (as of December 31, 2013) of the cash flows and terminal values were then calculated using discount rates of 10.50% to 11.50% for Emeritus and 10.10% to 11.10% for Brookdale. For purposes of these analyses, Wells Fargo Securities took into account, among other things, stock-based compensation as a cash expense and the estimated present value of potential tax savings anticipated by the respective managements of Emeritus and Brookdale to result from the utilization of net operating loss carryforwards. These analyses indicated approximate implied per share equity value reference ranges for Emeritus common stock of \$22.00 to \$32.25 and for Brookdale common stock of \$25.00 to \$30.00.

Based on the approximate implied per share equity value reference ranges for Emeritus common stock and Brookdale common stock described above, Wells Fargo Securities calculated the following implied exchange ratio reference range, as compared to the Exchange Ratio:

**Implied Exchange**

<b>Ratio Reference Range</b>	<b>Exchange Ratio</b>
0.7333x 1.2900x	0.95x

*Other Information*

Wells Fargo Securities observed certain additional factors that were not considered part of Wells Fargo Securities financial analyses with respect to its opinion but were referenced for informational purposes, including the following:

implied historical exchange ratios for Emeritus common stock and Brookdale common stock, which reflected average implied historical exchange ratios over the one-year, two-year and three-year periods ended February 19, 2014 of 0.8393x, 0.8989x and 0.9324x, respectively, as compared to the Exchange Ratio of 0.95x;

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publicly available Wall Street research analysts' reports relating to Emeritus and Brookdale, which indicated stock price targets ranging from \$21.00 to \$31.00 per share (with a mean of \$27.14 and a median of \$27.00 per share) for Emeritus common stock and \$31.00 to \$38.00 per share (with a mean of \$35.88 and a median of \$36.00 per share) for Brookdale common stock;

relative financial contributions of Emeritus and Brookdale to the pro forma combined company's calendar years 2013 through 2015 estimated EBITDAR, EBITDA, Cash EBITDA and CFFO per share based on public filings, and internal forecasts and other estimates of the respective managements, of Emeritus and Brookdale, which indicated overall contribution percentages of Emeritus and Brookdale to such financial metrics of approximately 24.0% to 30.0% and approximately 70.0% to 76.0%, respectively, and an overall implied exchange ratio reference range of 0.8303x to 1.1267x as compared to the Exchange Ratio of 0.95x; and

the potential pro forma financial impact of the Merger on calendar year 2014 (as if the Merger closed on December 31, 2013) and calendar year 2015 estimated CFFO per share relative to Emeritus on a standalone basis and on Brookdale based on public filings, and internal forecasts and other estimates of the respective managements, of Emeritus and Brookdale after giving effect to, among other things, estimated synergies anticipated by such managements to result from the Merger, which indicated, based on the Exchange Ratio and the closing price of Brookdale common stock of \$29.91 per share on February 19, 2014, that the Merger could be accretive relative to Emeritus' standalone, and accretive to Brookdale's, calendar years 2014 and 2015 estimated CFFO per share. Actual results achieved by the combined company may vary from forecasted results and the variations may be material.

*Miscellaneous*

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Securities, LLC. Wells Fargo Securities is an internationally recognized investment banking firm which is regularly engaged in providing financial advisory services in connection with mergers and acquisitions. Emeritus selected Wells Fargo Securities to act as its financial advisor because of its qualifications, reputation and experience generally and particularly in the real estate industry and its familiarity with Emeritus and its business. The issuance of Wells Fargo Securities' opinion was approved by an authorized committee of Wells Fargo Securities.

In connection with the Merger, Emeritus has agreed to pay Wells Fargo Securities an aggregate fee of \$15.5 million, portions of which were payable upon delivery of its opinion and execution of the Merger Agreement and \$11.5 million of which is contingent upon consummation of the Merger. Emeritus also has agreed to reimburse certain of Wells Fargo Securities' expenses, including fees and disbursements of Wells Fargo Securities' counsel, and to indemnify Wells Fargo Securities and certain related parties against certain liabilities, including liabilities under the U.S. federal securities laws, that may arise out of Wells Fargo Securities' engagement. Wells Fargo Securities and its affiliates provide a full range of investment banking and financial advisory, securities trading, brokerage and lending services in the ordinary course of business, for which Wells Fargo Securities and such affiliates receive customary fees. In connection with unrelated matters, Wells Fargo Securities and its affiliates in the past have provided, currently are providing, and in the future may provide banking and other financial services to Emeritus, Brookdale and their respective affiliates for which Wells Fargo Securities and its affiliates have received and expect to receive fees, including having provided or providing certain lending or credit services to Emeritus, Brookdale and/or certain of their respective affiliates. In the ordinary course of business, Wells Fargo Securities and its affiliates may actively trade, hold or otherwise effect transactions in the securities or financial instruments (including bank loans or other

obligations) of Emeritus, Brookdale and their respective affiliates for Wells Fargo Securities and its affiliates own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities or financial instruments.

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***Opinion of Moelis & Company LLC***

In connection with the Merger, Emeritus retained Moelis to act as Emeritus' financial advisor and to provide a financial opinion to the Emeritus Board. At the meeting of the Emeritus Board on February 20, 2014 to evaluate and approve the Merger, Moelis delivered to the Emeritus Board its opinion, dated February 20, 2014, to the effect that, as of the date of the opinion and based upon and subject to the conditions and limitations set forth in the opinion, the Exchange Ratio was fair, from a financial point of view, to the holders of Emeritus common stock. **The full text of Moelis' written opinion dated February 20, 2014, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this joint proxy statement/prospectus as Annex H and is incorporated herein by reference. Emeritus shareholders are urged to read Moelis' written opinion carefully and in its entirety. Moelis' opinion was provided for the use and benefit of the Emeritus Board (in its capacity as such) in its evaluation of the Merger. Moelis' opinion is limited solely to the fairness, from a financial point of view, of the Exchange Ratio to the holders of Emeritus common stock and does not address Emeritus' underlying business decision to effect the Merger or the relative merits of the Merger as compared to any alternative business strategies or transactions that might be available with respect to Emeritus. Moelis' opinion does not constitute a recommendation to any shareholder of Emeritus as to how such shareholder should vote or act with respect to the Merger or any other matter. Emeritus advised Moelis that Emeritus received another proposal for a potential transaction that the Emeritus Board determined not to pursue. At Emeritus' direction, Moelis did not express any opinion as to such transaction or any potential transactions considered by Emeritus or any proposals regarding a potential transaction received by Emeritus, other than the Merger, nor did Moelis express any opinion as to the fairness of the Exchange Ratio in the Merger relative to the consideration proposed by Brookdale or any other party. Moelis' opinion was approved by a Moelis fairness opinion committee.**

In arriving at its opinion, Moelis, among other things:

reviewed certain publicly available business and financial information relating to Emeritus and Brookdale;

reviewed certain internal information relating to the business, earnings, cash flow, assets, liabilities and prospects of Emeritus furnished to Moelis by Emeritus, including financial forecasts provided to Moelis by the management of Emeritus;

reviewed certain internal information relating to the business, earnings, cash flow, assets, liabilities and prospects of Brookdale furnished to Moelis by Brookdale, including financial forecasts provided to Moelis by the management of Brookdale and which Emeritus directed Moelis to use for purposes of its opinion;

reviewed certain internal information relating to cost savings, synergies and related expenses expected to result from the Merger (the Expected Synergies ) furnished to Moelis by Emeritus and certain other pro forma effects of the Merger, which were derived from the financial forecasts provided to Moelis by Emeritus and Brookdale and discussed with the management of Emeritus and which Emeritus directed Moelis to use in its analysis;

conducted discussions with members of senior management and representatives of Emeritus and Brookdale concerning the publicly available and internal information described in the foregoing, as well as the business and prospects of Emeritus and Brookdale generally;

reviewed publicly available financial and stock market data of certain other companies in lines of business that Moelis deemed relevant;

considered the results of efforts by or on behalf of Emeritus to solicit indications of interest from third parties with respect to a possible acquisition of all or a portion of Emeritus;

reviewed the financial terms of certain other transactions that Moelis deemed relevant;



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reviewed a draft, dated February 20, 2014, of the Merger Agreement; and

conducted such other financial studies and analyses and took into account such other information as Moelis deemed appropriate.

In connection with its review, Moelis did not assume any responsibility for independent verification of any of the information supplied to, discussed with or reviewed by Moelis for the purpose of its opinion and has, with the consent of the Emeritus Board, relied on such information being complete and accurate in all material respects. In addition, with Emeritus' consent, Moelis did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent, derivative, off-balance-sheet, or otherwise) of Emeritus or Brookdale, nor was Moelis furnished with any such evaluation or appraisal. Moelis assumed, at the Emeritus Board's direction, that (i) the financial forecasts referred to above were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Emeritus as to the future performance of Emeritus, (ii) the financial forecasts and other information relating to Brookdale and Expected Synergies and other pro forma financial effects referred to above were reasonably prepared on a basis reflecting the best then available estimates and judgments of the management of Brookdale and Emeritus as to the future performance of Brookdale, such Expected Synergies (including the amount, timing and achievability thereof) and such other pro forma financial effects. Moelis also assumed, at the Emeritus Board's direction, that the future financial results of Brookdale reflected in such forecasts and other information, such Expected Synergies (including the amount, timing and achievability thereof) and such other pro forma effects will be achieved at the times and in the amounts projected. In addition, at the Emeritus Board's direction, Moelis relied on the assessments of the managements of Emeritus and Brookdale as to Brookdale's ability to integrate the businesses of Emeritus and Brookdale.

Moelis' opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Moelis as of, the date of the opinion. Moelis' opinion did not address, the fairness of the Merger or any aspect or implication thereof to, or any other consideration of or relating to, the holders of any class of securities, creditors or other constituencies of Emeritus, other than the fairness of the Exchange Ratio from a financial point of view to the holders of Emeritus common stock. In addition, Moelis did not express any opinion as to the fairness of the amount or nature of any compensation to be received by any officers, directors or employees of any parties to the Merger Agreement, or any class of such persons, relative to the Exchange Ratio or otherwise. At the direction of the Emeritus Board, Moelis was not asked to, nor did it, offer any opinion as to any terms of the Merger Agreement or any aspect or implication of the Merger, except for the Exchange Ratio. In rendering its opinion, Moelis assumed, with the consent of the Emeritus Board, that the final executed form of the Merger Agreement would not differ in any material respect from the draft that Moelis reviewed, that the Merger would be consummated in accordance with its terms and that the parties to the Merger Agreement would comply with all the material terms of the Merger Agreement. Moelis also assumed, with the consent of the Emeritus Board, that all governmental, regulatory or other consents and approvals necessary for the consummation of the Merger would be obtained without the imposition of any delay, limitation, restriction, divestiture or condition that would have an adverse effect on Emeritus, Brookdale or the Merger. In addition, representatives of Emeritus advised Moelis, and Moelis assumed, with the consent of the Emeritus Board, that the Merger would qualify as a reorganization for federal income tax purposes. Although Moelis understood that Emeritus and its other financial advisor solicited indications of interest in a possible transaction with Emeritus, Moelis was not authorized to solicit and did not solicit indications of interest in a possible transaction with Emeritus from any party. Moelis also was not requested to, and did not, participate in the structuring or negotiation of the Merger. Except as described in this summary, Emeritus and its board of directors imposed no other instructions or limitations on Moelis with respect to the investigations made or procedures followed by Moelis in rendering its opinion.

The following is a summary of the material financial analyses presented by Moelis to the Emeritus Board at its meeting held on February 20, 2014, in connection with its opinion.

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Some of the summaries of financial analyses below include information presented in tabular format. In order to fully understand Moelis' analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Moelis' analyses.

For purposes of the financial analysis summarized below, Moelis used financial data for Emeritus and Brookdale (including projections) (i) provided by Emeritus' and Brookdale's management, respectively, and approved by Emeritus for use by Moelis, and (ii) based on publicly available consensus research analysts' estimates. In connection with any of the adjustments to Emeritus' or Brookdale's financial information, as described below, the amount of each such adjustment was provided by Emeritus or Brookdale in their respective financial forecasts provided to Moelis, and each adjustment was reviewed and approved by Emeritus management. For purposes of the selected public companies analysis summarized below, Moelis used financial data for the selected companies based on publicly available consensus research analysts' estimates and publicly available information. For purposes of the selected precedent transactions analysis summarized below, Moelis used financial data for the selected transactions based on publicly available information at the time of the announcement of the relevant transaction.

For purposes of the financial analysis summarized below:

the term CFFO generally refers to the relevant company's cash flows from facility operations for a specified time period.

the term EBITDA generally refers to the relevant company's earnings before interest, taxes, depreciation and amortization for a specified time period.

the term EBITDAR generally refers to the relevant company's earnings before interest, taxes, depreciation, amortization and rent for a specified time period.

the term Enterprise Value generally refers to the relevant company's market value of the relevant company's diluted common equity as of a specified date, plus, the value as of such date of its debt (excluding capital leases), plus capital leases, less cash and cash equivalents, plus book value of non-controlling interests.

the term Adjusted CFFO generally refers to CFFO adjusted to account for certain non-recurring expenses and non-cash costs. Adjusted CFFO was used by Moelis in order to allow for comparability between Emeritus, Brookdale and the selected companies, as applicable.

the terms Adjusted EBITDAR and Adjusted EBITDA generally refer to EBITDAR or EBITDA, as applicable, adjusted to account for certain non-recurring expenses and non-cash costs. Adjusted EBITDAR and Adjusted EBITDA were used by Moelis to allow for comparability between Emeritus, Brookdale and certain selected companies or selected transactions, as applicable.

the term Adjusted Enterprise Value refers to, in the case of Emeritus and Brookdale, Enterprise Value adjusted for capitalization of cash rent expense at 10.0x.

*Selected Public Companies Analysis*

Moelis performed selected public companies analyses of both Emeritus and Brookdale. Moelis reviewed financial and stock market information, as of February 19, 2014, of Emeritus, Brookdale and the following selected publicly traded senior housing companies:

Capital Senior Living Corporation

Five Star Quality Care, Inc.

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*Emeritus.* In the case of Emeritus, Moelis reviewed, among other things, Enterprise Values of Brookdale and the selected companies as a multiple of estimated Adjusted EBITDA for calendar years 2013 and 2014. Moelis also reviewed Adjusted Enterprise Values of Brookdale and the selected companies as a multiple of estimated Adjusted EBITDAR for calendar years 2013 and 2014. Moelis also reviewed closing stock prices of Brookdale and the selected companies as a multiple of estimated Adjusted CFO for calendar years 2013 and 2014. Moelis compared the results of these analyses to financial data for Emeritus as described below.

*Brookdale.* In the case of Brookdale, Moelis reviewed, among other things, Enterprise Values of Emeritus and the selected companies as a multiple of estimated Adjusted EBITDA for calendar years 2013 and 2014. Moelis also reviewed Adjusted Enterprise Values of Emeritus and the selected companies as a multiple of estimated Adjusted EBITDAR for calendar years 2013 and 2014. Moelis also reviewed closing stock prices of Emeritus and the selected companies as a multiple of estimated Adjusted CFO for calendar years 2013 and 2014. Moelis compared the results of these analyses to financial data for Brookdale as described below.

The mean and median multiples based on consensus research analysts' estimates for Emeritus, Brookdale and the selected companies and the relevant metrics for each of Emeritus and Brookdale based on financial forecasts and other information provided by Emeritus and Brookdale were:

	Reference Range		Emeritus per Share Reference Range		Brookdale per Share Reference Range		
<b>Enterprise Value / Adjusted EBITDA</b>							
2013A	13.0x	14.0x	\$21.80	\$29.33	\$26.97	\$30.59	
2014E	11.5x	12.5x	\$16.89	\$25.11	\$26.63	\$30.70	
<b>Adjusted Enterprise Value / Adjusted EBITDAR</b>							
2013A	12.0x	13.0x	\$19.84	\$30.17	\$22.34	\$27.71	
2014E	11.0x	12.0x	\$16.43	\$28.25	\$21.92	\$27.78	
<b>Price / Adjusted CFO</b>							
2013A	11.0x	13.0x	\$20.94	\$24.60	\$26.57	\$31.40	
2014E	9.0x	11.0x	\$20.20	\$24.51	\$24.27	\$29.66	

Based on the implied per share reference range for Emeritus and the implied per share reference range for Brookdale derived from the respective selected public company analyses performed, this indicated the following implied exchange ratio reference range, as compared to the Exchange Ratio:

Implied Exchange Ratio Reference Range	Transaction Exchange Ratio
0.65x - 1.09x	0.95x

*Selected Precedent Transactions Analysis*

Moelis reviewed financial information of the following selected transactions in the senior housing industry announced between 2006 and 2013:

<b>Date Announced</b>	<b>Target</b>	<b>Acquirer</b>
February 26, 2013	Assisted Living Concepts, Inc.	TPG Capital
May 12, 2006	American Retirement Corporation	Brookdale Senior Living Inc.

Moelis reviewed, among other things, Enterprise Values of the selected transactions as a multiple of Adjusted EBITDA for the latest 12 months and Adjusted Enterprise Values of the selected transactions as a

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multiple of Adjusted EBITDAR for the latest 12 months. Moelis also reviewed but did not take into account the Health Care REIT, Inc. acquisition of Sunrise Senior Living, Inc. transaction, announced on August 21, 2012, which Moelis determined, using its professional judgment, did not represent an appropriate transaction comparable to the Merger for purposes of its analysis. The implied mean and median multiples for the selected transactions were:

<b>Metric</b>	<b>Mean</b>	<b>Median</b>
Enterprise Value / LTM Adjusted EBITDA	15.2x	15.2x
Enterprise Value / LTM Adjusted EBITDAR	12.8x	12.8x

Moelis then applied a range of selected multiples derived from the selected transactions to Emeritus' 2013 Adjusted EBITDA and 2013 Adjusted EBITDAR. This analysis indicated implied per share reference ranges for Emeritus of approximately:

<b>Metric</b>	<b>Reference Range</b>	<b>Emeritus per Share Reference Range</b>
2013A Adjusted EBITDA	14.5x 15.5x	\$33.04 \$40.47
2013A Adjusted EBITDAR	12.25x 13.25x	\$22.45 \$32.72

Based on the implied per share reference range for Emeritus derived from the selected transactions analysis and the implied per share reference range for Brookdale derived from the selected public companies analysis of Brookdale described above, this indicated the following implied exchange ratio reference range, as compared to the Exchange Ratio:

<b>Implied Exchange Ratio Reference Range</b>	<b>Transaction Exchange Ratio</b>
0.76x 1.63x	0.95x

**Discounted Cash Flow Analysis**

Moelis performed discounted cash flow ( DCF ) analyses of both Emeritus and Brookdale to calculate the present value of the estimated future unlevered free cash flows projected to be generated by Emeritus and Brookdale, respectively.

*Emeritus.* In the case of Emeritus, Moelis utilized a range of discount rates of 9.00% to 10.00% to calculate estimated present values of (i) (a) Emeritus' estimated after-tax unlevered free cash flows for the periods ending December 31, 2014, 2015, 2016 and 2017, and (b) Emeritus' net operating loss assets until fully utilized based on information provided by Emeritus, subject to annual limitations on the use of net operating losses under U.S. tax law, and (ii) estimated terminal values derived by applying a range of multiples of 11.5x to 12.5x to Emeritus' Adjusted EBITDA. This analysis indicated a range of \$25.30 to \$36.22, and with a net present value of the net operating loss assets of \$0.76 to \$0.77, which Moelis added to the DCF range, an implied per share reference range for Emeritus of approximately \$26.05 to \$36.99.

*Brookdale.* In the case of Brookdale, Moelis utilized a range of discount rates of 8.50% to 9.50% to calculate estimated present values of (i) (a) Brookdale's estimated after-tax unlevered free cash flows for the periods ending December 31, 2014, 2015, 2016 and 2017, and (b) Brookdale's net operating loss assets until fully utilized based on

financial information provided by Brookdale management and approved for use by Emeritus, and (ii) estimated terminal values derived by applying a range of multiples of 11.5x to 12.5x to Brookdale's Adjusted EBITDA. This analysis indicated a range of \$27.56 to \$33.22, and with a net present value of the net operating loss assets of \$1.01 to \$1.03, which Moelis added to the DCF range, an implied per share reference range for Brookdale of approximately \$28.57 to \$34.25.



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Based on the implied per share reference range for Emeritus and the implied per share reference range for Brookdale derived from the respective DCF analyses performed, this indicated the following implied exchange ratio reference range, as compared to the Exchange Ratio:

<b>Implied Exchange Ratio Reference Range</b>	<b>Transaction Exchange Ratio</b>
0.76x 1.29x	0.95x

*Contribution Analysis and Other Information*

Moelis reviewed the relative financial contributions of Emeritus and Brookdale to the future financial performance of the combined company on a pro forma basis. For purposes of this analysis, Adjusted Enterprise Value for Brookdale was adjusted for capitalization of cash rent expense net of cash entrance fees at 10.0x. For the years 2013 through 2015 Moelis reviewed Emeritus and Brookdale s:

Revenue;

Adjusted EBITDA;

Adjusted EBITDAR; and

Adjusted CFFO.

Based on the relative contributions implied by these metrics, Moelis derived the following implied exchange ratio reference range, as compared to the Exchange Ratio:

<b>Implied Exchange Ratio Reference Range</b>	<b>Transaction Exchange Ratio</b>
0.66x 0.99x	0.95x

Moelis also noted for the Emeritus Board certain additional factors that were not considered part of Moelis financial analysis with respect to its opinion but were referenced for informational purposes, including, among other things:

the historical trading price for Emeritus common stock, Brookdale common stock and senior housing industry (excluding Emeritus and Brookdale) during the three-year, two-year, one-year and six month periods ended February 19, 2014, which reflected, for Emeritus, an aggregate change in trading price for the relevant period of 1.6%, 16.3%, (23.3%) and (5.8%), respectively; for Brookdale, an aggregate change in trading price for the relevant period of 25.4%, 60.9%, 6.7% and 10.6%, respectively; and, for the senior housing industry (excluding Emeritus and Brookdale), an aggregate change in trading price for the relevant period of 31.6%, 42.7%, 2.2% and 9.5%, respectively;

the average forward twelve month EBITDA multiples for Emeritus, Brookdale and senior housing industry (excluding Emeritus and Brookdale) during the three-year, two-year, one-year and six month periods ended February 19, 2014, which reflected, for Emeritus, a 12.8x, 12.7x, 13.0x and 12.6x EBITDA multiple for each such period, respectively; for Brookdale, a 12.6x, 13.2x, 14.0x and 13.5x EBITDA multiple for each such period, respectively; and, for the senior housing industry (excluding Emeritus and Brookdale), a 8.5x, 9.4x, 10.6x and 10.4x EBITDA multiple for each such period, respectively; and

implied historical trading ratios for Emeritus and Brookdale derived by dividing volume-weighted average prices of Emeritus common stock and Brookdale common stock as of February 19, 2014 and during the three-month, six-month, nine-month, one-year, two-year and three-year periods ended February 19, 2014, which reflected high and low implied trading ratios during such period ranging from approximately 0.72x to 0.91x.

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### *Miscellaneous*

This summary of the analyses is not a complete description of Moelis' opinion or the analyses underlying, and factors considered in connection with, Moelis' opinion. The preparation of a fairness opinion is a complex analytical process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Moelis' opinion. In arriving at its fairness determination, Moelis considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis. Rather, Moelis made its fairness determination on the basis of its experience and professional judgment after considering the results of all of its analyses.

No company or transaction used in the analyses described above is identical to Emeritus, Brookdale or the Merger. In addition, such analyses do not purport to be appraisals, nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such analyses. Because the analyses described above are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, neither Emeritus, nor Moelis or any other person assumes responsibility if future results are materially different from those forecast.

Moelis acted as financial advisor to Emeritus in connection with the Merger and will receive a fee of \$3 million which became payable in connection with the delivery of its opinion, regardless of the conclusion reached therein. In addition, Emeritus has agreed to indemnify Moelis for certain liabilities, including liabilities under the federal securities laws, arising out of its engagement and reimburse Moelis for certain expenses.

Moelis' affiliates, employees, officers and partners may at any time own securities of Emeritus and Brookdale. In the past two years, Moelis has not been engaged or received compensation to provide investment banking or other services to Emeritus or Brookdale. Moelis may in the future provide such services to the combined company formed by the Merger and may receive compensation for such services.

The board of directors of Emeritus selected Moelis as its financial advisor in connection with the Merger because Moelis has substantial experience in similar transactions. Moelis is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, strategic transactions, corporate restructurings, and valuations for corporate and other purposes.

### **Unaudited Financial Forecasts**

Brookdale and Emeritus are including in this joint proxy statement/prospectus certain financial forecasts that Brookdale and Emeritus prepared for their respective boards in connection with the proposed Merger. These financial forecasts also were provided to Brookdale's and Emeritus' respective financial advisors. See "Opinions of Brookdale's Financial Advisors" beginning on page 52 and "Opinions of Emeritus' Financial Advisors" beginning on page 71. The financial forecasts were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC or the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or U.S. GAAP. The inclusion of this information in this joint proxy statement/prospectus should not be regarded as an indication that any of Brookdale, Emeritus or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results. The inclusion of the financial forecasts in this joint proxy statement/prospectus will not be deemed an admission or representation by Brookdale or Emeritus that such information is material.

The financial forecasts of Brookdale and Emeritus included in this joint proxy statement/prospectus were prepared by, and are the responsibility of, Brookdale management and Emeritus management, respectively, and are unaudited. Neither Brookdale nor Emeritus independent registered public accounting firm, nor any other independent auditors, have compiled, examined or performed any procedures with respect to the prospective

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financial information contained in the financial forecasts, nor have they expressed any opinion or given any form of assurance on the financial forecasts or their achievability. Furthermore, the financial forecasts:

make numerous assumptions, as further described below, many of which are beyond the control of Brookdale and Emeritus and may not be necessarily predictive of actual future events;

do not necessarily reflect revised prospects for Brookdale's and Emeritus' businesses, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the forecasts were prepared;

are not necessarily indicative of current values or future performance, which may be significantly more favorable or less favorable than as set forth below;

do not reflect or otherwise take into consideration the HCP Transactions, described on page 20 (see Summary Recent Developments); and

should not be regarded as a representation that the financial forecasts will be achieved.

These financial forecasts were prepared by the respective managements of Brookdale and Emeritus based on information they had at the time of preparation and are not a guarantee of future performance. These financial forecasts were, in general, prepared solely for use by Brookdale's and Emeritus' respective boards and financial advisors and are subjective in many respects and thus subject to interpretation. Neither Brookdale nor Emeritus can assure you that their respective financial forecasts will be realized or that their respective future financial results will not materially vary from the financial forecasts. The financial forecasts cover multiple years and such information by its nature becomes less predictive with each successive year.

The financial forecasts include several measures of cash flow, including revenues, EBITDAR, EBITDA, Cash EBITDA, CFFO, Adjusted EBITDA, Adjusted EBITDAR and Adjusted CFFO (collectively, the Forecast CF Metrics).

EBITDAR refers to the applicable company's earnings before interest, taxes, depreciation, amortization and rent. EBITDA refers to the applicable company's earnings before interest, taxes, depreciation and amortization. Adjusted EBITDAR refers to the applicable company's Adjusted EBITDA plus lease expense, net of amortization of above/below market rents (if any) and deferred straight-line rent. Adjusted EBITDA refers to the applicable company's net income (loss) adjusted for depreciation and amortization, interest income, interest expense, net equity earnings or losses for unconsolidated joint ventures, provision for income taxes, noncash stock-based compensation expense, certain other noncash revenues and expenses, change in future service obligation, transaction costs, transition costs (incremental costs to integrate new communities) and non-recurring earnings or losses, if any. Adjusted EBITDA is calculated after giving effect to cash operating lease expense, but before taking into account any capital lease interest and capital lease amortization. Cash EBITDA is Adjusted EBITDA adjusted for capital lease interest and capital lease amortization. For Brookdale, CFFO represents U.S. GAAP net cash provided by (used in) operating activities adjusted for changes in operating assets and liabilities, deferred interest and fees added to principal, refundable entrance fees received, first generation entrance fee receipts at any recently opened CCRCs prior to stabilization, entrance fee

refunds disbursed adjusted for first generation entrance fee refunds not replaced by second generation entrance fee receipts at the recently opened community prior to stabilization, lease financing debt amortization with fair market value or no purchase options, gain (loss) on facility lease termination, recurring capital expenditures, net, distributions from unconsolidated ventures from cumulative share of net earnings, CFFO from unconsolidated ventures and other. For Emeritus, CFFO represents U.S. GAAP net cash provided by (used in) operating activities adjusted for changes in operating assets and liabilities, repayment of capital lease and financing obligations, recurring capital expenditures and distributions from unconsolidated ventures, net. Emeritus also uses Adjusted CFFO, which is CFFO adjusted for self-insurance reserve adjustments related to prior years, transaction costs and transition costs.

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While the Forecast CF Metrics are recognizable measures of operating performance for senior housing companies used by the senior housing industry, each of the measures may not be directly comparable to similarly titled measures across companies, including between Brookdale and Emeritus. Additionally, the Brookdale Board and the Emeritus Board and their respective financial advisors may have differing interpretations of any or all of the Forecast CF Metrics. Moreover, the Forecast CF Metrics are not directly comparable to the reported Brookdale and Emeritus financial results, which are prepared according to U.S. GAAP. The Forecast CF Metrics should not be considered an alternative to U.S. GAAP net earnings as an indication of operating performance, or to net cash flow from operating activities as determined by U.S. GAAP in the United States, as a measure of liquidity, and are not necessarily indicative of cash available to fund cash needs.

In addition, each of Emeritus and Brookdale's financial advisors used the financial forecasts, with input from management, to calculate free cash flow.

The financial forecasts do not take into account any circumstances or events occurring after the date they were prepared. Brookdale and Emeritus do not intend to update or revise the financial forecasts. The financial forecasts are forward-looking statements. For more information on factors which may cause Brookdale's and Emeritus' future financial results to materially vary from those projected in the financial forecasts, see Cautionary Note Regarding Forward-Looking Statements beginning on page 28 and Risk Factors beginning on page 30.

**Initial Emeritus Financial Forecasts (Unaudited)**

In the course of their mutual due diligence, in September of 2013, Emeritus provided Brookdale with non-public financial forecasts for the years ending December 31, 2014 through 2017, which are collectively referred to herein as the Initial Emeritus Forecasts. The Initial Emeritus Forecasts were prepared by management of Emeritus and attempted to illustrate the cash flow Emeritus would receive from operating its owned and leased senior living communities, operating its ancillary service businesses, managing its owned senior living communities and being a party to joint venture or other business arrangements that resulted in an economic impact on Emeritus. The key drivers of the forecasts included Emeritus management's view of future occupancy, average monthly rate and expenses for each of the senior housing communities Emeritus owns and leases, as well as overall revenues and expense adjustments for Emeritus' other business segments. Additionally, these forecasts were also impacted by assumptions regarding projected capital investments in Emeritus' existing and projected future assets, future financings and taxes.

As described below, in connection with the ongoing evaluation of the stand-alone operations and business of Emeritus, as well as the evaluation of the Merger, in early 2014 each of Emeritus and Brookdale prepared revised financial forecasts for Emeritus.

**Initial Emeritus Forecasts**

(\$ in millions)	2014E	2015E	2016E	2017E
Consolidated Communities	494	494	494	494
Average Consolidated Total Units	44,145	44,145	44,145	44,145
Consolidated Senior Housing Occupancy	88.7%	89.7%	90.6%	91.4%
Consolidated Senior Housing Average				
Monthly Rent	\$ 4,128	\$ 4,277	\$ 4,439	\$ 4,615
Revenues	\$ 2,122.2	\$ 2,244.7	\$ 2,383.2	\$ 2,515.0
EBITDAR	\$ 590.7	\$ 652.8	\$ 713.0	\$ 768.4

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EBITDA	\$ 405.1	\$ 466.2	\$ 522.7	\$ 572.9
Cash EBITDA	\$ 235.9	\$ 274.2	\$ 317.3	\$ 359.2
Adjusted CFO(1)	\$ 115.5	\$ 146.0	\$ 156.4	\$ 182.7

(1) 2015, 2016 and 2017 Adjusted CFO is impacted by the assumption of increased taxes.



**Table of Contents****Revised Emeritus Forecasts (Unaudited)**

In early 2014, Emeritus management made adjustments to the Initial Emeritus Forecasts based on more current and available actual operating data and cash flow, which are referred to herein as the Revised Emeritus Forecasts. The Revised Emeritus Forecasts were impacted by lower than originally expected cash flow for the year ended 2013. In addition, the Revised Emeritus Forecasts also reflected, based on more recent data, Emeritus management's updated view of future occupancy, average monthly rate and expenses for each of the senior housing communities Emeritus owns and leases, as well as overall revenues and expense adjustments for Emeritus other business segments. These Revised Emeritus Forecasts were provided to the Emeritus Board to assist the Emeritus Board in its evaluation of the strategic rationale for the Merger and furnished to and used by Emeritus financial advisors in connection with their respective financial analyses as described above under Opinions of Emeritus Financial Advisors beginning on page 71. Other than for 2014, these forecasts were not provided to Brookdale. However, Brookdale was provided operating data and cash flow of Emeritus for 2013 that it used to prepare its own updated forecast of Emeritus.

(\$ in millions)	2014E	2015E	2016E	2017E
Consolidated Communities	494	493	493	493
Average Consolidated Total Units	44,434	44,377	44,377	44,377
Consolidated Senior Housing				
Occupancy	88.8%	89.7%	90.6%	91.4%
Consolidated Senior Housing Average				
Monthly Rent	\$ 4,076	\$ 4,215	\$ 4,369	\$ 4,537
Revenues	2,123.8	2,246.8	2,388.9	2,524.3
EBITDAR	582.9	634.2	687.0	739.1
EBITDA	383.8	435.4	486.4	534.8
Cash EBITDA	219.4	252.5	292.0	330.1
CFFO(1)	105.4	141.0	151.9	169.4
Adjusted CFFO(1)	108.8	143.0	153.9	171.4

(1) 2016 and 2017 CFFO and Adjusted CFFO are impacted by the assumption of increased taxes.

**Table of Contents****Brookdale-Emeritus Forecasts (Unaudited)**

Brookdale's management made adjustments to the Initial Emeritus Forecasts provided by Emeritus, which are collectively referred to herein as the Brookdale-Emeritus Forecasts, which Brookdale-Emeritus Forecasts were provided (together with the Brookdale-Emeritus Synergy Forecasts, as described below) to Emeritus and the Brookdale Board. In addition, the Brookdale-Emeritus Forecasts (together with the Brookdale-Emeritus Synergy Forecasts) were furnished to and used by Brookdale's financial advisors in connection with their respective financial analyses as described above under "Opinions of Brookdale's Financial Advisors" beginning on page 52. In preparing the Brookdale-Emeritus Forecasts, the Initial Emeritus Forecasts were revised to take into consideration Brookdale's detailed due diligence of Emeritus' assets and its business and the more current and available actual operating data and cash flow of Emeritus for 2013. The key drivers of the Brookdale-Emeritus Forecasts included Brookdale management's view of future occupancy, average monthly rate and expenses for each of the senior housing communities Emeritus owns and leases, as well as overall revenues and expense adjustments for Emeritus' other business segments. Additionally, the Brookdale-Emeritus Forecasts were also impacted by Brookdale management's assumptions regarding projected capital investments in Emeritus' assets, future financings, asset dispositions and taxes. In light of Brookdale's preparation and use of the Brookdale-Emeritus Forecasts, Brookdale did not rely on the Initial Emeritus Forecasts in making its decision to proceed with the Merger.

(\$ in millions)	2014E	2015E	2016E	2017E
Consolidated Communities	493	489	489	489
Average Consolidated Total Units	44,376	43,996	43,996	43,996
Consolidated Senior Housing Occupancy	88.8%	89.9%	91.0%	92.1%
Consolidated Senior Housing Average Monthly Rent	\$ 4,116	\$ 4,270	\$ 4,426	\$ 4,598
Revenues	\$ 2,122.7	\$ 2,230.1	\$ 2,357.6	\$ 2,479.1
Adjusted EBITDAR	\$ 602.8	\$ 635.0	\$ 681.2	\$ 742.1
Adjusted EBITDA	\$ 423.1	\$ 450.2	\$ 490.3	\$ 544.7
Cash EBITDA	\$ 228.4	\$ 246.4	\$ 280.5	\$ 328.5
CFFO(1)	\$ 106.3	\$ 111.5	\$ 118.2	\$ 149.3

(1) 2016 and 2017 CFFO is impacted by the assumption of increased taxes.

In addition, Brookdale management prepared forecasts reflecting the Brookdale-Emeritus Forecasts after giving effect to Brookdale's views of the synergies, operating revenues and expenses in the Merger, which forecasts are referred to herein as the Brookdale-Emeritus Synergy Forecasts.

(\$ in millions)	2014E	2015E	2016E	2017E
Consolidated Communities	493	489	489	489
Average Consolidated Total Units	44,376	43,996	43,996	43,996
Consolidated Senior Housing Occupancy	88.8%	89.9%	91.0%	92.1%
Consolidated Senior Housing Average Monthly Rent	\$ 4,116	\$ 4,270	\$ 4,426	\$ 4,598
Revenues(1)	\$ 2,160.6	\$ 2,293.2	\$ 2,446.0	\$ 2,580.3
Net Synergies(2)	\$ 30.8	\$ 48.1	\$ 54.4	\$ 58.6
Adjusted EBITDAR	\$ 633.6	\$ 683.1	\$ 735.6	\$ 800.7
Adjusted EBITDA	\$ 453.9	\$ 498.3	\$ 544.7	\$ 603.3

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Cash EBITDA	\$ 259.2	\$ 294.5	\$ 334.9	\$ 387.1
CFFO(3)	\$ 137.6	\$ 174.9	\$ 213.3	\$ 209.2

- (1) Adjusted to include incremental ancillary revenues.
- (2) Includes incremental ancillary revenues, ancillary expenses and all net synergies related to overhead and G&A costs for all business lines.
- (3) 2016 & 2017 CFFO is impacted by the assumption of increased taxes.

**Table of Contents****Brookdale Financial Forecasts (Unaudited)**

In the course of their mutual due diligence, in December of 2013, Brookdale provided Emeritus with non-public financial forecasts for the years ending December 31, 2014 through 2017, which forecasts are collectively referred to herein as the Brookdale Forecasts. In addition, the Brookdale Forecasts were provided to the Brookdale Board to assist the Brookdale Board in its evaluation of the strategic rationale for the Merger and were furnished to and used by Brookdale's financial advisors in connection with their respective financial analyses as described above under

Opinions of Brookdale's Financial Advisors beginning on page 52. The Brookdale Forecasts were also used by the Emeritus Board in its evaluation of the strategic rationale for the Merger and were furnished to and used by Emeritus financial advisors in connection with their respective financial analyses as described above under Opinions of Emeritus Financial Advisors beginning on page 71.

The Brookdale Forecasts were prepared by management of Brookdale and attempted to illustrate the cash flow Brookdale would receive from operating its owned and leased senior living communities, operating its ancillary service businesses, managing its owned senior living communities and being a party to joint venture or other business arrangements that resulted in an economic impact on Brookdale. The key drivers of the forecasts included Brookdale management's view of future occupancy, average monthly rate and expenses for each of the senior housing communities Brookdale owns and leases, as well as overall revenues and expense adjustments for Brookdale's other business segments. Additionally, the Brookdale Forecasts were also impacted by assumptions regarding projected capital investments in Brookdale's existing and projected future assets, future financings and taxes. The Brookdale Forecasts do not reflect or otherwise take into consideration the HCP Transactions, described on page 20 (see Summary Recent Developments).

**Brookdale Forecasts**

(\$ in millions)	2014E	2015E	2016E	2017E
Consolidated Communities	555	555	555	555
Average Consolidated Total Units	48,741	48,741	48,741	48,741
Consolidated Senior Housing Occupancy	89.9%	90.7%	91.6%	92.5%
Consolidated Senior Housing Average Monthly Rent	\$ 4,513	\$ 4,650	\$ 4,799	\$ 4,975
Revenues(1)(2)	\$ 2,665.0	\$ 2,782.7	\$ 2,900.0	\$ 3,030.3
Adjusted EBITDAR(1)(3)	\$ 755.9	\$ 810.5	\$ 870.6	\$ 939.9
Adjusted EBITDA(1)(4)	\$ 527.3	\$ 565.7	\$ 627.6	\$ 705.0
Cash EBITDA(4)	\$ 470.8	\$ 510.5	\$ 578.7	\$ 664.5
CFFO(5)	\$ 344.4	\$ 378.8	\$ 370.4	\$ 372.4

- (1) Revenues, Adjusted EBITDAR and Adjusted EBITDA included in the Brookdale Forecasts provided to Emeritus were adjusted to include certain assumed excess cash deployment amounts and entrance fee amortization to conform to Emeritus' forecast presentation as set forth below. EBITDA and EBITDAR were also included in the Brookdale Forecasts provided to Emeritus as set forth below.

	2014E	2015E	2016E	2017E
Revenues	\$ 2,694.8	\$ 2,818.5	\$ 2,967.7	\$ 3,137.1
Adjusted EBITDAR	\$ 755.9	\$ 812.8	\$ 888.1	\$ 976.1

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Adjusted EBITDA	\$ 527.3	\$ 565.7	\$ 627.6	\$ 705.0
EBITDAR	\$ 749.6	\$ 803.8	\$ 881.0	\$ 967.6
EBITDA	\$ 471.1	\$ 518.0	\$ 585.7	\$ 662.1

- (2) Includes third party management fee revenues and excludes excess cash deployment amounts and net entry fee cash flow amounts.
- (3) Excludes certain excess cash deployment amounts and net entry cash flow amounts.
- (4) Adjusted to include net entry fee cash flow amounts.
- (5) 2016 and 2017 CFFO is impacted by the assumption of increased taxes.

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### **Governance of Brookdale Following Completion of the Merger**

T. Andrew Smith will continue to serve as Chief Executive Officer and director and Mark Ohlendorf will continue as President and Chief Financial Officer of the combined company. Brookdale anticipates that certain members of Emeritus' senior management team will continue in senior positions after the Merger. It is also anticipated that Granger Cobb will be joining the Brookdale Board, and will continue in a consulting role with the combined company.

For discussion of the material interests of directors and executive officers of Brookdale and Emeritus in the Merger that may be in addition to, or different from, their interests as shareholders, see [Interests of Directors and Executive Officers in the Merger](#) below.

### **Headquarters**

Upon completion of the Merger, Brookdale's corporate headquarters will remain in Nashville, Tennessee.

### **Interests of Directors and Executive Officers in the Merger**

#### ***Interests of Directors and Executive Officers of Brookdale in the Merger***

In considering the recommendations of the Brookdale Board with respect to its approval of the Merger Agreement, Brookdale shareholders should be aware that Brookdale's directors and executive officers have interests in the Merger that are different from, or in addition to, those of the Brookdale shareholders generally. The Brookdale Board was aware of these interests and considered them, among other matters, in approving the Merger Agreement and making its recommendation that the Brookdale shareholders vote **FOR** the proposals set forth in this joint proxy statement/prospectus. See [Rationale for the Merger](#) and [Brookdale Board of Directors' Recommendations and Its Reasons for the Merger](#) beginning on pages 44 and 45, respectively. These interests are described below.

None of Brookdale's directors or executive officers is party to or participates in any Brookdale plan, program or arrangement that provides such director or executive officer with any kind of compensation that is based on or otherwise related to the completion of the Merger. For a description of the letter agreement that Brookdale entered into with Mr. Granger Cobb, Emeritus' current President and Chief Executive Officer, in connection with the Merger and for a description of the employment offer letters and retention and severance arrangements that are in the process of being developed for certain Emeritus executive officers, in each case, see [Interests of Directors and Executive Officers of Emeritus in the Merger](#) below.

The information set forth above in this section is intended to comply with Item 402(t) of Regulation S-K under the Securities Act of 1933, as amended, which is referred to herein as the Securities Act, which requires disclosure of certain information about compensation for Brookdale's named executive officers (as identified in accordance with SEC regulations) that is based on or otherwise relates to the completion of the Merger.

In connection with entering into the Merger Agreement, Brookdale entered into the Fortress Agreement with the Fortress Shareholders. For a further discussion of the Fortress Agreement, see [The Fortress Agreement](#) beginning on page 130.

#### ***Interests of Directors and Executive Officers of Emeritus in the Merger***

Set forth below are descriptions of the interests of each person who has been a director or executive officer of Emeritus at any time since January 1, 2013, which was the first day of its last fiscal year. These interests relate to

equity or equity-based awards, change in control severance arrangements and other compensation and benefit arrangements, among others.

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*Treatment of Stock Options*

The Merger Agreement provides that any Emeritus stock option that is outstanding immediately prior to the completion of the Merger (whether vested or unvested), including any such option held by an Emeritus director or executive officer, with an exercise price per share that is less than the implied dollar value (as described below) of the per share consideration to be received in the Merger will, without any action on the part of the holder of the option or Emeritus, be cancelled and converted into the right of the holder to receive a number of shares of Brookdale common stock (rounded down to the nearest whole share and net of any required withholding taxes) equal to (i) the number of shares of Emeritus common stock subject to the option immediately prior to the cancellation multiplied by (ii) the excess of the implied dollar value of the per share consideration over the exercise price per share of the option, which amount is then divided by the volume-weighted average price of Brookdale common stock over the 10 trading days immediately preceding the completion of the Merger. The shares of Brookdale common stock to be issued in respect of each such Emeritus stock option will be issued immediately following the completion of the Merger. The implied dollar value of the per share consideration to be received in the Merger is determined by multiplying (x) the value of Brookdale common stock at its volume-weighted average price over the 10 trading days immediately preceding the completion of the Merger, by (ii) 0.95.

The Merger Agreement further provides that any Emeritus stock option that is outstanding immediately prior to the completion of the Merger (whether vested or unvested), including any such option held by an Emeritus director or executive officer, with an exercise price that is equal to or greater than the implied dollar value of the per share consideration to be received in the Merger will terminate and cease to be outstanding as of the completion of the Merger without any further action on the part of the holder of the option, and the holder thereof will not be entitled to receive the payment of any consideration in respect of such termination.



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The following table summarizes, as of April 30, 2014, the number of shares underlying outstanding vested and unvested Emeritus stock options held by Emeritus directors (including former director Raymond R. Brandstrom) and executive officers, and the aggregate dollar value of the shares of Brookdale common stock that each of them may become entitled to receive in respect of those outstanding stock options, assuming that the implied dollar value of the per share consideration to be received in the Merger is \$30.34 (which represents Emeritus' average closing market price of \$30.34 over the first five business days following February 20, 2014, the date of public announcement of the Merger) and assuming the individual's continued employment or service as a director, as applicable, through the closing of the Merger. Emeritus stock options will be cancelled and converted into the right of each holder to receive shares of Brookdale common stock as described immediately above.

Name	Per Share Weighted		Per Share Weighted		Total Value of Resulting Consideration (\$)(1)
	Shares Underlying Unvested Options (#)	Average Option Exercise Price of Unvested Options (\$)	Shares Underlying Vested Options (#)	Average Option Exercise Price of Vested Options (\$)	
<i>Directors</i>					
H.R. Brereton Barlow			17,500	19.60	187,950
Daniel R. Baty	20,000	18.03			246,200
Stanley L. Baty					
Raymond R. Brandstrom			67,500	24.51	393,525
Bruce L. Busby			52,500	19.47	570,675
Stuart F. Koenig			40,000	18.45	475,600
James R. Ladd			17,500	18.59	205,625
Richard W. Macedonia			32,500	16.65	444,925
Robert E. Marks			55,000	19.24	610,500
<i>Executive Officers</i>					
Granger Cobb	20,000	18.03	650,000	24.50	4,042,200
Robert C. Bateman	11,251	18.03	123,749	17.56	1,720,012
Budgie Amparo	10,000	18.03	16,250	17.42	333,050
Christopher M. Belford	26,250	16.68	52,758	17.09	1,057,619
John Anthony Cincotta	18,750	16.68			256,125
Susan Coppola					
Christopher R. Guay	26,250	16.68	10,639	16.36	507,308
Jim L. Hanson	11,250	16.68	26,250	22.87	349,763
Chris Hyatt	15,000	18.03	116,651	15.14	1,957,745
Terri K. Maupin					
Eric Mendelsohn	8,750	16.87	25,000	23.21	296,113
Martin D. Roffe	8,750	16.87			117,863
Melanie Werdel	11,250	18.03	78,750	15.52	1,305,563

Mark A. Finkelstein

Jayne E. Sallerson	10,000	18.03	75,000	20.00	898,600
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Steven C. Tarr

- (1) This value is based on the average closing market price of Emeritus common stock over the first five business days following February 20, 2014, which was \$30.34. In connection with the Merger, Emeritus stock options will be cancelled and converted into the right to receive shares of Brookdale common stock as described above.

*Treatment of Restricted Stock*

The Merger Agreement provides that, immediately prior to the completion of the Merger and without any action on the part of any holder or Emeritus, each share of Emeritus restricted stock that is then outstanding and

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unvested, including any such restricted share held by an Emeritus director or executive officer, will become fully vested and no longer subject to forfeiture and will be entitled to receive the same consideration in the Merger as outstanding shares of Emeritus common stock generally. The Merger Agreement also provides that holders of Emeritus restricted stock will be permitted to surrender shares of Brookdale common stock that would otherwise be issued to the holder as a result of the Merger in satisfaction of any required withholding taxes.

The following table summarizes, as of April 30, 2014, the outstanding shares of Emeritus restricted stock held by Emeritus directors (including former director Raymond R. Brandstrom) and executive officers, and the aggregate value of shares of Brookdale common stock that each of them may become entitled to receive in respect of those outstanding restricted shares, assuming that the implied dollar value of the per share consideration to be received in the Merger is \$30.34 (which represents Emeritus' average closing market price of \$30.34 over the first five business days following February 20, 2014, the date of public announcement of the Merger), and assuming continued employment or service as a director, as applicable, through the closing of the Merger. Shares of Emeritus restricted stock will be cancelled and converted into the right of each holder to receive shares of Brookdale common stock as described immediately above.

<b>Name</b>	<b>Shares Underlying Restricted Stock (#)</b>	<b>Total Value of Resulting Consideration (\$)</b>
<i>Directors</i>		
H.R. Brereton Barlow	3,541	107,434
Daniel R. Baty		
Stanley L. Baty	3,541	107,434
Raymond R. Brandstrom	3,541	107,434
Bruce L. Busby	3,541	107,434
Stuart F. Koenig	3,541	107,434
James R. Ladd	3,541	107,434
Richard W. Macedonia	3,541	107,434
Robert E. Marks	3,541	107,434
<i>Executive Officers</i>		
Granger Cobb	228,896	6,944,705
Robert C. Bateman	83,656	2,538,123
Budgie Amparo	62,828	1,906,202
Christopher M. Belford	25,182	764,022
John Anthony Cincotta	17,988	545,756
Susan Coppola	9,547	289,656
Christopher R. Guay	25,182	764,022
Jim L. Hanson	10,793	327,460
Chris Hyatt	116,338	3,529,695
Terri K. Maupin	6,911	209,680
Eric Mendelsohn	10,793	327,460
Martin D. Roffe	3,270	99,212
Melanie Werdel	71,803	2,178,503

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Mark A. Finkelstein	89,754	2,723,136
Jayne E. Sallerson	71,462	2,168,157
Steven C. Tarr	9,926	301,155

*Cobb Employment Agreement with Emeritus*

Emeritus is a party to an amended and restated employment agreement with Mr. Cobb that became effective on January 1, 2012. The agreement provides that if Mr. Cobb's employment is terminated by Emeritus or a successor company without cause or by Mr. Cobb for good reason, Mr. Cobb will be entitled to full vesting of

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outstanding equity awards and a lump sum cash payment equal to two and a half times the sum of his (i) annual base salary and (ii) target annual bonus, subject to his execution of a general release and waiver of all claims against Emeritus in a form satisfactory to Emeritus.

The Cobb employment agreement contains the same terms as were in effect as of January 1, 2012, and the agreement has not been amended or otherwise modified in any respect in anticipation of, or in connection with, the transactions contemplated by the Merger Agreement, including the Merger.

As described below under *Cobb Consulting Agreement with Brookdale*, this employment agreement and Mr. Cobb's employment with Emeritus will terminate as of the completion of the Merger and Mr. Cobb will become eligible to receive the lump sum cash severance payment referenced in his employment agreement.

### *Cobb Consulting Agreement with Brookdale*

On February 20, 2014, Brookdale entered into a letter agreement with Mr. Cobb, which was amended and restated on May 22, 2014, and which sets forth the terms and conditions of certain matters relating to Mr. Cobb in connection with the Merger, including, as of the completion of the Merger, his termination of employment with Emeritus, his anticipated appointment to, and service as a member of, the Brookdale Board and his service as a consultant to Brookdale.

The letter agreement provides that Mr. Cobb's employment with Emeritus will terminate effective as of the completion of the Merger, and as a result of such termination, Mr. Cobb will receive a lump sum severance payment of \$4,589,938 in accordance with the terms and conditions of his employment agreement, less applicable taxes. The severance payment is subject to his execution of a release of claims and continued compliance with all of the terms and conditions of the employment agreement and the non-competition provision described below.

In addition, the letter agreement provides that Mr. Cobb will serve as a consultant to Brookdale in the role of senior advisor beginning as of the completion of the Merger and ending on the later of the third anniversary thereof or such later date as is mutually agreed between Mr. Cobb and Brookdale, provided that either Brookdale or Mr. Cobb may earlier terminate the consulting arrangement upon 90 days' advance notice. In his role as senior advisor, Mr. Cobb will, as requested by the Brookdale Chief Executive Officer, (i) provide services and advice regarding integration and transition matters, (ii) serve as an advisor to the Brookdale Chief Executive Officer and the other members of Brookdale's senior management team, (iii) serve as an advisory member to Brookdale's Senior Management Executive Committee and (iv) assist with other special projects as requested. Mr. Cobb will be required to maintain a presence at Brookdale's headquarters in the Nashville, Tennessee area as needed.

In consideration of the consulting services, Mr. Cobb will receive an annual cash consulting fee of \$265,000, along with reimbursement of up to \$35,000 per year for premiums paid by Mr. Cobb in respect of certain life and disability insurance arrangements. In addition, Mr. Cobb will receive a grant of Brookdale restricted stock with a grant date value of \$1.0 million, which will vest in equal annual installments over the three-year period following the grant date, subject to his continued service as a consultant on the applicable vesting date.

The letter agreement further provides that, subject to Mr. Cobb being designated by Emeritus in accordance with the Merger Agreement and the reasonable approval of the Nominating and Corporate Governance Committee of the Brookdale Board, Brookdale will use reasonable best efforts to appoint him to serve as a member of the Brookdale Board in Class I, effective as of the completion of the Merger and continuing until the earlier of the expiration of his class term and his termination as a member of the Brookdale Board either voluntarily by him or for cause. Mr. Cobb will not receive any cash or equity compensation for his service on the Brookdale Board while he is also serving as a

consultant to Brookdale, but he will be entitled to receive compensation as an outside director if he continues serving on the Brookdale Board following the end of the consulting period.

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The letter agreement also contains provisions that restrict Mr. Cobb's ability to compete with, or solicit the employees or clients of, Brookdale during service to Brookdale and for 30 months following the later of his termination as a consultant to Brookdale or member of the Brookdale Board and provides that the severance payment and any payments made in respect of his shares of Emeritus restricted stock are subject to recoupment upon his material breach of any of these provisions. In addition, the letter agreement contains customary confidentiality and non-disparagement provisions.

### *Bateman Offer Letter with Emeritus*

Emeritus is a party to an offer letter with Mr. Bateman, dated November 20, 2009. The offer letter provides that in the event of a change of control, such as the Merger, or a termination without cause, Mr. Bateman is entitled to a lump sum cash payment equal to his then-current annual base salary. Accordingly, Mr. Bateman will be eligible to receive a cash payment equal to \$386,250, less applicable taxes, upon the completion of the Merger if he either remains in employment through the closing of the Merger or is terminated without cause prior to the closing.

The Bateman offer letter contains the same terms as were in effect as of November 20, 2009, and the agreement has not been amended or otherwise modified in any respect in anticipation of, or in connection with, the transactions contemplated by the Merger Agreement, including the Merger.

### *Brandstrom Employment Agreement with Emeritus*

Emeritus is party to an employment agreement with Mr. Brandstrom dated January 1, 2010, as amended on June 23, 2010. Mr. Brandstrom served as a director of Emeritus through May 29, 2013 and currently serves as a non-executive employee of Emeritus pursuant to his employment agreement. Upon termination of his employment, Mr. Brandstrom is entitled to receive from Emeritus the cost of COBRA continuation coverage for him and his family for a period of 18 months.

The Brandstrom employment agreement contains the same terms as were in effect as of June 23, 2010, and the agreement has not been amended or otherwise modified in any respect in anticipation of, or in connection with, the transactions contemplated by the Merger Agreement, including the Merger.

### *Other Emeritus Employment Arrangements*

No other Emeritus executive officers currently have an employment agreement, offer letter or similar arrangement that provides for payments in connection with a termination of employment or a change of control.

Brookdale is in the process of developing employment arrangements for certain Emeritus executive officers. While the terms of these arrangements have not been finalized, Emeritus executive officers who become party to these arrangements may become eligible to receive cash and other non-cash benefits pursuant to these arrangements in connection with their employment with Brookdale following completion of the Merger. It is expected that approximately four individuals who have been Emeritus executive officers at any time since January 1, 2013 will be offered the ability to become a party to one of these arrangements.

### *Emeritus Non-Qualified Deferred Compensation Plan*

Emeritus maintains a Non-Qualified Deferred Compensation Plan that allows eligible executive officers to defer receipt of eligible salary and bonuses. The executive officers receive a mandatory annual employer matching contribution of 25% of their contributions. In addition, Emeritus may make a discretionary employer matching

contribution of up to an additional 75% of contributions. Each executive officer's deferrals (and earnings thereon) are fully vested at all times. Employer matching contributions are subject to a three-year vesting schedule, which vests an executive officer in his or her matching contributions (and earnings thereon) at a rate of 1/3 each year, beginning when the executive officer first enrolls in the plan. In addition, an executive



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officer will become 100% vested in his or her matching contributions (and earnings thereon) upon the executive officer's reaching age 65, the executive officer's disability or death or upon certain terminations of employment in connection with a change in control, such as the Merger.

The Merger Agreement provides that the Non-Qualified Deferred Compensation Plan will be terminated prior to the completion of the Merger, and that each individual with an account balance in the plan, including the executive officers, will become fully vested in, and receive full payment in respect of, his or her account balance.

The following table summarizes, as of April 30, 2014, the total vested and unvested account balances of each of the executive officers in the Emeritus Non-Qualified Deferred Compensation Plan, which will be paid to the executive officers in full prior to the completion of the Merger.

<b>Name</b>	<b>Vested Account Balance (\$)</b>	<b>Unvested Account Balance (\$)</b>	<b>Total Account Balance (\$)</b>
Granger Cobb	253,277	50,989	304,266
Robert C. Bateman	1,107,792		1,107,792
Budgie Amparo	68,170	17,351	85,521
Christopher M. Belford	253,281		253,281
John Anthony Cincotta	641,417		641,417
Susan Coppola	37,597	5,605	43,202
Christopher R. Guay	318,453		318,453
Jim L. Hanson	1,276,886		1,276,886
Chris Hyatt			
Terri K. Maupin	56,241	7,458	63,699
D. Eric Mendelsohn	331,017		331,017
Martin D. Roffe	365,710		365,710
Melanie Werdel	272,668		272,668
Mark A. Finkelstein			
Jayne E. Sallerson	267,225		267,225
Steven C. Tarr	88,021	11,760	99,781

*Retention and Severance Arrangements*

Emeritus and Brookdale are in the process of developing retention and severance arrangements for certain Emeritus executive officers. While the terms of these arrangements have not yet been finalized, certain of the Emeritus executive officers may become a party to one of these arrangements and could therefore become eligible to receive cash and/or non-cash benefits in respect thereof. It is expected that approximately eleven individuals who have been Emeritus executive officers at any time since January 1, 2013 will be offered the ability to become a party to one of these arrangements. Mr. Cobb, who is a party to the consulting agreement with Brookdale describe above, will not be offered the ability to enter into one of these arrangements.

*Painted Post Letter Agreement*

On February 20, 2014, concurrently with its entry into the Merger Agreement, Brookdale entered into a letter agreement, referred to herein as the Painted Post Letter Agreement, with Emeritus; Painted Post, LLC, a New York corporation, referred to herein as Painted Post; Painted Post Properties, Inc., a Washington corporation, referred to

herein as Painted Post Properties; Mr. Granger Cobb, the sole member of Painted Post; Mr. Daniel R. Baty, an owner of 50% of the outstanding capital stock of Painted Post Properties; and Mr. Raymond R. Brandstrom, a former director of Emeritus and an owner of 50% of the outstanding capital stock of Painted Post Properties. For state regulatory reasons, Painted Post and Painted Post Properties, together referred to herein as the Painted Post Entities, have previously been engaged by Emeritus to provide certain administrative services in order to facilitate the operation of assisted living communities in the state of New York.

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The Painted Post Letter Agreement provides, among other things, that Brookdale will use its reasonable best efforts to (a) cause the transfer of the equity interests of the Painted Post Entities or (b) secure the approval of the New York Department of Health for a change of operator of the facilities for which the Painted Post Entities are the licensed operators, referred to herein as the Painted Post Approval, in each case, to one or more designees of Brookdale.

The Painted Post Letter Agreement also provides that if the Painted Post Approval has not been obtained by the New York Department of Health within two years after the consummation of the Merger, then until such time as the Painted Post Approval has been approved or Mr. Brandstrom no longer holds his interest in Painted Post Properties, Brookdale will pay to Mr. Brandstrom a \$50,000 annual fee, which fee will increase annually thereafter on each anniversary of the consummation of the Merger by 50%. No fees will be payable to either Mr. Cobb or Mr. Baty in connection with the Painted Post Letter Agreement.

**Quantification of Potential Payments to Emeritus Named Executive Officers in Connection with the Merger**

In accordance with Item 402(t) of Regulation S-K, the table below sets forth the estimated amounts of compensation that is based on or otherwise relates to the Merger that may become payable or realized by each of Emeritus named executive officers (as identified in accordance with SEC regulations), based on their compensation levels and outstanding equity awards as of April 30, 2014, and assuming solely for illustrative purposes that the employment of each named executive officer is terminated without cause on the date that the Merger closes.

The estimated amounts below are based on multiple assumptions that may not actually occur, including assumptions described in this joint proxy statement. In addition, certain amounts will vary depending on the actual date the Merger is completed, which is presently expected to occur in the third quarter of 2014. As a result, the actual amounts, if any, to be received by a named executive officer may differ in material respects from the amounts set forth below. The disclosures in the table below and the accompanying footnotes should be read in conjunction with the narrative description of the compensation arrangements set forth above under Interests of Directors and Executive Officers of Emeritus in the Merger beginning on page 92.

**Golden Parachute Compensation**

<b>Name</b>	<b>Cash (\$)</b>	<b>Equity (\$)(1)</b>	<b>Pension/NQDC (\$)</b>	<b>Total (\$)(2)</b>
Granger Cobb	4,589,938(3)	\$ 7,190,905	50,989(4)	11,831,832
Robert C. Bateman	386,250(5)	2,676,623		3,062,873
Chris Hyatt		3,714,345		3,714,345
Melanie Werdel		2,316,991		2,316,991
Mark A. Finkelstein		2,723,136		2,723,136

- (1) Amounts reported in this column represent the value of unvested stock options and restricted stock that will become vested upon consummation of the Merger pursuant to single trigger acceleration based on the outstanding awards held by each named executive officer as of April 30, 2014. For options, the amount of equity award acceleration is based on the product of (i) the number of shares subject to unvested options that will become vested in connection with the Merger and (ii) the difference between (x) Emeritus average closing market price of \$30.34 over the first five business days following February 20, 2014, the date of public announcement of the Merger (the average closing price), and (y) the exercise price for the options. For restricted stock, the amount is

based on the product of (i) the number of shares subject to restricted stock and (ii) the average closing price of \$30.34. Pursuant to the Merger Agreement, options and restricted stock will be cancelled and converted into the right to receive shares of Brookdale common stock, as set forth above under

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Interests of Directors and Executive Officers of Emeritus in the Merger beginning on page 92. The amounts with respect to unvested stock options and restricted stock are set forth in the following table:

Name	Stock Options (\$)	Restricted Stock (\$)	Total (\$)
Granger Cobb	\$ 246,200	\$ 6,944,705	\$ 7,190,905
Robert C. Bateman	138,500	2,538,123	2,676,623
Chris Hyatt	184,650	3,529,695	3,714,345
Melanie Werdel	138,488	2,178,503	2,316,991
Mark A. Finkelstein		2,723,136	2,723,136

- (2) The amounts reported may be reduced to the extent that such amounts constitute parachute payments under Sections 280G and 4999 of the Code and such reduction would result in a greater net after-tax amount payable to each named executive officer. The amounts reported in the table assume that no such reductions will be made. In addition, the amounts reported do not include any cash or non-cash benefits that the named executive officers may become eligible to receive pursuant to any employment or retention and severance arrangements that Brookdale and Emeritus are in the process of developing, as described above in the Interests of Directors and Executive Officers of Emeritus in the Merger - Other Emeritus Employment Arrangements and Interests of Directors and Executive Officers of Emeritus in the Merger - Retention and Severance Arrangements.
- (3) The amount reported equals the double trigger lump sum cash severance payment payable to Mr. Cobb under the terms of his employment agreement in connection with termination of employment without cause in connection with the Merger, as described above in Interests of Directors and Executive Officers of Emeritus in the Merger beginning on page 92. The amount equals two and a half times the sum of Mr. Cobb's (i) 2014 annual base salary (total amount of \$1,995,625) and (ii) 2014 target annual bonus (total amount of \$2,594,313).
- (4) The amount reported equals the unvested portion of Mr. Cobb's deferred compensation account balance as of April 30, 2014, under the Emeritus Non-Qualified Deferred Compensation Plan that is attributable to an employer match that will become fully vested upon the termination of the plan prior to the consummation of the Merger (a single-trigger arrangement).
- (5) The amount reported is single trigger, meaning that it is a lump sum cash payment payable solely as a result of the consummation of the Merger.

**Director and Officer Indemnification**

Under the Merger Agreement, certain indemnification and insurance rights exist in favor of Emeritus and its subsidiaries' current and former directors and officers. See The Merger Agreement Other Covenants and Agreements Director and Officer Indemnification and Insurance beginning on page 127 for information about these rights.

**Accounting Treatment of the Merger**

Brookdale prepares its financial statements in accordance with U.S. GAAP. The Merger will be accounted for by applying the acquisition method in accordance with Accounting Standards Codification 805, Business Combinations, or ASC 805, which requires the determination of the acquirer, the acquisition date, the fair value of assets and liabilities of the acquiree and the measurement of goodwill or a bargain purchase, if any. The accounting guidance provides that in identifying the acquiring entity in a combination effected through an exchange of equity interests, all pertinent facts and circumstances must be considered, including the relative voting rights of the shareholders of the constituent companies in the combined entity, the composition of the board of directors and senior management of the

combined company, the relative size of each company and the terms of the exchange of equity securities in the business combination, including payment of any premium.

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Based on the fact that current Brookdale Board members will represent a majority of the directors of the Brookdale Board immediately following completion of the Merger, Brookdale shareholders will own approximately 73% of the stock of the combined company with Emeritus shareholders receiving a premium (as of the date preceding the Merger announcement) over the fair market value of their shares on such date, as well as other terms of the Merger, Brookdale is considered to be the acquirer of Emeritus for accounting purposes.

Accordingly, Brookdale will allocate the purchase price to the fair value of Emeritus' assets and liabilities at the acquisition date. If the fair value of the assets acquired and liabilities assumed is less than the purchase price, goodwill will be recognized for the difference. If the fair value of the assets acquired and liabilities assumed exceeds the purchase price, a bargain purchase will occur with a gain recognized for the difference. Currently, the preliminary purchase price allocation indicates that goodwill will be recognized as the preliminary fair value of the identifiable assets to be acquired and liabilities to be assumed is less than the preliminary purchase price.

All unaudited pro forma condensed combined consolidated financial statements contained in this joint proxy statement/prospectus were prepared using the acquisition method of accounting. The final allocation of the purchase price will be determined after the Merger is completed and after completion of an analysis to determine the estimated fair value of Emeritus' assets and liabilities. Accordingly, the final acquisition accounting adjustments may be materially different from the unaudited pro forma adjustments. Any change in the net estimated fair value of the assets and liabilities of Emeritus as compared to the unaudited pro forma information included in this joint proxy statement/prospectus will have an impact on goodwill recognized related to the Merger.

## **Regulatory Approvals Required for the Merger**

To complete the Merger, Brookdale and Emeritus must make filings with and obtain authorizations, approvals or consents from federal and state regulatory authorities, including with respect to antitrust and various state healthcare regulatory agencies. The material United States federal and state approvals, consents and filings are described below. Brookdale and Emeritus are not currently aware of any other material governmental consents, approvals or filings that are required prior to the parties' completion of the Merger other than those described below. If additional approvals, consents and filings are required to complete the Merger, Brookdale and Emeritus intend to seek such consents and approvals and make such filings.

Brookdale and Emeritus expect to complete the Merger in the third quarter of 2014. Although Brookdale and Emeritus believe that they will receive the required consents and approvals described below to complete the Merger, there is no assurance as to the timing of these consents and approvals or as to Brookdale's and Emeritus' ultimate ability to obtain such consents or approvals (or any additional consents or approvals which may otherwise become necessary) or that such consents or approvals will be obtained on terms and subject to conditions satisfactory to Brookdale and Emeritus. The receipt of the regulatory approvals described below is a condition to the obligation of each of Brookdale and Emeritus to complete the Merger. See "The Merger Agreement - Conditions to Completion of the Merger" and "The Merger Agreement - Reasonable Best Efforts to Obtain Required Regulatory Approvals and Satisfy Other Closing Conditions" beginning on pages 114 and 123, respectively.

## ***Hart-Scott-Rodino Antitrust Improvements Act***

The Merger is subject to the requirements of the HSR Act, which provide that certain acquisition transactions may not be completed until required information has been furnished to the Antitrust Division of the Department of Justice, which is referred to herein as the Antitrust Division, and the Federal Trade Commission, which is referred to herein as the FTC, and until certain waiting periods have been terminated or have expired. The HSR Act required Brookdale and Emeritus to observe a 30-day waiting period after the submission of their HSR Act filings before consummating

their transaction, unless the waiting period was terminated early.



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On March 12, 2014, each of Brookdale and Emeritus filed a Notification and Report Form under the HSR Act with the Antitrust Division and the FTC, which filings started the 30-day waiting period required by the HSR Act. The waiting period expired on April 11, 2014, thus satisfying one of the conditions to completion of the Merger.

The Antitrust Division, the FTC and U.S. state attorneys general may challenge the Merger on antitrust grounds either before or after termination of the waiting period. Private parties may also bring legal actions under the antitrust laws under certain circumstances. Accordingly, at any time before or after the completion of the Merger, any of the Antitrust Division, the FTC or others could take action under the antitrust laws, including without limitation seeking to enjoin the completion of the Merger or permitting completion subject to regulatory concessions or conditions. Neither Brookdale nor Emeritus believes that the Merger will violate antitrust laws, and neither expects the review of the transaction to materially delay the expected consummation of the Merger. However, Brookdale and Emeritus cannot guarantee that any of the Antitrust Division, the FTC or others will not take a different position.

## ***State Regulatory Approvals***

Certain federal and state laws and regulations applicable to the senior living industry require that Brookdale and Emeritus obtain consents or approvals from governmental authorities in connection with the Merger. If the parties are not able to receive such consents and approvals or, if applicable, customary assurances that all applicable consents and approvals will be obtained following closing, then Brookdale may not be required to consummate the Merger, except as provided in the Merger Agreement. See *The Merger Agreement Conditions to Completion of the Merger* beginning on page 114.

## **Treatment of Emeritus Equity Awards**

### ***Stock Options***

The Merger Agreement provides that all Emeritus stock options will be treated as set forth below.

Any Emeritus stock option that is outstanding immediately prior to the completion of the Merger (whether vested or unvested) with an exercise price per share that is less than the implied dollar value (as defined below) of the per share consideration to be received in the Merger will, without any action on the part of the holder of the option or Emeritus, be cancelled and converted into the right of the holder to receive a number of shares of Brookdale common stock (rounded down to the nearest whole share and net of any required withholding taxes) equal to (i) the number of shares of Emeritus common stock subject to the option immediately prior to the cancellation multiplied by (ii) the excess of the implied dollar value of the per share consideration over the exercise price of the option, which amount is then divided by the volume-weighted average price of Brookdale common stock over the 10 trading days immediately preceding the completion of the Merger. The shares of Brookdale common stock to be issued in respect of these options will be issued immediately following the completion of the Merger.

Any Emeritus stock option that is outstanding immediately prior to the completion of the Merger (whether vested or unvested) with an exercise price per share that is equal to or greater than the implied dollar value of the per share consideration to be received in the Merger will terminate and cease to be outstanding as of the completion of the Merger without any further action on the part of the holder of the options, and the holder thereof will not be entitled to receive the payment of any consideration in respect of such termination.

The implied dollar value of the per share consideration to be received in the Merger is determined by multiplying (i) the value of Brookdale common stock at its volume-weighted average price over the 10 trading days immediately preceding the consummation of the Merger, by (ii) 0.95.



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### ***Shares of Restricted Stock***

The Merger Agreement provides that, immediately prior to the completion of the Merger and without any action on the part of any holder or Emeritus, each share of Emeritus restricted stock that is then outstanding and unvested will become fully vested and no longer subject to forfeiture and will be entitled to receive the same consideration in the Merger as outstanding shares of Emeritus common stock generally. The Merger Agreement also provides that holders of Emeritus restricted stock will be permitted to surrender shares of Brookdale common stock that would otherwise be issued to the holder as a result of the Merger in satisfaction (or waiver) of any required withholding taxes.

### ***Employee Stock Purchase Plan***

The Merger Agreement provides that, with respect to the Emeritus 2009 Employee Stock Purchase Plan, (i) participation will be limited to those employees who were participants on the date of the Merger Agreement, (ii) existing participants will not be eligible to increase their payroll deductions from those in effect on the date of the Merger Agreement, (iii) the purchase period in effect on the date of the Merger Agreement will be the final purchase period under the plan and (iv) the plan will terminate as of the completion of the Merger. The purchase period that was in effect on the date of the Merger Agreement ended on March 31, 2014, and therefore no purchase period is currently in effect or will be commenced prior to the completion of the Merger.

### **Appraisal / Dissenters Rights**

#### ***No Appraisal Rights for Brookdale Shareholders***

Under Section 262 of the DGCL, the holders of Brookdale common stock do not have appraisal rights in connection with the Merger.

#### ***Dissenters Rights for Emeritus Shareholders***

##### ***General***

Under Chapter 23B.13 of the WBCA, holders of Emeritus common stock are entitled to dissent from, and obtain payment of the fair value of their shares in cash (together with accrued interest) in the event of, the consummation of the Merger, instead of receiving the Merger consideration they would otherwise be entitled to pursuant to the Merger Agreement. The following summarizes the material rights of holders of Emeritus common stock under Chapter 23B.13. You should read the applicable sections of Chapter 23B.13, a copy of which is attached to this proxy statement/prospectus as Annex I, and which governs dissenters rights. The summary below is qualified in its entirety by reference to Chapter 23B.13.

Pursuant to Chapter 23B.13, when a proposed merger is to be submitted to a vote at a meeting of shareholders, as in the case of the Emeritus special meeting, the meeting notice must state that shareholders are or may be entitled to assert dissenters rights and must be accompanied by a copy of Chapter 23B.13. The notice of special meeting included with this proxy statement/prospectus constitutes notice to the holders of Emeritus common stock, and a copy of Chapter 23B.13 is attached to this proxy statement/prospectus as Annex I.

If you are contemplating the possibility of exercising your dissenters rights in connection with the Merger, you should carefully review the text of Chapter 23B.13. If you do not fully and precisely satisfy the procedural requirements of Chapter 23B.13, you will lose your dissenters rights. If any holder of shares of Emeritus common stock who asserts dissenters rights under the WBCA withdraws or loses (through failure to perfect or otherwise) the right to obtain

payment for such holder's shares under Chapter 23B.13, then such shareholder's shares will be converted, or will be treated as if they had been converted, into the right to receive the Merger consideration, without interest and subject to any applicable withholding of taxes. Emeritus will not provide you with any notice regarding your dissenters' rights other than as described in this proxy statement/prospectus and the notice of special meeting included with this proxy statement/prospectus.

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### *Requirements for Exercising Dissenters' Rights*

If you wish to assert your statutory dissenters' rights, you must:

deliver to Emeritus, before the vote is taken at the Emeritus special meeting regarding the Merger proposal, written notice of your intent to demand payment for your shares of Emeritus common stock if the Merger is effected, which notice must be separate from your proxy. Your vote against the Merger proposal alone will not constitute written notice of your intent to assert your dissenters' rights;

not vote your shares in favor of the Merger proposal; and

follow the statutory procedures for perfecting dissenters' rights under Chapter 23B.13, which are described under *Appraisal Procedures* below.

If you fail to comply with these requirements, and if the Merger Agreement is then approved by Emeritus' shareholders and the Merger is completed, your shares of Emeritus common stock will be converted into the right to receive the Merger consideration, without interest and subject to any applicable withholding of taxes, and you will have no dissenters' rights with respect to your shares of Emeritus common stock.

Written notice of your intent to assert dissenters' rights must be delivered to Emeritus at 3131 Elliott Avenue, Suite 500, Seattle, Washington 98121, Attn: Corporate Secretary.

Such written notice must be delivered before the vote on the Merger proposal is taken at the Emeritus special meeting. Your written notice to demand payment should specify your name and mailing address, the number of shares of Emeritus common stock you own, and that you intend to demand payment of the fair value of your shares of Emeritus common stock if the Merger Agreement is approved.

### *Vote*

Your Emeritus shares must either not be voted at the Emeritus special meeting or must be voted against, or must abstain from voting on, the Merger proposal. A vote in favor of the Merger proposal, by proxy, via the Internet, by telephone or in person, will constitute a waiver of your dissenters' rights in respect of the shares so voted and will nullify any previously filed written notices of your intent to assert dissenters' rights. A proxy that is signed but does not contain voting instructions will, unless revoked, be voted in favor of the approval of the Merger proposal. Therefore, a shareholder who votes by proxy and who wishes to exercise dissenters' rights must vote against the Merger Agreement or abstain from voting on the Merger proposal.

### *Termination of Dissenters' Rights*

Your right to obtain payment of the fair value of your shares of Emeritus common stock under Chapter 23B.13 will terminate if:

the Merger is abandoned or rescinded;

a court having jurisdiction permanently enjoins or sets aside the Merger; or

your demand for payment is withdrawn with Emeritus' written consent.

*Appraisal Procedures*

If the Merger proposal is approved by Emeritus' shareholders, within ten days after the effective date of the Merger, Emeritus will send written notice regarding the proper procedures for dissenting to all shareholders who have given written notice under Chapter 23B.13 and have not voted in favor of approval of the Merger proposal. The notice will:

state where the demand for payment and certificates representing certificated shares of Emeritus common stock must be sent and when certificates for certificated shares must be deposited;

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contain information for holders of uncertificated shares as to what extent transfer of the shares will be restricted after the payment demand is received;

include a form for demanding payment that includes the date of the first announcement to the news media or to shareholders of the terms of the Merger (which was February 20, 2014) and requires that the person asserting dissenters' rights certify whether or not the person acquired beneficial ownership of Emeritus common stock before that date;

indicate the date by which Emeritus must receive your payment demand, which date will not be fewer than 30 or more than 60 days after the date the written notice is delivered to you; and

include a copy of Chapter 23B.13.

If you wish to assert dissenters' rights, no later than the date set forth in the notice that Emeritus sent (as described above) you must demand payment, certify whether you acquired beneficial ownership of your shares before February 20, 2014 and deposit your Emeritus share certificates in accordance with the terms of the notice. Failure to do so by the date set forth in the notice will cause you to lose the right to obtain payment for your shares under Chapter 23B.13.

If the Merger is not consummated within 60 days after the date set for demanding payment and depositing share certificates, then Emeritus will be required to return all deposited certificates and release any transfer restrictions imposed on uncertificated shares. If, after returning the deposited certificates and releasing transfer restrictions, the parties to the Merger Agreement wish to consummate the Merger, Emeritus must send a new dissenters' rights notice and repeat the payment demand procedure.

Within 30 days after the later of the effective date of the Merger or the date the payment demand is received, Emeritus shall pay each dissenting shareholder who complied with the payment demand and related requirements of section 23B.13.230 of the WBCA the amount that Emeritus estimates to be the fair value of the shareholder's shares, plus accrued interest (other than dissenting shareholders who acquired their shares of Emeritus common stock after February 20, 2014, if Emeritus elects to withhold payment as described below). The payment will be accompanied by:

financial data relating to Emeritus, including a balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any;

an explanation of how Emeritus estimated the fair value of the shares;

an explanation of how Emeritus calculated the interest;

a statement of the dissenter's right to demand supplemental payment if such shareholder believes that the amount paid is less than the fair value of the shares or under certain other circumstances enumerated in the

statute and described below; and

a copy of Chapter 23B.13.

For dissenting shareholders who were not the beneficial owners of their shares of Emeritus common stock before February 20, 2014, Emeritus may elect to withhold payment under Chapter 23B.13. To the extent that Emeritus so elects, after consummating the Merger, Emeritus shall estimate the fair value of the shares, plus accrued interest, and shall pay this amount to each dissenter who agrees to accept it in full satisfaction of the dissenter's demand. Emeritus will send with its offer an explanation of how it estimated the fair value of the shares, an explanation of how the interest was calculated, and a statement of the dissenter's right to demand payment of the dissenter's own estimate of the dissenter's shares and the amount of interest due if such dissenter believes that the amount offered is less than the fair value of the shares or under certain other circumstances enumerated in the statute and described below.



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Within 30 days of the payment or offer for payment described above, dissenting shareholders may deliver notice to Emeritus in writing informing it of its own estimate of the fair value of their shares and the amount of interest due, and demand payment of this estimate, less any amount Emeritus has already paid under Chapter 23B.13, if (a) such dissenting shareholder believes that the amount paid or offered by Emeritus is less than the fair value of their shares or believes that the interest due is incorrectly calculated, (b) Emeritus fails to make payment for the dissenting shareholder's shares within 60 days after the date set for demanding payment or (c) the Merger is not consummated and Emeritus does not return the deposited share certificates or release the transfer restrictions imposed on uncertificated shares within 60 days after the date set for demanding payment. Failure to notify Emeritus of the dissenting shareholder's demand for payment of such dissenting shareholder's own estimate of the fair value of the shares within 30 days after Emeritus made or offered payment for the dissenter's shares will result in a waiver of such dissenting shareholder's rights to demand payment under Chapter 23B.13.

If any dissenting shareholder's demand for payment of such dissenting shareholder's own estimate of the fair value of the shares remains unsettled, Chapter 23B.13 requires that Emeritus, within 60 days after receipt by Emeritus of such shareholder's payment demand, commence a proceeding in King County Superior Court and petition the court to determine the fair value of the shares and accrued interest, naming all the dissenting shareholders whose demands remain unsettled as parties to the proceeding. If Emeritus does not commence the proceeding within the 60-day period, it will pay each dissenter whose demand remains unsettled the amount demanded.

The jurisdiction of the court in which the proceeding is commenced will be plenary and exclusive. The court may appoint one or more appraisers to receive evidence and recommend a decision on the question of fair value. The appraisers will have the powers described in the order appointing them, or in any amendment to it. The fair value of the shares as determined by the court may be less than, equal to or greater than the value of the Merger consideration to be issued to non-dissenting shareholders for Emeritus common stock under the terms of the Merger Agreement if the Merger is consummated. Shareholders should be aware that investment banking opinions as to the fairness, from a financial point of view, of the consideration payable in a merger are not opinions as to, and do not address, fair value under Chapter 23B.13. Each dissenter made a party to the proceeding is entitled to a judgment (a) for the amount, if any, by which the court finds the fair value of the dissenter's shares, plus interest, exceeds the amount paid by Emeritus, or (b) for the fair value, plus accrued interest, of the dissenter's after-acquired shares for which Emeritus elected to withhold payment pursuant to Chapter 23B.13.

The court will also determine the costs and expenses of the court proceeding and assess them against Emeritus, except that the court may assess the costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously or not in good faith in demanding payment under Chapter 23B.13. If the court finds that Emeritus did not substantially comply with the relevant provisions of sections 23B.13.200 through 23B.13.280 of the WBCA, the court may also assess against Emeritus any fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable. The court may also assess those fees and expenses against any party if the court finds that the party has acted arbitrarily, vexatiously or not in good faith with respect to dissenters' rights. If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against Emeritus, the court may award to counsel reasonable fees to be paid out of the amounts awarded the dissenters who were benefited.

A record shareholder may assert dissenters' rights as to fewer than all of the shares registered in the shareholder's name only if the shareholder dissents with respect to all shares beneficially owned by any one person and delivers to Emeritus a notice of the name and address of each person on whose behalf the shareholder asserts dissenters' rights. The rights of a partially dissenting record shareholder are determined as if the shares as to which the dissenter dissents and the dissenter's other shares were registered in the names of different shareholders. Beneficial owners of Emeritus

common stock who desire to assert dissenters' rights as to shares held on the

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beneficial owners' behalf (a) must submit to Emeritus the record shareholder's consent to the dissent not later than the time the beneficial shareholder asserts dissenters' rights, which consent shall be set forth either in a record or, if Emeritus has designated an address, location, or system to which the consent may be electronically transmitted and the consent is electronically transmitted to the designated address, location, or system, in an electronically transmitted record; and (b) must so assert dissenters' rights with respect to all shares of which such shareholder is the beneficial shareholder or over which such shareholder has power to direct the vote.

For purposes of Chapter 23B.13, fair value with respect to dissenters' shares means the value of the shares of Emeritus common stock immediately before the effective date of the Merger, excluding any appreciation or depreciation in anticipation of the Merger, unless that exclusion would be inequitable. Interest means interest from the effective date of the Merger until the date of payment, at a rate that is fair and equitable under the circumstances.

It is a condition to Brookdale's obligation to complete the Merger that no more than 7.5% of the shares of Emeritus common stock are dissenting shares. See The Merger Agreement Conditions to Completion of the Merger beginning on page 114.

## **NYSE Listing of Brookdale Common Stock; Delisting and Deregistration of Emeritus Common Stock**

Prior to the completion of the Merger, Brookdale has agreed to use its reasonable best efforts to cause the shares of Brookdale common stock to be issued in the Merger to be approved for listing on the NYSE. The listing of the shares of Brookdale common stock is also a condition to completion of the Merger.

If the Merger is completed, Emeritus common stock will cease to be listed on the NYSE and Emeritus common stock will be deregistered under the Securities Exchange Act of 1934, as amended, which is referred to herein as the Exchange Act.

## **Litigation Relating to the Merger**

In connection with the Merger, three purported class action lawsuits have been filed on behalf of Emeritus shareholders in the Superior Court of King County, Washington: *Tampa Maritime Association/International Longshoremen's Association Pension Fund v. Emeritus Corp., et al.*, Case No. 14-2-06385-7-SEA, filed February 28, 2014; *Sciabacucchi v. Emeritus Corp., et al.*, Case No. 14-2-06946-4-SEA, filed March 6, 2014; and *Ellerson v. Emeritus Corp., et al.*, Case No. 14-2-07502-2-SEA, filed March 14, 2014. It is possible that other related suits could subsequently be filed. Emeritus anticipates that any related cases that are subsequently filed will be consolidated and proceed as a single, consolidated case.

The allegations in the three lawsuits are similar. They purport to be brought as class actions on behalf of all shareholders of Emeritus. The complaints name as defendants Emeritus, the Emeritus Board, Brookdale and Merger Sub. The complaints allege that the Emeritus Board breached its fiduciary duties to Emeritus shareholders by, among other things, failing to maximize shareholder value in connection with the Merger or to engage in a fair sale process before approving the Merger. Specifically, the complaints allege that the Emeritus Board undervalued Emeritus in connection with the Merger and that the Emeritus Board agreed to certain deal protection mechanisms that precluded Emeritus from obtaining competing offers. The *Sciabacucchi* complaint also alleges that the Emeritus Board breached its fiduciary duties by failing to disclose all material information concerning the Merger to Emeritus' shareholders. The three complaints also allege that Brookdale, Emeritus and Merger Sub aided and abetted the Emeritus Board's alleged breaches of fiduciary duties. The complaints seek, among other things, injunctive relief preventing the closing of the Merger, rescission of the Merger or an award of rescissory damages to the purported class in the event that the Merger is consummated, and damages, including counsel fees and expenses. On April 30, 2014, the court consolidated the

three lawsuits, relieved all defendants of the need to respond to the three filed complaints, and ordered plaintiffs to file a consolidated and amended complaint as soon as practicable after a registration statement is filed with the SEC in connection with the Merger. The consolidated action is under

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new caption *In re Emeritus Corp. Shareholder Litigation*, No. 14-2-06385-7 SEA. On May 6, 2014, the court appointed co-lead plaintiffs and co-lead and liaison counsel for plaintiffs in the consolidated proceeding.

**Material U.S. Federal Income Tax Consequences of the Merger**

The following is a discussion of the material U.S. federal income tax consequences of the Merger generally applicable to U.S. persons and certain non-U.S. persons (as defined below) who hold Emeritus common stock. For purposes of this discussion, the term "U.S. person" means a beneficial owner which is:

a citizen or individual resident of the United States;

a corporation or other entity taxable as a corporation for U.S. federal income tax purposes created in or organized under the laws of the United States or any political subdivision thereof;

an estate the income of which is subject to U.S. federal income tax without regard to its source; or

a trust that (1) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

A "non-U.S. person" means a beneficial owner other than a U.S. person.

The discussion which follows is based on the Code, Treasury regulations issued under the Code, and judicial and administrative interpretations thereof, all as in effect as of the date of this joint proxy statement/prospectus and all of which are subject to change at any time, possibly with retroactive effect. The discussion applies only to shareholders who hold Emeritus common stock as a capital asset within the meaning of Section 1221 of the Code. The discussion assumes that the Merger will be completed in accordance with the Merger Agreement and as further described in this joint proxy statement/prospectus. This discussion is not a complete description of all of the consequences of the Merger and, in particular, may not address U.S. federal income tax considerations applicable to Emeritus shareholders subject to special treatment under U.S. federal income tax law, including, without limitation:

financial institutions or insurance companies;

mutual funds;

tax-exempt organizations;

shareholders who are not citizens or residents of the United States;

U.S. expatriates;

pass-through entities or investors in such entities;

dealers or brokers in securities or foreign currencies;

shareholders who hold individual retirement or other tax-deferred accounts;

traders in securities who elect to apply a mark-to-market method of accounting;

U.S. persons whose functional currency is not the U.S. dollar;

regulated investment companies and real estate investment trusts;

shareholders who actually or constructively own 5% or more of the outstanding shares of Emeritus common stock;

shareholders who hold Emeritus common stock as part of a hedge, appreciated financial position, straddle, constructive sale or conversion transaction; or

shareholders who acquired their shares of Emeritus common stock pursuant to the exercise of employee stock options or otherwise as compensation.

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If a partnership, or other entity or arrangement treated as a partnership for U.S. federal income tax purposes, is an Emeritus shareholder, the tax treatment of a partner in the partnership will depend upon the status of that partner and the activities of the partnership. A partner in a partnership that is an Emeritus shareholder is strongly urged to consult with its own tax advisor regarding the tax consequences of the Merger to it.

In addition, tax consequences arising under state, local and foreign laws, the alternative minimum tax or under federal laws other than federal income tax laws are not addressed in this joint proxy statement/prospectus.

**Emeritus shareholders are strongly urged to consult with their own tax advisors regarding the tax consequences of the Merger to them, including the effects of U.S. federal, state, local, foreign and other tax laws.**

***U.S. Federal Income Tax Consequences to Emeritus Shareholders***

It is a condition to the obligation of Emeritus to effect the Merger that Emeritus receive a written opinion from Perkins Coie, counsel to Emeritus, dated as of the closing date, to the effect that for U.S. federal income tax purposes the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to the obligation of Brookdale to effect the Merger that Brookdale receive a written opinion from Skadden, dated as of the closing date, to the effect that for U.S. federal income tax purposes the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. The opinions will rely on assumptions, representations and covenants, which may include assumptions regarding the absence of changes in existing facts and law and the completion of the Merger in the manner contemplated by the Merger Agreement and representations contained in representation letters of officers of Brookdale, Emeritus and Merger Sub. If any of those representations, covenants or assumptions is inaccurate, counsel may be unable to render the required opinion and the Merger may not be completed or the tax consequences of the Merger could differ from those discussed here. An opinion of counsel represents counsel's best legal judgment and is not binding on the Internal Revenue Service, which is referred to herein as the IRS, or any court, nor does it preclude the IRS from adopting a contrary position. No ruling has been or will be sought from the IRS on the U.S. federal income tax consequences of the Merger.

Accordingly, and on the basis of the foregoing opinions, as a result of the Merger qualifying as a reorganization within the meaning of Section 368(a) of the Code, for U.S. federal income tax purposes, in general:

an Emeritus shareholder will not recognize gain or loss as a result of such shareholder's Emeritus common shares being exchanged in the Merger for shares of Brookdale common stock, except as described below with respect to the receipt of cash in lieu of a fractional share of Brookdale common stock;

an Emeritus shareholder's aggregate tax basis in shares of Brookdale common stock received in the Merger, including any fractional share interests deemed received and exchanged as described below, will equal the aggregate tax basis of the Emeritus common stock surrendered in the Merger;

an Emeritus shareholder's holding period for shares of Brookdale common stock received in the Merger will include the shareholder's holding period for the shares of Emeritus common stock surrendered in the Merger; and

an Emeritus shareholder who receives cash in lieu of a fractional share of Brookdale common stock in the Merger will be treated as having received a fractional share in the Merger and then as having received the cash in exchange for such fractional share. As a result, such an Emeritus shareholder should generally recognize capital gain or loss equal to the difference between the amount of the cash received in lieu of the fractional share and the shareholder's tax basis allocable to such fractional share. Any such capital gain or loss will be a long-term capital gain or loss if the holding period of the Emeritus common stock exchanged for the fractional share of Brookdale common stock is more than one year at the time of the Merger.



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Emeritus shareholders who hold their Emeritus common stock with differing bases or holding periods should consult their tax advisors with regard to identifying the bases or holding periods of the particular shares of Brookdale common stock received in the Merger.

***Special Considerations for Certain Emeritus Shareholders who are Non-U.S. Persons***

Certain Emeritus shareholders that are non-U.S. persons may be subject to U.S. federal income tax in connection with the Merger in the event that Emeritus is or has been, within the five-year period ending with the effective date of the Merger, a U.S. real property holding corporation (USRPHC) for U.S. federal income tax purposes. Generally, a corporation is a USRPHC if the fair market value of its U.S. real property interests, as defined in the Code and applicable Treasury regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. Although neither Emeritus nor Brookdale has made a formal determination as to whether either of them is or has been a USRPHC, each of Emeritus and Brookdale believe that they may be and may have been USRPHCs. In the event that Emeritus is a USRPHC and Brookdale is not a USRPHC, an Emeritus shareholder who is a non-U.S. person and who owns or has owned more than 5% of Emeritus' common stock at any time during the five-year period ending with the effective date of the Merger will recognize capital gain or loss equal to the difference between the fair market value of the Brookdale common stock (together with any cash) received, and the shareholder's tax basis in the Emeritus common stock surrendered. Any such capital gain generally would be subject to U.S. federal income tax at graduated rates and, with respect to non-U.S. shareholders that are treated as corporations for U.S. tax purposes, may also be subject to the branch profits tax under the Code. Emeritus shareholders who are non-U.S. persons and who hold, or have held, more than 5% of Emeritus' common stock should consult their tax advisors regarding the potential U.S. federal income tax consequences of the Merger.

***Information Reporting and Backup Withholding***

Holders of Emeritus common stock may be subject to information reporting and backup withholding on any cash payments they receive in the Merger. Emeritus shareholders generally will not be subject to backup withholding, however, if they:

timely furnish a correct taxpayer identification number, certify that they are not subject to backup withholding on the substitute Form W-9 or successor form included in the election form/letter of transmittal that they will receive and otherwise comply with all the applicable requirements of the backup withholding rules; or

provide proof that they are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules are not additional tax and will generally be allowed as a refund or credit against an Emeritus shareholder's U.S. federal income tax liability, provided such shareholder timely furnishes the required information to the IRS.

**The discussion of U.S. federal income tax consequences set forth above is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the Merger. Moreover, the discussion set forth above does not address tax consequences that may vary with, or are contingent upon, individual circumstances. In addition, the discussion set forth above does not address any non-income tax or any foreign, state or local tax consequences of the Merger and does not address the tax consequences of any transaction**

**other than the Merger.**

**Restrictions on Sales of Shares of Brookdale Common Stock Received in the Merger**

All shares of Brookdale common stock received by Emeritus shareholders in the Merger will be freely tradable for purposes of the Securities Act and the Exchange Act, except for shares of Brookdale common stock received by any Emeritus shareholder who becomes an affiliate of Brookdale after completion of the Merger (such as Emeritus directors or executive officers who become directors or executive officers of Brookdale after

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the Merger). This joint proxy statement/prospectus does not cover resales of shares of Brookdale common stock received by any person upon completion of the Merger, and no person is authorized to make any use of this joint proxy statement/prospectus in connection with any resale.

In addition, pursuant to the Voting Agreement, each Supporting Shareholder other than Stanley L. Baty, who are referred to herein as the Locked-up Shareholders, agreed that, subject to certain exceptions, they will not transfer any shares of Brookdale common stock they own as of the effective time of the Merger during the 60 days following the effective time of the Merger. See The Voting Agreement Restrictions on Transfer of Brookdale Shares beginning on page 130.

## **THE MERGER AGREEMENT**

*This section of this joint proxy statement/prospectus describes the material provisions of the Merger Agreement, but does not describe all of the terms of the Merger Agreement and may not contain all of the information about the Merger Agreement that is important to you. The following summary is qualified by reference to the complete text of the Merger Agreement, which is attached as Annex B to this joint proxy statement/prospectus and incorporated by reference herein. You are urged to read the full text of the Merger Agreement because it is the legal document that governs the Merger.*

*The representations, warranties and covenants contained in each of the Merger Agreement, Voting Agreement and Fortress Agreement were made by the parties thereto only for purposes of the applicable agreement and as of specific dates; were made solely for the benefit of the parties to such agreement; may be subject to limitations agreed upon by the contracting parties, including being qualified by confidential disclosures exchanged between the parties in connection with the execution thereof (which disclosures include information that has been included in the Brookdale s and Emeritus public disclosures, as well as additional non-public information); may have been made for the purposes of allocating contractual risk between the parties to such agreement instead of establishing these matters as facts; and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Additionally, the representations, warranties, covenants, conditions and other terms of such agreements may be subject to subsequent waiver or modification. For the foregoing reasons, one should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of Brookdale or Emeritus or any of their respective subsidiaries or affiliates, which are disclosed in the other information provided elsewhere in this joint proxy statement/prospectus or incorporated by reference herein.*

### **The Merger**

The Merger Agreement provides that, upon the terms and subject to the conditions of the Merger Agreement, and in accordance with the WBCA and the DGCL, upon completion of the Merger, Merger Sub will merge with and into Emeritus, with Emeritus continuing as the surviving corporation in the Merger and as a direct, wholly owned subsidiary of Brookdale.

Emeritus has also agreed that, if requested by Brookdale at least 10 business days prior to the Brookdale special meeting, it will cooperate with Brookdale with respect to the implementation of certain reorganization transactions of Emeritus prior to the effective time of the Merger and/or changes to the structure of the transactions contemplated by the Merger Agreement (including entering into appropriate amendments to the Merger Agreement), in each case, so long as such cooperation and implementation does not (i) have any adverse impact on Emeritus, (ii) alter or change the amount or kind of consideration to be issued in the Merger to holders of Emeritus common stock, (iii) adversely affect the tax consequences of the Merger to holders of Emeritus common stock or (iv) materially impede or delay

consummation of the Merger.

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### **Effect of the Merger on Capital Stock**

#### ***Conversion of Emeritus Common Stock***

At the effective time of the Merger, each share of Emeritus common stock issued and outstanding immediately prior to the effective time of the Merger (other than (i) any shares of Emeritus common stock held by Brookdale or any of its subsidiaries, which will be cancelled at the effective time of the Merger, (ii) any dissenting shares and (iii) except as otherwise provided with respect to fractional shares), will be automatically converted into the right to receive 0.95 of a share of Brookdale common stock. The Exchange Ratio will be adjusted appropriately to reflect the effect of any stock split, combination or other reclassification, any change of common stock into other shares, or any stock distribution with respect to the shares of either Brookdale common stock or Emeritus common stock prior to the effective time of the Merger (provided that the Exchange Ratio will not be adjusted to reflect changes in the price of Brookdale or Emeritus common stock).

Brookdale will not issue fractional shares of Brookdale common stock in the Merger. Instead, each holder of shares of Emeritus common stock who would otherwise be entitled to receive fractional shares of Brookdale common stock in the Merger (after aggregating all fractional shares of Brookdale common stock that otherwise would be received by such holder) will be entitled to receive an amount of cash, without interest, in lieu of such fractional shares equal to the product of (x) such fraction, multiplied by (y) the implied dollar value (which is determined by multiplying (i) the value of Brookdale's common stock at its volume-weighted average price over the 10 trading days preceding the consummation of the Merger, by (ii) the Exchange Ratio).

#### ***Dissenting Shares***

Emeritus shareholders who do not vote in favor of the Merger proposal and follow certain procedural steps will be entitled to dissenters' rights under Chapter 23B.13 of the WBCA, provided they take the steps required to perfect their rights under Chapter 23B.13 of the WBCA. For more information regarding dissenters' rights, see *The Merger Appraisal / Dissenters' Rights* beginning on page 103. In addition, a copy of Chapter 23B.13 of the WBCA is attached as Annex I to this joint proxy statement/prospectus.

It is a condition to Brookdale's obligation to complete the Merger that no more than 7.5% of the shares of Emeritus common stock are dissenting shares.

#### ***Conversion of Merger Sub Common Stock***

At the effective time of the Merger, each share of common stock of Merger Sub issued and outstanding immediately prior to the effective time of the Merger will remain as outstanding and will constitute the only issued and outstanding capital stock of Emeritus, as the surviving corporation in the Merger and a wholly owned subsidiary of Brookdale.

At the effective time of the Merger, the articles of incorporation of Emeritus, as the surviving corporation, will be amended in their entirety as set forth in Exhibit A to the Merger Agreement, and the bylaws of Merger Sub as in effect immediately prior to the effective time of the Merger (and as modified to the extent required by Washington law), shall become the bylaws of the surviving corporation, in each case, until thereafter changed or amended as provided therein or by applicable law.

### **Procedures for Surrendering Emeritus Stock**

As promptly as practicable following the effective time of the Merger (but no later than three business days thereafter), the exchange agent will mail to each Emeritus shareholder that holds stock certificates representing its Emeritus common stock a letter of transmittal and instructions for use in surrendering the holder's certificates in exchange for the number of shares of Brookdale common stock (which will be uncertificated book-entry form unless a physical stock certificate is specifically requested) such holder is entitled to receive pursuant to the terms

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of the Merger Agreement (and a cash payment instead of any fractional shares of Brookdale common stock that would have been otherwise issuable to them as a result of the Merger).

As promptly as practicable following the effective time of the Merger (but no later than two business days thereafter), the exchange agent will issue to each Emeritus shareholder that holds Emeritus common stock in book-entry form the number of shares of Brookdale common stock (which will be uncertificated book-entry form) such holder is entitled to receive pursuant to the terms of the Merger Agreement (and a cash payment instead of any fractional shares of Brookdale common stock that would have been otherwise issuable to them as a result of the Merger). Emeritus shareholders that hold Emeritus common stock in book-entry form will not need to obtain stock certificates to submit for exchange to the exchange agent. However, such shareholders will need to comply with the exchange agent's customary procedures with respect to securities held in book-entry form.

If any Emeritus stock certificate has been lost, stolen or destroyed, the exchange agent will issue in exchange for such lost, stolen or destroyed stock certificate the Merger consideration upon the delivery of an affidavit by the owner of such stock certificate claiming that such stock certificate has been lost, stolen or destroyed. However, the surviving corporation may, in its discretion and as a condition to the issuance of any shares of Brookdale common stock and/or the payment of cash in lieu of fractional shares, also require the owner of such lost, stolen or destroyed stock certificate to deliver a bond as indemnity against any claim that may be made with respect to that stock certificate against the surviving corporation.

**PLEASE DO NOT SUBMIT YOUR EMERITUS STOCK CERTIFICATES FOR EXCHANGE UNTIL YOU RECEIVE THE TRANSMITTAL INSTRUCTIONS AND LETTER OF TRANSMITTAL FROM THE EXCHANGE AGENT.**

## **Treatment of Equity Awards; Employee Stock Purchase Plan**

### ***Stock Options***

The Merger Agreement provides that any Emeritus stock option that is outstanding immediately prior to the completion of the Merger (whether vested or unvested) with an exercise price per share that is less than the implied dollar value (as defined below) of the per share consideration to be received in the Merger will, without any action on the part of the holder of the option or Emeritus, be cancelled and converted into the right of the holder to receive a number of shares of Brookdale common stock (rounded down to the nearest whole share and net of any required withholding taxes) equal to (i) the number of shares of Emeritus common stock subject to the option immediately prior to the cancellation multiplied by (ii) the excess of the implied dollar value of the per share consideration over the exercise price of the option, which amount is then divided by the volume-weighted average price of Brookdale common stock over the 10 trading days immediately preceding the completion of the Merger. The shares of Brookdale common stock to be issued in respect of such Emeritus stock options will be issued immediately following the completion of the Merger.

The Merger Agreement provides that any Emeritus stock option that is outstanding immediately prior to the completion of the Merger with an exercise price that is equal to or greater than the implied dollar value of the per share consideration to be received in the Merger will terminate and cease to be outstanding as of the completion of the Merger without any further action on the part of the holder of the option, and the holder thereof will not be entitled to receive the payment of any consideration in respect of such termination.

The implied dollar value of the per share consideration to be received in the Merger is determined by multiplying (i) the value of Brookdale common stock at its volume-weighted average price over the 10 trading days immediately

preceding the consummation of the Merger, by (ii) 0.95.



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### ***Shares of Restricted Stock***

The Merger Agreement provides that, immediately prior to the completion of the Merger and without any action on the part of any holder or Emeritus, each share of Emeritus restricted stock that is then outstanding and unvested will become fully vested and no longer subject to forfeiture and will be entitled to receive the same consideration in the Merger as outstanding shares of Emeritus common stock generally. The Merger Agreement provides that holders of Emeritus restricted stock will be permitted to surrender shares of Brookdale common stock that would otherwise be issued to the holder as a result of the Merger in satisfaction of any required withholding taxes.

### ***Employee Stock Purchase Plan***

The Merger Agreement provides that, with respect to the Emeritus 2009 Employee Stock Purchase Plan, (i) participation will be limited to those employees who were participants on the date of the Merger Agreement, (ii) existing participants will not be eligible to increase their payroll deductions from those in effect on the date of the Merger Agreement, (iii) the purchase period in effect on the date of the Merger Agreement will be the final purchase period under the plan and (iv) the plan will terminate as of the completion of the Merger. The purchase period that was in effect on the date of the Merger Agreement ended on March 31, 2014, and therefore no purchase period is currently in effect or will be commenced prior to the completion of the Merger.

### ***Brookdale Equity Awards***

The Merger will not affect Brookdale's restricted stock, restricted stock units or other equity awards. All such awards will remain outstanding subject to the same terms and conditions that are applicable prior to the Merger.

### ***Closing of the Merger***

Unless Brookdale and Emeritus agree to another date, the parties have agreed that the closing of the Merger will be held on the second business day after satisfaction or waiver of all the conditions described under *Conditions to Completion of the Merger* below. The Merger will be effective at the time the articles of Merger are filed with the Secretary of State of the State of Washington and the certificate of Merger is filed with the Secretary of State of the State of Delaware, or at such other time as Brookdale and Emeritus may specify therein.

### ***Conditions to Completion of the Merger***

The obligation of Brookdale and Merger Sub, on the one hand, and Emeritus, on the other hand, to complete the Merger is subject to the satisfaction (or waiver) of the following conditions:

approval by Brookdale shareholders of the Charter Amendment proposal and the Share Issuance proposal;

approval by Emeritus shareholders of the Merger proposal;

the termination or expiration of any waiting period (and any extension thereof) applicable to the Merger under the HSR Act or any other applicable competition, Merger control, antitrust or similar law;

absence of any law or legal restraint in effect preventing the consummation of the Merger;

effectiveness of the registration statement of which this joint proxy statement/prospectus forms a part and the absence of a stop order suspending the effectiveness of such registration statement and no proceedings threatened or initiated for that purpose by the SEC that have not been withdrawn;

authorization of the listing on the NYSE of the shares of Brookdale common stock to be issued in connection with the Merger, subject to official notice of issuance;

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(i) the accuracy in all respects of the representations and warranties of Emeritus with respect to capital structure (subject to a *de minimis* exception); (ii) the accuracy in all material respects of the representations and warranties of Brookdale with respect to capital structure and the representations and warranties of Emeritus regarding certain related party transactions; and (iii) the accuracy of all other representations and warranties of the other party (disregarding any qualifications with respect to materiality or material adverse effect in such representations and warranties), except where the failure to be true and correct has not had and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect; in each case, as of the date of the Merger Agreement and as of the date of completion of the Merger as though made as of the date of completion of the Merger (except with respect to any representation and warranty that is made as of a specific date in which case only as of such date);

the performance by the other party, in all material respects, of all of its obligations under the Merger Agreement;

receipt of a certificate executed by the chief executive officer and chief financial officer of the other party as to the satisfaction of the conditions described in the preceding two bullets;

receipt of a legal opinion of such party's counsel, dated as of the closing date of the Merger, to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code; and

the absence of a change, effect, event, circumstance, occurrence or state of facts that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the other party since the date of the Merger Agreement.

In addition, the obligation of Brookdale and Merger Sub to complete the Merger is subject to the satisfaction (or waiver) of the following conditions:

the absence of any pending or threatened action by any governmental authority challenging or prohibiting the Merger, or seeking to require Brookdale to take (or refrain from taking) certain actions in order to obtain required regulatory approvals beyond those required by the Merger Agreement, and the absence of any law or legal restraint having such effect;

certain scheduled regulatory approvals shall have been obtained prior to closing and remain in full force and effect as of the closing, and shall in no way have been impaired, repudiated, breached or otherwise invalidated;

(i) the parties shall have obtained customary assurances to conclude that all consents and approvals of governmental authorities necessary for the ownership and operation of the Emeritus facilities (including facilities managed by Emeritus) following closing have been or will be issued, and all notice periods with respect thereto will have expired effective as of the closing; and (ii) any applicable lender consents shall have been obtained; provided that such conditions will be deemed satisfied unless (1) the impact of the

failures of such conditions and/or the costs associated with satisfying such conditions are reasonably expected to exceed, in the aggregate, \$23.5 million or (2) the failure of such conditions would, individually or in the aggregate, result in or be reasonably likely to result in a material adverse effect on Brookdale;

certain scheduled consents obtained on or prior to the date of the Merger Agreement shall as of the closing remain in full force and effect and shall in no way have been impaired, repudiated, breached or otherwise invalidated; and

no more than 7.5% of the shares of Emeritus common stock shall be dissenting shares.

**Representations and Warranties**

The Merger Agreement contains customary representations and warranties of each of Brookdale and Emeritus relating to their respective businesses. The representations and warranties in the Merger Agreement do not survive the effective time of the Merger.

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Each of Brookdale and Emeritus has made representations and warranties relating to a number of matters, including the following:

corporate matters, including due organization, good standing, requisite corporate power, organizational documents and qualifications necessary to conduct business;

ownership of subsidiaries;

capital structure and equity awards;

corporate authority to enter into and perform the Merger Agreement, enforceability of the Merger Agreement, approval of the Merger Agreement by each party's board of directors and approvals required by each party's shareholders;

absence of conflicts with or defaults under organizational documents, contracts and applicable laws as a result of the transactions contemplated by the Merger Agreement;

required regulatory filings and consents and approvals of governmental authorities;

SEC reports and financial statements;

absence of undisclosed liabilities;

accuracy of certain information supplied for inclusion in this joint proxy statement/prospectus;

absence of a material adverse effect since December 31, 2012;

absence of certain or events and actions since September 30, 2013;

pending or threatened litigation;

matters with respect to material contracts;

compliance with applicable law, regulatory matters and possession and compliance with required permits;

employee benefit plans;

tax matters;

intellectual property matters;

real property matters;

environmental matters;

related party transactions;

brokers' fees and expenses;

opinions of financial advisors;

residence agreements;

insurance matters;

labor and other employment matters;

licensing surveys;

resident records;

matters with respect to third party payor reimbursement; and

inapplicability of state takeover statutes.

For Brookdale and Merger Sub, the Merger Agreement also contains additional representation and warranties to the effect that (i) Merger Sub has performed no prior business activities and (ii) neither Brookdale nor Merger Sub owns any of Emeritus common stock.



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The representations and warranties noted above are subject to qualifications and limitations agreed to by Brookdale and Emeritus in connection with negotiating the terms of the Merger Agreement. Many of the representations and warranties in the Merger Agreement are qualified by a material adverse effect standard that is, they will not be deemed to be untrue or incorrect unless the failure to be true or correct, individually or in the aggregate, would reasonably be expected to have a material adverse effect.

### **Material Adverse Effect**

For purposes of the Merger Agreement, a material adverse effect means any change, effect, event, circumstance, occurrence, or state of facts that is materially adverse to the business, condition (financial or otherwise), assets, liabilities or results of operations of Brookdale or Emeritus, as the case may be, and its respective subsidiaries, taken as a whole, other than any change, effect, event, circumstance, occurrence or state of facts to the extent relating to:

the U.S. economy or financial markets in general;

the industry or industries in which Brookdale or Emeritus, as the case may be, operate in general;

the announcement of the Merger Agreement or the transactions contemplated thereby;

the failure of Brookdale or Emeritus, as the case may be, to meet its publicly announced earnings guidance for any period, in and of itself (provided that the underlying causes of any such failure may be considered in determining whether a material adverse effect has occurred or would reasonably be expected to occur to the extent not otherwise excluded by another exception);

any change in laws;

changes in accounting principles required by U.S. GAAP;

acts of war or terrorism;

changes in the stock trading price or volume of Brookdale or Emeritus, as the case may be (provided that the underlying causes of any such change may be considered in determining whether a material adverse effect has occurred or would reasonably be expected to occur to the extent not otherwise excluded by another exception);

actions taken by Brookdale or Emeritus, as the case may be, as expressly required by the Merger Agreement;  
or



outbreaks of epidemics or pandemics;  
provided that, in the case of the first, second, fifth, seventh and tenth bullet points above, such change, effect, event, circumstance, occurrence or state of facts (x) does not specifically relate to (or have the effect of specifically relating to) Brookdale or Emeritus, as the case may be, and its respective subsidiaries and (y) is not materially more adverse to Brookdale or Emeritus, as the case may be, and its respective subsidiaries than to other companies operating in the same industry in which such party and its subsidiaries operate.

### **Conduct of Business Prior to Closing**

Each of Brookdale and Emeritus has undertaken customary covenants in the Merger Agreement restricting the conduct of its respective business between the date of the Merger Agreement and the effective time of the Merger.

In general, Emeritus has agreed to, and to cause its subsidiaries to, (x) carry on its and its subsidiaries' business in the ordinary course consistent with past practice and comply with applicable laws in all material respects and (y) to the extent consistent therewith, use commercially reasonable efforts to preserve intact its current business organizations, keep available the services of its current officers, employees and consultants, and preserve its relationships with customers, suppliers, licensors, licensees, distributors and others having business

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dealings with it, with the intention that its goodwill and ongoing business will not be materially impaired at the effective time of the Merger. In addition, between the date of the Merger Agreement and the effective time of the Merger, Emeritus has agreed not to, and not to permit its subsidiaries to, among other things, undertake any of the following without Brookdale's prior written consent, which consent, with respect to specified matters, cannot be unreasonably withheld, conditioned or delayed (subject in each case to exceptions specified in the Merger Agreement or set forth in the confidential disclosure letter delivered in connection with the Merger Agreement):

declare, set aside or pay any dividend or other distribution (whether in cash, shares or property) with respect to any shares of capital stock, except dividends or distributions by a direct or indirect wholly owned subsidiary of Emeritus to its parent company;

split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of, or in substitution for shares of its capital stock;

purchase, redeem or otherwise acquire any shares of its capital stock or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities;

issue, deliver, sell, grant, pledge or otherwise encumber or subject to any lien any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities, or any phantom stock, phantom stock rights, stock appreciation rights or stock based performance units (other than the issuance of shares of Emeritus common stock upon the exercise of Emeritus stock options outstanding on the date of the Merger Agreement in accordance with their terms);

amend its articles of incorporation, bylaws or similar organizational documents of any subsidiary, or adopt a shareholders' rights plan;

acquire by merging or consolidating with, or by purchasing all of or a substantial equity interest in, or by any other manner, any division, business or equity interest of any person or any assets forming part of such a division or business, except in the ordinary course of business consistent with past practice and subject to an aggregate cap on the purchase price of such assets of \$20 million;

sell, lease, license, mortgage, sell and leaseback or otherwise encumber or subject to any lien (other than liens permitted by the Merger Agreement) or otherwise dispose of any of its properties or other assets with a fair market value in excess of \$1 million individually or \$2 million in the aggregate to a third party, except as specifically contemplated by the Merger Agreement;

make any capital expenditure or expenditures which (i) involve the purchase of any real property or (ii) are greater than an aggregate of \$6.2 million in any calendar month;

(i) repurchase, prepay or refinance any indebtedness, other than as required by its terms, (ii) incur indebtedness or guarantee indebtedness of a third party, (iii) issue or sell any debt securities or other rights to acquire any debt securities of Emeritus or any of its subsidiaries, (iv) enter into any keep well or other agreement to maintain any financial condition of another person, (v) make any loans, advances, capital contributions to, or investments in, any other person in excess of \$750,000 in the aggregate, other than in Emeritus or any of its direct or indirect wholly owned subsidiaries or (vi) enter into, amend or otherwise modify, renew or terminate any contract with respect to the foregoing;

pay, discharge, settle or satisfy any claims (other than shareholders claims, which are addressed elsewhere in the Merger Agreement), other than (i) (a) general and professional liability matters previously disclosed on a confidential basis to Brookdale and not in excess of the estimated claim amounts previously provided and (b) insured general and professional liability matters (provided that the sum of the amounts in (a) plus the deductibles or any amounts not otherwise fully covered in (b) will not exceed \$7.5 million in the aggregate), (ii) general and professional liability claims arising after February 20, 2014, for amounts not in excess of \$150,000 individually or \$2 million in the aggregate, and (iii) any other claims, for amounts under \$1 million individually or \$2 million in the aggregate, and in all cases without involving any material limitation on the conduct of Emeritus or its subsidiaries business;

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(i) waive or release any right of Emeritus or any of its subsidiaries with a value in excess of \$250,000, or (ii) except to the extent addressed by the restrictions in the preceding two bullets, pay, discharge, settle or satisfy any other liabilities or obligations other than in the ordinary course of business consistent with past practice;

(i) except for certain agreements in the ordinary course of business consistent with past practice, enter into, modify or terminate certain material contracts required to be disclosed to Brookdale pursuant to the Merger Agreement or (ii) fail to enforce any material contract rights (other than standstill provisions to the extent Emeritus previously notifies Brookdale in writing);

enter into, modify, amend or terminate (including by exercising any buyout, termination or similar right under) any contract with any Emeritus affiliate;

enter into, amend or otherwise modify, renew, terminate, allow to expire, or exercise an extension or purchase option with respect to, any lease or sublease of an Emeritus facility;

except as required to comply with applicable law or certain contracts as in effect as of the date of the Merger Agreement or as agreed to by Brookdale, (i) increase the compensation or fringe benefits (including the granting of any bonuses) payable or provided to any current or former directors, officers, employees or consultants, except annual or promotion raises to non-officer employees in the ordinary course of business consistent with past practice (both in timing and amounts), (ii) pay any benefit to any current or former director, officer, employee or consultant, unless the benefit is required to be paid under an existing arrangement and is paid in a manner consistent with past practice, (iii) grant any awards under any employee benefit plan, (iv) take any action to fund or secure the payment of compensation or benefits under any contract or employee benefit plan other than pursuant to a contract or employee benefit plan in effect on the date of the Merger Agreement and in a manner consistent with past practice, (v) exercise any discretion to accelerate the vesting or payment of any compensation or benefit under any contract or employee benefit plan, (vi) materially change any actuarial or other assumption used to calculate employee benefit plan funding obligations or change how employee benefit plan contributions are made or the basis on which such contributions are determined or (vii) adopt any new employee benefit plan or amend, modify or terminate any existing employee benefit plan, in each case for the benefit of any current or former director, officer, employee or consultant, other than required by law or tax qualification requirement;

modify, adopt or enter into any collective bargaining agreement or other labor union contract;

fail to use reasonable efforts to maintain existing insurance policies or reasonably priced comparable replacement policies;

change its fiscal year, revalue any material assets, or make any change in financial, actuarial, reserve, statutory or tax accounting methods, principles or practices, other than as required by U.S. GAAP or applicable law;

make, change or rescind any material tax election or settle or compromise any material tax liability, or agree to the extension of any statute of limitations with respect to material taxes;

take any action that could, or fail to take any action, the failure of which could, reasonably be expected to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code;

enter into any other transaction or take any other action that would reasonably be expected to prevent or materially delay or impair Emeritus' ability to consummate the Merger and the transactions contemplated by the Merger Agreement; or

authorize, commit, propose or agree to take any of the foregoing actions.

In addition, between the date of the Merger Agreement and the effective time of the Merger, Brookdale has agreed not to, and not to permit its subsidiaries to, among other things, undertake any of the following without Emeritus' prior written consent, which consent, with respect to specified matters, cannot be unreasonably

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withheld, conditioned or delayed, (subject in each case to exceptions specified in the Merger Agreement or set forth in the confidential disclosure letter delivered in connection with the Merger Agreement):

declare, set aside or pay any dividend or other distribution (whether in cash, shares or property) with respect to any shares of capital stock, except dividends or distributions by a direct or indirect wholly owned subsidiary of Brookdale to its parent company;

split, combine or reclassify any of its capital stock;

except for transactions among Brookdale and its subsidiaries or among its subsidiaries, and except in connection with any financing related to the Merger, issue, deliver, sell, grant, pledge or otherwise encumber or subject to any lien any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities, or any phantom stock, phantom stock rights, stock appreciation rights or stock based performance units, other than (i) issuances of Brookdale common stock (a) in respect of equity or equity-based awards under employee benefit plans, (b) in order to finance, or as consideration in, acquisitions permitted by the Merger Agreement, (c) in connection with financing or refinancing transactions related to, or reasonably advisable in connection with, the Merger and (d) pursuant to outstanding convertible securities, including warrants, (ii) grants of equity and equity-based awards in the ordinary course of business or (iii) pledges or other encumbrances of capital stock of a Brookdale subsidiary in the ordinary course of business and permitted by the Merger Agreement;

amend its certificate of incorporation (other than amendment of the Brookdale certificate of incorporation as contemplated by the Merger Agreement), bylaws or similar organizational documents of any subsidiary (other than in connection with the Merger and transactions contemplated by the Merger Agreement) if such amendment would be adverse to Brookdale or Emeritus, or holders of Emeritus common stock who receive Brookdale common stock in the Merger;

acquire by merging or consolidating with, or by purchasing all of or a substantial equity interest in, or by any other manner, any division, business or equity interest of any person or any assets forming part of such a division or business, except in each case, as would not, or would not reasonably be expected to, prevent or materially impair the ability of Brookdale or Merger Sub to consummate the Merger before the outside termination date (as defined below);

take any action that could, or fail to take any action, the failure of which could, reasonably be expected to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code;

enter into any other transaction or take any other action reasonably expected to prevent or materially delay or impair Brookdale's or Merger Sub's ability to consummate the Merger and the transactions contemplated by the Merger Agreement; or

authorize, commit, propose or agree to take any of the foregoing actions.

**No Solicitation of Other Offers**

Subject to certain exceptions set forth in the Merger Agreement and in the confidential disclosure letter delivered in connection with the Merger Agreement, each of Brookdale and Emeritus has agreed that:

it will not, nor will it authorize or permit its subsidiaries or any of its or their respective directors, officers, employees or representatives to, directly or indirectly: (i) solicit, initiate, cause, knowingly encourage, or knowingly facilitate, any inquiries or the making of any proposal that constitutes or is reasonably likely to lead to a takeover proposal (as defined below); (ii) participate in any discussions or negotiations regarding a takeover proposal, or furnish any information in connection with or in furtherance of a takeover proposal; and

it will, and will cause its subsidiaries, and instruct its and their respective representatives to, (i) immediately cease and cause to be terminated all existing discussions or negotiations with respect to

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any takeover proposal and (ii) request the prompt return or destruction of all confidential information previously furnished.

A takeover proposal with respect to Brookdale or Emeritus, as the case may be, which is referred to herein as the subject company, means any inquiry, proposal or offer whether or not conditional, and whether or not withdrawn, (i) for a merger, consolidation, dissolution, recapitalization, or other business combination involving the subject company, (ii) for the issuance of 20% or more of the equity securities of the subject company as consideration for the assets or securities of another person or (iii) to acquire, directly or indirectly, 20% or more of the equity securities of the subject company or assets that represent 20% or more of the total consolidated assets of the subject company, other than the transactions contemplated and certain transactions expressly permitted by the Merger Agreement.

Notwithstanding the restrictions described above, prior to the subject company obtaining its shareholder approval, if the subject company receives an unsolicited bona fide, written takeover proposal made after the date of the Merger Agreement, the subject company may furnish information with respect to itself and its subsidiaries to the third party who made the takeover proposal and its representatives, and may participate in discussions and negotiations regarding the takeover proposal, if (and only if) (i) its board of directors, after consultation with a financial advisor of nationally recognized reputation and its outside counsel, determines in good faith that the takeover proposal constitutes or is reasonably likely to lead to a superior proposal (as defined below), (ii) its board of directors, after receiving advice of its outside counsel, determines that such actions with respect to the takeover proposal are necessary in order to comply with the board of directors' fiduciary duties to the shareholders of the subject company under applicable law, (iii) the subject company gives the other party two business days' notice that the board of the subject company made the determination described above and (iv) prior to providing any information, it enters into a confidentiality agreement with the third party that made the takeover proposal that contains confidentiality provisions that are no less restrictive than the terms of the confidentiality agreement between Brookdale and Emeritus (except that the confidentiality agreement may exclude a standstill). All information that is provided or made available to the third party that made the takeover proposal must be made available to either Brookdale or Emeritus, as the non-subject party, as the case may be, prior to or substantially concurrent with the time such information is provided or made available to the third party that made the takeover proposal.

Notwithstanding the foregoing, the parties have agreed that nothing in the Merger Agreement precludes Brookdale from participating in any discussions or negotiations regarding, or furnishing to any person any of Brookdale's information, or entering into any agreement with respect to any inquiry, proposal or offer that would otherwise constitute a takeover proposal (provided that the references to 20% in the definition of takeover proposal will be replaced with 50% for the purposes of determining whether a transaction is permitted under these circumstances), so long as (i) such inquiry, proposal or offer contemplates a transaction that would not require or be subject to an adverse recommendation change (as defined below) by Brookdale or a termination of the Merger Agreement and (ii) the entry into any such agreement or the consummation of the transactions contemplated by such agreement would not reasonably be expected to prevent or materially impair Brookdale's or Merger Sub's ability to consummate the Merger prior to the outside termination date (and the parties have agreed that the closing of any such permitted transaction may not occur prior to the closing of the Merger).

**Change of Board Recommendations or Termination of Merger Agreement for Superior Proposal**

Under the Merger Agreement, the Brookdale Board has agreed to recommend that Brookdale shareholders vote in favor of the Charter Amendment proposal and the Share Issuance proposal, which is referred to herein as the Brookdale Board recommendation, and the Emeritus Board has agreed to recommend that Emeritus shareholders vote in favor of the Merger proposal, which is referred to herein as the Emeritus Board recommendation. Subject to the provisions described below, the Merger Agreement provides that neither the Brookdale Board nor the Emeritus Board nor any of their respective board committees will:



withdraw or propose to withdraw (or modify or propose to modify in a manner adverse to the other party) the Brookdale Board recommendation or the Emeritus Board recommendation, as applicable, or

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recommend, adopt or approve (or propose publicly to recommend, adopt or approve) any takeover proposal (each of the foregoing actions is referred to herein as an adverse recommendation change); or

approve or recommend (or propose to approve or recommend), or allow the subject company or any of its subsidiaries to, execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other similar agreement constituting or related to, any takeover proposal (other than a confidentiality agreement of the type described above in connection with an unsolicited takeover proposal).

Notwithstanding these restrictions, before the subject company obtains its shareholder approval, the subject company board may (subject to compliance with the procedures described below), if it determines in good faith (after receiving advice of its outside counsel) that it is necessary to do so in order to comply with its fiduciary duties to its shareholders under applicable law, (i) effect an adverse recommendation change in light of a superior proposal or terminate the Merger Agreement solely in order to concurrently enter into an agreement with respect to a superior proposal; or (ii) effect an adverse recommendation change solely in response to an intervening event (as defined below).

Prior to taking any of the actions described in the foregoing paragraph, the subject company shall, at least five business days prior to taking such action, provide the other party with written notice (referred to as an adverse notice) that, in the case of (i) in the paragraph above, the board has determined that the takeover proposal is a superior proposal and the board intends to effect an adverse recommendation change or terminate the Merger Agreement (and such notice shall include copies of the superior proposal), or, in the case of (ii) in the paragraph above, the board intends to make an adverse recommendation change (and such notice shall include a description of the intervening event and the reasons for the adverse recommendation change). Any change to the financial or other material terms of the superior proposal, or any changes in circumstances of the intervening event, will require the delivery of a new adverse notice and a new three day business period. During any such five (or three) day period, the subject company shall, if requested by the other party, negotiate in good faith to make such adjustments to the Merger Agreement to enable the subject company to proceed with the Merger and the other transactions contemplated by the Merger Agreement on such adjusted terms without effecting an adverse recommendation change or terminating the Merger Agreement (and in determining whether to make an adverse recommendation change or terminate the Merger Agreement, the subject company must take into account any such proposed changes to the terms of the Merger Agreement).

A superior proposal means a bona fide written offer made by a third party that, if consummated, would result in such person (or its shareholders) owning, directly or indirectly, 50% or more of the shares of common stock of the subject company then outstanding or all or substantially all of the total consolidated assets of the subject company (i) on terms which the subject company board determines in good faith (after receiving advice of a financial advisor of nationally recognized reputation and of its outside counsel and in light of all relevant circumstances) to be more favorable to the shareholders of the subject company from a financial point of view than the transactions contemplated by the Merger Agreement, (ii) which is reasonably likely to be completed, taking into account any financing and approval requirements and all other financial, legal, regulatory and other aspects of such proposal, and (iii) for which financing, if a cash transaction (in whole or part), is then fully committed or reasonably determined to be available by the subject company board of directors.

An intervening event means a material event, circumstance, change or effect that was not known or reasonably foreseeable (or if known or reasonably foreseeable, the probability or magnitude of consequences of which were not known or reasonably foreseeable) to the subject company board on the date of the Merger Agreement, which event, circumstance, change or effect (including any change in probability or magnitude of consequences) becomes known to

the subject company board before the subject company shareholder approval is obtained; provided that the following will not be intervening events of the subject company: (i) any action taken by either party in compliance with the affirmative covenants set forth in the Merger Agreement (see Reasonable Best Efforts to Obtain Required Regulatory Approvals and Satisfy Other Closing Conditions

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beginning on page 123); (ii) the receipt, existence of or terms of a takeover proposal for the subject company or any inquiry relating thereto or the consequence thereof; and (iii) any decline in the market price or trading volume of the securities of the other party.

Notwithstanding the restrictions described above, the Merger Agreement does not prohibit the subject company or its board of directors from (i) complying with its obligations under Rules 14d-9 and 14e-2 promulgated under the Exchange Act or (ii) making any required disclosure to its shareholders if, in the good faith judgment of its board of directors (after consultation with outside counsel), failure to so disclose would constitute a violation of applicable law; provided that any such disclosure relating to a takeover proposal or intervening event (other than a stop, look and listen statement in compliance with Rule 14d-9 under the Exchange Act) shall be deemed an adverse recommendation change unless the subject company board reaffirms its recommendation and declaration of advisability of the Merger Agreement and the Merger.

### **Reasonable Best Efforts to Obtain Required Shareholder Approvals**

Each of Brookdale and Emeritus has agreed to duly give notice of, convene and use its reasonable best efforts to hold as soon as reasonably practicable after the Form S-4, of which this joint proxy statement/prospectus forms a part, is declared effective under the Securities Act, a meeting of its shareholders solely for the purpose of obtaining the Brookdale shareholder approval and the Emeritus shareholder approval, as applicable. Subject to their rights under the Merger Agreement to change their recommendation, each of Brookdale and Emeritus has agreed to recommend to its shareholders that they give the Brookdale shareholder approval and the Emeritus shareholder approval, as applicable, and to use its reasonable best efforts to obtain such approval.

### **Reasonable Best Efforts to Obtain Required Regulatory Approvals and Satisfy Other Closing Conditions**

Brookdale and Emeritus are required under the terms of the Merger Agreement to use their reasonable best efforts to take (or cause to be taken) all actions and to do (or cause to