DEUTSCHE BANK AKTIENGESELLSCHAFT
Form FWP
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ISSUER FREE WRITING PROSPECTUS NO. 2550B

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Dated September 10, 2015

Deutsche Bank AG Airbag Autocallable Yield Optimization Notes
$• Deutsche Bank AG Notes Linked to the Common Stock of AbbVie Inc. due on or about September 19, 2016

$• Deutsche Bank AG Notes Linked to the Common Stock of Citigroup Inc. due on or about September 19, 2016

$• Deutsche Bank AG Notes Linked to the Common Stock of Ford Motor Company due on or about September 19, 2016

$• Deutsche Bank AG Notes Linked to the Common Stock of Morgan Stanley due on or about September 19, 2016

Investment Description
Airbag Autocallable Yield Optimization Notes (the "**Notes**") are unsubordinated and unsecured obligations of Deutsche Bank AG, London Branch (the "**Issuer**") with returns linked to the performance of the common stock of a specific company described herein (each, a "**Reference Underlying**"). Each Note will have a face amount (the "**Face Amount**") equal to $1,000. On a monthly basis, Deutsche Bank AG will pay you a coupon (a "**Coupon Payment**") regardless of the performance of the applicable Reference Underlying. If the Closing Price of the applicable Reference Underlying on any quarterly Observation Date is greater than or equal to the Initial Price, Deutsche Bank AG will automatically call the Notes and, for each $1,000 Face Amount of Notes, pay you the Face Amount plus the applicable Coupon Payment for that month and no further amounts will be owed to you. If the Notes are not automatically called and the Final Price is greater than or equal to the Conversion Price, Deutsche Bank AG will pay you at maturity a cash payment per $1,000 Face Amount of Notes equal to the Face Amount. However, if the Notes are not automatically called and the Final Price is less than the Conversion Price, Deutsche Bank AG will deliver to you at maturity a number of shares of the applicable Reference Underlying per $1,000 Face Amount of Notes equal to the Face Amount divided by the Conversion Price (the "**Share Delivery Amount**"), which is expected to have a value of less than the Face Amount and may have no value at all. **Investing in the Notes involves significant risks. You may lose some or all of your initial investment. In exchange for receiving the Coupon Payments on the Notes, you are accepting the risk of receiving shares of the applicable Reference Underlying at maturity that are worth less than your initial investment and the credit risk of the Issuer for all payments under the Notes. Generally, the higher the Coupon Rate on the Notes, the greater the risk of loss on such Notes. The contingent repayment of your initial investment applies only if you hold the Notes to maturity. Any payment on the Notes, including any Coupon Payment, any payment upon an automatic call and any repayment of your initial investment at maturity, is subject to the creditworthiness of the Issuer. If the Issuer were to default on its payment obligations or become subject to a Resolution Measure (as described on page 2), you might not receive any amounts owed to you under the terms of the Notes and you could lose your entire investment.**

Features	**Key Dates** [1]	
q **Income** — Regardless of the performance of the applicable Reference Underlying, Deutsche Bank AG will pay you a monthly coupon. In exchange for receiving the Coupon	Trade Date	September 10, 2015

Payments, you are accepting the risk of receiving shares of the applicable Reference Underlying at maturity that are worth less than your initial investment and the credit risk of the Issuer for all payments under the Notes.

q **Automatically Callable** — If the Closing Price of the applicable Reference Underlying on any quarterly Observation Date is greater than or equal to the Initial Price, Deutsche Bank AG will automatically call the Notes and, for each $1,000 Face Amount of Notes, pay you the Face Amount plus the applicable Coupon Payment for that month and no further amounts will be owed to you. If the Notes are not automatically called, investors may have downside market exposure to the applicable Reference Underlying at maturity, subject to any contingent repayment of your initial investment.

q **Downside Exposure with Contingent Repayment of Your Initial Investment at Maturity** — If the Notes are not automatically called and the Final Price is greater than or equal to the Conversion Price, Deutsche Bank AG will pay you at maturity a cash payment per $1,000 Face Amount of Notes equal to the Face Amount. However, if the Notes are not automatically called and the Final Price is less than the Conversion Price, Deutsche Bank AG will deliver to you per $1,000 Face Amount of Notes at maturity a number of shares of the applicable Reference Underlying equal to the Share Delivery Amount, which is expected to have a value of less than the Face Amount and may have no value at all. The contingent repayment of your initial investment only applies if you hold the Notes to maturity. **Any payment on the Notes, including any Coupon Payment, any payment upon an automatic call and any repayment of your initial investment at maturity, is subject to the creditworthiness of the Issuer**. **If the Issuer were to default on its payment obligations or become subject to a Resolution Measure, you might not receive any amounts owed to you under the terms of the Notes and you could lose your entire investment.**

Settlement Date	September 15, 2015
Observation Dates[2]	Quarterly
Final Valuation Date[2]	September 13, 2016
Maturity Date[2]	September 19, 2016

[1] Expected

[2] See page 4 for additional details

NOTICE TO INVESTORS: THE NOTES ARE SIGNIFICANTLY RISKIER THAN CONVENTIONAL DEBT INSTRUMENTS. THE ISSUER IS NOT NECESSARILY OBLIGATED TO REPAY THE FULL INITIAL INVESTMENT IN THE NOTES AT MATURITY, AND THE NOTES CAN HAVE THE FULL DOWNSIDE MARKET RISK OF THE REFERENCE UNDERLYING. THIS MARKET RISK IS IN ADDITION TO THE CREDIT RISK INHERENT IN PURCHASING AN OBLIGATION OF DEUTSCHE BANK AG. YOU SHOULD NOT PURCHASE THE NOTES IF YOU DO NOT UNDERSTAND OR ARE NOT COMFORTABLE WITH THE SIGNIFICANT RISKS INVOLVED IN INVESTING IN THE NOTES. THE NOTES WILL NOT BE LISTED ON ANY SECURITIES EXCHANGE.

YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED UNDER "KEY RISKS" BEGINNING ON PAGE 6 OF THIS FREE WRITING PROSPECTUS AND UNDER "RISK FACTORS" BEGINNING ON PAGE 7 OF THE ACCOMPANYING PRODUCT SUPPLEMENT, PAGE PS-5 OF THE ACCOMPANYING PROSPECTUS SUPPLEMENT AND PAGE 12 OF THE ACCOMPANYING PROSPECTUS BEFORE PURCHASING ANY NOTES. EVENTS RELATING TO ANY OF THOSE RISKS, OR OTHER RISKS AND UNCERTAINTIES, COULD ADVERSELY AFFECT THE MARKET VALUE OF, AND THE RETURN ON, YOUR NOTES. YOU MAY LOSE SOME OR ALL OF YOUR INITIAL INVESTMENT IN THE NOTES.

Note Offering

We are offering four separate Airbag Autocallable Yield Optimization Notes (each, a "**Note**"). Each Note is linked to the performance of the common stock of a different company, and each has its own Coupon Rate, Initial Price and

Conversion Price. The Initial Price is the Closing Price of the applicable Reference Underlying on September 9, 2015. The Initial Price is not the Closing Price of the applicable Reference Underlying on the Trade Date. The Conversion Price of the applicable Reference Underlying is based on the Initial Price of such Reference Underlying. The performance of each Note will not depend on the performance of any other Note. The Notes will be issued in minimum denominations equal to $1,000 and integral multiples of $1,000 thereof.

Reference Underlyings	**Ticker**	**Coupon Rate**	**Initial Price of a Share of the Reference Underlying**	**Conversion Price**	**CUSIP/**
Common stock of AbbVie Inc.	ABBV	9.30% per annum	$59.26	$51.56, equal to 87.00% of the Initial Price	25190F
Common stock of Citigroup Inc.	C	8.30% per annum	$50.88	$44.27, equal to 87.00% of the Initial Price	25190F
Common stock of Ford Motor Company	F	9.00% per annum	$13.53	$11.50, equal to 85.00% of the Initial Price	25190F
Common stock of Morgan Stanley	MS	8.30% per annum	$33.75	$28.69, equal to 85.00% of the Initial Price	25190F

(1) The total amount of coupons paid will be based on the duration of the Notes.

See "Additional Terms Specific to the Notes" in this free writing prospectus. The Notes will have the terms specified in product supplement B dated July 31, 2015, the prospectus supplement dated July 31, 2015 relating to our Series A global notes of which these Notes are a part, the prospectus dated July 31, 2015 and this free writing prospectus.

For the Notes linked to the common stock of AbbVie Inc., the Issuer's estimated value of the Notes on the Trade Date is approximately $962.30 - $982.30 per $1,000 Face Amount of Notes. For the Notes linked to the common stock of Citigroup Inc., the Issuer's estimated value of the Notes on the Trade Date is approximately $966.80 - $986.80 per $1,000 Face Amount of Notes. For the Notes linked to the common stock of Ford Motor Company, the Issuer's estimated value of the Notes on the Trade Date is approximately $966.50 - $986.50 per $1,000 Face Amount of Notes. For the Notes linked to the common stock of Morgan Stanley, the Issuer's estimated value of the Notes on the Trade Date is approximately $964.60 - $984.60 per $1,000 Face Amount of Notes. The Issuer's estimated value of each Note is less than the Issue Price. Please see "Issuer's Estimated Value of the Notes" on the following page of this free writing prospectus for additional information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or passed upon the accuracy or the adequacy of this free writing prospectus or the accompanying product supplement B, prospectus supplement or prospectus. Any representation to the contrary is a criminal offense. The Notes are not bank deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other U.S. or foreign governmental agency or instrumentality.

	Price to Public		**Discounts and Commissions**(1)		**Proceeds to Us**	
Offering of Notes	**Total**	**Per Note**	**Total**	**Per Note**	**Total**	**Per Note**
Notes linked to the common stock of AbbVie Inc.	$	$1,000.00	$	$15.00	$	$985.00
Notes linked to the common stock of Citigroup Inc.	$	$1,000.00	$	$15.00	$	$985.00
Notes linked to the common stock of Ford Motor Company	$	$1,000.00	$	$15.00	$	$985.00
Notes linked to the common stock of Morgan Stanley	$	$1,000.00	$	$15.00	$	$985.00

(1) For more detailed information about discounts and commissions, please see "Supplemental Plan of Distribution (Conflicts of Interest)" in this free writing prospectus.

Deutsche Bank Securities Inc. ("**DBSI**") is our affiliate. For more information, see "Supplemental Plan of Distribution (Conflicts of Interest)" in this free writing prospectus.

UBS Financial Services Inc. Deutsche Bank Securities

Issuer's Estimated Value of the Notes

The Issuer's estimated value of the Notes is equal to the sum of our valuations of the following two components of the Notes: (i) a bond and (ii) an embedded derivative(s). The value of the bond component of the Notes is calculated based on the present value of the stream of cash payments associated with a conventional bond with a principal amount equal to the Face Amount of Notes, discounted at an internal funding rate, which is determined primarily based on our market-based yield curve, adjusted to account for our funding needs and objectives for the period matching the term of the Notes. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent's commissions, if any, and the estimated cost of hedging our obligations under the Notes, reduces the economic terms of the Notes to you and is expected to adversely affect the price at which you may be able to sell the Notes in any secondary market. The value of the embedded derivative(s) is calculated based on our internal pricing models using relevant parameter inputs such as expected interest and dividend rates and mid-market levels of price and volatility of the assets underlying the Notes or any futures, options or swaps related to such underlying assets. Our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect.

The Issuer's estimated value of the Notes on the Trade Date (as disclosed on the cover of this free writing prospectus) is less than the Issue Price of the Notes. The difference between the Issue Price and the Issuer's estimated value of the Notes on the Trade Date is due to the inclusion in the Issue Price of the agent's commissions, if any, and the cost of hedging our obligations under the Notes through one or more of our affiliates. Such hedging cost includes our or our affiliates' expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge.

The Issuer's estimated value of the Notes on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your Notes in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we or our affiliates would be willing to purchase the Notes from you in secondary market transactions, if at all, would generally be lower than both the Issue Price and the Issuer's estimated value of the Notes on the Trade Date. Our purchase price, if any, in secondary market transactions will be based on the estimated value of the Notes determined by reference to (i) the then-prevailing internal funding rate (adjusted by a spread) or another appropriate measure of our cost of funds and (ii) our pricing models at that time, less a bid spread determined after taking into account the size of the repurchase, the nature of the assets underlying the Notes and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our Notes for use on customer account statements would generally be determined on the same basis. However, during the period of approximately five months beginning from the Trade Date, we or our affiliates may, in our sole discretion, increase the purchase price determined as described above by an amount equal to the declining differential between the Issue Price and the Issuer's estimated value of the Notes on the Trade Date, prorated over such period on a straight-line basis, for transactions that are individually and in the aggregate of the expected size for ordinary secondary market repurchases.

Resolution Measures

Under the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*, or "**Resolution Act**"), which became effective on January 1, 2015, the Notes may be subject to any Resolution Measure by our competent resolution authority if we become, or are deemed by our competent supervisory authority to have become, "non-viable" (as defined under the then applicable law) and are unable to continue our regulated banking activities without a Resolution Measure becoming applicable to us. A "**Resolution Measure**" may include: (i) a write down, including to zero, of any payment (or delivery obligations) on the Notes; (ii) a conversion of the Notes into ordinary shares or other instruments qualifying as core equity tier 1 capital; and/or (iii) any other resolution measure, including (but not limited to) a transfer of the Notes to another entity, an amendment of the terms and conditions of the Notes or the cancellation of the Notes. By acquiring the Notes, you will be bound by and will be deemed to consent to the imposition of any Resolution Measure by our competent resolution authority as set forth in the accompanying prospectus dated July 31, 2015. Please read the risk factor "The Notes may become subordinated to the claims of other creditors, be written down, be converted or become subject to other Resolution Measures. You may lose some or all of your investment if any such measure becomes applicable to us" in this free writing prospectus and see the prospectus for further information.

Additional Terms Specific to the Notes

You should read this free writing prospectus, together with product supplement B dated July 31, 2015, the prospectus supplement dated July 31, 2015 relating to our Series A global notes of which these Notes are a part and the prospectus dated July 31, 2015. You may access these documents on the website of the Securities and Exchange Commission (the "**SEC**") at.www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

.. Product supplement B dated July 31, 2015:
http://www.sec.gov/Archives/edgar/data/1159508/000095010315006059/crt_dp58181-424b2.pdf

.. Prospectus supplement dated July 31, 2015:
http://www.sec.gov/Archives/edgar/data/1159508/000095010315006048/crt-dp58161_424b2.pdf

.. Prospectus dated July 31, 2015:
http://www.sec.gov/Archives/edgar/data/1159508/000119312515273165/d40464d424b2.htm

Deutsche Bank AG has filed a registration statement (including a prospectus) with the Securities and Exchange Commission for the offerings to which this free writing prospectus relates. Before you invest in the Notes offered hereby, you should read these documents and any other documents relating to these offerings that Deutsche Bank AG has filed with the SEC for more complete information about Deutsche Bank AG and these offerings. You may obtain these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Our Central Index Key, or CIK, on the SEC website is 0001159508. Alternatively, Deutsche Bank AG, any agent or any dealer participating in these offerings will arrange to send you the prospectus, prospectus supplement, product supplement and this free writing prospectus if you so request by calling toll-free 1-800-311-4409.

You may revoke your offer to purchase the Notes at any time prior to the time at which we accept such offer by notifying the applicable agent. We reserve the right to change the terms of, or reject any offer to purchase, the Notes prior to their issuance. We will notify you in the event of any changes to the terms of the Notes, and you will be asked to accept such changes in connection with your purchase of the Notes. You may also choose to reject such changes, in which case we may reject your offer to purchase the Notes.

References to "Deutsche Bank AG," "we," "our" and "us" refer to Deutsche Bank AG, including, as the context requires, acting through one of its branches. In this free writing prospectus, "Notes" refers to the Airbag Autocallable Yield Optimization Notes that are offered hereby, unless the context otherwise requires. This free writing prospectus, together with the documents listed above, contains the terms of the Notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in "Key Risks" in this free writing prospectus and "Risk Factors" in the accompanying product supplement, prospectus supplement and prospectus, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before deciding to invest in the Notes.

If the terms described in this free writing prospectus are inconsistent with those described in the accompanying product supplement, prospectus supplement or prospectus, the terms described in this free writing prospectus shall control. All references to "Closing Price" and "Reference Underlying" in this free writing prospectus shall be *deemed to refer to "Closing Level" and "Underlying," respectively, as used in the accompanying product supplement.*

Investor Suitability

The suitability considerations identified below are not exhaustive. Whether or not the Notes are a suitable investment for you will depend on your individual circumstances, and you should reach an investment decision only after you and your investment, legal, tax, accounting and other advisers have carefully considered the suitability of an investment in the Notes in light of your particular circumstances. You should also review "Key Risks" on page 7 of this free writing prospectus and "Risk Factors" on page 7 of the accompanying product supplement, page PS-5 of the accompanying prospectus supplement and page 12 of the accompanying prospectus.

The Notes may be suitable for you if, among other considerations:

¨ You fully understand the risks inherent in an investment in the Notes, including the risk of loss of your entire investment.

¨ You can tolerate the loss of some or all of your investment and are willing to make an investment that may have the full downside market risk of an investment in the Reference Underlying.

¨ You believe the Final Price of the Reference Underlying is not likely to be less than the Conversion Price and, if it is, you can tolerate receiving shares of the Reference Underlying at maturity that are worth less than your initial investment or may have no value at all.

¨ You understand and accept that you will not participate in any increase in the price of the Reference Underlying and that your return is limited to the Coupon Payments.

¨ You are willing to accept the risks of owning equities in general and the Reference Underlying in particular.

¨ You can tolerate fluctuations in the value of the Notes prior to maturity that may be similar to or exceed the downside price fluctuations of the Reference Underlying.

¨ You are willing to forgo any dividends and any other distributions paid on the Reference Underlying.

¨ You are willing and able to hold the Notes that will be called on any Observation Date on which the Closing Price of the Reference Underlying is greater than or equal to the Initial Price, and you are otherwise willing and able to hold

The Notes may *not* be suitable for you if, among other considerations:

¨ You do not fully understand the risks inherent in an investment in the Notes, including the risk of loss of your entire investment.

¨ You require an investment designed to provide a full return of your initial investment at maturity.

¨ You cannot tolerate the loss of some or all of your investment or you are unwilling to make an investment that may have the full downside market risk of an investment in the Reference Underlying.

¨ You believe the Final Price of the Reference Underlying is likely to be less than the Conversion Price, which could result in a total loss of your initial investment.

¨ You cannot tolerate receiving shares of the Reference Underlying at maturity that are worth less than your initial investment or may have no value at all.

¨ You seek an investment that participates in any increase in the price of the Reference Underlying or that has unlimited return potential.

¨ You are unwilling to accept the risks of owning equities in general and the Reference Underlying in particular.

¨ You cannot tolerate fluctuations in the value of the Notes prior to maturity that may be similar to or exceed the downside price fluctuations of the Reference Underlying.

the Notes to the Maturity Date, as set forth on the cover of this free writing prospectus, and are not seeking an investment for which there will be an active secondary market.

¨ You are willing and able to assume the credit risk associated with Deutsche Bank AG, as Issuer of the Notes, and understand that if Deutsche Bank AG defaults on its obligations or becomes subject to a Resolution Measure you might not receive any amounts due to you, including any Coupon Payment, any payment upon an automatic call or any payment of your initial investment at maturity.

¨ You are unwilling to forgo any dividends or any other distributions paid on the Reference Underlying.

¨ You are unwilling or unable to hold the Notes that will be called on any Observation Date on which the Closing Price of the Reference Underlying is greater than or equal to the Initial Price, or you are otherwise unwilling or unable to hold the Notes to the Maturity Date, as set forth on the cover of this free writing prospectus, or seek an investment for which there will be an active secondary market.

¨ You are unwilling or unable to assume the credit risk associated with Deutsche Bank AG, as Issuer of the Notes for all payments on the Notes, including any Coupon Payment, any payment upon an automatic call or any payment of your initial investment at maturity.

Indicative Terms

Issuer	Deutsche Bank AG, London Branch
Issue Price	100% of the Face Amount of Notes
Face Amount	$1,000
Term	Approximately 1 year, subject to a quarterly automatic call
Trade Date[1]	September 10, 2015
Settlement Date[1]	September 15, 2015
Final Valuation Date[1, 2]	September 13, 2016
Maturity Date[1, 2]	September 19, 2016
Reference Underlyings	Common stock of AbbVie Inc. (Ticker: ABBV) Common stock of Citigroup Inc. (Ticker: C) Common stock of Ford Motor Company (Ticker: F) Common stock of Morgan Stanley (Ticker: MS)
Call Feature	The Notes will be automatically called if the Closing Price of the relevant Reference Underlying on any Observation Date is greater than or equal to the Initial Price. If the Notes are automatically called, Deutsche Bank AG will pay you on the applicable Call Settlement Date a cash payment per $1,000 Face Amount of Notes equal to the Face Amount plus the applicable Coupon Payment otherwise due on such day pursuant to the coupon feature. No further amounts will be owed to you under the Notes.
Observation Dates[1, 2]	Quarterly, on December 14, 2015, March 14, 2016, June 14, 2016 and September 13, 2016 (the "**Final Valuation Date**")
Call Settlement Dates	Two business days following the relevant Observation Date, except the Call Settlement Date for the final Observation Date will be the Maturity Date.
Coupon Payments	Coupons paid monthly in arrears on an unadjusted basis on the Coupon Payment Dates in twelve equal installments based on the Coupon Rate (as set forth below), regardless of the performance of the relevant Reference Underlying unless the Notes are automatically called.

Reference Underlyings:	**Coupon Rate per annum:**
Common stock of AbbVie Inc.	9.30% per annum
Common stock of Citigroup Inc.	8.30% per annum
Common stock of Ford Motor Company	9.00% per annum
Common stock of Morgan Stanley	8.30% per annum

Installments	For the Notes linked to the common stock of AbbVie Inc., each installment will be 0.7750% of the Face Amount. For the Notes linked to the common stock of Citigroup Inc., each installment will be 0.6917% of the Face Amount.

	For the Notes linked to the common stock of Ford Motor Company, each installment will be 0.7500% of the Face Amount. For the Notes linked to the common stock of Morgan Stanley, each installment will be 0.6917% of the Face Amount.
Coupon Payment Dates[1, 2]	Coupons will be paid monthly in arrears in twelve equal installments on the Coupon Payment Dates listed below. The last Coupon Payment Date is the Maturity Date, subject to postponement as described in the accompanying product supplement and this free writing prospectus. October 16, 2015 November 16, 2015 December 16, 2015* January 19, 2016 February 16, 2016 March 16, 2016* April 18, 2016 May 16, 2016 June 16, 2016* July 18, 2016 August 16, 2016 September 19, 2016 (the Maturity Date) *If the Notes are automatically called prior to the Final Valuation Date, the applicable coupon will be paid on the corresponding Call Settlement Date and no further amounts will be paid on the Notes.
Payment at Maturity (per $1,000 Face Amount of Notes)	**If the Notes are not automatically called and the Final Price of the relevant Reference Underlying is greater than or equal to the applicable Conversion Price,** Deutsche Bank AG will pay you per $1,000 Face Amount of Notes at maturity a cash payment equal to the Face Amount (in addition to the final Coupon Payment). **If the Notes are not automatically called and the Final Price of the relevant Reference Underlying is less than the applicable Conversion Price,** Deutsche Bank AG will deliver to you per $1,000 Face Amount of Notes at maturity a number of shares of the applicable Reference Underlying equal to the Share Delivery Amount (subject to adjustments in the case of certain corporate events as described in the accompanying product supplement). **In this circumstance, the shares of the relevant Reference Underlying delivered as the Share Delivery Amount at maturity are expected to be worth less than your initial investment or may have no value at all.**

	If you receive the Share Delivery Amount at maturity, we will pay cash in lieu of delivering any fractional shares in an amount equal to that fraction multiplied by the closing price of the Reference Underlying on the Final Valuation Date.
Initial Price	The Closing Price of the relevant Reference Underlying on September 9, 2015. **The Initial Price is not the Closing Price of the relevant Reference Underlying on the Trade Date.** For the Notes linked to the common stock of AbbVie Inc., $59.26 For the Notes linked to the common stock of Citigroup Inc., $50.88 For the Notes linked to the common stock of Ford Motor Company, $13.53 For the Notes linked to the common stock of Morgan Stanley, $33.75
Final Price	The Closing Price of the relevant Reference Underlying on the Final Valuation Date.
Conversion Price	For the Notes linked to the common stock of AbbVie Inc.,$51.56, equal to 87.00% of the Initial Price. For the Notes linked to the common stock of Citigroup Inc., $44.27, equal to 87.00% of the Initial Price. For the Notes linked to the common stock of Ford Motor Company, $11.50, equal to 85.00% of the Initial Price. For the Notes linked to the common stock of Morgan Stanley, $28.69, equal to 85.00% of the Initial Price.
Share Delivery Amount	For the Notes linked to the common stock of AbbVie Inc., 19.3949 per $1,000 Face Amount of Notes. For the Notes linked to the common stock of Citigroup Inc., 22.5887 per $1,000 Face Amount of Notes. For the Notes linked to the common stock of Ford Motor Company, 86.9565 per $1,000 Face Amount of Notes. For the Notes linked to the common stock of Morgan Stanley, 34.8554 per $1,000 Face Amount of Notes. The Share Delivery Amount for each $1,000 Face Amount of Notes is the number of shares of the applicable Reference Underlying equal to (1) the Face Amount divided by (2) the Conversion Price. The Share Delivery Amount is subject to adjustments in the case of certain corporate events as described in the accompanying product supplement.
Closing Price	On any trading day, the last reported sale price of one share of the relevant Reference Underlying on the relevant exchange *multiplied* by the relevant Stock Adjustment Factor, as determined by the calculation agent.
Stock Adjustment Factor	Initially 1.0 for each Reference Underlying, subject to adjustment for certain actions affecting such Reference Underlying. See "Description of Securities — Anti-Dilution Adjustments for Reference Stock" in the accompanying product supplement.

INVESTING IN THE NOTES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE SOME OR ALL OF YOUR INITIAL INVESTMENT. YOU MAY RECEIVE SHARES AT MATURITY THAT ARE WORTH

LESS THAN YOUR INITIAL INVESTMENT OR MAY HAVE NO VALUE AT ALL. ANY PAYMENT ON THE NOTES, INCLUDING ANY COUPON PAYMENT, ANY PAYMENT UPON AN AUTOMATIC CALL AND ANY REPAYMENT OF YOUR INITIAL INVESTMENT AT MATURITY, IS SUBJECT TO THE CREDITWORTHINESS OF THE ISSUER. IN THE EVENT THE ISSUER BECOMES UNABLE TO PAY ITS OBLIGATIONS WHEN DUE OR BECOMES SUBJECT TO A RESOLUTION MEASURE, YOU COULD LOSE SOME OR ALL OF YOUR INVESTMENT.

[1] In the event that we make any change to the expected Trade Date or Settlement Date, the Observation Dates, Coupon Payment Dates, Final Valuation Date and Maturity Date may be changed to ensure that the stated term of the Notes remains the same.

[2] Subject to postponement as described under “Description of Securities — Adjustments to Valuation Dates and Payment Dates” in the accompanying product supplement.

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Investment Timeline

September 9, 2015:	The Initial Price is observed, the Conversion Price is determined and the Coupon Rate is set.
Monthly (including at maturity):	Deutsche Bank AG pays the applicable coupon.
Quarterly (including the Final Valuation Date):	The Notes will be automatically called if the Closing Price of the relevant Reference Underlying on any Observation Date is greater than or equal to the Initial Price. If the Notes are automatically called, Deutsche Bank AG will pay you on the applicable Call Settlement Date a cash payment per $1,000 Face Amount of Notes equal to the Face Amount plus the applicable Coupon Payment otherwise due on such day pursuant to the coupon feature. No further amounts will be owed to you under the Notes. For each Reference Underlying, the Final Price will be determined on the Final Valuation Date.
Maturity Date:	**If the Notes are not automatically called and the Final Price of the relevant Reference Underlying is greater than or equal to the applicable Conversion Price,** Deutsche Bank AG will pay you a cash payment per $1,000 Face Amount of Notes at maturity equal to the Face Amount (in addition to the final Coupon Payment). **If the Notes are not automatically called and the Final Price of the relevant Reference Underlying is less than the applicable Conversion Price,** Deutsche Bank AG will deliver to you per $1,000 Face Amount of Notes at maturity a number of shares of the applicable Reference Underlying equal to the Share Delivery Amount (subject to adjustments in the case of certain corporate events as described in the accompanying product supplement). **In this circumstance, the shares of the relevant Reference Underlying delivered as the Share Delivery Amount at maturity are expected to be worth less than your initial investment and may have no value at all.**

Key Risks

An investment in the Notes involves significant risks. Investing in the Notes is not equivalent to investing directly in the Reference Underlyings. Some of the risks that apply to an investment in each Note offered hereby are summarized below but we urge you to read the more detailed explanation of risks relating to the Notes generally in the "Risk Factors" sections of the accompanying product supplement, prospectus supplement and prospectus. We also urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the Notes offered hereby.

- **Your Investment in the Notes May Result in a Loss of Your Initial Investment** — The Notes differ from ordinary debt securities in that Deutsche Bank AG will not necessarily pay you the Face Amount per $1,000 Face Amount of Notes at maturity. We will only pay you the Face Amount of Notes in cash if the Notes are automatically called or if the Final Price of the applicable Reference Underlying is greater than or equal to the Conversion Price at maturity. If the Notes are not automatically called and the Final Price of the applicable Reference Underlying is below the Conversion Price, we will deliver to you a number of shares of the applicable Reference Underlying equal to the Share Delivery Amount per $1,000 Face Amount of Notes instead of the Face Amount in cash. Therefore, if the Final Price of an applicable Reference Underlying is below the Conversion Price, the value of the Share Delivery Amount will decline at a percentage higher than the percentage decline below the Conversion Price as measured from the Initial Price. For example, if the Conversion Price is 80% of the Initial Price and the Final Price is less than the Conversion Price, for each $1,000 Face Amount of Notes, you will lose 1.25% of the Face Amount at maturity for each additional 1.00% that the Final Price is less than the Conversion Price. If you receive shares of the applicable Reference Underlying at maturity, the value of those shares is expected to be less than your initial investment and may have no value at all. Additionally, investors should note that, in the event that the Final Price of the applicable Reference Underlying is less than the Conversion Price, any decline in the price of the applicable Reference Underlying during the period between the Final Valuation Date and the Maturity Date will cause your return on the Notes to be less than the return you would have received had we instead paid you an amount in cash equal to the Share Delivery Amount.

- **Your Potential Return on the Notes Is Limited to the Face Amount Plus the Coupon Payments and You Will Not Participate in Any Increase in the Price of the Reference Underlying** — The Notes will not pay more than the Face Amount plus the Coupon Payments over the term of the Notes. If the Notes are automatically called, you will not participate in any increase in the price of the Reference Underlying and you will not receive any Coupon Payment after the applicable Call Settlement Date. If the Notes are automatically called on the first Observation Date, the total return on the Notes will be minimal. If the Notes are not automatically called, and the Final Price is greater than or equal to the Conversion Price, you will not participate in any increase in the price of the Reference Underlying and, for each $1,000 Face Amount of Notes, you will receive only the Face Amount (excluding any Coupon Payment). If the Notes are not automatically called and the Final Price is less than the Conversion Price, we will deliver to you at maturity shares of the Reference Underlying, which are expected to be worth less than the Face Amount as of the Maturity Date. Therefore, your return potential on the Notes will be limited to the Coupon Rate and may be less than what your return would be on a direct investment in the Reference Underlying.

- **Contingent Repayment of Your Initial Investment Applies Only if You Hold the Notes to Maturity** — If your Notes are not automatically called, you should be willing to hold your Notes to maturity. If you are able to sell your Notes prior to maturity in the secondary market, you may have to sell them at a loss relative to your initial investment even if the price of the Reference Underlying is above the Conversion Price.

¨ **Higher Coupon Rates Are Generally Associated With a Greater Risk of Loss** — Greater expected volatility with respect to the Reference Underlying reflects a higher expectation as of the Trade Date that the price of such Reference Underlying could be less than the Conversion Price on the Final Valuation Date. This greater expected risk will generally be reflected in a higher Coupon Rate for the Notes. However, while the Coupon Rate is a fixed amount, the Reference Underlying's volatility can change significantly over the term of the Notes. The price of the Reference Underlying could fall sharply, which could result in a significant loss of your initial investment.

¨ **Reinvestment Risk** — If your Notes are automatically called, the holding period over which you would receive any applicable coupon, which is based on the relevant Coupon Rate as specified on the cover hereof, could be as little as approximately three months. There is no guarantee that you would be able to reinvest the proceeds from an investment in the Notes at a comparable return for a similar level of risk in the event the Notes are automatically called prior to the Maturity Date.

¨ **The Notes Are Subject to the Credit of Deutsche Bank AG** — The Notes are unsubordinated and unsecured obligations of Deutsche Bank AG and are not, either directly or indirectly, an obligation of any third party. Any payment(s) to be made on the Notes, including any Coupon Payment, any payment upon an automatic call or any repayment of the Face Amount per $1,000 Face Amount of Notes at maturity, depends on the ability of Deutsche Bank AG to satisfy its obligations as they come due. An actual or anticipated downgrade in Deutsche Bank AG's credit rating or increase in the credit spreads charged by the market for taking Deutsche Bank AG's credit risk will likely have an adverse effect on the value of the Notes. As a result, the actual and perceived creditworthiness of Deutsche Bank AG will affect the value of the Notes, and in the event Deutsche Bank AG were to default on its obligations or become subject to a Resolution Measure, you might not receive any amount(s) owed to you under the terms of the Notes and you could lose your entire investment.

¨ **The Notes May Become Subordinated to the Claims of Other Creditors, Be Written Down, Be Converted or Become Subject to Other Resolution Measures. You May Lose Some or All of Your Investment If Any Such Measure Becomes Applicable to Us** — On May 15, 2014, the European Parliament and the Council of the European Union published a directive for establishing a framework for the recovery and resolution of credit institutions and investment firms (commonly referred to as the "**Bank Recovery and Resolution Directive**").The Bank Recovery and Resolution Directive required each member state of the European Union to adopt and publish by December 31, 2014 the laws, regulations and administrative provisions necessary to comply with the Bank Recovery and Resolution Directive. To implement the Bank Recovery and Resolution Directive, Germany has adopted the Resolution Act, which became effective on January 1, 2015. The Resolution Act may result in the Notes being subject to the powers exercised by our competent resolution authority to impose a Resolution Measure on us, which may include: writing down, including to zero, any payment on the Notes; converting the Notes into ordinary shares or other instruments qualifying as core equity tier 1 capital; or applying any other resolution measure, including (but not limited to) transferring the Notes to another entity, amending the terms and conditions of the Notes or cancelling of the Notes. Furthermore, because the Notes are subject to any Resolution Measure, secondary market trading in the Notes may not follow the trading behavior associated with similar types of securities issued by other financial institutions which may be or have been subject to a Resolution Measure. Imposition of a Resolution Measure would have to be conducted in accordance with a

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set order of priority and would likely occur if we become, or are deemed by our competent supervisory authority to have become, "non-viable" (as defined under the then applicable law) and are unable to continue our regulated banking activities without a Resolution Measure becoming applicable to us. We expect additional Resolution Measures to become applicable to us when the European regulation of July 15, 2014 relating to the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (commonly referred to as the "**SRM Regulation**") becomes effective on January 1, 2016. On May 26, 2015, the German Federal Government published a draft bill of a Resolution Mechanism Act. In addition to conforming German law to the SRM Regulation, the draft bill proposes to adjust the order of priority of obligations in the event of an insolvency proceeding. Specifically, senior unsecured debt instruments would by operation of law rank junior to all other outstanding unsecured unsubordinated obligations, but in priority to all contractually subordinated instruments. The proposed subordination would not apply if the terms of the senior unsecured debt instruments provide that (i) the repayment amount depends on the occurrence or non-occurrence of a future event, or will be settled in kind, or (ii) the interest amount depends on the occurrence or non-occurrence of a future event, unless it depends solely on a fixed or variable reference interest rate and will be settled in cash. The proposed order of priorities would apply to insolvency proceedings commenced on or after January 1, 2016. If the proposed subordination of senior unsecured debt instruments were enacted and were applied to the Notes, it would most likely result in a larger share of loss being allocated to the Notes in the event of an insolvency proceeding or the imposition of any Resolution Measures by the competent resolution authority. The final version of the Resolution Mechanism Act may provide for additional Resolution Measures that may become applicable to us. **You may lose some or all of your investment in the Notes if a Resolution Measure becomes applicable to us.**

By acquiring the Notes, you will be bound by and will be deemed to consent to the imposition of any Resolution Measure by our competent resolution authority. As a result, you would have no claim or other right against us arising out of any subordination or Resolution Measure and the imposition of any Resolution Measure will not constitute a default or an event of default under the Notes, under the senior indenture or for the purpose of the U.S. Trust Indenture Act of 1939, as amended. In addition, the trustee, the paying agent and The Depository Trust Company ("**DTC**") and any participant in DTC or other intermediary through which you hold such Notes may take any and all necessary action, or abstain from taking any action, if required, to implement the imposition of any Resolution Measure with respect to the Notes. **Accordingly, you may have limited or circumscribed rights to challenge any decision of our competent resolution authority to impose any Resolution Measure.** *Please see the accompanying prospectus dated July 31, 2015, including the risk factors under the heading "Securities May Be Subject to Resolution Measures" on page 12 of the prospectus.*

¨ **The Issuer's Estimated Value of the Notes on the Trade Date Will Be Less Than the Issue Price of the Notes** — The Issuer's estimated value of the Notes on the Trade Date (as disclosed on the cover of this free writing prospectus) is less than the Issue Price of the Notes. The difference between the Issue Price and the Issuer's estimated value of the Notes on the Trade Date is due to the inclusion in the Issue Price of the agent's commissions, if any, and the cost of hedging our obligations under the Notes through one or more of our affiliates. Such hedging cost includes our or our affiliates' expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge. The Issuer's estimated value of the Notes is determined by reference to an internal funding rate and our pricing models. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent's commissions, if any, and the estimated cost of hedging our obligations under the

Notes, reduces the economic terms of the Notes to you and is expected to adversely affect the price at which you may be able to sell the Notes in any secondary market. In addition, our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. If at any time a third party dealer were to quote a price to purchase your Notes or otherwise value your Notes, that price or value may differ materially from the estimated value of the Notes determined by reference to our internal funding rate and pricing models. This difference is due to, among other things, any difference in funding rates, pricing models or assumptions used by any dealer who may purchase the Notes in the secondary market.

- **Investing in the Notes Is Not the Same as Investing in the Reference Underlying** — The return on your Notes may not reflect the return you would realize if you invested directly in the Reference Underlying. For instance, your return on the Notes is limited to the applicable Coupon Payments you receive, regardless of any increase in the price of the Reference Underlying, which could be significant.

- **If the Price of the Reference Underlying Changes, the Value of the Notes May Not Change in the Same Manner** — The Notes may trade quite differently from the Reference Underlying. Changes in the price of the Reference Underlying may not result in comparable changes in the value of the Notes.

- **No Dividend Payments or Voting Rights** — As a holder of the Notes, you will not have any voting rights or rights to receive cash dividends or other distributions or other rights that holders of the Reference Underlying would have.

- **Single Stock Risk** — Each Note is linked to the equity securities of a single Reference Underlying. The price of a Reference Underlying can rise or fall sharply due to factors specific to that Reference Underlying and its issuer (the "**Reference Underlying Issuer**"), such as stock price volatility, earnings, financial conditions, corporate, industry and regulatory developments, management changes and decisions and other events, as well as general market factors, such as general stock market volatility and levels, interest rates and economic and political conditions. We urge you to review financial and other information filed periodically by the Reference Underlying Issuer with the SEC.

- **The Anti-Dilution Protection Is Limited** — The calculation agent will make adjustments to the relevant Stock Adjustment Factor, the Share Delivery Amount and the Payment at Maturity in the case of certain corporate events affecting the Reference Underlying. The calculation agent is not required, however, to make such adjustments in response to all events that could affect the relevant Reference Underlying. If an event occurs that does not require the calculation agent to make an adjustment, the value of the Notes may be materially and adversely affected. In addition, you should be aware that the calculation agent may, at its sole discretion, make adjustments to the relevant Stock Adjustment Factor or any other terms of the Notes that are in addition to, or that differ from, those described in the accompanying product supplement to reflect changes occurring in relation to the Reference Underlying or any other security received in a reorganization event in circumstances where the calculation agent determines that it is appropriate to reflect those changes to ensure an equitable result. Any alterations to the specified anti-dilution adjustments for the Reference Underlying or any other security received in a reorganization event described in the accompanying product supplement may be materially adverse to investors in the Notes. You should read "Description of Securities — Anti-Dilution Adjustments for Reference Stock" in the accompanying product supplement in order to understand the adjustments that may be made to the Notes.

In Some Circumstances, You May Receive the Equity Securities of Another Company and Not the Reference Underlying at Maturity — Following certain corporate events relating to the respective Reference Underlying Issuer where such Reference Underlying Issuer is not the surviving entity, you may receive the equity securities of a successor to the respective Reference Underlying Issuer or any cash or any other assets distributed to holders of the Reference Underlying in such corporate event. The occurrence of these corporate events and the consequent adjustments may materially and adversely affect the value of the Notes. For more information, see the section "Description of Securities — Anti-Dilution Adjustments for Reference Stock" in the accompanying product supplement. Regardless of the occurrence of one or more dilution or reorganization events, you should note that at maturity, for each $1,000 Face Amount of Notes, you will receive an amount in cash from Deutsche Bank AG equal to the Face Amount unless the Final Price of the Reference Underlying is less than the Conversion Price.

There Is No Affiliation Between the Reference Underlying Issuers and Us and We Have Not Participated in the Preparation of, or Verified, Any Disclosure by Such Reference Underlying Issuers — We are not affiliated with the Reference Underlying Issuers. However, we or our affiliates may currently or from time to time in the future engage in business with the Reference Underlying Issuers, including extending loans to, making equity investments in, or providing advisory services to, such Reference Underlying Issuer, including merger and acquisition advisory service. In the course of this business, we or our affiliates may acquire non-public information about the Reference Underlying Issuers, and we will not disclose any such information to you. Nevertheless, neither we nor our affiliates have participated in the preparation of, or verified, any information about the Reference Underlyings and the Reference Underlying Issuers. You, as an investor in the Notes, should make your own investigation into the Reference Underlying Issuers. None of the Reference Underlying Issuers are involved in the Notes offered hereby in any way and none of them have any obligation of any sort with respect to your Notes. None of the Reference Underlying Issuers have any obligation to take your interests into consideration for any reason, including when taking any corporate actions that might affect the value of your Notes.

Past Performance of the Reference Underlying Is No Guide to Future Performance — The actual performance of the Reference Underlying may bear little relation to the historical closing prices of the Reference Underlying and/or the hypothetical return examples set forth elsewhere in this free writing prospectus. We cannot predict the future performance of the Reference Underlying. The common stock of AbbVie Inc. commenced trading on December 10, 2012 and therefore has a limited performance history.

Assuming No Changes in Market Conditions and Other Relevant Factors, the Price You May Receive for Your Notes in Secondary Market Transactions Would Generally Be Lower Than Both the Issue Price and the Issuer's Estimated Value of the Notes on the Trade Date — While the payment(s) on the Notes described in this free writing prospectus is based on the full Face Amount of your Notes, the Issuer's estimated value of the Notes on the Trade Date (as disclosed on the cover of this free writing prospectus) is less than the Issue Price of the Notes. The Issuer's estimated value of the Notes on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your Notes in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we or our affiliates would be willing to purchase the Notes from you in secondary market transactions, if at all, would generally be lower than both the Issue Price and the Issuer's estimated value of the Notes on the Trade Date. Our purchase price, if any, in secondary market transactions would be based on the estimated value of the Notes determined by reference to (i) the then-prevailing internal funding rate (adjusted by a spread) or another appropriate measure of our cost of funds and (ii) our pricing models at that time, less a bid spread determined after taking into account the size of the repurchase, the nature of the assets underlying the Notes and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our Notes for use on customer account statements would generally be determined on the same basis. However, during the period of approximately five months beginning from the Trade Date, we or our affiliates may, in our sole discretion, increase the purchase price determined as described above by an amount equal to the declining differential between the Issue Price and the Issuer's estimated value of the Notes on the Trade Date, prorated over such period on a straight-line basis, for transactions that are individually and in the aggregate of the expected size for ordinary secondary market repurchases.

In addition to the factors discussed above, the value of the Notes and our purchase price in secondary market transactions after the Trade Date, if any, will vary based on many economic and market factors, including our creditworthiness, and cannot be predicted with accuracy. These changes may adversely affect the value of your Notes, including the price you may receive in any secondary market transactions. Any sale prior to the Maturity Date could result in a substantial loss to you. The Notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Notes to maturity.

.. **The Notes Will Not Be Listed and There Will Likely Be Limited Liquidity** — The Notes will not be listed on any securities exchange. There may be little or no secondary market for the Notes. We or our affiliates intend to act as market makers for the Notes but are not required to do so and may cease such market making activities at any time. Even if there is a secondary market, it may not provide enough liquidity to allow you to sell the Notes when you wish to do so or at a price advantageous to you. Because we do not expect other dealers to make a secondary market for the Notes, the price at which you may be able to sell your Notes is likely to depend on the price, if any, at which we or our affiliates are willing to buy the Notes. If, at any time, we or our affiliates do not act as market makers, it is likely that there would be little or no secondary market in the Notes. If you have to sell your Notes prior to maturity, you may not be able to do so or you may have to sell them at a substantial loss, even in cases where the price of the Reference Underlying has increased since the Trade Date.

.. **Many Economic and Market Factors Will Affect the Value of the Notes** — While we expect that, generally, the price of the Reference Underlying will affect the value of the Notes more than any other single factor, the value of the Notes prior to maturity will also be affected by a number of other factors that may either offset or magnify each other, including:

.. the expected volatility of the Reference Underlying;

.. the time remaining to the maturity of the Notes;

.. the dividend rates of the Reference Underlying;

.. the real and anticipated results of operations of the Reference Underlying Issuer;

.. actual or anticipated corporate reorganization events, such as mergers or takeovers, which may affect the Reference Underlying;

- interest rates and yields in the market generally;

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- the date from which distributions on the preferred shares shall accumulate;
- the provisions for any auctioning or remarketing, if any, of the preferred shares;
- the provision, if any, for redemption or a sinking fund;
- the liquidation preference per share;
- any listing of the preferred shares on a securities exchange;
- whether the preferred shares will be convertible and, if so, the security into which they are convertible and the terms and conditions of conversion, including the conversion price or the manner of determining it;
- whether interests in the preferred shares will be represented by depositary shares as more fully described below under "Description of Depositary Shares";
- a discussion of federal income tax considerations;
- the relative ranking and preferences of the preferred shares as to distribution and liquidation rights;
- any limitations on issuance of any preferred shares ranking senior to or on a parity with the series of preferred shares being offered as to distribution and liquidation rights;
- any limitations on direct or beneficial ownership and restrictions on transfer; and
- any other specific preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption of the preferred shares.

As described under "Description of Depositary Shares," we may, at our option, elect to offer depositary shares evidenced by depositary receipts. If we elect to do this, each depositary receipt will represent a fractional interest in a share of the particular series of the preferred shares issued and deposited with a depositary. The applicable prospectus supplement will specify that fractional interest.

Rank

Unless our board otherwise determines and we so specify in the applicable prospectus supplement, we expect that the preferred shares will, with respect to distribution rights and rights upon liquidation or dissolution, rank senior to all our common shares.

Distributions

Holders of preferred shares of each series will be entitled to receive cash and/or share distributions at the rates and on the dates described in the applicable prospectus supplement. Even though the preferred shares may specify a fixed rate of distribution, our board must authorize and we must declare those distributions and they may be paid only out of assets legally available for distribution. We will pay each distribution to holders of record as they appear on our share transfer books on the record dates fixed by our board. In the case of preferred shares represented by depositary receipts, the records of the depositary referred to under "Description of Depositary Shares" will determine the persons to whom distributions are payable.

Distributions on any series of preferred shares may be cumulative or noncumulative, as provided in the applicable prospectus supplement. We refer to each particular series, for ease of reference, as the applicable series. Cumulative distributions will be cumulative from and after the date shown in the applicable prospectus supplement. If our board fails to authorize a distribution on any applicable series that is noncumulative, the holders will have no right to receive, and we will have no obligation to pay, a

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distribution in respect of the applicable distribution period, whether or not distributions on that series or any other series are declared payable in the future.

If the applicable series is entitled to a cumulative distribution, we may not declare, or pay or set aside for payment, any full distributions on any other series of preferred shares ranking, as to distributions, on a parity with or junior to the applicable series, unless we declare, and either pay or set aside for payment, full cumulative distributions on the applicable series for all past distribution periods and the then current distribution period. If the applicable series does not have a cumulative distribution, we must declare, and pay or set aside for payment, full distributions for the then current distribution period only. When distributions are not paid, or set aside for payment, in full upon any applicable series and the shares of any other series ranking on a parity as to distributions with the applicable series, we must declare, and pay or set aside for payment, all distributions upon the applicable series and any other parity series proportionately, in accordance with accrued and unpaid distributions of the several series. For these purposes, accrued and unpaid distributions do not include unpaid distribution periods on noncumulative preferred shares. No interest will be payable in respect of any distribution payment that may be in arrears.

Except as provided in the immediately preceding paragraph, unless we declare, and pay or set aside for payment, full cumulative distributions, including for the then current period, on any cumulative applicable series, we may not declare, or pay or set aside for payment, any distributions upon common shares or any other equity securities ranking junior to or on a parity with the applicable series as to distributions or upon liquidation. The foregoing restriction does not apply to distributions paid in common shares or other equity securities ranking junior to the applicable series as to distributions and upon liquidation. If the applicable series is noncumulative, we need only declare, and pay or set aside for payment, the distribution for the then current period, before declaring distributions on common shares or junior or parity securities. In addition, under the circumstances that we could not declare a distribution, we may not redeem, purchase or otherwise acquire for any consideration any common shares or other parity or junior equity securities, except upon conversion into or exchange for common shares or other junior equity securities. We may, however, make purchases and redemptions otherwise prohibited pursuant to certain redemptions or pro rata offers to purchase the outstanding shares of the applicable series and any other parity series of preferred shares.

We will credit any distribution payment made on an applicable series first against accrued but unpaid distributions due with respect to the series in the order specified in the applicable prospectus supplement.

Redemption

We may have the right or may be required to redeem one or more series of preferred shares, as a whole or in part, in each case upon the terms, if any, and at the times and at the redemption prices shown in the applicable prospectus supplement.

If a series of preferred shares is subject to mandatory redemption, we will specify in the applicable prospectus supplement the number or percentage of that series of shares we are required to redeem, when those redemptions start, the redemption price, and any other terms and conditions affecting the redemption. The redemption price will include all accrued and unpaid distributions, except in the case of noncumulative preferred shares. The redemption price may be payable in cash or other property, as specified in the applicable prospectus supplement. If the redemption price for the preferred shares of any series is payable only from the net proceeds of our issuance of shares of stock, the terms of the preferred shares may provide that, if no shares of stock shall have been issued or to the extent the net proceeds from any issuance are insufficient to pay in full the aggregate redemption price then due, the preferred shares will automatically and mandatorily be converted into common shares pursuant to conversion provisions specified in the applicable prospectus supplement.

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Liquidation Preference

The applicable prospectus supplement will show the liquidation preference of the applicable series. Upon our voluntary or involuntary liquidation, before any distribution may be made to the holders of our common shares or any other shares of stock ranking junior in the distribution of assets upon any liquidation to the applicable series, the holders of that series will be entitled to receive, after satisfaction of our debt and otherwise out of our assets legally available for distribution to shareholders, liquidating distributions in the amount of the liquidation preference, plus an amount equal to all distributions accrued and unpaid. In the case of a noncumulative applicable series, accrued and unpaid distributions include only the then current distribution period. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of preferred shares will have no right or claim to any of our remaining assets. If liquidating distributions shall have been made in full to all holders of preferred shares, our remaining assets will be distributed among the holders of any other shares of stock ranking junior to the preferred shares upon liquidation, according to their rights and preferences and in each case according to their number of shares.

If, upon any voluntary or involuntary liquidation, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of that series and the corresponding amounts payable on all shares of stock ranking on a parity in the distribution of assets with that series, then the holders of that series and all other equally ranking shares of stock shall share ratably in the distribution in proportion to the full liquidating distributions to which they would otherwise be entitled.

For these purposes, our consolidation or merger with or into any other corporation or other entity, or the sale, lease or conveyance of all or substantially all of our property or business, will not be a liquidation.

Voting Rights

Holders of our preferred shares will not have any voting rights, except as shown below or as otherwise from time to time specified in the applicable prospectus supplement.

Unless otherwise specified in the applicable prospectus supplement, holders of our preferred shares (voting separately as a class with all other series of preferred shares with similar voting rights) will be entitled to elect two additional directors to our board at our next annual meeting of shareholders and at each subsequent annual meeting if at any time distributions on the applicable series are in arrears for six consecutive quarterly periods. The right to elect additional directors described in the preceding sentence shall remain in effect until we declare and pay or set aside for payment those distributions specified in the applicable prospectus supplement. Unless otherwise specified in the applicable prospectus supplement, in the event the preferred shareholders are so entitled to elect directors, the entire board will be increased by two directors.

Unless otherwise provided in the applicable prospectus supplement, so long as any preferred shares are outstanding, we may not, without the affirmative vote or consent of a majority of the shares of each series of preferred shares outstanding at that time:

- authorize, create or increase the authorized or issued amount of any class or series of shares of stock ranking senior to that series of preferred shares with respect to distribution and liquidation rights;

- reclassify any authorized shares of stock into a series of shares of stock ranking senior to that series of preferred shares with respect to distribution and liquidation rights;

- create, authorize or issue any security or obligation convertible into or evidencing the right to purchase any shares of stock ranking senior to that series of preferred shares with respect to distribution and liquidation rights; and

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amend, alter or repeal the provisions of our charter or any articles supplementary relating to that series of preferred shares, whether by merger, consolidation or otherwise, that materially and adversely affects the series of preferred shares.

The authorization, creation or increase of the authorized or issued amount of any class or series of shares of stock ranking on parity or junior to a series of preferred shares with respect to distribution and liquidation rights will not be deemed to materially and adversely affect that series.

The foregoing voting provisions will not apply if all of the outstanding shares of the series of preferred shares with the right to vote have been redeemed or called for redemption and sufficient funds have been deposited in trust for the redemption either at or prior to the act triggering these voting rights.

As more fully described under "Description of Depositary Shares" below, if we elect to issue depositary shares, each representing a fraction of a share of a series, each depositary will in effect be entitled to a fraction of a vote per depositary share.

Conversion Rights

We will describe in the applicable prospectus supplement the terms and conditions, if any, upon which holders of our preferred shares may, or we may require holders of our preferred shares to, convert shares of any series of preferred shares into common shares or any other class or series of shares of stock. The terms will include the number of common shares or other securities into which the preferred shares are convertible, the conversion price or the manner of determining such number or price. The terms will also include the conversion period, provisions as to whether conversion will be at the option of the holders of the series or at our option, the events requiring an adjustment of the conversion price, and provisions affecting conversion upon the redemption of shares of the series.

Our Exchange Rights

We will describe in the applicable prospectus supplement the terms and conditions, if any, upon which we can require holders of our preferred shares to exchange shares of any series of preferred shares for debt securities. If an exchange is required, you will receive debt securities with a principal amount equal to the liquidation preference of the applicable series of preferred shares. The other terms and provisions of the debt securities will not be materially less favorable to you than those of the series of preferred shares being exchanged.

Junior Participating Preferred Shares

In connection with the adoption of our shareholders' rights plan in March 2004, our board established an authorized but unissued class of 100,000 junior participating preferred shares, par value $.01 per share. See "Description of Certain Provisions of Maryland Law and of Charter and Bylaws Rights Plan," for a summary of our shareholders' rights plan.

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DESCRIPTION OF DEPOSITARY SHARES

General

The following is a summary of the material provisions of any deposit agreement and of the depositary shares and depositary receipts representing depositary shares. Because it is a summary, it does not contain all of the information that may be important to you. If you want more information, you should read the form of deposit agreement and depositary receipts which will be filed as exhibits to the registration statement of which this prospectus is a part prior to an offering of depositary shares. See "Where You Can Find More Information." This summary is also subject to and qualified by reference to the descriptions of the particular terms of the securities described in the applicable prospectus supplement.

We may, at our option, elect to offer fractional interests in shares of preferred stock, rather than whole shares of preferred stock. If we exercise this option, we will appoint a depositary to issue depositary receipts representing those fractional interests. Preferred shares of each series represented by depositary shares will be deposited under a separate deposit agreement between us and the depositary. The prospectus supplement relating to a series of depositary shares will show the name and address of the depositary. Subject to the terms of the applicable deposit agreement, each owner of depositary shares will be entitled to that owner's pro rata amount of all of the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of the preferred shares represented by those depositary shares.

Depositary receipts issued pursuant to the applicable deposit agreement will evidence ownership of depositary shares. Upon surrender of depositary receipts at the office of the depositary, and upon payment of the charges provided in and subject to the terms of the deposit agreement, a holder of depositary shares will be entitled to receive the preferred shares underlying the surrendered depositary receipts.

Distributions

A depositary will be required to distribute all cash distributions received in respect of the applicable preferred shares to the record holders of depositary receipts evidencing the related depositary shares in proportion to the number of depositary receipts owned by the holders. Fractions will be rounded down to the nearest whole cent.

If the distribution is other than in cash, a depositary will be required to distribute property received by it to the record holders of depositary receipts entitled thereto, unless the depositary determines that it is not feasible to make the distribution. In that case, the depositary may, with our approval, sell the property and distribute the net proceeds from the sale to the holders.

Depositary shares that represent preferred shares converted or exchanged will not be entitled to distributions. The deposit agreement will also contain provisions relating to the manner in which any subscription or similar rights we offer to holders of the preferred shares will be made available to holders of depositary shares. All distributions will be subject to obligations of holders to file proofs, certificates and other information and to pay certain charges and expenses to the depositary.

Withdrawal of Preferred Shares

You may elect to receive the number of whole shares of your series of preferred shares and any money or other property represented by those depositary receipts after surrendering the depositary receipts at the corporate trust office of the depositary. Partial shares of preferred stock will not be issued. If the depositary shares that you surrender exceed the number of depositary shares that represent the number of whole preferred shares you wish to withdraw, then the depositary will deliver to you at the same time a new depositary receipt evidencing the excess number of depositary shares.

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Once you have withdrawn your preferred shares, you will not be entitled to re-deposit those preferred shares under the deposit agreement in order to receive depositary shares. We do not expect that there will be any public trading market for withdrawn preferred shares.

Redemption of Depositary Shares

If we redeem a series of the preferred shares that underlie depositary shares, the depositary will redeem those shares from the proceeds received from us. The depositary will mail notice of redemption not less than 30 and not more than 60 days before the date fixed for redemption to the record holders of the depositary receipts identifying the depositary shares to be redeemed at their addresses appearing in the depositary's books. The redemption price per depositary share will be equal to the applicable fraction of the redemption price per share payable with respect to the series of the preferred shares. The redemption date for depositary shares will be the same as that of the preferred shares. If we redeem less than all of the preferred shares, the depositary will select the depositary shares to be redeemed by lot or pro rata as the depositary may determine.

After the date fixed for redemption, the depositary shares called for redemption will be deemed no longer outstanding. All rights of the holders of the depositary shares and the related depositary receipts will cease at that time, except the right to receive the money or other property to which the holders of depositary shares were entitled upon redemption. Receipt of the money or other property is subject to surrender to the depositary of the depositary receipts evidencing the redeemed depositary shares.

Voting of the Preferred Shares

Upon receipt of notice of any meeting at which the holders of the applicable preferred shares are entitled to vote, a depositary will be required to mail the information contained in the notice of meeting to the record holders of the applicable depositary receipts. Each record holder of depositary receipts on the record date will be entitled to instruct the depositary as to the exercise of the voting rights pertaining to the amount of preferred shares represented by the holder's depositary shares. The depositary will try, as practical, to vote the shares as instructed by the holders. We will agree to take all reasonable action that the depositary deems necessary in order to enable it to do so. If you do not instruct the depositary how to vote your shares, the depositary will abstain from voting those shares. The depositary will not be responsible for any failure to carry out an instruction to vote or for the effect of any such vote made so long as the action or inaction of the depositary is in good faith and is not the result of the depositary's gross negligence or willful misconduct.

Liquidation Preference

Upon our liquidation, whether voluntary or involuntary, each holder of depositary shares will be entitled to the fraction of the liquidation preference of each preferred share represented by the depositary shares, as shown in the applicable prospectus supplement.

Conversion or Exchange of Preferred Shares

The depositary shares will not themselves be convertible into or exchangeable for common shares, preferred shares or any of our other securities or property. Nevertheless, if so specified in the applicable prospectus supplement, the depositary receipts may be surrendered by holders to the applicable depositary with written instructions to it to instruct us to cause conversion of the preferred shares represented by the depositary shares. Similarly, if so specified in the applicable prospectus supplement, we may require you to surrender all of your depositary receipts to the applicable depositary upon our requiring the conversion or exchange of the preferred shares represented by the depositary shares into our debt securities. Upon receipt of the instruction and any amounts payable in connection with the conversion or exchange, we will cause the conversion or exchange using the same procedures as those provided for delivery of preferred shares to effect the conversion or exchange. If

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you are converting only a part of the depositary shares, the depositary will issue you a new depositary receipt for any unconverted depositary shares.

Taxation

As owner of depositary shares, you will be treated for U.S. federal income tax purposes as if you were an owner of the series of preferred shares represented by the depositary shares. Therefore, you will be required to take into account for U.S. federal income tax purposes income and deductions to which you would be entitled if you were a holder of the underlying series of preferred shares. In addition:

- no gain or loss will be recognized for U.S. federal income tax purposes upon the withdrawal of preferred shares in exchange for depositary shares provided in the deposit agreement;

- the tax basis of each preferred share to you as exchanging owner of depositary shares will, upon exchange, be the same as the aggregate tax basis of the depositary shares exchanged for the preferred shares; and

- if you held the depositary shares as a capital asset at the time of the exchange for preferred shares, the holding period for the preferred shares will include the period during which you owned the depositary shares.

Amendment and Termination of a Deposit Agreement

We and the applicable depositary are permitted to amend the provisions of a series of depositary receipts and the related deposit agreement. However, the holders of at least a majority of the applicable depositary shares then outstanding must approve any amendment that adds or increases fees or charges or prejudices an important right of holders. Every holder of an outstanding depositary receipt at the time any amendment becomes effective, by continuing to hold the receipt, and every subsequent holder will be bound by the applicable deposit agreement, as amended.

As described below, any depositary may be replaced by us without approval of holders of depositary shares. Any deposit agreement may otherwise be terminated by us upon not less than 30 days' prior written notice to the applicable depositary if a majority of each series of preferred shares affected by the termination consents to the termination. When a deposit agreement is terminated without replacement, the depositary will be required to deliver or make available to each holder of depositary receipts, upon surrender of the depositary receipts held by the holder, the number of whole or fractional shares of preferred shares as are represented by the depositary shares evidenced by the depositary receipts, together with any other property held by the depositary with respect to the depositary receipts. In addition, a deposit agreement will automatically terminate if:

- all depositary shares have been redeemed;

- there shall have been a final distribution in respect of the related preferred shares in connection with our liquidation and the distribution has been made to the holders of depositary receipts evidencing the depositary shares underlying the preferred shares; or

- each related preferred share shall have been converted or exchanged into securities not represented by depositary shares.

Charges of a Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of a deposit agreement. In addition, we will pay the fees and expenses of a depositary in connection with the initial deposit of the preferred shares and any redemption of preferred shares. However, holders of depositary receipts will pay any transfer or other governmental charges and the fees and

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expenses of a depositary for any duties the holders request to be performed that are outside of those expressly provided for in the applicable deposit agreement.

Resignation and Removal of Depositary

A depositary may resign at any time by delivering to us notice of its election to do so. In addition, we may at any time remove a depositary. Any resignation or removal will take effect when we appoint a successor depositary and it accepts the appointment. We must appoint a successor depositary within 60 days after delivery of the notice of resignation or removal. A depositary must be a bank or trust company having its principal office in the United States that has a combined capital and surplus of at least $50 million.

Miscellaneous

A depositary will be required to forward to holders of depositary receipts any reports and communications from us that it receives with respect to the related preferred shares. Holders of depository receipts will be able to inspect the transfer books of the depository and the list of holders of depositary receipts upon reasonable notice.

Neither a depositary nor our company will be liable if it is prevented from or delayed in performing its obligations under a deposit agreement by law or any circumstances beyond its control. Our obligations and those of the depositary under a deposit agreement will be limited to performing duties in good faith and without gross negligence or willful misconduct. Neither we nor any depositary will be obligated to prosecute or defend any legal proceeding in respect of any depositary receipts, depositary shares or related preferred shares unless satisfactory indemnity is furnished. We and each depositary will be permitted to rely on written advice of counsel or accountants, on information provided by persons presenting preferred shares for deposit, by holders of depositary receipts, or by other persons believed in good faith to be competent to give the information, and on documents believed in good faith to be genuine and signed by a proper party.

If a depositary receives conflicting claims, requests or instructions from any holders of depositary receipts, on the one hand, and us, on the other hand, the depositary shall be entitled to act on the claims, requests or instructions received from us.

DESCRIPTION OF WARRANTS

The following is a summary of the material terms of our warrants and the warrant agreement. Because it is a summary, it does not contain all of the information that may be important to you. If you want more information, you should read the forms of warrants and the warrant agreement which will be filed as exhibits to the registration statement of which this prospectus is a part. See "Where You Can Find More Information." This summary is also subject to and qualified by reference to the descriptions of the particular terms of our securities described in the applicable prospectus supplement.

We may issue, together with any other securities being offered or separately, warrants entitling the holder to purchase from or sell to us, or to receive from us the cash value of the right to purchase or sell, debt securities, preferred shares, depositary shares or common shares. We and a warrant agent will enter into a warrant agreement pursuant to which the warrants will be issued. The warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants. We will file a copy of the forms of warrants and the warrant agreement with the SEC at or before the time of the offering of the applicable series of warrants.

In the case of each series of warrants, the applicable prospectus supplement will describe the terms of the warrants being offered thereby. These include the following, if applicable:

- the offering price;

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- the currencies in which such warrants are being offered;
- the number of warrants offered;
- the securities underlying the warrants;
- the exercise price, the procedures for exercise of the warrants and the circumstances, if any, that will cause the warrants to be automatically exercised;
- the date on which the warrants will expire;
- federal income tax consequences;
- the rights, if any, we have to redeem the warrants;
- the name of the warrant agent; and
- the other terms of the warrants.

Warrants may be exercised at the appropriate office of the warrant agent or any other office indicated in the applicable prospectus supplement. Before the exercise of warrants, holders will not have any of the rights of holders of the securities purchasable upon exercise and will not be entitled to payments made to holders of those securities.

The warrant agreement may be amended or supplemented without the consent of the holders of the warrants to which the amendment or supplement applies to effect changes that are not inconsistent with the provisions of the warrants and that do not adversely affect the interests of the holders of the warrants. However, any amendment that materially and adversely alters the rights of the holders of warrants will not be effective unless the holders of at least a majority of the applicable warrants then outstanding approve the amendment. Every holder of an outstanding warrant at the time any amendment becomes effective, by continuing to hold the warrant, will be bound by the applicable warrant agreement as amended thereby. The prospectus supplement applicable to a particular series of warrants may provide that certain provisions of the warrants, including the securities for which they may be exercisable, the exercise price, and the expiration date may not be altered without the consent of the holder of each warrant.

DESCRIPTION OF STOCK PURCHASE CONTRACTS AND EQUITY UNITS

The applicable prospectus supplement will describe the terms of the stock purchase contracts or equity units offered by that prospectus supplement. If we issue any stock purchase contracts or equity units, we will file with the SEC the form of stock purchase contract or equity unit and you should read those documents for provisions that may be important to you. You can obtain copies of any form of stock purchase contract or equity unit by following the directions described under the caption "Where You Can Find More Information" in the applicable prospectus supplement.

We may issue stock purchase contracts, including contracts obligating holders to purchase from us, and obligating us to sell to the holders, a specified number of common shares or other securities at a future date or dates. We may fix the price and number of securities subject to the stock purchase contracts at the time we issue the stock purchase contracts or we may provide that the price and number of securities will be determined pursuant to a formula set forth in the stock purchase contracts. The stock purchase contracts may be issued separately or as part of units consisting of a stock purchase contract and debt securities or debt obligations of third parties, including U.S. treasury securities, securing the obligations of the holders of the units to purchase the securities under the stock purchase contracts. We refer to these units as equity units. The stock purchase contracts will require holders to secure their obligations under the stock purchase contracts. The stock purchase contracts also may require us to make periodic payments to the holders of the equity units or vice versa, and those payments may be unsecured or refunded on some basis.

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DESCRIPTION OF CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS

We are organized as a Maryland corporation. The following is a summary of our charter and bylaws and certain provisions of Maryland law. Because it is a summary, it does not contain all the information that may be important to you. If you want more information, you should read our entire charter and bylaws, copies of which we have previously filed with the SEC, or refer to the provisions of applicable Maryland corporate law summarized below.

Directors

Our charter and bylaws provide that our board has the exclusive power to establish the number of directors. However, there may not be less than the minimum number required by Maryland law (which is one) nor more than seven directors. In the event of a vacancy, a majority of the remaining directors will fill the vacancy and the director elected to fill the vacancy will serve for the remainder of the full term of the directorship in which the vacancy occurred.

Our charter divides our board into three classes, each class of directors serving a staggered three-year term. At each annual meeting of our shareholders, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of their election. Each director holds office for the term to which he or she is elected and until his or her successor is duly elected and qualifies.

We believe that classification of our board helps to assure the continuity of our business strategies and policies. There is no cumulative voting in the election of directors. Consequently, at each annual meeting of shareholders, a majority of the votes entitled to be cast will be able to elect all of the successors of the class of directors whose term expires at that meeting. The classified board provision could have the effect of making the replacement of our incumbent directors more time consuming and difficult. At least two annual meetings of shareholders are generally required to effect a change in a majority of our board.

Under our bylaws, our directors are qualified as "independent directors" or "managing directors", and our bylaws require that (except for temporary periods due to vacancies), a majority of the directors holding office will at all times be independent directors. For those purposes, an "independent director" is one who is not an employee of ours or an employee of RMR and qualifies as independent under our bylaws and applicable rules of the NYSE Amex and the SEC. A "managing director" is a director who is not an independent director and who has been an employee of ours or an employee of RMR or has been involved in our day to day activities for at least one year prior to his or her election. Our board is currently composed of three independent directors and two managing directors.

Our charter provides that a director may be removed only for cause by the affirmative vote of at least 75% of the votes entitled to be cast generally in the election of directors.

Advance Notice of Director Nominations and Other Business

Shareholder recommendations for nominees. A responsibility of our Nominating and Governance Committee is to consider candidates for election as directors who are properly recommended by shareholders. To be considered by our Nominating and Governance Committee, a shareholder recommendation for a nominee must be made: (i) by a shareholder who is entitled under our bylaws and applicable state and federal laws to nominate the nominee at the meeting and (ii) by written notice to the Chair of our Nominating and Governance Committee at our principal executive offices within the 30 day period ending on the last date on which shareholders may give a timely notice of nomination for such meeting under our bylaws and applicable state and federal laws, which notice must be accompanied by the information and documents with respect to the recommended nominee which

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the recommending shareholder would have been required to provide in order to nominate such nominee for election at the shareholders meeting in accordance with our bylaws, including those described below, and applicable state and federal laws. Any such notice must be accompanied by the same information, copies of share certificates and other documents as described below. Our Nominating and Governance Committee may request additional information about the shareholder nominee or about a recommending shareholder. Shareholder recommendations which meet the requirements set forth above will be considered using the same criteria as other candidates considered by our Nominating and Governance Committee.

The preceding paragraph applies only to shareholder recommendations for nominees. A shareholder nomination must be made in accordance with the provisions of our bylaws, including the procedures discussed below.

Shareholder nominations and other proposals at annual meetings. Our bylaws require compliance with certain procedures for a shareholder to properly propose a nomination for election to our board or other business at the annual meeting of shareholders. If a shareholder who is entitled to do so under our bylaws wishes to propose a person for election to our board or other business, that shareholder must provide a written notice to our Secretary. The shareholder giving notice must (i) have continuously held at least $2,000 in market value (as determined under our bylaws), or 1%, of our common shares entitled to vote at the meeting on the election or the proposal of other business, as the case may be, for at least one year from the date the shareholder gives its advance notice (this requirement will not apply until April 1, 2010 with respect to a shareholder who continuously holds from and after April 1, 2009 shares entitled to vote at the meeting on such election or proposal of other business, as the case may be), (ii) be a shareholder of record at the time of giving notice through and including the time of the meeting, (iii) be present at the meeting to answer questions about the nomination or other business and (iv) have complied in all respects with the advance notice provisions for shareholder nominations and proposals of other business set forth in our bylaws.

The notice must set forth detailed specified information about the nominee and the nominee's affiliates and associates, the shareholder making the nomination and affiliates and associates of that shareholder, and provide to the extent known by the shareholder giving the notice, the name and address of any other shareholder supporting the shareholder's nomination or proposal. With respect to nominations, the notice must state whether the nominee is proposed for nomination as an Independent Director or a Managing Director. In addition, at the same time as or prior to the submission of a shareholder nomination or proposal for consideration at a meeting of our shareholders that, if approved and implemented by us, would cause us to be in breach of any covenant in or in default under any debt instrument or agreement or other material agreement of ours or any subsidiary of ours, the shareholder must submit to our Secretary (i) evidence satisfactory to our board of the lender's or contracting party's willingness to waive the breach of covenant or default, or (ii) a detailed plan for repayment of the applicable indebtedness or curing the contractual breach or default and satisfying any resulting damage, specifically identifying the actions to be taken or the source of funds, which plan must be satisfactory to our board in its discretion, and evidence of the availability to us of substitute credit or contractual arrangements similar to the credit or contractual arrangements which are implicated by the shareholder nomination or other proposal that are at least as favorable to us, as determined by our board in its discretion. Additionally, if (i) the submission of a shareholder nomination or proposal of other business to be considered at a shareholders meeting could not be considered or, if approved, implemented by us without our or any subsidiary of ours, or the proponent shareholder, the nominee, the holder of proxies or their respective affiliates or associates filing with or otherwise notifying or obtaining the consent, approval or other action of any governmental or regulatory body, or a governmental action, or (ii) such shareholder's ownership of our shares or any solicitation of proxies or votes or holding or exercising proxies by such shareholder, the nominee or their respective affiliates or associates would require governmental action, then, at the same time as the submission of the shareholder nomination or proposal of other business, the proponent shareholder shall submit to us (x) evidence satisfactory to our board that any and all governmental action has been given or obtained, including, without limitation, such evidence as our board may require so that any nominee may be determined to satisfy any suitability or other requirements or (y) if such evidence was not obtainable from a governmental or regulatory body by such time despite the shareholder's diligent and best efforts, a detailed plan for making or obtaining the governmental action prior to the election of the nominee or the implementation of the proposal for other business, which plan must be satisfactory to our board in its discretion.

Under our bylaws, in order for a shareholder's notice of nominations for director or other business to be properly brought before an annual meeting of shareholders, the shareholder must deliver the notice to our Secretary at our principal executive offices not later than 5p.m. (Eastern Time) on the 120th day, and not earlier than the 150th day, prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting. If the date of proxy statement for the annual meeting is more than 30 days earlier than the first anniversary of the date of the proxy statement for the preceding year's annual meeting, other time requirements may be applicable to shareholder notices, as specified in our bylaws. In addition, a shareholder may not give notice to nominate or propose other business unless the shareholder holds a certificate for all our common shares owned by such shareholder during all times described in the first paragraph of this section and a copy of each certificate held by the shareholder accompanies the shareholder's notice. Also, we may request that any shareholder proposing a nominee for election to our board or other business at a meeting of our shareholders provide us, within three business days of such request, with written verification of the information submitted by the shareholder as well as other information.

The foregoing description of the procedures for a shareholder to propose a nomination for election to our board or other business for consideration at an annual meeting is only a summary and is not complete. Our bylaws, including the provisions which concern the requirements for shareholder nominations and other proposals, will be filed as an exhibit to the registration statement of which this prospectus is a part.

Meetings of Shareholders

The board determines the date and time of the annual meeting of shareholders. Special meetings of shareholders may only be called by the majority of the board or the president, or, subject to the satisfaction of certain procedural and informational requirements in our bylaws, upon the written request of shareholders entitled to cast not less than a majority of all the votes entitled to be cast at that meeting (or such greater proportion we are permitted to specify under Maryland law).

Limitation of Liability and Indemnification of Directors and Officers

To the maximum extent permitted by Maryland law, our charter includes provisions limiting the liability of our present and former directors and officers to us and our shareholders for money damages except for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty established by a final judgment as being material to the cause of action.

Additionally, our charter authorizes us to the maximum extent permitted by Maryland law to indemnify any present or former director or officer or any individual who, while our director and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made a party to the proceeding by reason of his or her status as our present or former director or officer from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her status as our present or former director or officer and pay or reimburse their reasonable expenses in advance of final disposition of a proceeding.

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The Maryland General Corporation Law, or the MGCL, requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity.

The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses incurred by them in connection with any proceeding to which they may be made, or are threatened to be made, a party by reason of their service in those or other capacities. However, a Maryland corporation is not permitted to provide this type of indemnification if the following is established:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;

- the director or officer actually received an improper personal benefit in money, property or services; or

- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

Additionally, a Maryland corporation may not indemnify a director or officer for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. The MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of the following:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and

- a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that this standard of conduct was not met.

We have also entered into indemnification agreements with our directors and certain of our officers providing for procedures for indemnification by us to the fullest extent permitted by law and advancements by us of certain expenses and costs relating to claims, suits or proceedings arising from their service to us.

The SEC has expressed the opinion that indemnification of directors, officers or persons otherwise controlling a company for liabilities arising under the Securities Act is against public policy and is therefore unenforceable.

Shareholder Liability

Our bylaws provide that any shareholder who breaches or fails to fully comply with any covenant, condition or provision of our charter or bylaws, including the advance notice provisions pertaining to shareholder nominations and other proposals, will indemnify us and hold us harmless from and against all costs, expenses, penalties, fees and other amounts, including attorneys' and other professional fees, arising from the shareholder's breach or failure to comply or any action by or against us (including actions by or against us in which the shareholder is not the prevailing party), together with interest on such amounts.

Our community leases with Senior Housing and our shared services agreement are terminable by Senior Housing and RMR, the investment manager for Senior Housing (from whom we purchase various services pursuant to a shared services agreement), respectively, in the event that any shareholder or group of shareholders acting in concert becomes the owner of more than 9.8% of our voting stock without Senior Housing's consent. If a breach of the ownership limitations results in a lease default, the shareholders causing the default may become liable to us or to our other shareholders for damages. These damages may be in addition to the loss of beneficial ownership and voting rights, the transfer to a trust and the forced sale of excess shares described below. These damages may be for material amounts.

Actions by Shareholders

Our bylaws provide that actions brought against us or any director, officer, manager (including RMR or its successor), agent or employee of us, by a shareholder, including derivative and class actions, will, on the demand of any party to such dispute, be resolved through binding arbitration in accordance with the procedures set forth in our bylaws.

Restrictions on Share Ownership and Transfer

Our charter and bylaws restrict the amount of shares that shareholders may own or transfer under certain circumstances. These restrictions are intended to assist Senior Housing, a publicly owned real estate investment trust, or REIT, with REIT compliance under the Internal Revenue Code of 1986, as amended, or IRC, and otherwise to promote our orderly governance. All certificates representing our common shares and preferred shares will bear a legend referring to these restrictions.

Our charter provides that no person or group of persons acting in concert may own, or be deemed to own by virtue of the attribution provisions of the IRC, more than 9.8% of the number or value, whichever is more restrictive, of any class or series of our outstanding shares of capital stock. Any person who acquires, or attempts or intends to acquire, actual or constructive ownership of shares of our capital stock that will or may violate this 9.8% ownership limitation must give notice to us and provide us with other information that we may request.

The ownership limitations in our charter are effective against all of our shareholders. However, with the written consent of Senior Housing, our board may grant an exemption from the ownership limitation if it is satisfied that: (1) the shareholder's ownership will not cause us or any of our subsidiaries that are tenants of Senior Housing to be deemed a "related party tenant" under the IRC rules applicable to REITs; (2) the shareholder's ownership will not cause a default under any lease we have outstanding; and (3) the shareholder's ownership is otherwise in our best interests as determined by our board in the exercise of its business judgment.

If a person attempts a transfer of our shares in violation of the ownership limitations described above, then that number of shares which would cause the violation will be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries designated by us. The prohibited owner will not acquire any rights in the shares held in trust, will not benefit economically from ownership of the shares held in trust, will have no rights to distributions and will not possess any rights to vote the shares held in trust. This automatic transfer will be deemed to be effective as of the close of business on the business day prior to the date of the violative transfer.

Within 20 days after receiving notice from us that shares have been transferred to the trust, the trustee will sell the shares held in the trust to a person selected by the trustee whose ownership of the shares will not violate the ownership limitations. Upon this sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited owner and to the charitable beneficiary as follows:

The prohibited owner will receive the lesser of:

- the net price paid by the prohibited owner for the shares or, if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in the trust (e.g., a gift, devise or other similar transaction), the market price of the shares on the day of the event causing the shares to be transferred to the trust; and

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- the net sales proceeds received by the trustee from the sale or other disposition of the shares held in the trust.

Any net sale proceeds in excess of the amount payable to the prohibited owner shall be paid to the charitable beneficiary.

If, prior to our discovery that shares of our capital stock have been transferred to the trust, a prohibited owner sells those shares, then:

- those shares will be deemed to have been sold on behalf of the trust; and
- to the extent that the prohibited owner received an amount for those shares that exceeds the amount that the prohibited owner was entitled to receive from a sale by the trustee, the prohibited owner must pay the excess to the trustee upon demand.

Also, shares of capital stock held in the trust will be offered for sale to us, or our designee, at a price per share equal to the lesser of:

- the price per share in the transaction that resulted in the transfer to the trust or, in the case of a devise or gift, or other similar transaction, the market price at the time of the devise or gift; and
- the market price on the date we or our designee accepts the offer.

We will have the right to accept the offer until the trustee has sold the shares held in the trust. The net proceeds of the sale to us will be distributed in the same manner as any other sale by the trustee.

Every owner of more than 5% of any outstanding class or series of our shares may be required to give written notice to us within 30 days after the end of each taxable year stating the name and address of the owner, the number of shares of each class and series of our shares which the owner owns, and a description of the manner in which those shares are held. In addition, each shareholder is required to provide us upon demand with any additional information that we may request in order to assist us and Senior Housing in its determination of its status as a REIT and to determine and ensure compliance with the foregoing share ownership limitations.

In addition, subject to various exceptions, our bylaws provide that attempted transfers of our shares to a person, entity or group which is, or would become as a result, an owner of 5% or more of our outstanding shares would be void for transferees already owning 5% or more of our shares and, for transferees that would otherwise become owners of 5% or more of our shares, to the extent the transfer would result in such level of ownership. Shares relating to attempted transfers in violation of these bylaw provisions may be subject to transfer to a charitable trust in accordance with the provisions of our charter, described above. However, shareholders owning 5% or more of our outstanding shares as of November 10, 2009, will not be deemed to have their shares owned at and above the 5% ownership threshold transferred to a charitable trust. Such shareholders will not be permitted to acquire additional shares while owning 5% or more of our outstanding shares or thereafter to the extent any such subsequent acquisition would result in them owning 5% or more of our outstanding shares. Our board or an authorized committee may approve transfers otherwise prohibited by these bylaw provisions.

The restrictions in our charter and bylaws will not preclude the settlement of any transaction entered into through the facilities of the NYSE Amex or any other national securities exchange or automated inter-dealer quotation system. Our charter and bylaws provide, however, that the fact that the settlement of any transaction occurs will not negate the effect of any of the restrictions and any transferee in this kind of transaction will be subject to all of the provisions and limitations described above.

These ownership limitations could have the effect of delaying, deferring or preventing a takeover or other transaction in which holders of some, or a majority, of our common shares might receive a premium for their shares over the then prevailing market price or which such holders might believe to be otherwise in their best interest.

Regulatory Compliance and Disclosure

Our bylaws provide that any shareholder who, by virtue of such shareholder's ownership of our shares of capital stock or actions taken by the shareholder affecting us, triggers the application of any requirement or regulation of any federal, state, municipal or other governmental or regulatory body on us or any of our subsidiaries shall promptly take all actions necessary and fully cooperate with us to ensure that such requirements or regulations are satisfied without restricting, imposing additional obligations on or in any way limiting our business, assets, operations or prospects or any of our subsidiaries. If the shareholder fails or is otherwise unable to promptly take such actions so to cause satisfaction of such requirements or regulations, such shareholder shall promptly divest a sufficient number of our shares necessary to cause the application of such requirement or regulation to not apply to us or any of our subsidiaries. If the shareholder fails to cause such satisfaction or divest itself of such sufficient number of our shares by not later than the 10th day after triggering such requirement or regulation referred to in the bylaws, then any of our shares owned by such shareholder at and in excess of the level triggering the application of such requirement or regulation shall, to the fullest extent permitted by law, be deemed to constitute shares held in violation of the ownership limitations set forth in the bylaws. Also, our bylaws provide that if the shareholder who triggers the application of any regulation or requirement fails to satisfy the requirements or regulations or to take curative actions within such 10 day period, we may take all other actions which the board deems appropriate to require compliance or to preserve the value of our assets; and we may charge the offending shareholder for our costs and expenses as well as any damages which may result.

Our bylaws also provide that if a shareholder, by virtue of such shareholder's ownership of our shares or its receipt or exercise of proxies to vote shares owned by other shareholders, would not be permitted to vote such shareholder's shares or proxies for such shares in excess of a certain amount pursuant to applicable law but the board determines that the excess shares or shares represented by the excess proxies are necessary to obtain a quorum, then such shareholder shall not be entitled to vote any such excess shares or proxies, and instead such excess shares or proxies may, to the fullest extent permitted by law, be voted by the board or another person designated by the board, in proportion to the total shares otherwise voted on such matter.

Business Combinations

The MGCL contains a provision which limits business combinations with interested shareholders. Under the MGCL, business combinations such as mergers, consolidations, share exchanges and other specified transactions between a Maryland corporation and an interested shareholder or an affiliate of the interested shareholder are prohibited for five years after the most recent date on which the shareholder becomes an interested shareholder. Under the MGCL, the following persons are deemed to be interested shareholders:

- any person who beneficially owns 10% or more of the voting power of the corporation's shares of capital stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting shares of the corporation.

A person is not an interested shareholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested shareholder. The board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board of directors.

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After the five-year prohibition period has ended, a business combination between a corporation and an interested shareholder or an affiliate of the interested shareholder must be recommended by the board of directors of the corporation and must receive the following shareholder approvals:

- the affirmative vote of at least 80% of the votes entitled to be cast by the corporation's outstanding voting shares; and

- the affirmative vote of at least two-thirds of the votes entitled to be cast by holders of voting shares other than voting shares held by the interested shareholder with whom or with whose affiliate the business combination is to be effected or by an affiliate or associate of the interested shareholder.

The shareholder approvals discussed above are not required if the corporation's shareholders receive the minimum price set forth in the MGCL for their shares of capital stock and the consideration is received in cash or in the same form as previously paid by the interested shareholder for its shares of capital stock.

The foregoing provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by the board of directors of the corporation prior to the time that the interested shareholder becomes an interested shareholder. Our board has adopted a resolution that any business combination between us and any other person is exempted from the provisions of the MGCL described in the preceding paragraph, provided that the business combination is first approved by our board, including the approval of a majority of the members of our board who are not affiliates or associates of such person. This resolution, however, may be altered or repealed in whole or in part at any time.

Control Share Acquisitions

The MGCL provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent that the acquisition is approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of capital stock owned by the acquiror, by employees who are also directors of the corporation or by officers of the corporation. Control shares are voting shares of capital stock which, if aggregated with all other shares of capital stock owned by the acquiror, or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;

- one-third or more but less than a majority; or

- a majority or more of all voting power.

Control shares do not include shares which the acquiring person is entitled to vote as a result of having previously obtained shareholder approval. A control share acquisition means the acquisition of control shares.

A person who has made or proposes to make a control share acquisition, may compel our board to call a special meeting of shareholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at a shareholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the MGCL, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date

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of the last control share acquisition by the acquiror or of any meeting of shareholders at which the voting rights of those shares are considered and not approved. If voting rights for control shares are approved at a shareholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute of the MGCL does not apply to the following:

- shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction; or

- acquisitions approved or exempted by a provision in the charter or bylaws of the corporation adopted before the acquisition of shares.

Our bylaws contain a provision exempting any and all acquisitions by any person of our shares of capital stock from the control share acquisition statute. However, this provision may be amended or eliminated at any time in the future.

Rights Plan

On March 10, 2004, our board adopted a shareholders' rights plan which provides for the distribution of one junior participating preferred share purchase right for each common share. Each right entitles the holder to purchase 1/1000th of a junior participating preferred share (or in certain circumstances, to receive cash, property, common shares or our other securities) at an exercise price of $25 per 1/1000th of a junior participating preferred share.

The rights are initially attached to all certificates representing common shares. Subject to certain exceptions specified in the plan, the rights will separate from the common shares upon a rights distribution date which is the earlier of (1) 10 business days following a public announcement by us that a person or group of affiliated or associated persons has acquired, or has obtained the right to acquire, beneficial ownership of 10% or more of the outstanding common shares (such person or group of affiliated or associated persons being referred to as an acquiring person) or (2) 10 business days following the commencement of a tender offer or exchange offer that, if consummated, would result in a person or group becoming an acquiring person. In each instance, our board may determine that the distribution date will be a date later than 10 days following the applicable announcement or commencement date.

Until they separate from the common shares, the rights will be evidenced by the certificates for common shares, if any, and will be transferred with and only with such common shares. The surrender for transfer of any certificates for common shares outstanding will also constitute the transfer of the rights associated with the common shares evidenced by such certificates.

The rights are not exercisable until a rights distribution date and will expire at the close of business on April 10, 2014, unless earlier redeemed or exchanged by us as described below. Until a right is exercised, the holder thereof, as such, has no rights as a shareholder of us, including the right to vote or to receive dividends.

Upon the occurrence of a "flip-in event", each holder of a right will have the ability to exercise it and receive common shares (or, in certain circumstances, receive cash, property or other securities) having a value equal to two times the exercise price of the right. Notwithstanding the foregoing, following the occurrence of a "flip-in event", all rights that are or were held by an acquiring person (or by certain related parties of the acquiring person or by certain transferees of the acquiring person or certain related parties) will be void in several circumstances described in the rights agreement. Rights will not be exercisable following the occurrence of any "flip-in event" until the rights are no longer redeemable by us as set forth below. A "flip-in event" occurs when a person or group of affiliated or associated persons has acquired, or has obtained the right to acquire, beneficial ownership of 10% or more of the outstanding common shares pursuant to any transaction other than a tender or exchange offer for all outstanding common shares on terms which a majority of our outside directors determine to be fair to our shareholders and otherwise in the best interests of us and our shareholders.

A "flip-over event" occurs when, at any time on or after the announcement of a share acquisition which will result in a person or group becoming an acquiring person, we take part in a merger or other business combination transaction (other than certain mergers that follow a fair offer) in which we are not the surviving entity or the common shares are changed or exchanged (with certain exceptions described in the plan) or 50% or more of our assets or earning power is sold or transferred. Upon the occurrence of a "flip-over event" each holder of a right (except rights which previously have been voided, as set forth above) will have the option to exchange their right for a number of common shares of the acquiring company having a value equal to two times the exercise price of the right.

The purchase price and the number of common shares (or the amount of cash, property or other securities) issuable upon exercise of the rights are subject to adjustment from time to time to prevent dilution. With certain exceptions, no adjustment in the purchase price will be required until cumulative adjustments amount to at least 1% of the purchase price. We will make cash payment in lieu of any fractional shares resulting from the exercise of any right.

We have 10 business days from the date of an announcement of a share acquisition which will result in a person or group becoming an acquiring person to redeem the rights in whole, but not in part, at a price of $.01 per right, payable, at our option in cash, common shares or other consideration as our board may determine. Immediately upon the effectiveness of the action of our board ordering redemption of the rights, the rights will terminate and the only right of the holders of rights will be to receive the redemption price.

The provisions of the plan may be amended by our board prior to the rights distribution date. After the distribution date, the provisions of the plan may be amended by our board only in order to:

- cure ambiguities, defects or inconsistencies;
- make changes which do not adversely affect the interests of holders of rights (excluding the interests of acquiring persons and certain other related parties); or
- to shorten or lengthen any time period under the plan.

However, no amendment, other than to cure ambiguities, defects or inconsistencies, is permitted to be made by our board at such time as the rights are not redeemable.

Charter Amendments and Extraordinary Transactions

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless the transaction or amendment is declared advisable by the board of directors and then approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Our charter provides for approval of such matters when they are first declared advisable by our board and then approved by the affirmative vote of stockholders entitled to cast a majority of the votes entitled to be cast on the matter (or such lesser proportion, as is permitted by the MGCL).

Bylaw Amendments

As permitted under the MGCL, our bylaws provide that our board has the exclusive power to amend the bylaws.

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Anti-Takeover Effect of Maryland Law and of our Charter and Bylaws

The following provisions in our charter and bylaws and in the MGCL could delay or prevent a change in our control:

- the limitation on ownership and acquisition of more than 9.8% of our shares of capital stock in our charter;
- the limitation on ownership and acquisition of more than 5% of our shares of capital stock in our bylaws;
- the power of our board to, without a shareholders' vote, amend our charter to increase or decrease the aggregate number of authorized shares or the number of shares of any class or series and to issue additional shares, including additional classes of shares with rights defined at the time of issuance;
- the classification of our board into classes and the election of each class for three year staggered terms;
- the requirement of cause and a 75% vote of shareholders for removal of our directors;
- the provision that the number of our directors may be fixed only by vote of our board and that a vacancy on our board may be filled by a majority of our remaining directors for the remainder of the full term of the directorship in which the vacancy occurred;
- the advance notice requirements for shareholder nominations for directors and other proposals;
- the shareholder-requested special meeting requirements and procedures;
- the business combination provisions of the MGCL, if the applicable resolution of our board is rescinded or if our board's approval of a combination is not obtained; and
- the provisions of the control share acquisition statute if the applicable bylaw provision is amended.

SELLING SHAREHOLDERS

There are two categories of selling shareholders who may offer and sell common shares pursuant to this prospectus. The first are our directors and officers. The common shares they may offer and sell were acquired directly from us as share grants pursuant to our stock option and stock incentive plan. The second is Senior Housing, which acquired 3,200,000 common shares on August 4, 2009 pursuant to a lease realignment agreement, or the Realignment Agreement. Senior Housing also owns an additional 35,000 common shares, 25,000 of which were retained in connection with our spin off from Senior Housing in 2001 and 10,000 of which were received in the spin off. The Realignment Agreement was entered into to assist Senior Housing in obtaining mortgage financing, or the Loan, from Federal National Mortgage Association, or FNMA, which is secured by 28 properties owned by Senior Housing and leased to us, or the Properties. In connection with the lease realignment and the FNMA financing, we reached an accommodation with Senior Housing whereby we sold certain of our personal property at the Properties, we encumbered certain of our assets (e.g. accounts receivable) arising from our operation of the Properties, we sold 3,200,000 of our common shares and we agreed to certain reporting and other obligations required by FNMA and we were compensated by Senior Housing by receiving a $2.0 million annual rent reduction for the term of one of our leases with Senior Housing, a cash payment of $18.6 million and Senior Housing agreed to reimburse us for out of pocket expenses incurred in connection with the negotiation and closing of the Loan. For more information about the Realignment Agreement, please see Part II, Item 5 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, which is incorporated by reference herein. The common shares offered hereunder by Senior Housing and the other selling shareholders were issued pursuant to an exemption from registration contained in Section 4(2) of the Securities Act.

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Senior Housing is our former parent company and we have numerous continuing relationships with Senior Housing. We lease senior living communities and rehabilitation hospitals from Senior Housing and pay both minimum rent and percentage rent. Upon our request, Senior Housing may purchase our capital improvements made at the properties we lease from Senior Housing and increase our rent pursuant to contractual formulas. Since we became a separate public company from Senior Housing, we have had a management and shared services agreement with RMR. We also lease our headquarters locations from affiliated entities of RMR. RMR is owned by Barry Portnoy, one of our managing directors, and his son Adam Portnoy. Our other managing director, Gerard Martin, is a former owner and current director of RMR. Our president and our treasurer are also officers of RMR. RMR provides services to other companies, including Senior Housing. For more details of these and other relationships we have with Senior Housing and RMR please see our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference herein, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009, June 30, 2009, and September 30, 2009, which are incorporated by reference herein, and our Proxy Statement dated March 30, 2009 relating to our 2009 Annual Shareholders Meeting, portions of which are incorporated herein. In addition, our directors and officers receive share grants from us, and our officers are employed by us. For more information about the compensation of our directors and officers, please see our Proxy Statement dated March 30, 2009 relating to our 2009 Annual Shareholders Meeting, portions of which are incorporated by reference herein.

The registration of the common shares pursuant to the registration statement of which this prospectus forms a part does not necessarily mean that the selling shareholders will sell all or any of the common shares they own. From time to time, depending upon the selling shareholders' continuing review of their respective investments and various other facts, the selling shareholders may, subject to any applicable securities laws, sell all or any part of the common shares offered by this prospectus. More information about the possible distribution of the offered shares is given in "Plan of Distribution" below.

The following table contains, with regard to Senior Housing, the number of our common shares beneficially owned by Senior Housing immediately prior to the date of this prospectus, the maximum number of common shares that may be offered and sold pursuant to this prospectus and information regarding the beneficial ownership of our common shares by Senior Housing, and reflects the assumed sale of all of the shares offered by this prospectus. None of our directors or officers currently beneficially owns more than 1% of our common shares, provided, however, that Barry Portnoy may be deemed to beneficially own the shares owned by Senior Housing, as described in footnote (1) below. Because the selling shareholders may sell all, some or no common shares they beneficially owns, we cannot estimate either the number or percentage of common shares that will be beneficially owned by any of the selling shareholders after completion of the offering to which this prospectus relates. The following table has been prepared assuming that Senior Housing will sell all of our common shares it beneficially owns that have been registered by us and does not acquire any additional common shares. In addition, the selling shareholders may sell, transfer or otherwise dispose of at any time and from time to time, our common shares in transactions exempt from the registration requirements of the Securities Act after the date on which it provided the information set forth in the table below. Under the provisions in our bylaws described above regarding restrictions on share ownership and transfer,

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Senior Housing may be prohibited from acquiring or transferring additional common shares while owning 5% or more of our outstanding common shares.

Name	Number of Common Shares Beneficially Owned Prior to the Offering	Number of Common Shares Being Offered Hereby	Percentage of Common Shares Outstanding	Number of Common Shares to be Owned After Completion of the Offering
Senior Housing Properties Trust(1) 400 Centre St. Newton, MA 02458	3,235,000	3,235,000	9.1%	(2)

(1) Barry Portnoy and Adam Portnoy are the beneficial owners and officers of RMR, the manager of Senior Housing. They are also Managing Trustees of Senior Housing. Under applicable regulatory definitions, Barry Portnoy and Adam Portnoy may be deemed to have beneficial ownership of Senior Housing's 3,235,000 common shares; however, each disclaims beneficial ownership of such common shares.

(2) Assumes the sale of all shares registered for the account of the selling shareholder. The selling shareholder may sell all, some or no portion of the common shares registered hereunder.

PLAN OF DISTRIBUTION

Sales by Us

We may sell the offered securities (a) through underwriters or dealers, (b) directly to purchasers, including our affiliates, (c) through agents or (d) through a combination of any of these methods. The prospectus supplement will include the following information:

- the terms of the offering;
- the names of any underwriters or agents;
- the name or names of any managing underwriter or underwriters;
- the purchase price of the securities;
- the net proceeds from the sale of the securities;
- any delayed delivery arrangements;
- any underwriting discounts, commissions and other items constituting underwriters' compensation;

- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any commissions paid to agents.

The distribution of offered securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to the market prices, or at negotiated prices.

In compliance with Financial Regulatory Authority, or FINRA, guidelines, the maximum commission or discount to be received by any FINRA member or independent broker dealer may not exceed 8% of the aggregate amount of the securities offered pursuant to this prospectus or any applicable prospectus supplement.

If underwriters are used in the sale, the underwriters will acquire the securities for their own account. The underwriters may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the

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time of sale. Underwriters may offer securities to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. Unless we inform you otherwise in the prospectus supplement, the obligations of the underwriters to purchase the securities will be subject to certain conditions, and the underwriters will be obligated to purchase all the offered securities if they purchase any of them. The underwriters may change from time to time any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers.

In order to facilitate the offering of securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in the securities for their account. In addition, to cover over-allotments or to stabilize the price of the shares, the underwriters may bid for, and purchase, shares in the open market. Finally, an underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the securities in the offering if the syndicate repurchases previously distributed shares in transactions to cover syndicate short positions, in stabilization transactions, or otherwise. Any of these activities may stabilize or maintain the market price of the offered securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Some or all of the securities that we offer through this prospectus may be new issues of securities with no established trading market. Any underwriters to whom we sell securities for public offering and sale may make a market in those securities, but they will not be obligated to and they may discontinue any market making at any time without notice. Accordingly, we cannot assure you of the liquidity of, or continued trading markets for, any securities offered pursuant to this prospectus.

If dealers are used in the sale of securities, we will sell the securities to them as principals. They may then resell those securities to the public at varying prices determined by the dealers at the time of resale. We will include in the prospectus supplement the names of the dealers and the terms of the transaction.

We may sell the securities directly. In this case, no underwriters or agents would be involved. We may also sell the securities through agents designated from time to time. In the prospectus supplement, we will name any agent involved in the offer or sale of the offered securities, and we will describe any commissions payable to the agent. Unless we inform you otherwise in the prospectus supplement, any agent will agree to use its reasonable best efforts to solicit purchases for the period of its appointment.

We may sell the securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the Securities Act with respect to any sale of those securities. We will describe the terms of any such sales in the prospectus supplement.

If, we so indicate in the prospectus supplement, we may authorize agents, underwriters or dealers to solicit offers from certain types of institutions to purchase securities at the public offering price under delayed delivery contracts. These contracts would provide for payment and delivery on a specified date in the future. The contracts would be subject only to those conditions described in the prospectus supplement. The prospectus supplement will describe the commission payable for solicitation of those contracts.

We may have agreements with the agents, dealers and underwriters to indemnify them against specified liabilities, including liabilities under the federal securities laws or to contribute to the payments that the agents, dealers or underwriters may be required to make in respect of those liabilities. Indemnification may include each person who is an affiliate of or controls one of these specified indemnified persons within the meaning of the federal securities laws or is required to contribute to payments that the agents, dealers or underwriters may be required to make in respect of those liabilities. Agents, dealers and underwriters may be customers of, engage in transactions with or perform services for us in the ordinary course of their businesses.

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Each underwriter, dealer and agent participating in the distribution of any of the securities that are issuable in bearer form will agree that it will not offer, sell or deliver, directly or indirectly, securities in bearer form in the United States or to United States persons, other than qualifying financial institutions, during the restricted period, as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7).

Sales by Selling Shareholders

The selling shareholders may resell or redistribute the common shares from time to time on the NYSE Amex or any other stock exchange or automated interdealer quotation system on which our common shares are listed, in the over-the-counter market, in privately negotiated transactions, or in any other legal manner, at fixed prices that may be changed, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. Persons who are pledgees, donees, transferees, or other successors in interest of any of the selling shareholders (including but not limited to persons who receive common shares from a selling shareholder as a gift or other non-sale-related transfer after the date of this prospectus) may also use this prospectus and are included when we refer to "selling shareholders" in this prospectus. The selling shareholders may sell the common shares by one or more of the following methods, without limitation:

- block trades (which may include cross trades) in which the broker or dealer so engaged will attempt to sell the common shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker or dealer as principal and resale by the broker or dealer for its own account;
- an exchange distribution or secondary distribution in accordance with the rules of any stock exchange on which the common shares may be listed;
- ordinary brokerage transactions and transactions in which the broker solicits purchases;
- an offering at other than a fixed price on or through the facilities of any stock exchange on which the common shares are listed or to or through a market maker other than on that stock exchange;
- privately negotiated transactions, directly or through agents;
- short sales;
- through the writing of options on the common shares, whether or not the options are listed on an options exchange;
- through the distribution of the common shares by any shareholders to its shareholders;
- one or more underwritten offerings;
- agreements between a broker or dealer and any shareholder to sell a specified number of the common shares at a stipulated price per share; and
- any combination of any of these methods of sale or distribution, or any other method permitted by applicable law.

The selling shareholders may also transfer the common shares by gift.

The selling shareholders may engage brokers and dealers, and any brokers or dealers may arrange for other brokers or dealers to participate in effecting sales of the common shares. These brokers, dealers or underwriters may act as principals, or as an agent of a selling shareholder. Broker-dealers may agree with a selling shareholder to sell a specified number of the common shares at a stipulated price per share. If the broker-dealer is unable to sell common shares acting as agent for a selling shareholder, it may purchase as principal any unsold common shares at the stipulated price. Broker-dealers who acquire common shares as principals may thereafter resell the common shares from time to time in transactions in any stock exchange or automated interdealer quotation system on which the common shares are then listed, at prices and on terms then prevailing at the time of sale, at prices related to the then-current market price or in negotiated transactions. Broker-dealers may use block transactions and sales to and through broker-dealers, including transactions of the nature described above.

From time to time, one or more of the selling shareholders may pledge, hypothecate or grant a security interest in some or all of the common shares owned by them. The pledgees, secured parties or persons to whom the common shares have been hypothecated will, upon foreclosure in the event of default, be deemed to be selling shareholders. The number of a selling shareholder's common shares offered under this prospectus will decrease as and when it takes such actions. The plan of distribution for that selling shareholder's common shares will otherwise remain unchanged. In addition, a selling shareholder may, from time to time, sell the common shares short, and, in those instances, this prospectus may be delivered in connection with the short sales and the common shares offered under this prospectus may be used to cover short sales.

The selling shareholders and any underwriters, brokers, dealers or agents that participate in the distribution of the common shares may be deemed to be "underwriters" within the meaning of the Securities Act, and any discounts, concessions, commissions or fees received by them and any profit on the resale of the common shares sold by them may be deemed to be underwriting discounts and commissions.

A selling shareholder may enter into hedging transactions with broker-dealers, and the broker-dealers may engage in short sales of the common shares in the course of hedging the positions they assume with that selling shareholder, including, without limitation, in connection with distributions of the common shares by those broker-dealers. A selling shareholder may enter into option or other transactions with broker-dealers that involve the delivery of the common shares offered hereby to the broker-dealers, who may then resell or otherwise transfer those common shares. A selling shareholder may also loan or pledge the common shares offered hereby to a broker-dealer and the broker-dealer may sell the common shares offered hereby so loaned or upon a default may sell or otherwise transfer the pledged common shares offered hereby.

The selling shareholders and other persons participating in the sale or distribution of the common shares will be subject to applicable provisions of the Exchange Act and the related rules and regulations adopted by the SEC, including Regulation M. This regulation may limit the timing of purchases and sales of any of the common shares by the selling shareholders and any other person. The anti-manipulation rules under the Exchange Act may apply to sales of common shares in the market and to the activities of the selling shareholders and their affiliates. Furthermore, Regulation M may restrict the ability of any person engaged in the distribution of the common shares to engage in market-making activities with respect to the particular common shares being distributed for a period of up to five business days before the distribution. These restrictions may affect the marketability of the common shares and the ability of any person or entity to engage in market-making activities with respect to the common shares.

We may agree to indemnify the selling shareholders and their respective officers, directors, employees and agents, and any underwriter or other person who participates in the offering of the common shares, against specified liabilities, including liabilities under the federal securities laws or to contribute to payments the underwriters may be required to make in respect of those liabilities. The selling shareholders may agree to indemnify us, the other selling shareholders and any underwriter or other person who participates in the offering of the common shares, against specified liabilities arising from information provided by the selling shareholders for use in this prospectus or any accompanying prospectus supplement, including liabilities under the federal securities laws. In each case, indemnification may include each person who is an affiliate of or controls one of these specified

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indemnified persons within the meaning of the federal securities laws or is required to contribute to payments the underwriters may be required to make in respect of those liabilities. The selling shareholders may agree to indemnify any brokers, dealers or agents who participate in transactions involving sales of the common shares against specified liabilities arising under the federal securities laws in connection with the offering and sale of the common shares.

We will not receive any proceeds from sales of any common shares by the selling shareholders.

We cannot assure you that the selling shareholders will sell all or any portion of the common shares offered hereby.

To the extent required by Rule 424 under the Securities Act in connection with any resale or redistribution by a selling shareholder, we will file a prospectus supplement setting forth:

- the aggregate number of common shares to be sold;
- the purchase price;
- the public offering price;
- if applicable, the names of any underwriter, agent or broker-dealer; and
- any applicable commissions, discounts, concessions, fees or other items constituting compensation to underwriters, agents or broker-dealers with respect to the particular transaction (which may exceed customary commissions or compensation).

If a selling shareholder notifies us that a material arrangement has been entered into with a broker-dealer for the sale of common shares through a block trade, special offering, exchange, distribution or secondary distribution or a purchase by a broker or dealer, the prospectus supplement will include any other facts that are material to the transaction. If applicable, this may include a statement to the effect that the participating broker-dealers did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus.

VALIDITY OF THE OFFERED SECURITIES

Sullivan & Worcester LLP, as to certain matters of New York law, and Venable LLP, as to certain matters of Maryland law, will pass upon the validity of the offered securities for us. Sullivan & Worcester LLP and Venable LLP represent Senior Housing and certain of its affiliates on various matters. Sullivan & Worcester LLP also represents RMR and certain of its affiliates on various matters.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008, and the effectiveness of our internal control over financial reporting as of December 31, 2008, as set forth in their reports, which are incorporated by reference in this prospectus and elsewhere in the registration statement. Our financial statements are incorporated by reference in reliance on Ernst & Young LLP's reports, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information on file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of those documents upon payment of a duplicating fee to the SEC. This prospectus is part of a registration statement and does not contain all of the information set forth in the registration statement. You may call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. You can review our SEC filings and the registration statement by accessing the SEC's Internet site at *www.sec.gov* or by accessing our internet site at *www.fivestarseniorliving.com/investor-relations.asp*. Website addresses are included in this prospectus as textual references only and the information in such websites is not incorporated by reference into this prospectus or related registration statement.

Our common shares are traded on the NYSE Amex under the symbol "FVE," and you can review similar information concerning us at the office of the NYSE Amex at 11 Wall Street, New York, New York, 10005.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus. Statements in this prospectus regarding the contents of any contract or other document may not be complete. You should refer to the copy of the contract or other document filed as an exhibit to the registration statement. Later information filed with the SEC will update and supersede information we have included or incorporated by reference in this prospectus.

We incorporate by reference the documents listed below and any filings made after the date of the initial filing of the registration statement, including filings made prior to the effectiveness of the registration statement, of which this prospectus is a part, made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, until the offering of the securities made by this prospectus is completed or terminated:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 (filed on March 2, 2009);

- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009 (filed on May 6, 2009), June 30, 2009 (filed on August 10, 2009) and September 30, 2009 (filed on November 4, 2009);

- our Current Reports on Form 8-K filed on May 15, 2009 and November 12, 2009;

- the information identified as incorporated by reference under Items 10, 11, 12, 13 and 14 of Part III of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 from our definitive Proxy Statement for our 2009 Annual Meeting of Shareholders filed on March 30, 2009;

- the description of our common shares contained in our registration statement on Form 8-A filed on December 7, 2001, including any amendments or reports filed for the purpose of updating that description (File No. 001-16817); and

- the description of our junior participating preferred stock rights contained in our registration statement on Form 8-A filed on March 19, 2004, including any amendments or reports filed for the purpose of updating that description (File No. 001-16817).

We will provide you with a copy of the information we have incorporated by reference, excluding exhibits other than those which we specifically incorporate by reference in this prospectus. You may obtain this information at no cost by writing or telephoning us at: 400 Centre Street, Newton, Massachusetts, 02458, (617) 796-8387, Attention: Investor Relations.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. ***Other Expenses of Issuance and Distribution***

Set forth below is an estimate (except in the case of the registration fee) of the amount of fees and expenses to be incurred in connection with the issuance and distribution of the offered securities, other than underwriting discounts and commissions.

Registration Fee Under Securities Act of 1933	$	0*
Legal Fees and Expenses	$	550,000
Accounting Fees and Expenses	$	450,000
Printing and Engraving Expenses	$	175,000
Rating Agencies Fees	$	150,000
Trustee Fees (including counsel fees)	$	50,000
Miscellaneous Fees and Expenses	$	150,000
Total:	$	1,525,000

* Pursuant to Rule 415(a)(6) under the Securities Act of 1933, as amended, and guidance of the Securities and Exchange Commission related thereto, the Registrant is not required to pay a fee with respect to the $870,913,000 in securities included in reliance on Rule 415(a)(6).

With respect to the $129,087,000 in additional securities being registered hereunder, the Registrant is applying a filing fee of $15,193.54 paid with respect to $129,087,000 of securities remaining unsold under the Registrant's registration statement on Form S-3 (Registration No. 333-121910) to fully offset the $7,203.05 currently due.

Item 15. ***Indemnification of Directors and Officers***

To the maximum extent permitted by Maryland law, our charter includes provisions limiting the liability of our present and former directors and officers to us and our shareholders for money damages except for liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services or (ii) active and deliberate dishonesty established by a final judgment as being material to the cause of action.

Additionally, our charter authorizes us to the maximum extent permitted by Maryland law to indemnify any present or former director or officer or any individual who, while our director and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made a party to the proceeding by reason of his or her status as our present or former director or officer from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her status as our present or former director or officer and pay or reimburse their reasonable expenses in advance of final disposition of a proceeding.

The Maryland General Corporation Law, or the MGCL, requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity.

The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses incurred by them in connection with any proceeding to which they may be made, or are threatened to be made, a

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party by reason of their service in those or other capacities. However, a Maryland corporation is not permitted to provide this type of indemnification if the following is established:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

Additionally, a Maryland corporation may not indemnify a director or officer for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. The MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of the following:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that this standard of conduct was not met.

We have also entered into indemnification agreements with our directors and certain of our officers providing for procedures for indemnification by us to the fullest extent permitted by law and advancements by us of certain expenses and costs relating to claims, suits or proceedings arising from their service to us.

The SEC has expressed the opinion that indemnification of directors, officers or persons otherwise controlling a company for liabilities arising under the Securities Act is against public policy and is therefore unenforceable.

Reference is made to our charter filed as Exhibit 3.1 to our Current Report on Form 8-K, dated March 31, 2006. Reference is also made to our indemnification agreements with our directors and officers, a form of which is filed as Exhibit 10.4 to our Annual Report.

Any underwriting agreements (Exhibits 1.1 through 1.6) that may be filed by amendment or incorporated by reference may contain provisions for indemnification by the underwriters of our officers, directors and controlling persons.

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Item 16. ***Exhibits***

Exhibit No.	Description
1.1	Form of Underwriting Agreement (for Debt Securities)*
1.2	Form of Underwriting Agreement (for Preferred Shares)*
1.3	Form of Underwriting Agreement (for Common Shares)*
1.4	Form of Underwriting Agreement (for Depositary Shares)*
1.5	Form of Underwriting Agreement (for Warrants)*
4.1	Composite copy of Articles of Amendment and Restatement of Five Star Quality Care, Inc.(1)
4.2	Amended and Restated Bylaws of Five Star Quality Care, Inc., as amended and restated November 10, 2009(2)
4.3	Form of Senior Indenture(3)
4.4	Form of Senior Subordinated Indenture(3)
4.4	Form of Junior Subordinated Indenture(3)
4.6	Form of Senior Debt Security*
4.7	Form of Senior Subordinated Debt Security*
4.8	Form of Junior Subordinated Debt Security*
4.9	Form of Articles Supplementary for Preferred Shares*
4.10	Form of Deposit Agreement, including form of Depositary Receipt for Depositary Shares*
4.11	Form of Preferred Shares Certificate*
4.12	Form of Common Shares Certificate(4)
4.13	Form of Warrant Agreement, including form of Warrant*
4.14	Rights Agreement, dated as of March 10, 2004, by and between Five Star Quality Care, Inc. and Equiserve Trust Company, N.A.(5)
4.15	Appointment of Successor Rights Agent, dated as of December 13, 2004, by and between Five Star Quality Care, Inc. and Wells Fargo Bank, National Association, a national banking association.(6)
5.1	Opinion of Sullivan & Worcester LLP**
5.2	Opinion of Venable LLP**
8.1	Opinion of Sullivan & Worcester LLP re: tax matters*
12.1	Computation of Ratio of Earnings to Fixed Charges**
12.2	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Distributions**

23.1	Consent of Ernst & Young LLP**
23.2	Consent of Sullivan & Worcester LLP (included in Exhibit 5.1)**
23.3	Consent of Venable LLP (included in Exhibit 5.2)**
24.1	Powers of Attorney of certain officers and directors (included on signature pages)**

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Exhibit No.	Description
25.1	Statement of Eligibility of Trustee on Form T-1 under the Trust Indenture Act of 1939, as amended, of the trustee under the Senior Indenture*
25.2	Statement of Eligibility of Trustee on Form T-1 under the Trust Indenture Act of 1939, as amended, of the trustee under the Senior Subordinated Indenture*
25.3	Statement of Eligibility of Trustee on Form T-1 under the Trust Indenture Act of 1939, as amended, of the trustee under the Junior Subordinated Indenture*

* To be filed by amendment or incorporated by reference in connection with the offering of any securities, as appropriate.

** Filed herewith.

(1) Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated March 31, 2006.

(2) Incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated November 12, 2009.

(3) Incorporated by reference to the Registrant's Registration Statement on Form S-3/A, File No. 333-121910, as filed on January 27, 2005.

(4) Incorporated by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2008.

(5) Incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated March 10, 2004.

(6) Incorporated by reference to Exhibit 4.1 the Registrant's Current Report on Form 8-K dated December 13, 2004.

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Item 17. ***Undertakings***

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

Provided, however, that paragraphs (i), (ii) and (iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Securities and Exchange Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) That, for the purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(7) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(8) To file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act of 1939 in accordance with the rules and regulations prescribed by the Securities and Exchange Commission under Section 305(b)(2) of the Trust Indenture Act of 1939.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newton, Commonwealth of Massachusetts, on November 12, 2009.

FIVE STAR QUALITY CARE, INC.

By /s/ BRUCE J. MACKEY JR.

Bruce J. Mackey Jr.
President and Chief Executive Officer

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, this registration statement on Form S-3 has been signed below by the following persons in the capacities and on the dates indicated; and each of the undersigned officers and directors of Five Star Quality Care, Inc., hereby severally constitutes and appoints Bruce J. Mackey Jr., Francis R. Murphy III and Barry M. Portnoy to sign for him, and in his name in the capacity indicated below, this registration statement for the purpose of registering such securities under the Securities Act of 1933, and any and all amendments thereto, and any other registration statement filed by Five Star Quality Care, Inc. pursuant to Rule 462(b) which registers additional amounts of such securities for the offering or offerings contemplated by this registration statement hereby ratifying and confirming their signatures as they may be signed by their attorneys to this registration statement, any registration statement filed pursuant to Rule 462(b) and any and all amendments to either thereof.

Signature	Title	Date
/s/ BRUCE J. MACKEY JR. Bruce J. Mackey Jr.	President and Chief Executive Officer	November 12, 2009
/s/ FRANCIS R. MURPHY III Francis R. Murphy III	Treasurer and Chief Financial Officer (principal financial officer and principal accounting officer)	November 12, 2009
/s/ BARRY M. PORTNOY Barry M. Portnoy	Director	November 12, 2009
/s/ GERARD M. MARTIN Gerard M. Martin	Director	November 12, 2009
/s/ BRUCE M. GANS Bruce M. Gans	Director	November 12, 2009

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Signature	Title	Date
/s/ BARBARA D. GILMORE Barbara D. Gilmore	Director	November 12, 2009
/s/ ARTHUR G. KOUMANTZELIS Arthur G. Koumantzelis	Director	November 12, 2009