



CORRECTING and REPLACING Five Star Quality Care, Inc. Reports First Quarter 2008 Results

NEWTON, Mass.--Fifth bullet, first sentence should read: Without the loss related to the auction rate securities, we would have reported net income per share from continuing operations, basic and diluted, in the three months ended March 31, 2008 of \$0.24 and \$0.22, respectively (sted Without the loss related to the auction rate securities and the gain related to a 2003 sale of property, we would have reported...).

The corrected release reads:

FIVE STAR QUALITY CARE, INC. REPORTS FIRST QUARTER 2008 RESULTS

Five Star Quality Care, Inc. (AMEX: FVE) today announced its financial results for the quarter ended March 31, 2008.

First Quarter 2008 Financial Highlights:

- Total revenues for the first quarter of 2008 increased 9.1% to \$258.9 million from \$237.2 million for the same period last year.
- Net income per share from continuing operations for the first quarter of 2008 was \$0.14, basic and diluted, compared to \$0.18 and \$0.17, basic and diluted, respectively, for the same period last year.
- Net income per share from continuing operations in the three months ended March 31, 2007 included a gain from early extinguishment of debt of \$3.6 million, or \$0.11 per share and \$0.09 per share, basic and diluted, respectively. Without the gain related to the early extinguishment of debt, we would have reported net income per share from continuing operations for the first quarter of 2007 of \$0.07, basic and diluted. We believe this adjusted net income per share from continuing operations is a meaningful disclosure that may help shareholders to better understand our results of operations for the three months ended March 31, 2007. (See page 6 of the Supplemental Information attached hereto for a reconciliation of these adjusted amounts.)
- During the three months ended March 31, 2008, we recognized a \$3.3 million loss, or \$0.10 and \$0.08 per share, basic and diluted, respectively, as a result of our holdings in auction rate securities.
- Without the loss related to the auction rate securities, we would have reported net income per share from continuing operations, basic and diluted, in the three months ended March 31, 2008 of \$0.24 and \$0.22, respectively. We believe this adjusted net income per share is a meaningful disclosure that may help shareholders to better understand our results of operations for the three months ended March 31, 2008. (See page 6 of the Supplemental Information attached hereto for a reconciliation of these adjusted amounts.)
- The weighted average number of basic and diluted common shares outstanding totaled 31,818,144 and 41,548,913, respectively, for the quarter ended March 31, 2008, and 31,683,601 and 41,414,903, respectively, for the quarter ended March 31, 2007.

First Quarter 2008 Operating Highlights (senior living communities):

- Overall occupancy for the first quarter of 2008 was 89.6% compared with 90.2% for the same period a year ago.
- Overall average daily rate for the first quarter of 2008 increased by 5% to \$142.30, over the same period a year ago.
- For those senior living communities that we have operated continuously since January 1, 2007 (comparable communities), occupancy for the first quarter of 2008 was 89.6% compared with 90.2% in the first quarter of 2007.
- Comparable communities average daily rate for the first quarter of 2008 increased by 6%, to \$143.56, over the same period a year ago.
- The percentage of revenue derived from residents' private resources remained unchanged at 66% compared to the first quarter of 2007.

- Wages and benefits as a percentage of senior living revenues for the first quarter of 2008 were 50.3% compared with 51.8% for the first quarter of 2007.
- In the first quarter of 2008, we leased an additional 22 senior living communities with 1,743 units which Senior Housing acquired from third parties. Twenty-one of these communities are assisted living communities (one of which offers some skilled nursing services and one of which offers some independent living services) and one is a continuing care retirement community which offers independent living, assisted living and skilled nursing services.

Conference Call:

On May 7, 2008 at 5:00 p.m. Eastern Standard Time, Bruce J. Mackey Jr., President and Chief Executive Officer, and Francis R. Murphy, III, Chief Financial Officer, will host a conference call to discuss the first quarter 2008 financial results. Following the company's remarks, there will be a question and answer period.

The conference call telephone number is (866) 550-6338. Participants calling from outside the United States and Canada should dial (347) 284-6930. No pass code is necessary to access the call from either number. Participants should dial in about 15 minutes prior to the scheduled start of the call. A replay of the conference call will be available through 8:00 p.m. Eastern Time Wednesday, May 14, 2008. To hear the replay, dial (719) 457-0820. The replay pass code is 7853746.

A live audio webcast of the conference call will also be available in a listen only mode on the company's web site at www.fivestarqualitycare.com. Participants wanting to access the webcast should visit the company's web site about five minutes before the call. The archived webcast will be available for replay on the company's web site for about one week after the call.

About Five Star Quality Care, Inc.:

Five Star Quality Care, Inc. is a healthcare services company which operates healthcare and senior living communities. Five Star owns, leases and operates 183 senior living communities with over 19,600 living units located in 30 states. These communities include independent living, assisted living and skilled nursing communities. Five Star also operates five institutional pharmacies and two rehabilitation hospitals. Five Star is headquartered in Newton, Massachusetts.

FIVE STAR QUALITY CARE, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

| | Three months ended March 31, | |
|--|---------------------------------|-----------|
| | 2008 | 2007 |
| Revenues: | | |
| Senior living revenue | \$216,927 | \$197,222 |
| Hospital revenue | 24,744 | 26,129 |
| Pharmacy revenue | 17,206 | 13,835 |
| Total revenues | 258,877 | 237,186 |
| Operating expenses: | | |
| Senior living wages and benefits | 109,094 | 102,092 |
| Other senior living operating expenses | 53,421 | 49,910 |
| Hospital expenses | 22,592 | 23,624 |
| Pharmacy expenses | 16,203 | 13,591 |
| Rent expense | 35,444 | 32,171 |
| General and administrative expenses | 11,133 | 10,059 |
| Depreciation and amortization | 3,635 | 3,151 |
| Total operating expenses | 251,522 | 234,598 |
| Operating income | 7,355 | 2,588 |
| Interest and other income | 2,494 | 1,420 |
| Interest expense | (1,594) | (1,778) |
| Unrealized loss on investments in trading securities | (3,270) | - |
| Gain on extinguishment of debt | - | 3,557 |

| | | |
|---|----------|----------|
| Income from continuing operations before income taxes | 4,985 | 5,787 |
| Provision for income taxes | 566 | 208 |
| Income from continuing operations | 4,419 | 5,579 |
| Loss from discontinued operations | (2,802) | (815) |
| Net income | \$ 1,617 | \$ 4,764 |
| Weighted average shares outstanding - basic | 31,818 | 31,684 |
| Weighted average shares outstanding - diluted | 41,549 | 41,415 |
| Basic income per share from: | | |
| Continuing operations | \$ 0.14 | \$ 0.18 |
| Discontinued operations | (0.09) | (0.03) |
| Net income per share | \$ 0.05 | \$ 0.15 |
| Diluted income per share from: | | |
| Continuing operations | \$ 0.14 | \$ 0.17 |
| Discontinued operations | (0.07) | (0.02) |
| Net income per share | \$ 0.07 | \$ 0.15 |
| EBITDA(1) : | | |
| Income from continuing operations: | \$ 4,419 | \$ 5,579 |
| Add: income taxes | 566 | 208 |
| Add: depreciation and amortization | 3,635 | 3,151 |
| Add: interest expense | 1,594 | 1,778 |
| Less: interest and other income | (2,494) | (1,420) |
| EBITDA | \$ 7,720 | \$ 9,296 |

(1) We consider earnings before interest, taxes, depreciation and amortization, or EBITDA, to be a meaningful measure of our operating performance because it is useful in measuring our ability to service debt, fund capital expenditures and expand our business. We believe that EBITDA is a meaningful disclosure that may help shareholders to understand better our financial performance, including comparing our performance to similar numbers reported by other companies; however, EBITDA as presented may be not always comparable to amounts calculated by other companies. For example, we have not made any adjustments to reported EBITDA for the three months ended March 31, 2008 and 2007, respectively, relating to the unrealized loss and gain on extinguishment of debt shown in the reconciliations discussed on page 6 of 6 of the supplemental information in this earnings release. This information should not be considered as an alternative to net income, income from continuing operations, operating income, cash flow from operations, or any other operating performance or liquidity measure established by accounting principles generally accepted in the United States.

FIVE STAR QUALITY CARE, INC.
 SELECTED BALANCE SHEET DATA
 (in thousands, except share data)

| | March 31, 2008 | December 31, 2007 |
|--|-------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 52,029 | \$ 30,999 |
| Accounts receivable, net of reserve | 61,056 | 58,803 |
| Prepaid expenses and other current assets | 23,176 | 23,782 |
| Investment securities: | | |
| Investments in trading securities | - | 61,800 |
| Investments in available for sale securities | 7,756 | 7,455 |
| Assets of discontinued operations | 2,297 | 3,178 |
| Total current assets | 146,314 | 186,017 |
| Long term assets: | | |
| Property and equipment, net | 127,505 | 131,705 |
| Investments in trading securities | 71,580 | - |
| Other long term assets | 41,071 | 42,732 |
| Total assets | \$ 386,470 | \$ 360,454 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | \$ 124,980 | \$ 104,063 |
| Long term liabilities | 29,942 | 27,259 |
| Mortgage notes payable, long term | 15,768 | 15,810 |
| Convertible Senior notes | 126,500 | 126,500 |
| Shareholders' equity: 31,818,144 shares issued and outstanding at March 31, 2008 and December 31, 2007 | 89,280 | 86,822 |
| Total liabilities and shareholders' equity | \$ 386,470 | \$ 360,454 |

FIVE STAR QUALITY CARE, INC.
 SENIOR LIVING COMMUNITY OPERATING DATA (1)
 (dollars in thousands, except average daily rate)

| | Three months ended March 31, | |
|---|---------------------------------|------------|
| | 2008 | 2007 |
| No. of communities (end of period) | 183 | 160 |
| No. of living units (end of period) | 19,666 | 17,909 |
| Occupancy | 89.6% | 90.2% |
| Average daily rate (ADR) | \$ 142.30 | \$ 135.65 |
| ADR % growth | 5% | |
| Percent breakdown of net senior living revenues: | | |
| Medicare | 16% | 16% |
| Medicaid | 18% | 18% |
| Private | 66% | 66% |
| Total | 100% | 100% |
| Net senior living revenues | \$ 216,927 | \$ 197,222 |
| Net senior living revenues % growth | 10% | |
| Community expenses (2) | \$ 162,515 | \$ 152,002 |
| Community expenses (2) as a % of net senior living revenues | 75% | 77% |
| Community expenses (2) % growth | 7% | |

(1) Excludes data for discontinued operations and for pharmacy and hospital operations.

(2) Community expenses equal senior living wages and benefits and other senior living operating expenses as shown on our consolidated statement of income.

FIVE STAR QUALITY CARE, INC.
 COMPARABLE SENIOR LIVING COMMUNITY OPERATING DATA (1)
 (dollars in thousands, except average daily rate)

| | Three months ended | |
|---|--------------------|------------|
| | March 31, (2) | |
| | 2008 | 2007 |
| No. of communities (end of period) | 160 | 160 |
| No. of living units (end of period) | 17,867 | 17,867 |
| Occupancy | 89.6% | 90.2% |
| Average daily rate (ADR) | \$ 143.56 | \$ 135.65 |
| ADR % growth | 6% | |
| Percent breakdown of net senior living revenues: | | |
| Medicare | 16% | 16% |
| Medicaid | 18% | 18% |
| Private | 66% | 66% |
| Total | 100% | 100% |
| Senior living revenues | \$ 209,102 | \$ 197,222 |
| Senior living revenues % growth | 6% | |
| Community expenses (3) | \$ 156,739 | \$ 152,002 |
| Community expenses (3) as a % of net senior living revenues | 75% | 77% |
| Community expenses (3) % growth | 3% | |

(1) Excludes data for discontinued operations and for pharmacy and hospital operations.

(2) Communities that we operated continuously since January 1, 2007.

(3) Community expenses equal senior living wages and benefits and other senior living operating expenses.

FIVE STAR QUALITY CARE, INC.
OTHER OPERATING DATA (1)
(dollars in thousands, except average daily rate)

| | Three months ended March 31, | |
|--|---------------------------------|------------|
| | 2008 | 2007 |
| No. of communities (2) (end of period): | | |
| Assisted living & independent living communities, owned | 13 | 12 |
| Assisted living & independent living communities, leased | 121 | 99 |
| | ----- | ----- |
| Total no. of assisted living & independent living communities | 134 | 111 |
| Skilled nursing communities, owned | 2 | 2 |
| Skilled nursing communities, leased | 47 | 47 |
| | ----- | ----- |
| Total no. of skilled nursing communities | 49 | 49 |
| | ----- | ----- |
| Total no. of communities | 183 | 160 |
| | ===== | ===== |
| No. of living units (end of period): | | |
| Assisted living & independent living communities, owned | 1,060 | 1,022 |
| Assisted living & independent living communities, leased (3) | 14,194 | 12,471 |
| | ----- | ----- |
| Total no. of assisted living & independent living units | 15,254 | 13,493 |
| Skilled nursing communities, owned | 271 | 273 |
| Skilled nursing communities, leased (4) | 4,141 | 4,143 |
| | ----- | ----- |
| Total no. of skilled nursing living units | 4,412 | 4,416 |
| | ----- | ----- |
| Total no. of living units | 19,666 | 17,909 |
| | ===== | ===== |
| Rehabilitation hospital units | 321 | 321 |
| | ===== | ===== |
| Senior living revenues: | | |
| Assisted living & independent living communities | \$ 149,322 | \$ 134,420 |
| Skilled nursing communities | 65,596 | 61,488 |
| Other (5) | 2,009 | 1,314 |
| | ----- | ----- |
| Total senior living revenues | \$ 216,927 | \$ 197,222 |
| | ===== | ===== |
| Assisted living & independent living communities occupancy | 90.4% | 91.1% |
| Assisted living & independent living communities ADR | \$ 127.11 | \$ 121.54 |
| Assisted living & independent living communities ADR % growth | 5% | |
| Skilled nursing communities occupancy | 87.1% | 87.6% |
| Skilled nursing communities ADR | \$ 187.58 | \$ 176.61 |

| | | |
|--|-------|-------|
| Skilled nursing communities ADR % growth | 6% | |
| Rehabilitation hospital occupancy | 65.7% | 65.2% |

(1) Excludes data for discontinued operations and for pharmacy operations.

(2) Communities are categorized by the type of living units which constitute a majority (or plurality) of the total living units at the community.

(3) Includes 1,869 and 1,654 skilled nursing units in communities where assisted living and independent living services are the predominant services provided for the three months and year ended March 31, 2008 and 2007, respectively.

(4) Includes 66 and 95 assisted living and independent living units in communities where skilled nursing services are the predominant services provided for the three months and year ended March 31, 2008 and 2007, respectively.

(5) Other senior living revenue relates primarily to rehabilitation and other specialty service revenues provided at residential facilities and does not include pharmacy or hospital operations.

Reconciliation of Income from Continuing Operations to Income from Continuing Operations excluding the unrealized loss related to the auction rate securities for the three months ended March 31, 2008 (in thousands, except per share data):

| | For the three months ended March 31, 2008 | | |
|---|--|--------------------|----------------------|
| | Amount | Per Share Basic | Per Share Diluted |
| Income from continuing operations | \$ 4,419 | \$ 0.14 | \$ 0.14 |
| Add unrealized loss related to the auction rate securities | 3,270 | 0.10 | 0.08 |
| Income from continuing operations excluding the loss related to auction rate securities (1) | \$ 7,689 | \$ 0.24 | \$ 0.22 |

(1) We believe this adjusted amount is a meaningful disclosure that may help shareholders to understand better our results of operations for the three months ended March 31, 2008. This information should not be considered as an alternative to income from continuing operations or income from continuing operations per share or any other operating or performance measure established by accounting principles generally accepted in the United States.

Reconciliation of Income from Continuing Operations to Income from Continuing Operations excluding the gain on extinguishment of debt for the three months ended March 31, 2007 (in thousands, except per share data):

| | For the three months ended March 31, 2007 | | |
|--|--|--------------------|-------------------------|
| | Amount | Per Share Basic | Per Share Diluted(1) |
| Income from continuing operations | \$ 5,579 | \$ 0.18 | \$ 0.17 |
| Deduct gain on extinguishment of debt | (3,557) | (0.11) | (0.09) |
| Income from continuing operations excluding the gain related to extinguishment of debt (2) | \$ 2,022 | \$ 0.07 | \$ 0.07 |

(1) The effect of our 3.75% convertible senior notes on income from continuing operations excluding the gain related to

extinguishment of debt is anti-dilutive for the three months ended March 31, 2007.

(2) We believe this adjusted amount is a meaningful disclosure that may help shareholders to understand better our results of operations for the three months ended March 31, 2007. This information should not be considered as an alternative to income from continuing operations or income from continuing operations per share or any other operating or performance measure established by accounting principles generally accepted in the United States.

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