



Five Star Sues Sunrise

NEWTON, Mass.--Five Star Quality Care, Inc. (AMEX: FVE) today announced that it has commenced litigation against Sunrise Senior Living (NYSE: SRZ). The purpose of this litigation is to require Sunrise to account to Five Star for excess charges by Sunrise insurance programs to senior living communities which were managed by Sunrise for Five Star between 2003 and 2006.

In 2003, Sunrise acquired Marriott Senior Living Services from Marriott International, Inc. At that time, Marriott managed 31 senior living communities for Five Star. When Sunrise assumed this management, the Five Star communities began to participate in Sunrise's insurance programs. Over time, Five Star became dissatisfied with the services it received from Sunrise and it paid significant termination fees to terminate all of the Sunrise management contracts during 2005 and 2006.

Starting in 2006, Sunrise disclosed that it had experienced certain accounting irregularities and that its historical accounting should not be relied upon. Earlier this year, Sunrise began to disclose restated financial information for 2006 and before. As a result of its work to correct its financial reporting, Sunrise has publicly stated that it has historically overcharged managed senior living communities which participated in Sunrise insurance programs for periods between 2003 and 2006.

After learning of Sunrise's admitted overcharges, Five Star contacted Sunrise to request an accounting for, and payment of, amounts it was overcharged by Sunrise for Sunrise insurance arrangements. Despite repeated requests by Five Star, Sunrise has refused to provide any accounting or payment to Five Star. Because it does not have an accounting for its Sunrise managed insurance programs, Five Star is unable to calculate the amounts which may be due to Five Star from Sunrise. Nonetheless, based upon analogous information available, Five Star believes the amounts due from Sunrise may exceed \$10 million and may be material to it.

When it announced this litigation, Five Star stated that it is not anxious to incur the costs and distraction which often accompany litigation. However, because Sunrise refuses to provide an accounting, Five Star has determined to enforce its rights.

The litigation announced today has been brought in the Massachusetts Superior Court for Middlesex County.

Five Star is a healthcare and senior living services company which operates senior living communities, rehabilitation hospitals, institutional pharmacies and other healthcare and senior living ancillary businesses. Five Star is headquartered in Newton, MA.

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FOR THESE REASONS, AMONG OTHERS, INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE UPON

FORWARD LOOKING STATEMENTS IN THIS PRESS RELEASE.

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