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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 6, 2014 (August 6, 2014)

Brookdale Senior Living Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-32641	20-3068069
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

111 Westwood Place, Suite 400, Brentwood, Tennessee	37027
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (615) 221-2250

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 — Financial Information

Item 2.02 Results of Operations and Financial Condition.

On August 6, 2014, Brookdale Senior Living Inc. (the "Company") issued a press release announcing its second quarter 2014 financial results and announcing a conference call to review these results. A copy of the press release is furnished herewith as Exhibit 99.1.

Supplemental information relating to the Company's second quarter 2014 results is furnished herewith as Exhibit 99.2.

The information furnished pursuant to this Current Report on Form 8-K (including the exhibits hereto) shall not be considered "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into any filing by the Company under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, unless the Company expressly sets forth by specific reference in such filing that such information is to be considered "filed" or incorporated by reference therein.

Section 7 — Regulation FD

Item 7.01 Regulation FD Disclosure.

The information set forth in Item 2.02 of this report is incorporated herein by reference.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d)	Exhibits
99.1	Press Release dated August 6, 2014
99.2	Supplemental Information

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

		BROOKDALE SENIOR LIVING INC.	
Date:	August 6, 2014	By:	/s/ Chad C. White
		Name:	Chad C. White
		Title:	Senior Vice President, Co-General Counsel and Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Press Release dated August 6, 2014.
99.2	Supplemental Information.

FOR IMMEDIATE RELEASE

Contact:
Brookdale Senior Living Inc.
Ross Roadman 615-564-8104

Brookdale Announces Second Quarter 2014 Results

Provides Preliminary 2015 CFFO Guidance in a Range of $2.95 to $3.10 per Share

Nashville, Tenn. August 6, 2014 – Brookdale Senior Living Inc. (NYSE: BKD) ("Brookdale" or the "Company") today reported financial and operating results for the second quarter of 2014. Highlights were:

- Cash From Facility Operations ("CFFO") per share increased by 16.4% to $0.71 per share, versus the second quarter of 2013, excluding integration, transaction-related and electronic medical records ("EMR") roll-out costs in both periods.
- Adjusted EBITDA for the second quarter was $129.3 million, a 10.1% increase from the second quarter of 2013, excluding integration, transaction-related and EMR roll-out costs in both periods.
- Second quarter senior housing same community Facility Operating Income grew by 6.4% over the second quarter of 2013, as same community revenue grew by 3.2% and same community expenses grew by 1.7%.
- Second quarter average monthly revenue per unit for the senior housing portfolio improved by 3.3% from the prior year quarter, while average occupancy decreased 20 basis points from the second quarter of 2013.
- Gross entry fee sales receipts reached a second quarter record $25.9 million on 146 sales.
- The transformational merger with Emeritus Corporation was completed on July 31, 2014.

Andy Smith, Brookdale's CEO, said, "Despite a slight dip in occupancy, our strong rate growth and CFFO performance in the second quarter was driven by Brookdale's solid market position, disciplined pricing and cost control. These results, delivered during the period prior to the closing of the Emeritus merger, were evidence of Brookdale's operational expertise and investment thesis. Having now closed the Emeritus merger, we are confident that integration activities will proceed on or ahead of schedule. In the third quarter, we are expecting to close the previously announced HCP transactions. We continue to believe that our business and these recent and future transactions present significant prospects for creating value for all our stakeholders through opportunity, growth and synergies."

Financial Results

Total revenue for the second quarter was $748.4 million, an increase of $31.9 million, or 4.5%, from the second quarter of 2013. Second quarter 2014 total revenue is comprised of resident fee revenue of $653.5 million, which increased $32.6 million, or 5.2%, from the second quarter of 2013, management fee revenue of $7.5 million, which decreased $0.3 million, or 3.3%, from the second quarter of 2013, and managed community reimbursed costs of $87.4 million, which decreased $0.4 million, or 0.5%.

Resident fee revenue for the second quarter increased primarily as a result of an increase in the average monthly revenue per unit compared to the prior year period, as well as the inclusion of revenue from communities acquired since the end of the second quarter of 2013 and new units added to existing communities. Average monthly revenue per unit for the senior housing portfolio was $4,518 in the second quarter, an increase of $145, or 3.3%, over the second quarter of 2013. Average occupancy for all consolidated communities for the second quarter of 2014 was 88.1%, compared to 88.3% for the second quarter of 2013 and 88.6% for the first quarter of 2014. For the managed community portfolio, which includes a number of pre-stabilized communities in the initial fill-up phase, average occupancy for the second quarter was 86.8%, compared to 84.9% for the second quarter of 2013 and 86.3% for the first quarter of 2014.

Facility operating expenses for the second quarter were $435.4 million, an increase of $19.4 million, or 4.7%, from the second quarter of 2013. Operating margins were 33.4% for the second quarter of 2014, an increase from 33.0% for the second quarter of 2013.

General and administrative expenses for the second quarter were $53.8 million. Excluding integration, transaction-related and EMR roll-out costs of $11.9 million and $3.6 million in the second quarters of 2014 and 2013, respectively, and non-cash stock-based compensation expense from both periods, general and administrative expenses were $34.1 million in the second quarter of 2014 versus $35.4 million for the prior year same period. General and administrative expenses, excluding these items, were 4.2% of resident fee revenue (including resident fee revenues under management of $167.5 million) in the second quarter of 2014.

Non-GAAP Financial Measures

Brookdale's management utilizes Adjusted EBITDA and CFFO to evaluate the Company's performance and liquidity because these metrics exclude non-cash items such as depreciation and amortization, asset impairment charges, non-cash stock-based compensation expense, gain on facility lease termination and straight-line lease expense, net of deferred gain amortization. Adjusted EBITDA and CFFO include integration, transaction-related and EMR roll-out costs of $11.9 million and $23.7 million for the three and six months ended June 30, 2014, respectively, and $3.6 million and $5.7 million for the three and six months ended June 30, 2013, respectively. Brookdale also uses Facility Operating Income to assess the performance of its communities.

For the quarter ended June 30, 2014, Facility Operating Income was $210.6 million, an increase of $12.7 million, or 6.4%, over the second quarter of 2013, and Adjusted EBITDA, excluding integration, transaction-related and EMR roll-out costs in 2014 and 2013, was $129.3 million, an increase of $11.8 million, or 10.1%, over the second quarter of 2013. For the six months ended

June 30, 2014, Facility Operating Income was $423.8 million, an increase of $21.7 million, or 5.4%, over the first half of 2013, and Adjusted EBITDA, excluding integration, transaction-related and EMR roll-out costs in 2014 and 2013, was $249.1 million, an increase of $19.2 million, or 8.4%, over the first half of 2013.

CFFO was $76.7 million in the second quarter of 2014, or $0.61 per share. Excluding integration, transaction-related and EMR roll-out costs for both periods, CFFO was $88.6 million for the second quarter of 2014, an increase of $13.8 million, or 18.5%, compared with the second quarter of 2013. This translated to $0.71 per share in the most recent quarter, which is an increase of $0.10 per share, or 16.4%, from a year ago. CFFO, excluding integration, transaction-related and EMR roll-out costs for both periods, was $167.8 million for the six months ended June 30, 2014, an increase of $23.1 million, or 16.0%, compared with the same period in 2013. This translated to $1.35 per share in the first six months of 2014, which is an increase of $0.17 per share, or 14.4%, from a year ago.

Net Loss

Net loss for the second quarter of 2014 was $(3.3) million, or $(0.03) per share, versus net loss of $(5.2) million, or $(0.04) per share, in the second quarter of 2013.

Operating Activities

The Company reports information on six segments. Four segments (Retirement Centers, Assisted Living, CCRCs – Rental and CCRCs – Entry Fee) constitute the Company's consolidated senior housing portfolio. The fifth segment, Brookdale Ancillary Services, includes the Company's outpatient therapy, home health and hospice services. The sixth segment, Management Services, includes the services provided to unconsolidated communities that are operated under management agreements.

Senior Housing

Revenue for the consolidated senior housing portfolio was $588.0 million for the second quarter of 2014, an increase of 4.6% from the second quarter of 2013. Our revenue growth reflects a 3.3% increase in rate over the second quarter of 2013 and the addition of approximately 700 units since the second quarter last year through organic growth and acquisition. Facility operating expenses were $382.8 million for the second quarter of 2014, an increase of 3.9% from the second quarter of 2013. Operating income for the senior housing portfolio for the second quarter of 2014 increased by $11.5 million, or 5.9%, to $205.2 million from the second quarter of 2013.

Same community results for the consolidated senior housing portfolio for the three months ended June 30, 2014 showed revenues grew 3.2% over the corresponding period in 2013, as revenue per unit increased by 3.4% and occupancy decreased by 10 basis points. Same community expenses increased by 1.7% over the second quarter of 2013. Same community Facility Operating Income for the senior housing portfolio increased by 6.4% over the second quarter of 2013 as facility operating margin improved by 110 basis points.

Brookdale Ancillary Services

Revenue for the Company's ancillary services segment increased $6.8 million, or 11.7%, to $65.5 million for the second quarter of 2014 versus the prior year second quarter. The revenue increase was driven primarily by a volume increase in home health and hospice. The average home health census increased 20% for the quarter, and hospice continues to expand, both geographically and as its existing markets continue to develop new business. Ancillary services operating expenses increased $5.2 million, or 10.8%, primarily due to an increase in expenses related to expansion of the business. As a result, ancillary services operating income for the second quarter of 2014 was $12.9 million, an increase of $1.7 million, or 15.1%, versus the second quarter of 2013.

By the end of the second quarter, the Company's ancillary services programs provided outpatient therapy services to approximately 38,300 units and the Company's home health agencies were serving approximately 35,000 units across the consolidated Brookdale portfolio. Including non-consolidated communities, the Company's outpatient therapy and home health operations serve approximately 52,300 and 47,400 units, respectively. The Company added hospice services in three markets during the second quarter, ending the quarter with hospice services in 14 markets, with three more markets in start-up.

Emeritus Merger

On July 31, 2014, the Company completed the previously announced merger transaction with Emeritus Corporation ("Emeritus"), and Emeritus became a wholly-owned subsidiary of Brookdale. The results of Emeritus' operations will be included in the condensed consolidated financial statements subsequent to that date. A summary of Emeritus' second quarter operating results are included in a table at the end of this release.

As of July 31, 2014, Emeritus owned 182 communities, leased 311 communities and managed 14 communities. The transaction expands Brookdale's unit capacity by more than two-thirds to a total of approximately 112,800 units in 1,149 communities in 46 states. The portfolio is located in 330 markets, where 80% of the U. S. population is located. Emeritus also has outpatient therapy and home health services operations in Florida, Arizona and Texas.

Liquidity

Brookdale had $50.9 million of unrestricted cash and cash equivalents and $95.2 million of restricted cash on its balance sheet at the end of the second quarter. As of June 30, 2014, the Company had $250.0 million of availability on its secured line of credit (of which $12.0 million had been drawn as of that date). The Company also had secured and unsecured letter of credit facilities of up to $84.5 million in the aggregate as of June 30, 2014. Letters of credit totaling $71.6 million had been issued under these facilities as of that date.

Outlook

Brookdale today is establishing preliminary guidance for 2015 Cash From Facility Operations in a range of $2.95 to $3.10 per share. This guidance includes the impact of the Emeritus merger and HCP transactions, but excludes integration, transaction-related and EMR roll-out costs and the impact of possible future acquisitions or dispositions.

Mark Ohlendorf, Brookdale's President and Chief Financial Officer, added, "The Company's financial results for the second quarter and first half of 2014 met our expectations related to the Company's previous CFFO guidance. The Company's prior 2014 guidance was provided on a stand-alone basis. We expect that the next several months will be transitional in nature given our integration efforts and the anticipated HCP transactions, and we will not be providing guidance for the combined company for the balance of 2014. We remain confident about attaining our previously discussed accretion expectations for the Emeritus and HCP transactions."

Supplemental Information

The Company will shortly post on the Investor Relations section of the Company's website at www.brookdale.com supplemental information relating to the Company's second quarter 2014 results. This information will also be furnished in a Form 8-K to be filed with the SEC.

Earnings Conference Call

Brookdale's management will conduct a conference call to review the financial results of its second quarter ended June 30, 2014 on Thursday, August 7, 2014 at 9:00 AM ET. The conference call can be accessed by dialing (866) 900-2996 (from within the U.S.) or (706) 643-2685 (from outside of the U.S.) ten minutes prior to the scheduled start and referencing the "Brookdale Senior Living Second Quarter Earnings Call."

A webcast of the conference call will be available to the public on a listen-only basis at www.brookdale.com. Please allow extra time prior to the call to visit the site and download the necessary software required to listen to the internet broadcast. A replay of the webcast will be available through the website for three months following the call.

For those who cannot listen to the live call, a replay will be available until 11:59 PM ET on August 20, 2014 by dialing (855) 859-2056 (from within the U.S.) or (404) 537-3406 (from outside of the U.S.) and referencing access code "82115531". A copy of this earnings release is posted on the Investor Relations page of the Brookdale website (www.brookdale.com).

About Brookdale Senior Living

Brookdale Senior Living Inc. is a leading owner and operator of senior living communities throughout the United States. The Company is committed to providing senior living solutions within properties that are designed, purpose-built and operated to provide the highest-quality service, care and living accommodations for residents. Currently Brookdale operates independent living, assisted living, and dementia-care communities and continuing care retirement centers, with approximately 1,150 communities in 46 states and the ability to serve over 110,000 residents. Through its ancillary services program, the Company also offers a range of outpatient therapy, home health, personalized living and hospice services. Brookdale's stock is traded on the New York Stock Exchange under the ticker symbol BKD.

Safe Harbor

Certain items in this press release and the associated earnings conference call (including statements with respect to the integration of Emeritus and the transactions with HCP) may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Those forward-looking statements are subject to various risks and uncertainties and include all statements that are not historical statements of fact and those regarding our intent, belief or expectations, including, but not limited to, statements relating to our operational initiatives and growth strategies and our expectations regarding their effect on our results; our expectations regarding the economy, the senior living industry, occupancy, revenue, cash flow, operating income, expenses, capital expenditures, Program Max opportunities, cost savings, the demand for senior housing, the home resale market, expansion, development and construction activity, acquisition opportunities, asset dispositions, our share repurchase program, taxes, capital deployment, returns on invested capital and CFFO; our expectations regarding returns to shareholders and our growth prospects; our expectations concerning the future performance of recently acquired communities and the effects of acquisitions on our financial results; our ability to secure financing or repay, replace or extend existing debt at or prior to maturity; our ability to remain in compliance with all of our debt and lease agreements (including the financial covenants contained therein); our expectations regarding liquidity and leverage; our expectations regarding financings and refinancings of assets (including the timing thereof) and their effect on our results; our expectations regarding changes in government reimbursement programs and their effect on our results; our plans to generate growth organically through occupancy improvements, increases in annual rental rates and the achievement of operating efficiencies and cost savings; our plans to expand our offering of ancillary services (therapy, home health and hospice); our plans to expand, renovate, redevelop and reposition existing communities; our plans to acquire additional communities, asset portfolios, operating companies and home health agencies; the expected project costs for our expansion, redevelopment and repositioning program; our expected levels of expenditures and reimbursements (and the timing thereof); our expectations regarding our sales, marketing and branding initiatives and their impact on our results; our expectations for the performance of our entrance fee communities; our ability to anticipate, manage and address industry trends and their effect on our business; our expectations regarding the payment of dividends; our ability to increase revenues, earnings, Adjusted EBITDA, Cash From Facility Operations, and/or Facility Operating Income (as such terms are defined herein); and our expectations regarding the integration of Emeritus and the transactions with HCP. 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," "underestimate," "believe," "could," "would," "project," "predict," "continue," "plan" or other similar words or expressions. Forward-looking statements are based on certain assumptions or estimates, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition, or state other forward-looking information. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Although we believe that expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained and actual results and performance could differ materially from those projected. Factors which could have a material adverse effect on our 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; our inability to extend (or refinance) debt (including our credit and letter of credit facilities) as it matures; the risk that we may not be able to satisfy the conditions precedent to exercising the extension options associated with certain of our debt agreements; events which adversely affect the ability of seniors to afford our monthly resident fees or entrance fees; the conditions of housing markets in certain geographic areas; our ability to generate sufficient cash flow to cover required interest and long-term operating lease payments; the effect of our indebtedness and long-term operating leases on our liquidity; the risk of loss of property pursuant to our 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 to us; our determination from time to time to purchase any shares under the repurchase program; our ability to fund any repurchases; our ability to effectively manage our growth; our ability to maintain consistent quality control; delays in obtaining regulatory approvals; the risk that we may not be able to expand, redevelop and reposition our communities in accordance with our plans; our ability to complete acquisitions and integrate them into our operations; competition for the acquisition of assets; our ability to obtain additional capital on terms acceptable to us; a decrease in the overall demand for senior housing; our vulnerability to economic downturns; acts of nature in certain geographic areas; terminations of our resident agreements and vacancies in the living spaces we lease; early terminations or non-renewal of management agreements; increased competition for skilled personnel; increased union activity; departure of our key officers; increases in market interest rates; environmental contamination at any of our communities; failure to comply with existing environmental laws; an adverse determination or resolution of complaints filed against us; the cost and difficulty of complying with increasing and evolving regulation; risks relating to the integration of Emeritus and the transactions with HCP, including in respect of the satisfaction of closing conditions to the transactions with HCP; unanticipated difficulties and/or expenditures relating to such transactions; the risk that regulatory approvals required for the transactions with HCP 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 each company's relationships with residents, employees and third parties; and the inability to obtain, or delays in obtaining, cost savings and synergies from such transactions; as well as other risks detailed from time to time in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in such SEC filings. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our management's views as of the date of this press release and/or the associated earnings conference call. The factors discussed above and the other factors noted in our SEC filings from time to time could cause our actual results to differ significantly from those contained in any forward-looking statement. We cannot guarantee future results, levels of activity, performance or achievements and we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

Condensed Consolidated Statements of Operations
(*in thousands, except per share data*)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
evenue				
Resident fees	$ 653,517	$ 620,938	$ 1,303,827	$ 1,245,308
Management fees	7,489	7,744	14,891	15,353
Reimbursed costs incurred on behalf of managed communities	87,387	87,786	176,950	168,073
Total revenue	748,393	716,468	1,495,668	1,428,734
xpense				
Facility operating expense (excluding depreciation and amortization of $64,067, $59,444, $126,728 and $116,699, respectively)	435,415	416,027	865,285	829,030
General and administrative expense (including non-cash stock-based compensation expense of $7,729, $6,988, $15,301 and $13,882, respectively)	53,816	46,035	109,325	92,646
Facility lease expense	70,030	68,777	139,899	137,796
Depreciation and amortization	71,088	67,254	141,404	131,913
Asset impairment	-	2,154	-	2,154
Costs incurred on behalf of managed communities	87,387	87,786	176,950	168,073
Total operating expense	717,736	688,033	1,432,863	1,361,612
Income from operations	30,657	28,435	62,805	67,122
Interest income	285	252	606	555
Interest expense:				
Debt	(29,657)	(29,843)	(59,655)	(60,814)
Amortization of deferred financing costs and debt discount	(4,078)	(4,348)	(8,096)	(8,917)
Change in fair value of derivatives	(1,322)	1,836	(2,169)	1,971
Loss on extinguishment of debt	(3,197)	(893)	(3,197)	(893)
Equity in earnings of unconsolidated ventures	1,523	445	2,159	560
Other non-operating income	3,456	80	3,921	1,086
(Loss) income before income taxes	(2,333)	(4,036)	(3,626)	670
Provision for income taxes	(962)	(1,164)	(1,968)	(2,312)
Net loss	$ (3,295)	$ (5,200)	$ (5,594)	$ (1,642)
Basic and diluted net loss per share	$ (0.03)	$ (0.04)	$ (0.04)	$ (0.01)
Weighted average shares used in computing basic and diluted net loss per share	125,058	123,405	124,770	123,114

Condensed Consolidated Balance Sheets
(in thousands)

	June 30, 2014	December 31, 2013
Cash and cash equivalents	$ 50,934	$ 58,511
Cash and escrow deposits - restricted	36,279	38,191
Accounts receivable, net	103,365	104,262
Other current assets	98,115	93,898
Total current assets	288,693	294,862
Property, plant, and equipment and leasehold intangibles, net	3,911,338	3,895,475
Other assets, net	550,745	547,420
Total assets	$ 4,750,776	$ 4,737,757
Current liabilities	$ 717,938	$ 870,844
Long-term debt, less current portion	2,583,460	2,434,624
Other liabilities	417,755	411,352
Total liabilities	3,719,153	3,716,820
Stockholders' equity	1,031,623	1,020,937
Total liabilities and stockholders' equity	$ 4,750,776	$ 4,737,757

Condensed Consolidated Statements of Cash Flows
(*in thousands*)

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Cash Flows from Operating Activities		
Net loss	$ (5,594)	$ (1,642)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Loss on extinguishment of debt	3,197	893
Depreciation and amortization	149,500	140,830
Asset impairment	-	2,154
Equity in earnings of unconsolidated ventures	(2,159)	(560)
Distributions from unconsolidated ventures from cumulative share of net earnings	615	1,441
Amortization of deferred gain	(2,186)	(2,186)
Amortization of entrance fees	(14,749)	(14,165)
Proceeds from deferred entrance fee revenue	23,941	21,361
Deferred income tax provision	593	-
Change in deferred lease liability	(440)	1,432
Change in fair value of derivatives	2,169	(1,971)
Loss (gain) on sale of assets	115	(902)
Non-cash stock-based compensation	15,301	13,882
Changes in operating assets and liabilities:		
Accounts receivable, net	1,415	(7,328)
Prepaid expenses and other assets, net	(14,185)	(3,539)
Accounts payable and accrued expenses	(13,316)	2,055
Tenant refundable fees and security deposits	(477)	(593)
Deferred revenue	474	(6,334)
Net cash provided by operating activities	144,214	144,828
Cash Flows from Investing Activities		
Increase in lease security deposits and lease acquisition deposits, net	(66)	(3,018)
Decrease in cash and escrow deposits — restricted	588	3,021
Additions to property, plant, and equipment and leasehold intangibles, net	(133,429)	(100,291)
Acquisition of assets, net of related payables and cash received	(515)	(4,835)
Payments on (issuance of) notes receivable, net	2,640	(64)
Investment in unconsolidated ventures	-	(7,992)
Distributions received from unconsolidated ventures	2,643	-
Proceeds from sale of assets, net	-	7,554
Net cash used in investing activities	(128,139)	(105,625)
Cash Flows from Financing Activities		
Proceeds from debt	180,154	427,622
Repayment of debt and capital lease obligations	(181,813)	(488,532)
Proceeds from line of credit	82,000	190,000
Repayment of line of credit	(100,000)	(200,000)
Payment of financing costs, net of related payables	(818)	(7,895)
Refundable entrance fees:		
Proceeds from refundable entrance fees	16,942	19,390
Refunds of entrance fees	(17,659)	(16,776)
Cash portion of loss on extinguishment of debt	(3,180)	(453)
Purchase of derivatives	-	(1,489)
Other	722	636
Net cash used in financing activities	(23,652)	(77,497)
Net decrease in cash and cash equivalents	(7,577)	(38,294)
Cash and cash equivalents at beginning of period	58,511	69,240
Cash and cash equivalents at end of period	$ 50,934	$ 30,946

Non-GAAP Financial Measures

Adjusted EBITDA

Adjusted EBITDA is a measure of operating performance that is not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). Adjusted EBITDA should not be considered in isolation or as a substitute for net income, income from operations or cash flows provided by or used in operations, as determined in accordance with GAAP. Adjusted EBITDA is a key measure of the Company's operating performance used by management to focus on operating performance and management without mixing in items of income and expense that relate to long-term contracts and the financing and capitalization of the business. We define Adjusted EBITDA as net income (loss) before provision (benefit) for income taxes, non-operating (income) expense items, (gain) loss on sale or acquisition of communities (including gain (loss) on facility lease termination), depreciation and amortization (including non-cash impairment charges), straight-line lease expense (income), amortization of deferred gain, amortization of deferred entrance fees, non-cash stock-based compensation expense, and change in future service obligation and including entrance fee receipts and refunds (excluding (i) first generation entrance fee receipts from the sale of units at a recently opened entrance fee CCRC prior to stabilization and (ii) first generation entrance fee refunds not replaced by second generation entrance fee receipts at the recently opened community prior to stabilization).

We believe Adjusted EBITDA is useful to investors in evaluating our performance, results of operations and financial position for the following reasons:

- It is helpful in identifying trends in our day-to-day performance because the items excluded have little or no significance to our day-to-day operations;
- It provides an assessment of controllable expenses and affords management the ability to make decisions which are expected to facilitate meeting current financial goals as well as achieve optimal financial performance; and
- It is an indication to determine if adjustments to current spending decisions are needed.

The table below reconciles Adjusted EBITDA from net loss for the three and six months ended June 30, 2014 and 2013 (*in thousands*):

	Three Months Ended June 30(1),		Six Months Ended June 30(1),	
	2014	2013	2014	2013
Net loss	$ (3,295)	$ (5,200)	$ (5,594)	$ (1,642)
Provision for income taxes	962	1,164	1,968	2,312
Equity in earnings of unconsolidated ventures	(1,523)	(445)	(2,159)	(560)
Loss on extinguishment of debt	3,197	893	3,197	893
Other non-operating income	(3,456)	(80)	(3,921)	(1,086)
Interest expense:				
Debt	23,602	23,376	47,446	47,824
Capitalized lease obligation	6,055	6,467	12,209	12,990
Amortization of deferred financing costs and debt discount	4,078	4,348	8,096	8,917
Change in fair value of derivatives	1,322	(1,836)	2,169	(1,971)
Interest income	(285)	(252)	(606)	(555)
Income from operations	30,657	28,435	62,805	67,122
Depreciation and amortization	71,088	67,254	141,404	131,913
Asset impairment	-	2,154	-	2,154
Straight-line lease expense	(217)	684	(440)	1,432
Amortization of deferred gain	(1,093)	(1,093)	(2,186)	(2,186)
Amortization of entrance fees	(7,547)	(7,032)	(14,749)	(14,165)
Non-cash stock-based compensation expense	7,729	6,988	15,301	13,882
Entrance fee receipts(2)	25,924	23,878	40,883	40,751
Entrance fee disbursements	(9,213)	(7,456)	(17,659)	(16,776)
Adjusted EBITDA	$ 117,328	$ 113,812	$ 225,359	$ 224,127

(1) The calculation of Adjusted EBITDA includes integration, transaction-related and EMR roll-out costs of $11.9 million and $23.7 million for the three and six months ended June 30, 2014, respectively. The calculation of Adjusted EBITDA includes integration, transaction-related and EMR roll-out costs of $3.6 million and $5.7 million for the three and six months ended June 30, 2013, respectively.

(2) Includes the receipt of refundable and non-refundable entrance fees.

Cash From Facility Operations

CFFO is a measurement of liquidity that is not calculated in accordance with GAAP and should not be considered in isolation as a substitute for cash flows provided by or used in operations, as determined in accordance with GAAP. We define CFFO as 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 a recently opened entrance fee 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. Recurring capital expenditures include routine expenditures capitalized in accordance with GAAP that are funded from current operations. Amounts excluded from recurring capital expenditures consist primarily of major projects, renovations, community repositionings, expansions, systems projects or other non-recurring or unusual capital items (including integration capital expenditures) or community purchases that are funded using lease or financing proceeds, available cash and/or proceeds from the sale of communities.

We believe CFFO is useful to investors in evaluating our liquidity for the following reasons:

- It provides an assessment of our ability to facilitate meeting current financial and liquidity goals.

- To assess our ability to:
  - (i) service our outstanding indebtedness;
  - (ii) pay dividends; and
  - (iii) make regular recurring capital expenditures to maintain and improve our facilities.

The table below reconciles CFFO from net cash provided by operating activities for the three and six months ended June 30, 2014 and 2013 (*in thousands*):

	Three Months Ended June 30(1),		Six Months Ended June 30(1),	
	2014	**2013**	**2014**	**2013**
Net cash provided by operating activities	$ 91,518	$ 80,343	$ 144,214	$ 144,828
Changes in operating assets and liabilities	(2,469)	(707)	26,089	15,739
Refundable entrance fees received(2)	11,018	11,754	16,942	19,390
Entrance fee refunds disbursed	(9,213)	(7,456)	(17,659)	(16,776)
Recurring capital expenditures, net	(11,841)	(10,664)	(21,210)	(19,988)
Lease financing debt amortization with fair market value or no purchase options	(3,983)	(3,444)	(7,880)	(6,815)
Distributions from unconsolidated ventures from cumulative share of net earnings	(370)	(773)	(615)	(1,441)
CFFO from unconsolidated ventures	1,996	2,099	4,237	4,057
Cash From Facility Operations	$ 76,656	$ 71,152	$ 144,118	$ 138,994

(1) The calculation of Cash From Facility Operations includes integration, transaction-related and EMR roll-out costs of $11.9 million and $23.7 million for the three and six months ended June 30, 2014, respectively. The calculation of Cash From Facility Operations includes integration, transaction-related and EMR roll-out costs of $3.6 million and $5.7 million for the three and six months ended June 30, 2013, respectively.

(2) Total entrance fee receipts for the three months ended June 30, 2014 and 2013 were $25.9 million and $23.9 million, respectively, including $14.9 million and $12.1 million, respectively, of non-refundable entrance fee receipts included in net cash provided by operating activities. Total entrance fee receipts for the six months ended June 30, 2014 and 2013 were $40.9 million and $40.8 million, respectively, including $23.9 million and $21.4 million, respectively, of non-refundable entrance fee receipts included in net cash provided by operating activities.

The calculation of CFFO per share is based on weighted average outstanding common shares for the period, excluding any unvested restricted shares. Annual CFFO per share for all periods is calculated as the sum of the quarterly amounts for the year.

Facility Operating Income

Facility Operating Income is not a measurement of operating performance calculated in accordance with GAAP and should not be considered in isolation as a substitute for net income, income from operations, or cash flows provided by or used in operations, as determined in accordance with GAAP. We define Facility Operating Income as net income (loss) before provision (benefit) for income taxes, non-operating (income) expense items, (gain) loss on sale or acquisition of communities (including gain (loss) on facility lease termination), depreciation and amortization (including non-cash impairment charges), facility lease expense, general and administrative expense, including non-cash stock-based compensation expense, change in future service obligation, amortization of deferred entrance fee revenue and management fees.

We believe Facility Operating Income is useful to investors in evaluating our facility operating performance for the following reasons:

- It is helpful in identifying trends in our day-to-day facility performance;
- It provides an assessment of our revenue generation and expense management; and

- It provides an indicator to determine if adjustments to current spending decisions are needed.

The table below reconciles Facility Operating Income from net loss for the three and six months ended June 30, 2014 and 2013 (*in thousands*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net loss	$ (3,295)	$ (5,200)	$ (5,594)	$ (1,642)
Provision for income taxes	962	1,164	1,968	2,312
Equity in earnings of unconsolidated ventures	(1,523)	(445)	(2,159)	(560)
Loss on extinguishment of debt	3,197	893	3,197	893
Other non-operating income	(3,456)	(80)	(3,921)	(1,086)
Interest expense:				
Debt	23,602	23,376	47,446	47,824
Capitalized lease obligation	6,055	6,467	12,209	12,990
Amortization of deferred financing costs and debt discount	4,078	4,348	8,096	8,917
Change in fair value of derivatives	1,322	(1,836)	2,169	(1,971)
Interest income	(285)	(252)	(606)	(555)
Income from operations	30,657	28,435	62,805	67,122
Depreciation and amortization	71,088	67,254	141,404	131,913
Asset impairment	-	2,154	-	2,154
Facility lease expense	70,030	68,777	139,899	137,796
General and administrative (including non-cash stock-based compensation expense)	53,816	46,035	109,325	92,646
Amortization of entrance fees	(7,547)	(7,032)	(14,749)	(14,165)
Management fees	(7,489)	(7,744)	(14,891)	(15,353)
Facility Operating Income	$ 210,555	$ 197,879	$ 423,793	$ 402,113

Summary Emeritus Operating Results

Emeritus Corporation
Selected Consolidated and Same Community Information
For the Quarters Ended
(unaudited)
(Community and ancillary revenue and operating expense in thousands)

	FY 2013	FY 2014	
	Q2	Q1	Q2
Consolidated:			
Average consolidated communities	465	496	494
Community and ancillary revenue	$ 467,810	$ 513,817	$ 516,682
Community and ancillary operating expense	$ 319,848	$ 351,716	$ 353,572
Average occupancy	86.7%	88.0%	87.9%
Average monthly revenue per unit	$ 4,014	$ 3,986	$ 4,009
Operating income margin	31.6%	31.5%	31.6%
Consolidated Same Community:			
Average consolidated communities	448	448	448
Community revenue	$ 415,542	$ 420,002	$ 422,127
Community operating expense	$ 273,791	$ 284,720	$ 284,253
Average occupancy	86.9%	87.6%	87.4%
Average monthly revenue per unit	$ 4,045	$ 4,058	$ 4,086
Operating income margin	34.1%	32.2%	32.7%

Note: Presented consistent with Emeritus prior period reporting

Brookdale Senior Living Inc.
Corporate Overview - selected financial information
As of June 30, 2014

Corporate Overview

Brookdale Senior Living Inc. ("Brookdale") is a leading owner and operator of senior living communities throughout the United States. The Company is committed to providing an exceptional living experience through properties that are designed, purpose-built and operated to provide the highest-quality service, care and living accommodations for residents. As of June 30, 2014, the Company operates independent living, assisted living, and dementia-care communities and continuing care retirement centers, with 647 communities in 36 states and the ability to serve approximately 66,000 residents. Through Brookdale Ancillary Services, the Company also offers a range of outpatient therapy, home health and hospice services, primarily to residents of its communities.

Stock Listing

Common Stock
NYSE: BKD

Community Information

Ownership Type	Number of Communities	Number of Units	Percentage of Q2 2014 Resident and Management Fees	Percentage of Q2 2014 Facility Operating Income	Percentage of YTD 2014 Resident and Management Fees	Percentage of YTD 2014 Facility Operating Income
Owned	226	23,501	42.0%	41.2%	42.1%	41.4%
Leased	329	25,842	47.0%	49.8%	47.0%	49.6%
Brookdale Ancillary Services	N/A	N/A	9.9%	5.7%	9.8%	5.7%
Managed	92	16,989	1.1%	3.3%	1.1%	3.3%
Total	647	66,332	100.0%	100.0%	100.0%	100.0%
Operating Type - By Segment						
Retirement Centers	74	14,258	20.2%	25.2%	20.1%	24.9%
Assisted Living	440	22,501	41.9%	46.2%	42.1%	46.1%
CCRCs - Rental	26	6,526	14.9%	11.4%	14.9%	11.6%
CCRCs - Entry Fee	15	6,058	12.0%	8.2%	12.0%	8.4%
Brookdale Ancillary Services	N/A	N/A	9.9%	5.7%	9.8%	5.7%
Management Services	92	16,989	1.1%	3.3%	1.1%	3.3%
Total	647	66,332	100.0%	100.0%	100.0%	100.0%

CFFO Per Share

($ except where indicated)	FY 2013					FY 2014	
	Q1	Q2	Q3	Q4	Full Year(1)	Q1	Q2
Reported CFFO	$ 0.55	$ 0.58	$ 0.57	$ 0.68	$ 2.38	$ 0.54	$ 0.61
Add: integration, transaction-related and EMR roll-out costs	0.02	0.03	0.04	0.03	0.12	0.10	0.10
Adjusted CFFO	$ 0.57	$ 0.61	$ 0.61	$ 0.71	$ 2.50	$ 0.64	$ 0.71
Weighted average shares (000's)	122,823	123,405	124,128	124,308		124,478	125,058
Period end outstanding shares (excluding unvested restricted shares) (000's)	123,040	124,061	124,285	124,354		124,816	125,408

(1) Full year CFFO for all periods is calculated as the sum of the quarterly amounts for the year.

Investor Relations

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Note: See accompanying second quarter earnings release for non-GAAP financial measure definitions and reconciliations.

Brookdale Senior Living Inc.
Segment Operating Information
As of June 30, 2014

Senior Housing Operating Information

	FY 2013 Q1	FY 2013 Q2	FY 2013 Q3	FY 2013 Q4	FY 2013 Full Year	FY 2014 (1) Q1	FY 2014 (1) Q2
Retirement Centers							
Number of communities (period end)	76	76	76	76	76	74	74
Total average units(2)	14,429	14,429	14,444	14,454	14,439	14,161	14,162
Weighted average unit occupancy	89.5%	89.4%	90.2%	90.1%	89.8%	89.3%	88.9%
Senior Housing average monthly revenue per unit(3)	$ 3,328	$ 3,362	$ 3,408	$ 3,426	$ 3,381	$ 3,490	$ 3,532
Assisted Living							
Number of communities (period end)	431	432	432	438	438	440	440
Total average units(2)	21,556	21,499	21,513	22,149	21,679	22,435	22,463
Weighted average unit occupancy	89.1%	89.4%	90.0%	90.1%	89.7%	89.6%	89.0%
Senior Housing average monthly revenue per unit(3)	$ 4,523	$ 4,519	$ 4,518	$ 4,480	$ 4,510	$ 4,599	$ 4,622
CCRCs - Rental							
Number of communities (period end)	27	27	27	26	26	26	26
Total average units(2)	6,687	6,684	6,687	6,617	6,669	6,457	6,469
Weighted average unit occupancy	87.6%	86.2%	86.7%	86.8%	86.8%	86.6%	85.9%
Senior Housing average monthly revenue per unit(3)	$ 5,709	$ 5,649	$ 5,759	$ 5,742	$ 5,715	$ 5,839	$ 5,894
CCRCs - Entry Fee							
Number of communities (period end)	14	14	14	14	14	15	15
Total average units(2)	5,281	5,295	5,308	5,329	5,303	5,527	5,534
Weighted average unit occupancy	84.6%	83.8%	84.1%	84.3%	84.2%	84.7%	84.7%
Senior Housing average monthly revenue per unit(3)	$ 5,011	$ 5,025	$ 4,994	$ 5,023	$ 5,013	$ 5,124	$ 5,091
Senior Housing Totals							
Number of communities (period end)	548	549	549	554	554	555	555
Total average units(2)	47,953	47,907	47,952	48,549	48,090	48,580	48,628
Weighted average unit occupancy	88.5%	88.3%	89.0%	89.0%	88.7%	88.6%	88.1%
Senior Housing average monthly revenue per unit(3)	$ 4,375	$ 4,373	$ 4,397	$ 4,387	$ 4,383	$ 4,491	$ 4,518
Management Services							
Number of communities (period end)	101	101	102	95	95	92	92
Total average units(2)	18,114	18,310	18,291	17,618	18,083	17,140	16,978
Weighted average occupancy	84.9%	84.9%	85.7%	86.1%	85.4%	86.3%	86.8%
Average monthly revenue per unit(3)	$ 3,460	$ 3,505	$ 3,499	$ 3,588	$ 3,512	$ 3,706	$ 3,701

Brookdale Ancillary Services Operating Information

	FY 2013 Q1	FY 2013 Q2	FY 2013 Q3	FY 2013 Q4	FY 2014 Q1	FY 2014 Q2
Brookdale Ancillary Services						

Brookdale units served:						
Outpatient Therapy consolidated	38,017	38,075	38,253	38,308	37,974	38,328
Home Health consolidated	32,389	32,864	33,940	33,894	34,518	35,061
Outpatient Therapy non-consolidated	13,502	14,177	14,733	14,017	14,138	13,942
Home Health non-consolidated	13,326	13,232	13,601	12,884	12,819	12,336
Total Brookdale units served:						
Outpatient Therapy	51,519	52,252	52,986	52,325	52,112	52,270
Home Health	45,715	46,096	47,541	46,778	47,337	47,397
Outpatient Therapy treatment codes	821,308	840,076	818,758	844,987	812,632	798,754
Home Health average census	4,289	4,366	4,574	4,762	5,084	5,257

(1) During the six months ended June 30, 2014, two communities moved between segments to more accurately reflect the underlying product offering of each segment. The movement did not change the Company's reportable segments, but it did impact the operating information reported within the Retirement Centers and Assisted Living segments. Prior quarters have not been recast.

(2) Total average units operated represent the average units operated during the period, excluding equity homes.

(3) Average monthly revenue per unit represents the average of the total monthly revenues, excluding amortization of entrance fees and Brookdale Ancillary Services segment revenue, divided by average occupied units.

Brookdale Senior Living Inc.
Senior Housing Data by Ownership Type
As of June 30, 2014

Senior Housing Operating Information

	FY 2013				FY 2014	
	Q1	Q2	Q3 (1)	Q4	Q1	Q2
Owned Properties						
Number of communities (period end)	219	220	220	225	226	226
Total average units(2)	22,243	22,153	22,190	22,754	22,775	22,799
Weighted average unit occupancy	88.8%	88.7%	89.1%	89.2%	88.5%	88.0%
Senior Housing average monthly revenue per unit(3)	$ 4,416	$ 4,416	$ 4,438	$ 4,402	$ 4,516	$ 4,532
Leased Properties with Bargain Purchase Options						
Number of communities (period end)	9	9	9	9	9	9
Total average units(2)	2,949	2,945	2,944	2,943	2,929	2,929
Weighted average unit occupancy	88.2%	88.0%	88.6%	88.5%	89.0%	88.3%
Senior Housing average monthly revenue per unit(3)	$ 3,891	$ 3,896	$ 3,929	$ 4,001	$ 4,072	$ 4,051
Leased Properties with Fair Market Value Purchase Options						
Number of communities (period end)	74	74	75	75	75	75
Total average units(2)	3,364	3,364	3,413	3,438	3,462	3,462
Weighted average unit occupancy	90.8%	90.6%	90.9%	90.9%	90.7%	89.8%
Senior Housing average monthly revenue per unit(3)	$ 4,675	$ 4,638	$ 4,645	$ 4,637	$ 4,677	$ 4,703
Leased Properties without Purchase Options						
Number of communities (period end)	246	246	245	245	245	245
Total average units(2)	19,397	19,445	19,405	19,414	19,414	19,438
Weighted average unit occupancy	87.9%	87.6%	88.5%	88.6%	88.2%	87.9%
Senior Housing average monthly revenue per unit(3)	$ 4,344	$ 4,348	$ 4,381	$ 4,377	$ 4,491	$ 4,533
Senior Housing Totals						
Number of communities (period end)	548	549	549	554	555	555
Total average units(2)	47,953	47,907	47,952	48,549	48,580	48,628
Weighted average unit occupancy	88.5%	88.3%	89.0%	89.0%	88.6%	88.1%
Senior Housing average monthly revenue per unit(3)	$ 4,375	$ 4,373	$ 4,397	$ 4,387	$ 4,491	$ 4,518

(1) During the three months ended September 30, 2013, the Company amended a lease agreement for one community and, in connection therewith, obtained a fair market value purchase option. The results of operations of the community are included within Leased Properties with Fair Market Value Purchase Options beginning in the third quarter of FY 2013. Prior quarters have not been recast.
(2) Total average units operated represent the average units operated during the period, excluding equity homes.
(3) Average monthly revenue per unit represents the average of the total monthly revenues, excluding amortization of entrance fees and Brookdale Ancillary Services segment revenue, divided by average occupied units.

Brookdale Senior Living Inc.
Segment Financial Data
As of June 30, 2014

Financial Data
($ in 000s)

Retirement Centers	**FY 2013**					**FY 2014 (1)**		
	Q1	**Q2**	**Q3**	**Q4**	**Full Year**	**Q1**	**Q2**	**YTD**
Revenue	128,922	130,170	133,272	133,920	526,284	132,349	133,441	265,790
Expenses	75,588	75,993	76,452	75,969	304,002	76,119	76,550	152,669
Segment Operating Income	53,334	54,177	56,820	57,951	222,282	56,230	56,891	113,121
Segment Operating Margin	*41.4%*	*41.6%*	*42.6%*	*43.3%*	*42.2%*	*42.5%*	*42.6%*	*42.6%*

Assisted Living	**FY 2013**					**FY 2014 (1)**		
	Q1	**Q2**	**Q3**	**Q4**	**Full Year**	**Q1**	**Q2**	**YTD**
Revenue	260,615	260,497	262,524	268,232	1,051,868	277,431	277,230	554,661
Expenses	164,330	164,316	165,774	167,770	662,190	172,439	172,984	345,423
Segment Operating Income	96,285	96,181	96,750	100,462	389,678	104,992	104,246	209,238
Segment Operating Margin	*36.9%*	*36.9%*	*36.9%*	*37.5%*	*37.0%*	*37.8%*	*37.6%*	*37.7%*

CCRCs - Rental	**FY 2013**					**FY 2014**		
	Q1	**Q2**	**Q3**	**Q4**	**Full Year**	**Q1**	**Q2**	**YTD**
Revenue	100,327	97,562	100,076	99,010	396,975	97,944	98,212	196,156
Expenses	71,250	71,995	73,063	71,641	287,949	71,114	72,519	143,633
Segment Operating Income	29,077	25,567	27,013	27,369	109,026	26,830	25,693	52,523
Segment Operating Margin	*29.0%*	*26.2%*	*27.0%*	*27.6%*	*27.5%*	*27.4%*	*26.2%*	*26.8%*

CCRCs - Entry Fee	**FY 2013**					**FY 2014**		
	Q1	**Q2**	**Q3**	**Q4**	**Full Year**	**Q1**	**Q2**	**YTD**
Revenue	74,308	74,016	74,110	75,322	297,756	79,169	79,100	158,269
Expenses	54,737	56,244	55,892	54,490	221,363	59,534	60,733	120,267
Segment Operating Income	19,571	17,772	18,218	20,832	76,393	19,635	18,367	38,002
Segment Operating Margin	*26.3%*	*24.0%*	*24.6%*	*27.7%*	*25.7%*	*24.8%*	*23.2%*	*24.0%*
Bridge to Cash Basis for CCRCs - Entry Fee segment								
Revenue	74,308	74,016	74,110	75,322	297,756	79,169	79,100	158,269
Less: revenue amortization (non-cash)	(7,133)	(7,032)	(7,013)	(7,831)	(29,009)	(7,202)	(7,547)	(14,749)
Add: net entrance fees (cash)	7,553	16,422	11,370	21,661	57,006	6,513	16,711	23,224
Adjusted revenue	74,728	83,406	78,467	89,152	325,753	78,480	88,264	166,744
Expenses	54,737	56,244	55,892	54,490	221,363	59,534	60,733	120,267
Adjusted Segment Operating Income	19,991	27,162	22,575	34,662	104,390	18,946	27,531	46,477
Adjusted Segment Operating Margin	*26.8%*	*32.6%*	*28.8%*	*38.9%*	*32.0%*	*24.1%*	*31.2%*	*27.9%*

Total Senior Housing	**FY 2013**					**FY 2014**		
(GAAP Basis)	**Q1**	**Q2**	**Q3**	**Q4**	**Full Year**	**Q1**	**Q2**	**YTD**
Revenue	564,172	562,245	569,982	576,484	2,272,883	586,893	587,983	1,174,876
Expenses	365,905	368,548	371,181	369,870	1,475,504	379,206	382,786	761,992
Operating Income	198,267	193,697	198,801	206,614	797,379	207,687	205,197	412,884
Operating Margin	*35.1%*	*34.5%*	*34.9%*	*35.8%*	*35.1%*	*35.4%*	*34.9%*	*35.1%*
G&A Allocation (2)	25,526	23,224	22,647	24,658	96,055	24,396	22,589	46,985
G&A Allocation as a % of revenue	*4.5%*	*4.1%*	*4.0%*	*4.3%*	*4.2%*	*4.2%*	*3.8%*	*4.0%*
Adjusted Operating Income	172,741	170,473	176,154	181,956	701,324	183,291	182,608	365,899
Adjusted Operating Margin	*30.6%*	*30.3%*	*30.9%*	*31.6%*	*30.9%*	*31.2%*	*31.1%*	*31.1%*

Brookdale Senior Living Inc.
Segment Financial Data
As of June 30, 2014

Financial Data (continued)
($ in 000s)

Brookdale Ancillary Services	FY 2013					FY 2014		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	60,198	58,693	61,162	62,097	242,150	63,417	65,534	128,951
Expenses	47,098	47,479	49,398	52,466	196,441	50,664	52,629	103,293
Segment Operating Income	13,100	11,214	11,764	9,631	45,709	12,753	12,905	25,658
Segment Operating Margin	*21.8%*	*19.1%*	*19.2%*	*15.5%*	*18.9%*	*20.1%*	*19.7%*	*19.9%*
G&A Allocation (2)	6,055	6,005	5,516	5,806	23,382	5,642	5,908	11,550
G&A Allocation as a % of revenue	*10.1%*	*10.2%*	*9.0%*	*9.3%*	*9.7%*	*8.9%*	*9.0%*	*9.0%*
Adjusted Segment Operating Income	7,045	5,209	6,248	3,825	22,327	7,111	6,997	14,108
Adjusted Segment Operating Margin	*11.7%*	*8.9%*	*10.2%*	*6.2%*	*9.2%*	*11.2%*	*10.7%*	*10.9%*

Total Senior Housing and Brookdale Ancillary Services *(GAAP Basis)*	FY 2013					FY 2014		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	624,370	620,938	631,144	638,581	2,515,033	650,310	653,517	1,303,827
Expenses	413,003	416,027	420,579	422,336	1,671,945	429,870	435,415	865,285
Operating Income	211,367	204,911	210,565	216,245	843,088	220,440	218,102	438,542
Operating Margin	*33.9%*	*33.0%*	*33.4%*	*33.9%*	*33.5%*	*33.9%*	*33.4%*	*33.6%*
G&A Allocation (2)	31,581	29,229	28,163	30,464	119,437	30,038	28,497	58,535
G&A Allocation as a % of revenue	*5.1%*	*4.7%*	*4.5%*	*4.8%*	*4.7%*	*4.6%*	*4.4%*	*4.5%*
Adjusted Operating Income	179,786	175,682	182,402	185,781	723,651	190,402	189,605	380,007
Adjusted Operating Margin	*28.8%*	*28.3%*	*28.9%*	*29.1%*	*28.8%*	*29.3%*	*29.0%*	*29.1%*

Management Services	FY 2013					FY 2014		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue (Management Fees)	7,609	7,744	7,622	8,150	31,125	7,402	7,489	14,891
Expenses (G&A Allocation) (2)	6,031	6,192	6,106	6,334	24,663	6,116	5,649	11,765
Segment Operating Income	1,578	1,552	1,516	1,816	6,462	1,286	1,840	3,126
Segment Operating Margin	*20.7%*	*20.0%*	*19.9%*	*22.3%*	*20.8%*	*17.4%*	*24.6%*	*21.0%*

Total Senior Housing, Brookdale Ancillary and Management Services *(GAAP Basis)*	FY 2013					FY 2014		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	YTD
Revenue	631,979	628,682	638,766	646,731	2,546,158	657,712	661,006	1,318,718
Expenses	413,003	416,027	420,579	422,336	1,671,945	429,870	435,415	865,285
Operating Income	218,976	212,655	218,187	224,395	874,213	227,842	225,591	453,433
Operating Margin	*34.6%*	*33.8%*	*34.2%*	*34.7%*	*34.3%*	*34.6%*	*34.1%*	*34.4%*
G&A Allocation (2)	37,612	35,421	34,269	36,798	144,100	36,154	34,146	70,300
G&A Allocation as a % of revenue	*6.0%*	*5.6%*	*5.4%*	*5.7%*	*5.7%*	*5.5%*	*5.2%*	*5.3%*
Adjusted Operating Income	181,364	177,234	183,918	187,597	730,113	191,688	191,445	383,133
Adjusted Operating Margin	*28.7%*	*28.2%*	*28.8%*	*29.0%*	*28.7%*	*29.1%*	*29.0%*	*29.1%*

(1) During the six months ended June 30, 2014, two communities moved between segments to more accurately reflect the underlying product offering of each segment. The movement did not change the Company's reportable segments, but it did impact the revenue and expenses reported within the Retirement Centers and Assisted Living segments. Prior quarters have not been recast.
(2) Excludes non-cash stock-based compensation expense and integration, transaction-related and EMR roll-out costs.

Brookdale Senior Living Inc.
Senior Housing Data by Ownership Type
As of June 30, 2014

Financial Data
($ in 000s)

Owned Properties	**FY 2013**					**FY 2014**		
	Q1	**Q2**	**Q3**	**Q4**	**Full Year**	**Q1**	**Q2**	**YTD**
Revenue	266,322	265,139	267,922	273,439	1,072,822	277,700	277,748	555,448
Expenses	175,672	176,623	178,382	178,941	709,618	182,706	184,773	367,479
Segment Operating Income	90,650	88,516	89,540	94,498	363,204	94,994	92,975	187,969
Segment Operating Margin	*34.0%*	*33.4%*	*33.4%*	*34.6%*	*33.9%*	*34.2%*	*33.5%*	*33.8%*
Bridge to Cash Basis for CCRCs - Entry Fee								
Revenue	266,322	265,139	267,922	273,439	1,072,822	277,700	277,748	555,448
Less: revenue amortization (non-cash)	(4,664)	(4,821)	(4,660)	(5,404)	(19,549)	(4,635)	(4,933)	(9,568)
Add: net entrance fees (cash)	5,449	10,936	8,014	13,694	38,093	4,079	11,710	15,789
Adjusted revenue	267,107	271,254	271,276	281,729	1,091,366	277,144	284,525	561,669
Expenses	175,672	176,623	178,382	178,941	709,618	182,706	184,773	367,479
Adjusted Segment Operating Income	91,435	94,631	92,894	102,788	381,748	94,438	99,752	194,190
Adjusted Segment Operating Margin	*34.2%*	*34.9%*	*34.2%*	*36.5%*	*35.0%*	*34.1%*	*35.1%*	*34.6%*

Leased Properties with Bargain Purchase Options	**FY 2013**					**FY 2014**		
	Q1	**Q2**	**Q3**	**Q4**	**Full Year**	**Q1**	**Q2**	**YTD**
Revenue	32,254	32,096	32,667	33,177	130,194	33,805	33,554	67,359
Expenses	20,766	21,308	21,230	21,518	84,822	21,806	22,115	43,921
Segment Operating Income	11,488	10,788	11,437	11,659	45,372	11,999	11,439	23,438
Segment Operating Margin	*35.6%*	*33.6%*	*35.0%*	*35.1%*	*34.8%*	*35.5%*	*34.1%*	*34.8%*

Leased Properties with Fair Market Value Purchase Options	**FY 2013**					**FY 2014**		
	Q1	**Q2**	**Q3 (1)**	**Q4**	**Full Year**	**Q1**	**Q2**	**YTD**
Revenue	42,842	42,408	43,235	43,474	171,959	44,058	43,864	87,922
Expenses	26,940	27,011	27,228	27,293	108,472	27,691	27,604	55,295
Segment Operating Income	15,902	15,397	16,007	16,181	63,487	16,367	16,260	32,627
Segment Operating Margin	*37.1%*	*36.3%*	*37.0%*	*37.2%*	*36.9%*	*37.1%*	*37.1%*	*37.1%*

Leased Properties without Purchase Options	**FY 2013**					**FY 2014**		
	Q1	**Q2**	**Q3 (1)**	**Q4**	**Full Year**	**Q1**	**Q2**	**YTD**
Revenue	222,754	222,602	226,158	226,394	897,908	231,330	232,817	464,147
Expenses	142,527	143,606	144,341	142,118	572,592	147,003	148,294	295,297
Segment Operating Income	80,227	78,996	81,817	84,276	325,316	84,327	84,523	168,850
Segment Operating Margin	*36.0%*	*35.5%*	*36.2%*	*37.2%*	*36.2%*	*36.5%*	*36.3%*	*36.4%*

Total Senior Housing	**FY 2013**					**FY 2014**		
(GAAP Basis)	**Q1**	**Q2**	**Q3**	**Q4**	**Full Year**	**Q1**	**Q2**	**YTD**
Revenue	564,172	562,245	569,982	576,484	2,272,883	586,893	587,983	1,174,876
Expenses	365,905	368,548	371,181	369,870	1,475,504	379,206	382,786	761,992
Operating Income	198,267	193,697	198,801	206,614	797,379	207,687	205,197	412,884
Operating Margin	*35.1%*	*34.5%*	*34.9%*	*35.8%*	*35.1%*	*35.4%*	*34.9%*	*35.1%*

(1) During the three months ended September 30, 2013, the Company amended a lease agreement for one community and, in connection therewith, obtained a fair market value purchase option. The results of operations of the community are included within Leased Properties with Fair Market Value Purchase Options beginning in the third quarter of FY 2013. Prior quarters have not been recast.

Brookdale Senior Living Inc.
Same Community and Capital Expenditure Information
As of June 30, 2014

Same Community Information

($ in 000s, except Avg. Mo. Revenue/Unit)	Senior Housing			Senior Housing		
	Three Months Ended June 30,			Twelve Months Ended June 30,		
	2014	**2013**	% Change	**2014**	**2013**	% Change
Revenue	$ 535,361	$ 518,513	3.2%	$ 2,120,501	$ 2,055,514	3.2%
Operating Expense	351,972	346,127	1.7%	1,396,904	1,381,730	1.1%
Facility Operating Income	$ 183,389	$ 172,386	6.4%	$ 723,597	$ 673,784	7.4%
Facility Operating Margin	34.3%	33.2%	1.1%	34.1%	32.8%	1.3%
# Communities	522	522		522	522	
Avg. Period Occupancy	88.2%	88.3%	-0.1%	88.7%	88.3%	0.4%
Avg. Mo. Revenue/Unit	$ 4,560	$ 4,409	3.4%	$ 4,489	$ 4,369	2.7%

	Brookdale Ancillary Services Three Months Ended June 30,			Brookdale Ancillary Services Twelve Months Ended June 30,		
	2014	**2013**	% Change	**2014**	**2013**	% Change
Revenue	$ 43,730	$ 40,898	6.9%	$ 168,961	$ 168,208	0.4%
Operating Expense	34,564	32,396	6.7%	134,188	131,154	2.3%
Facility Operating Income	$ 9,166	$ 8,502	7.8%	$ 34,773	$ 37,054	-6.2%
Facility Operating Margin	21.0%	20.8%	0.2%	20.6%	22.0%	-1.4%
# Units served (1)	32,112	32,112		32,112	32,112	

(1) Units are included in same store calculation where either the therapy or home health, whichever came later, has stabilized or produced revenue for twenty-four months.

Schedule of Capital Expenditures
($ in 000s)

	Three Months Ended June 30,	
Type	**2014**	**2013**
Recurring	$ 11,841	$ 10,664
Corporate (2)	4,444	5,523
EBITDA-enhancing / Major Projects (3)	25,139	25,961
Program Max / Development, net (4)	24,254	8,839
Net Total Capital Expenditures (5)	$ 65,678	$ 50,987

(2) Corporate includes capital expenditures for information technology systems and equipment and expenditures supporting the expansion of our support platform and ancillary services programs.
(3) Includes EBITDA-enhancing projects (primarily community renovations and apartment upgrades) and other major building infrastructure projects.
(4) Includes community expansions and major repositioning or upgrade projects. Also includes de novo community developments. Amounts shown are amounts invested, net of third party lessor funding received of $8.0 million and $8.2 million for the three months ended June 30, 2014 and 2013, respectively.
(5) Approximately $10.0 million and $10.8 million of expense was recognized during the three months ended June 30, 2014 and 2013, respectively, for normal repairs and maintenance and capital spend under $1,500 per invoice, except for unit turnovers.

Brookdale Senior Living Inc.
Capital Structure - selected financial information
As of June 30, 2014
($ in 000s)

Debt Maturities and Scheduled Principal Repayments

	Maturities						
	Mortgage Debt (1)	weighted rate (2)	**Line of Credit**	weighted rate (2)	**Capital Leases**	weighted rate (2)	**Total Debt**
2014	$ 16,584	3.83%	$ -	-	$ 16,317	7.96%	$ 32,901
2015	28,183	4.03%	-	-	34,732	8.06%	62,915
2016	60,136	4.56%	-	-	30,109	8.30%	90,245
2017	359,732	5.29%	-	-	61,320	8.14%	421,052
2018	794,571	3.38%	12,000	3.75%	24,233	8.49%	830,804
Thereafter	1,064,107	3.82%	-	-	145,467	7.89%	1,209,574
Total	$ 2,323,313	3.92%	$ 12,000	3.75%	$ 312,178	8.05%	$ 2,647,491

Coverage Ratios

	Six months ended June 30, 2014				
	Units	FOI	Adj. FOI **	Interest/Cash Lease Payments	Coverage
Owned communities	23,501	$ 197,693	$ 163,351	$ 47,446	3.4x
Leased communities *	25,842	$ 236,463	$ 198,132	$ 162,614	1.2x

* The leased communities include the capital leases.
** Adjusted for 5% management fee and capital expenditures @ $350/unit.

Debt Amortization

	Six months ended June 30,	
	2014	2013
Scheduled debt amortization	$ 24,497	$ 23,736
Lease financing debt amortization - FMV or no purchase option (3)	7,880	6,815
Lease financing debt amortization - bargain purchase option	9,435	8,133
Total debt amortization	$ 41,812	$ 38,684

Line Availability

($000s)	06/30/13	09/30/13	12/31/13	03/31/14	06/30/14
Total line commitment	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Line availability (6)	$ 225,331	$ 238,565	$ 250,000	$ 250,000	$ 250,000
Ending line balance	70,000	45,000	30,000	25,000	12,000
Available to draw	$ 155,331	$ 193,565	$ 220,000	$ 225,000	$ 238,000
Cash and cash equivalents	30,946	42,690	58,511	45,701	50,934
Total liquidity (available to draw + cash)	$ 186,277	$ 236,255	$ 278,511	$ 270,701	$ 288,934
Total letters of credit outstanding	$ 75,031	$ 71,762	$ 72,464	$ 71,675	$ 71,650

Leverage Ratios

	Balance	**Annualized Leverage**
Debt (1)	$ 2,323,313	
Capital leases	312,178	
Total Debt	$ 2,635,491	**5.8x**
Plus: Line of credit (cash borrowings)	12,000	
Less: Unrestricted cash	(50,934)	
Subtotal	$ 2,596,557	**5.8x**
2014 YTD annualized Adjusted EBITDA	$ 450,718	
Annual cash lease expense multiplied by 8	2,280,400	

Total adjusted debt	$ 4,876,957	**6.6x**
2014 YTD annualized Adjusted EBITDAR	$ 735,768	

Debt Structure

	Balance	Weighted rate (2)
Fixed rate debt (1)	$ 1,366,841	4.72%
Variable rate debt (1)	956,472	2.71%
Capital leases	312,178	8.05%
Line of credit (cash borrowings)	12,000	3.75%
Total debt	$ 2,647,491	

	Balance	% of total
Variable rate debt with interest rate swaps (1) (4)	$ 26,757	2.8%
Variable rate debt with interest rate caps (1) (5)	689,277	72.1%
Variable rate debt - unhedged (1)	240,438	25.1%
Total variable rate debt (1)	$ 956,472	100.0%

(1) Includes mortgage debt and convertible notes, but excludes capital leases and line of credit.
(2) Pertaining to variable rate debt, reflects a) market rates for stated reporting period and b) applicable swap rates / cap rates for hedged debt.
(3) Payments are included in CFFO.
(4) Weighted swap rate for stated reporting period is 5.49%.
(5) Weighted cap rate for stated reporting period of 4.69% is materially above current market rates, therefore caps have no impact on consolidated interest expense for given period.
(6) The actual amount available to borrow under the line may vary from time to time as it is based on borrowing base calculations related to the value and performance of the communities securing the facility.

Brookdale Senior Living Inc.
CFFO Reconciliation
As of June 30, 2014

CFFO Calculation
($ in 000s)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013
Net cash provided by operating activities (includes non-refundable entrance fees)	$ 91,518	$ 80,343
Changes in operating assets and liabilities (eliminates cash flow effect)	(2,469)	(707)
Add: Refundable entrance fees received	11,018	11,754
Less: Entrance fee refunds disbursed	(9,213)	(7,456)
Less: Recurring capital expenditures, net	(11,841)	(10,664)
Less: Lease financing debt amortization with fair market value or no purchase options	(3,983)	(3,444)
Less: Distributions from unconsolidated ventures from cumulative share of net earnings	(370)	(773)
Add: CFFO from unconsolidated ventures	1,996	2,099
Cash From Facility Operations	$ 76,656	$ 71,152
Add: Integration, transaction-related and EMR roll-out costs	11,941	3,626
Adjusted Cash From Facility Operations	$ 88,597	$ 74,778

Revenue Reconciliation (1)
($ in 000s except average monthly revenue per quarter)

	FY 2013 Q1	FY 2013 Q2	FY 2013 Q3	FY 2013 Q4	FY 2013 Full Year	FY 2014 Q1	FY 2014 Q2
Revenue reconciliation excl. entrance fee amortization							
Average monthly revenue per quarter	4,375	4,373	4,397	4,387	4,383	4,491	4,518
Average monthly units (excluding equity homes) available	47,956	47,929	47,953	48,548	48,097	48,562	48,608
Average occupancy for the quarter	88.5%	88.3%	89.0%	89.0%	88.7%	88.6%	88.1%
Senior Housing resident fee revenue	$ 557,039	$ 555,213	$ 562,969	$ 568,653	$ 2,243,874	$ 579,691	$ 580,436
Add: Brookdale Ancillary Services segment revenue	60,198	58,693	61,162	62,097	242,150	63,417	65,534
Add: management fee revenue	7,609	7,744	7,622	8,150	31,125	7,402	7,489
Total revenues excluding entrance fee amortization	$ 624,846	$ 621,650	$ 631,753	$ 638,900	$ 2,517,149	$ 650,510	$ 653,459
CFFO Reconciliation to the Income Statement							
Resident and management fee revenue	$ 631,979	$ 628,682	$ 638,766	$ 646,731	$ 2,546,158	$ 657,712	$ 661,006
Less: Entrance fee amortization	(7,133)	(7,032)	(7,013)	(7,831)	(29,009)	(7,202)	(7,547)
Adjusted revenues	624,846	621,650	631,753	638,900	2,517,149	650,510	653,459
Less: Facility operating expenses	(413,003)	(416,027)	(420,579)	(422,336)	(1,671,945)	(429,870)	(435,415)
Add: Change in future service obligation	-	-	-	(1,917)	(1,917)	-	-
Adjusted facility operating expenses	(413,003)	(416,027)	(420,579)	(424,253)	(1,673,862)	(429,870)	(435,415)
Less: G&A including non-cash stock-based compensation expense	(46,611)	(46,035)	(45,824)	(46,078)	(184,548)	(55,509)	(53,816)
Add: G&A non-cash stock-based compensation expense	6,894	6,988	6,894	5,202	25,978	7,572	7,729
Net G&A	(39,717)	(39,047)	(38,930)	(40,876)	(158,570)	(47,937)	(46,087)
Less: Facility lease expense	(69,019)	(68,777)	(69,232)	(69,701)	(276,729)	(69,869)	(70,030)
Add: Straight-line lease expense	748	684	818	347	2,597	(223)	(217)
Less: Amortization of deferred gain	(1,093)	(1,093)	(1,093)	(1,093)	(4,372)	(1,093)	(1,093)
Net lease expense	(69,364)	(69,186)	(69,507)	(70,447)	(278,504)	(71,185)	(71,340)
Add: Entrance fee receipts	16,873	23,878	19,098	32,482	92,331	14,959	25,924
Less: Entrance fee disbursements	(9,320)	(7,456)	(7,728)	(10,821)	(35,325)	(8,446)	(9,213)
Net entrance fees	7,553	16,422	11,370	21,661	57,006	6,513	16,711
Adjusted EBITDA	**110,315**	**113,812**	**114,107**	**124,985**	**463,219**	**108,031**	**117,328**
Less: Recurring capital expenditures, net	(9,324)	(10,664)	(12,127)	(10,786)	(42,901)	(9,369)	(11,841)
Less: Interest expense, net	(30,668)	(29,591)	(29,170)	(30,557)	(119,986)	(29,677)	(29,372)

Less: Lease financing debt amortization with fair market value or no purchase options	(3,371)	(3,444)	(3,518)	(3,594)	(13,927)	(3,897)	(3,983)
Add: CFFO from unconsolidated ventures	1,958	2,099	1,922	1,825	7,804	2,241	1,996
Less: Other	(1,068)	(1,060)	(655)	2,597	(186)	133	2,528
Reported CFFO	**$ 67,842**	**$ 71,152**	**$ 70,559**	**$ 84,470**	**$ 294,023**	**$ 67,462**	**$ 76,656**
Add: integration, transaction-related and EMR roll-out costs	2,105	3,626	4,661	4,078	14,470	11,783	11,941
Adjusted CFFO	**$ 69,947**	**$ 74,778**	**$ 75,220**	**$ 88,548**	**$ 308,493**	**$ 79,245**	**$ 88,597**

CFFO Per Share

($ except where indicated)	FY 2013					FY 2014	
	Q1	**Q2**	**Q3**	**Q4**	**Full Year(2)**	**Q1**	**Q2**
Reported CFFO	$ 0.55	$ 0.58	$ 0.57	$ 0.68	$ 2.38	$ 0.54	$ 0.61
Add: integration, transaction-related and EMR roll-out costs	0.02	0.03	0.04	0.03	0.12	0.10	0.10
Adjusted CFFO	$ 0.57	$ 0.61	$ 0.61	$ 0.71	$ 2.50	$ 0.64	$ 0.71
Shares used in calculation of CFFO (000's)	122,823	123,405	124,128	124,308		124,478	125,058

(1) Revenue excludes reimbursed costs incurred on behalf of managed communities.
(2) Full year CFFO for all periods is calculated as the sum of the quarterly amounts for the year.
Note: CFFO is a measurement of liquidity that is not calculated in accordance with GAAP and should not be considered in isolation as a substitute for any GAAP financial measure. CFFO is not a measure of financial performance under GAAP. We strongly urge you to review the reconciliation of CFFO to GAAP net cash provided by operating activities, along with our consolidated financial statements, included in the accompanying earnings release.

Brookdale Senior Living Inc.
Quarterly Entry Fee Information
As of June 30, 2014

Cash Basis ($ in 000's except average resale and refund)

	FY 2013				FY 2014	
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
# Closings	91	128	100	130	95	146
# of Refunds	87	88	86	103	76	103
Resale Receipts:						
Proceeds from non-refundable entrance fees (1)	9,237	12,124	9,223	13,607	9,035	14,906
Proceeds from refundable entrance fees (2)	7,636	11,754	9,875	18,875	5,924	11,018
Total Cash Proceeds	16,873	23,878	19,098	32,482	14,959	25,924
Refunds of entrance fees (3)	(9,320)	(7,456)	(7,728)	(10,821)	(8,446)	(9,213)
Net Resale Cash Flow	7,553	16,422	11,370	21,661	6,513	16,711
MyChoice proceeds included in refundable resale receipts above	1,768	4,041	3,205	10,008	282	1,711
Average Resale $ (excluding MyChoice proceeds)	165,989	154,977	158,930	172,877	154,495	165,842
Average Refund $ (excluding MyChoice refunds)	(98,540)	(80,773)	(86,372)	(94,621)	(99,816)	(79,165)

Value of Unsold Inventory ($ in 000's except average resale price)

Gross Value @ Average Resale Price of $155,000	85,715
Refund Attachments	(17,016)
Net Cash Value	68,699

Income Statement Impact ($ in 000's)

On Brookdale's income statement, non-refundable entrance fees are amortized into revenue based on the unamortized balance per contract divided by the actuarial life of the resident. The following are the non-cash amortized non-refundable entrance fees for each quarter:

	FY 2013				FY 2014	
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Amortization of entrance fees (incl. gains on terminations)	(7,133)	(7,032)	(7,013)	(7,831)	(7,202)	(7,547)

Principles of Entry Fee Accounting

Certain of Brookdale's communities have residency agreements which require the resident to pay an upfront fee prior to occupying the community and in return for a reduced monthly service fee and certain healthcare benefits. Brookdale has a number of options for residents that give a choice of the amount of refundability of the upfront fee, the amount of entry fee for the unit and the amount of health care benefit in the community's various levels of care. The non-refundable portion of the entrance fee is recorded as deferred revenue and amortized over the estimated stay of the resident based on an actuarial valuation. The refundable portion of a resident's entrance fee is not amortized and is generally refundable within a certain number of months or days following contract termination or upon the sale of the unit.

Notes:
(1) From Statement of Cash Flows (Operating Activities section) with line description: Proceeds from deferred entrance fee revenue.
(2) From Statement of Cash Flows (Financing Activities section) with line description: Proceeds from refundable entrance fees (which includes MyChoice proceeds).
(3) From Statement of Cash Flows (Financing Activities section) with line description: Refunds of entrance fees.

Brookdale Senior Living Inc.
Quarterly Cash Flow Statements
As of June 30, 2014
($ in 000s)

Cash Flow Statements

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014
Cash Flows from Operating Activities							
Net income (loss)	$ 3,558	$ (5,200)	$ (967)	$ (975)	$ (3,584)	$ (2,299)	$ (3,295)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:							
Loss on extinguishment of debt	-	893	53	319	1,265	-	3,197
Depreciation and amortization	69,228	71,602	72,744	72,237	285,811	74,334	75,166
Asset impairment	-	2,154	504	10,233	12,891	-	-
Equity in earnings of unconsolidated ventures	(115)	(445)	(431)	(493)	(1,484)	(636)	(1,523)
Distributions from unconsolidated ventures from cumulative share of net earnings	668	773	648	602	2,691	245	370
Amortization of deferred gain	(1,093)	(1,093)	(1,093)	(1,093)	(4,372)	(1,093)	(1,093)
Amortization of entrance fees	(7,133)	(7,032)	(7,013)	(7,831)	(29,009)	(7,202)	(7,547)
Proceeds from deferred entrance fee revenue	9,237	12,124	9,223	13,607	44,191	9,035	14,906
Deferred income tax (benefit) provision	-	-	-	(183)	(183)	598	(5)
Change in deferred lease liability	748	684	818	347	2,597	(223)	(217)
Change in fair value of derivatives	(135)	(1,836)	1,377	(386)	(980)	847	1,322
(Gain) loss on sale of assets	(926)	24	26	(96)	(972)	76	39
Change in future service obligation	-	-	-	(1,917)	(1,917)	-	-
Non-cash stock-based compensation	6,894	6,988	6,894	5,202	25,978	7,572	7,729
Changes in operating assets and liabilities:							
Accounts receivable, net	(9,064)	1,736	(2,154)	4,033	(5,449)	(2,499)	3,914
Prepaid expenses and other assets, net	9,140	(12,679)	734	10,288	7,483	(5,816)	(8,369)
Accounts payable and accrued expenses	(10,871)	12,926	18,540	13,242	33,837	(27,561)	14,245
Tenant refundable fees and security deposits	(335)	(258)	(235)	36	(792)	(615)	138
Deferred revenue	(5,316)	(1,018)	4,579	(126)	(1,881)	7,933	(7,459)
Net cash provided by operating activities	64,485	80,343	104,247	117,046	366,121	52,696	91,518
Cash Flows from Investing Activities							
(Increase) decrease in lease security deposits and lease acquisition deposits, net	(1,952)	(1,066)	972	(5)	(2,051)	7	(73)
Decrease (increase) in cash and escrow deposits — restricted	826	2,195	(537)	8,242	10,726	6,627	(6,039)
Additions to property, plant and equipment and leasehold intangibles, net	(51,614)	(48,677)	(61,231)	(96,005)	(257,527)	(59,717)	(73,712)
Acquisition of assets, net of related payables and cash received	(2)	(4,833)	(2,559)	(27,292)	(34,686)	(515)	-
(Issuance of) payment on notes receivable, net	(17)	(47)	159	73	168	76	2,564
Investment in unconsolidated ventures	(5,843)	(2,149)	(9,180)	-	(17,172)	-	-
Distributions received from unconsolidated ventures	-	-	100	1,500	1,600	-	2,643
Proceeds from sale of assets, net	440	7,114	-	26,582	34,136	-	-
Net cash used in investing activities	(58,162)	(47,463)	(72,276)	(86,905)	(264,806)	(53,522)	(74,617)
Cash Flows from Financing Activities							
Proceeds from debt	8,955	418,667	170,230	65,082	662,934	20,516	159,638
Repayment of debt and capital lease obligations	(17,707)	(470,825)	(163,209)	(72,392)	(724,133)	(22,401)	(159,412)
Proceeds from line of credit	105,000	85,000	130,000	105,000	425,000	70,000	12,000
Repayment of line of credit	(140,000)	(60,000)	(155,000)	(120,000)	(475,000)	(75,000)	(25,000)
Payment of financing costs, net of related payables	(2,200)	(5,695)	(3,299)	(382)	(11,576)	(2,905)	2,087
Refundable entrance fees:							
Proceeds from refundable entrance fees	7,636	11,754	9,875	18,875	48,140	5,924	11,018
Refunds of entrance fees	(9,320)	(7,456)	(7,728)	(10,821)	(35,325)	(8,446)	(9,213)
Cash portion of loss on extinguishment of debt	-	(453)	(49)	-	(502)	-	(3,180)
Purchase of derivatives	-	(1,489)	(1,374)	-	(2,863)	-	-
Other	315	321	327	318	1,281	328	394
Net cash used in financing activities	(47,321)	(30,176)	(20,227)	(14,320)	(112,044)	(11,984)	(11,668)

Net (decrease) increase in cash and cash equivalents	(40,998)	2,704	11,744	15,821	(10,729)	(12,810)	5,233
Cash and cash equivalents at beginning of period	69,240	28,242	30,946	42,690	69,240	58,511	45,701
Cash and cash equivalents at end of period	$ 28,242	$ 30,946	$ 42,690	$ 58,511	$ 58,511	$ 45,701	$ 50,934