EMERITUS CORP\WA\
Form 425
February 21, 2014

Filed by Brookdale Senior Living Inc.

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Company: Emeritus Corporation

(Commission File No. 001-14012)

On February 20, 2014, Brookdale and Emeritus issued the following presentation in connection with the merger between Brookdale and Emeritus:

Brookdale Merger with Emeritus Senior Living
February 20, 2014

Forward-Looking Statements
1
Certain items in this presentation and statements made by or on behalf of Brookdale Senior Living Inc. and Emeritus Corporati
statements within the meaning of the Private Securities Litigation Reform Act of 1995. Those forward-looking statements are s
statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "potential," "inter
"overestimate," "underestimate," "believe," "could," "would," "project," "predict," "continue," "plan" or other similar words or
in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be
those projected. Factors which could have a material adverse effect on our operations and future prospects or which could caus
looking statements include, but are not limited to, the risk associated with the current global economic situation and its impact

governmental reimbursement programs; our inability to extend (or refinance) debt (including our credit and letter of credit faci satisfy the conditions precedent to exercising the extension options associated with certain of our debt agreements; events whic monthly resident fees or entrance fees; the conditions of housing markets in certain geographic areas; our ability to generate su term operating lease payments; the effect of our indebtedness and long-term operating leases on our liquidity; the risk of loss o lease obligations; the possibilities that changes in the capital markets, including changes in interest rates and/or credit spreads, or unavailable to us; our determination from time to time to purchase any shares under the repurchase program; our ability to fu our growth; our ability to maintain consistent quality control; delays in obtaining regulatory approvals; the risk that we may no communities in accordance with our plans; our ability to complete acquisitions and integrate them into our operations; competi additional capital on terms acceptable to us; a decrease in the overall demand for senior housing; our vulnerability to economic terminations of our resident agreements and vacancies in the living spaces we lease; early terminations or non-renewal of mana personnel; increased union activity; departure of our key officers; increases in market interest rates; environmental contaminati environmental laws; an adverse determination or resolution of complaints filed against us; the cost and difficulty of complying the merger of Brookdale and Emeritus, including with respect to the satisfaction of closing conditions to the merger; unanticipa the risk that regulatory approvals required for the merger are not obtained or are obtained subject to conditions that are not anti litigation relating to the merger; the impact of the transaction on the Company s relationships with residents, employees and th obtaining cost savings and synergies from the merger; as well as other risks detailed from time to time in our filings with the S Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. We expressly disclaim any obligation to release publicly statements contained herein to reflect any change in our expectations with regard thereto or change in events, conditions or circ

Additional Information

2

In connection with the merger, the Company plans to file with the SEC a Registration Statement on Form S-4 that will include
as well as other relevant documents concerning the proposed transaction. THE COMPANY STOCKHOLDERS ARE URGED
STATEMENT/PROSPECTUS REGARDING THE MERGER WHEN IT BECOMES AVAILABLE AND ANY OTHER RE
SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CO
free copy of the joint proxy statement/prospectus and other filings containing information about the Company and Emeritus Co
SEC's Internet site (http://www.sec.gov). You will also be able to obtain these documents, free of charge, from the Company a
heading "About Brookdale/Investor Relations" or from Emeritus Corporation at www.emeritus.com under the heading "Investo

The Company and Emeritus Corporation and their respective directors and executive officers may be deemed to be participants the Company's and Emeritus Corporation s stockholders in connection with the merger. Information about the directors and ex their ownership of Company common stock is set forth in the proxy statement for the Company's 2013 annual meeting of stock Schedule 14A on April 30, 2013. Information about the directors and executive officers of Emeritus Corporation and their own common stock is set forth in the proxy statement for Emeritus Corporation s 2013 annual meeting of stockholders, as filed wit April 9, 2013. Additional information regarding the interests of those participants and other persons who may be deemed parti obtained by reading the joint proxy statement regarding the merger when it becomes available. Free copies of this document m preceding paragraph. This presentation shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitatio nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to re securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requi Securities Act of 1933, as amended.

Transaction Overview
Exchange Ratio
Each share of ESC will be converted into 0.95 of a share of BKD
Ownership
73.1% BKD / 26.9% ESC
Shares Outstanding
Expect to have 171mm (approx.) shares outstanding following the merger
Expected Close

Expected to close in the third quarter of 2014
Brookdale Senior Living (BKD) is merging with Emeritus Corporation (ESC) in a 100% stock-for-stock transaction
3

Transaction Rationale
Value of Owned Real Estate
Value of owned real estate increases as EBITDA grows
Unlock up to $350mm to $400mm of embedded value in purchase options
Deploy capital in ESC assets (Program Max 2.0)
Revenue Synergies
Offer new
products/services to 100K residents with $4.5bn of annual healthcare spend
Expansion

of
existing
products/services

drive
up
to
$100mm
of
synergies
per
year
Cost Synergies
Significant cost synergies resulting from greater scale
Expect to reduce operating expenses by up to $45mm annually
1
2
3
Combined company will be largest senior living solutions platform
in the U.S.
create significant shareholder value in evolving post-acute market
4
(1)
Note: See reconciliations of Non-GAAP measures at the end of the presentation

Combined Company Overview
Merger creates the largest owner-operator of senior housing in the U.S with approximately
1,200 properties and 113,000 units
$4.9bn
of
combined
revenues
in
2013

over
80%
from
private
pay
sources
Diversified Product Mix
Diversified Operating Model
Independent
Living
Managed
Skilled Nursing
Assisted
Living
Owned
Leased
Memory
Care
5
(Properties)
(% of Total)
(Properties)
(% of Total)
59,026
52%
14,055
12%
34,449
31%
5,164
5%
38,442
34%
55,352
49%
18,900
17%

Residents
Ability to share best practices across two leading care providers
Seamless transition with continuity of community associates
Expanded and better-coordinated services and programs
Associates
Shareholders
Better systems and best practices to support associates
More opportunities to enhance career planning, mobility & training
Strong national brand increases ability to recruit and retain talent

Substantial synergies and potential for upside drives value
Improved brand and larger market cap. strengthens recognition
Mix of owned, leased, and managed maximizes upside optionality
6
Merger Significantly Benefits All Stakeholders

Grow Real Estate Value
Underlying value of owned real estate increases through organic growth
Significant value embedded in post-merger purchase options
Up
to
$350

$400mm
of

embedded
value,
or
$2.00

$2.30
per
share
Achieve CFFO
(1)
accretion by deploying capital in ESC assets (Program Max 2.0)
Every
$100mm
of
capital
could
drive
+$12
-
$15mm,
or
+$0.04
-
$0.05
CFFO
per
share
7
(1)
Cash
From
Facility
Operations
(CFFO)
-
See
reconciliations
of
Non-GAAP
measures
at
the
end
of
the
presentation
(2)
Assumes 7% EBITDA growth and 6.5% cap rate.
(Incremental Value/Share)
(EBITDA Growth $mm)

Incremental
Owned
Real
Estate
Value/Share
(2)
Growth
$2.91
$6.02
$9.34
$32
$67
$104
$0
$20
$40
$60
$80
$100
$120
$0.00
$2.00
$4.00
$6.00
$8.00
$10.00
Year 1
Year 2
Year 3

Merger strengthens BKD s national presence, supports rate and occupancy growth
512
new
communities;
6.5
million
people
+80
years

old
now
within
10
miles
of
a
community
Increases geographic presence to 330 markets in 46 states
Cost-effective ability to drive brand recognition for ESC properties
Leverage BKD s existing national TV & magazine campaign, which was initiated in 2013
Organic
Growth

Brand
Recognition
8
Brand Supports Leading Rate Growth
(1)
NIC Top 100, 2013.
1.0%
2.0%
3.0%
BKD
Industry
(Rate Growth %)
(1)

Revenue Synergies
Healthcare Delivery
A significant portion of healthcare spend occurs in the later years of life
Capture
part
of
$4.5bn
of
healthcare

spend
per
year
generated
by
100K
residents
Earning 1% of $4.5bn would drive $45mm of revenue
9
An Integrated
Post-Acute
Care
Spectrum
(1)
Senior Living
Community Services
Skilled Nursing
Hospitalization
Wellness
Programs
Geriatric
Assessment
Case/Disease
Management
Independent
Living
Assisted
Living
Home Health
Care
Palliative
Care
Hospice
Inpatient
Rehab
Home Care
Outpatient
Therapies
Current BKD Services
Potential BKD Services
(1) Source: The Advisory Board

Revenue Synergies
Track Record
BKD has a successful track record in capturing resident healthcare spend by offering new products and services, including home health and therapy
Expansion of existing home health and therapy services to ESC markets would generate $100mm of revenue, or $0.14 per share of accretion for year 3
Historical BKD Ancillary Results
Potential Impact of Rollout to ESC
(Revenue $mm)

(Revenue $mm)
10
$78
$103
$150
$190
$206
$225
$242
$0
$50
$100
$150
$200
$250
2007
2008
2009
2010
2011
2012
2013
$38
$63
$88
$101
$0
$20
$40
$60
$80
$100
$120
2014P
2015P
2016P
2017P

Cost Synergies
Combined company is expected to benefit from scale
Up to $45mm of G&A and property level operating expense synergies
Nationwide Presence
Estimated Cost Savings
G&A
$25mm
Property Level OpEx
$20mm

Total
$45mm
Per Share
$0.26
11

Financial Impact
(1)
Based on 2013 Brookdale and Emeritus public reporting, excludes synergies.
(2)
Note: See reconciliations of Non-GAAP measures at the end of the presentation
Revenues
$4.9bn
Adj. EBITDA
$867mm

CFFO
$401mm
Net Debt to EBITDA
(1)
Strong balance sheet available to capitalize on real estate opportunities
Post-merger leverage consistent with historical levels and BKD target
Pro Forma Acq. Summary
(1)
12
5.6x
6.2x
6.0x
0.0x
2.0x
4.0x
6.0x
8.0x
10.0x
Pre
Acquisition
Post
Acquisition
Target

Transaction Rationale
Value of Owned Real Estate
Value of owned real estate increases as EBITDA grows
Unlock up to $350mm to $400mm of embedded value in purchase options
Deploy capital in ESC assets (Program Max 2.0   )
Revenue Synergies
Offer new
products/services to 100K residents with $4.5bn of annual healthcare spend
Expansion

of
existing
products/services

drive
up
to
$100mm
of
synergies
per
year
Cost Synergies
Significant cost synergies resulting from greater scale
Expect to reduce operating expenses by up to $45mm annually
Combined company will be largest senior living solutions platform
in the U.S.
create significant shareholder value in evolving post-acute market
13
(1)
Note: See reconciliations of Non-GAAP measures at the end of the presentation
1
2
3

Potential for Merger to Drive Upside
Management
Base
Case

Year
3
Accretion
G&A

$0.14
Property Level OpEx
$0.12
New Ancillary Services
$0.14
Total CFFO/Share Accretion
$0.40
Levers for Potential Upside
Value of purchase options
Program Max 2.0 at ESC properties
Implement innovative products/services
to
capture
residents
healthcare
spend
Additional synergies and cost savings
14
(1)
Note: See reconciliations of Non-GAAP measures at the end of the presentation

Roadmap to Closing

1. Customary regulatory and lender approvals
2. BKD and ESC shareholder approvals
3. Closing expected in the third quarter of 2014

15

Brookdale Non-GAAP Financial Measure Definitions
16
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).

Cash From Facility Operations

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 that are held for sale.

Brookdale Adjusted EBITDA Reconciliation
The
table
below
reconciles
Adjusted
EBITDA
from
net

loss
for
the
three
months
and
years
ended
December
31,
2013
and
2012 (*in thousands*):
(1) The calculation of Adjusted EBITDA includes integration, transaction-related and EMR roll-out costs of $4.1 million and
$14.5 million for the three months and year ended December 31, 2013, respectively. The calculation of Adjusted EBITDA
includes
integration,
transaction-related
and
EMR
roll-out
costs
of
$7.2
million
and
$23.5
million
for
the
three
months
and
year ended December 31, 2012, respectively.
(2) Includes the receipt of refundable and non-refundable entrance fees.
17
2013
2012
2013
2012
Net loss
(975)
$
(24,692)
$
(3,584)
$
(66,467)
$
(Benefit) provision for income taxes

(1,516)
(1,040)
1,756
1,519
Equity in (earnings) loss of unconsolidated ventures
(493)
3,277
(1,484)
3,488
Loss on extinguishment of debt
319
-
1,265
221
Other non-operating income
(1,360)
(201)
(2,725)
(593)
Interest expense:
Debt
24,840
24,492
96,131
98,183
Capitalized lease obligation
6,029
7,103
25,194
30,155
Amortization of deferred financing costs and debt discount
4,037
4,479
17,054
18,081
Change in fair value of derivatives and amortization
(386)
(7)
(980)
364
Interest income
(312)
(1,792)
(1,339)
(4,012)
Income from operations
30,183
11,619
131,288
80,939

Gain on facility lease termination
-
(8,804)
-
(11,584)
Loss on acquisition
-
-
-
636
Depreciation and amortization
68,200
62,500
268,757
252,281
Asset impairment
10,233
19,348
12,891
27,677
Straight-line lease expense
347
1,344
2,597
6,668
Amortization of deferred gain
(1,093)
(1,093)
(4,372)
(4,372)
Amortization of entrance fees
(7,831)
(6,527)
(29,009)
(25,362)
Non-cash stock-based compensation expense
5,202
6,335
25,978
25,520
Change in future service obligation
(1,917)
2,188
(1,917)
2,188
Entrance
fee
receipts
(2)
32,482

22,890
92,331
82,705
Entrance fee disbursements
(10,821)
(7,801)
(35,325)
(27,356)
Adjusted EBITDA
124,985
$
101,999
$
463,219
$
409,940
$
Three
Months
Ended
December
31
(1)
,
Years
Ended
December
31
(1)
,

Brookdale Cash From Facility Operations Reconciliation
18
2013
2012
2013
2012
Net cash provided by operating activities
117,046
$

82,991
$
366,121
$
290,969
$
Changes in operating assets and liabilities
(27,473)
(14,772)
(33,198)
(20,698)
18,875
13,088
48,140
42,600
Entrance fee refunds disbursed
(10,821)
(7,801)
(35,325)
(27,356)
Recurring capital expenditures, net
(10,786)
(10,168)
(42,901)
(38,306)
Lease financing debt amortization with fair market value or no purchase options
(3,594)
(3,132)
(13,927)
(12,120)
(602)
(72)
(2,691)
(1,507)
CFFO from unconsolidated ventures
1,825
1,279
7,804
5,376
Cash From Facility Operations
84,470
$
61,413
$
294,023
$
238,958
$
The table below reconciles CFFO from net cash provided by operating activities for the three months and years ended Decemb
and 2012 (*in thousands*):

(1) The calculation of Cash From Facility Operations includes integration, transaction-related and EMR roll-out costs of $4.1 million and $14.5 million for the three months and year ended December 31, 2013, respectively. The calculation of Cash From Facility Operations includes integration, transaction-related and EMR roll-out costs of $7.2 million and $23.5 million for the th months and year ended December 31, 2012, respectively.

(2) Total entrance fee receipts for the three months ended December 31, 2013 and 2012 were $32.5 million and $22.9 million, respectively, including $13.6 million and $9.8 million, respectively, of non-refundable entrance fee receipts included in net cas provided by operating activities. Total entrance fee receipts for the years ended December 31, 2013 and 2012 were $92.3 million and $82.7 million, respectively, including $44.2 million and $40.1 million, respectively, of non-refundable entrance fee receipts included in net cash provided by operating activities.

Refundable
entrance
fees
received
(2)
Three
Months
Ended
December
31
(1)
,
Years
Ended
December
31
(1)
,
Distributions from unconsolidated ventures from cumulative share of net earnings

Emeritus Non-GAAP Financial Measure Definitions
Adjusted EBITDA/EBITDAR and CFFO are financial measures of operating performance that are not calculated in accordance with U.S. generally accepted

accounting principles (GAAP). The Company believes that these non-GAAP measures are useful in identifying trends in day-to-day performance because they exclude items that are of little or no significance to operations and provide indicators to management of progress in achieving optimal operating performance. In addition, these measures are used by many research analysts and investors to evaluate the performance and the value of companies in the senior living industry.

The Company strongly urges you to review the reconciliation of net loss to Adjusted EBITDA/EBITDAR and the reconciliation of net cash provided by operating activities to CFFO, provided below, along with the Company s consolidated balance sheets, statements of operations, and statements of cash flows.

The Company defines Adjusted EBITDA/EBITDAR and CFFO and provides other information about these non-GAAP measures in the Company s Annual Report on Form 10-K for the year ended December 31, 2013,

to
be
filed
with
the
SEC.
19

Emeritus Adjusted EBITDA/EBITDAR Reconciliation
The
table
below
shows
the
reconciliation
of
net

loss
to
Adjusted
EBITDA/EBITDAR
for
the
three
months
and
year
ended
December
31, 2013 and 2012 (in thousands):
20
Three Months Ended
Year Ended
December 31,
December 31,
2013
2012
2013
2012
Net loss
$
(49,059)
$
(27,525)
$
(152,970)
$
(85,075)
Depreciation and amortization
45,869
42,605
181,483
140,629
Interest income
(116)
(105)
(462)
(408)
Interest expense
71,659
60,862
287,389
176,945
Net equity losses for unconsolidated joint ventures
32
76
125

576
Income tax (benefit) provision
(1,480)
(2,078)
639
(1,158)
Loss from discontinued operations
5,878

11,100
7,705
Amortization of above/below market rents
1,230
1,309
4,930
6,299
Amortization of deferred gains
(230)
(264)
(957)
(1,046)
Loss on early extinguishment of debt
207
53
204
186
Stock-based compensation
4,154
2,727
14,505
11,046
Change in fair value of derivative financial
instruments
83
29
6
948
Deferred revenue
(30)
(620)
2,605
(1,375)
Deferred straight-line rent
3,419
2,859
4,788
6,080
Impairment of long-lived assets
8,227

8,227
2,135
Transaction and financing costs
3,904
3,284
5,737
5,923
Transition costs
1,142

2,189

Self-insurance reserve adjustments, prior years
5,952
3,560
19,376
5,996
Adjusted EBITDA
100,841
86,772
388,914
275,406
Lease expense
45,157
29,446
142,498
114,382
Adjusted EBITDAR
$
145,998
$
116,218
$
531,412
$
389,788

Emeritus Cash From Facility Operations Reconciliation
The following table shows the reconciliation of net cash provided by operating activities to CFFO and Adjusted CFFO (in thou
21
Three Months Ended
Year Ended
December 31,
December 31,
2013
2012

2013
2012
Net cash provided by operating activities
$
4,348
$
5,937
$
98,189
$
116,558
Changes in operating assets and liabilities, net
25,002
17,005
20,092
(14,735)
Repayment of capital lease and financing obligations
(7,664)
(5,432)
(27,146)
(17,882)
Recurring capital expenditures
(7,780)
(9,303)
(26,473)
(23,947)
Distributions from unconsolidated joint ventures (a)
1
161
472
1,177
Cash From Facility Operations
13,907
8,368
65,134
61,171
Transaction costs
3,904
3,030
5,737
5,510
Transition costs
1,142

2,189

Self-insurance reserve adjustments, prior years
5,952
3,560
19,376

5,996
Unusual income tax items (b)

3,048

3,048
Adjusted Cash From Facility Operations
$
24,905
$
18,006
$
92,436
$
75,725
CFFO per share
$
0.30
$
0.19
$
1.40
$
1.37
Adjusted CFFO per share
$
0.53
$
0.40
$
1.99
$
1.69
(a) Excludes distributions resulting from the Blackstone JV transaction, the sale of communities and refinancing of debt.
(b) Consists of state tax expense related to the taxable gain on the Blackstone JV transaction.