



Five Star Quality Care, Inc. Announces Exercise of Right to Sell Auction Rate Securities at Par

NEWTON, Mass., Jul 01, 2010 (BUSINESS WIRE) -- Five Star Quality Care, Inc. (NYSE Amex: FVE) today announced that it has exercised its right to sell \$68.4 million of auction rate securities (ARS) to UBS AG and its affiliates (UBS) at par. This transaction nets Five Star \$32.1 million of cash after the repayment of \$36.3 million of debt which was secured by the ARS. This transaction was completed on June 30, 2010.

In November 2008, Five Star entered into a settlement with UBS regarding its ARS. The settlement was made in connection with UBS's settlement with the Securities and Exchange Commission, the New York Attorney General and other state agencies related to UBS's sale and marketing of ARS. Under the terms of the settlement, Five Star obtained the right to require UBS to repurchase its ARS at 100% of par value at Five Star's option during the period beginning June 30, 2010 and ending July 2, 2012. In connection with the settlement, UBS also provided Five Star with a non-recourse credit facility secured by Five Star's investments in ARS. The credit facility was retired in connection with this transaction.

Five Star Quality Care, Inc. is a senior living and healthcare services company. Five Star owns or leases and operates approximately 220 senior living communities with approximately 22,900 living units located in 30 states. These communities include independent living, assisted living and skilled nursing communities. Five Star also operates six institutional pharmacies and two rehabilitation hospitals. Five Star is headquartered in Newton, Massachusetts.

SOURCE: Five Star Quality Care, Inc.

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