

Assisted Living Concepts. Inc.

DISCLOSURE POLICY

(Restated and approved May 3, 2010)

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1. OBJECTIVE AND SCOPE

The objective of this disclosure policy is to ensure that communications to the investing public about Assisted Living Concepts, Inc. (“ALC”) are timely, factual and accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements.

This disclosure policy covers disclosures in documents filed with securities regulators and written statements made in ALC’s annual and quarterly reports, news releases, letters to shareholders, presentations by senior management and information contained on ALC’s Website and other electronic communications. It extends to all oral statements, including statements made by authorized ALC employees or officers and to ALC advisors whether made in meetings or telephone conversations with analysts and investors, interviews with the media, speeches, press conferences, conference calls or otherwise.

2. DISCLOSURE POLICY COMMITTEE

The Board of Directors has established a Disclosure Policy Committee (“Committee”) responsible for overseeing ALC’s disclosure practices. The Committee consists of the chief executive officer, the chief financial officer, and the general counsel.

The Committee will determine when developments justify public disclosure. It is essential that the Committee be kept fully apprised of all material developments (actual, pending or threatened) which effect or may reasonably be expected to effect ALC in order to evaluate and discuss those events and to determine the appropriateness and timing for public release of information. If it is deemed that the information should remain confidential, the Committee will determine how that such information will be controlled.

The Board of Directors of ALC will review and update this disclosure policy as needed to ensure compliance with changing regulatory requirements. Amendments to this disclosure policy shall be submitted to the Board of Directors for approval and ratification.

3. PRINCIPLES OF DISCLOSURE OF MATERIAL INFORMATION

Material information is any information relating to the business and affairs of ALC that results, or would reasonably be expected to result, in a significant change in the market price or value of ALC’s securities or that would reasonably be expected to have a significant influence on a reasonable investor’s investment decisions. In complying with requirements to disclose material information under applicable securities laws and stock exchange rules, the following guidelines will be observed:

- material information will be publicly disclosed via news release or public filing with the United States Securities and Exchange Commission;
- in certain circumstances, the Committee may determine that disclosure of material information would be unduly detrimental to ALC (for example if release of the information would prejudice negotiations in a corporate transaction), in which case, subject to applicable legal and regulatory requirements and on upon consultation with the Chairman, the information will be kept confidential until the Committee determines it is appropriate to publicly disclose the information;

- disclosure must include any information the omission of which would make the rest of the disclosure misleading (half truths are misleading);
- unfavorable material information must be disclosed as promptly and completely as favorable information;
- no selective disclosure. Material information that has not been previously publicly disclosed must not be disclosed to selected persons (for example, in an interview with an analyst or in a telephone conversation with an investor). If material information that has not been previously publicly disclosed is inadvertently disclosed to an analyst or any other person not bound by an express confidentiality obligation, such information must be broadly disclosed immediately; and
- a disclosure must be corrected immediately if it is subsequently learned that it contained a material error at the time it was given.

4. TRADING RESTRICTIONS AND BLACKOUT PERIODS

It is illegal for anyone to purchase or sell securities of any public company with knowledge of material information affecting that company that has not been publicly disclosed. Except in the necessary course of business, it is also illegal for anyone to inform any other person of material non-public information. Therefore, insiders and employees with knowledge of confidential or material information about ALC or counter-parties in negotiations of potential material transactions are prohibited from trading shares in ALC or any counter-party until the information has been fully disclosed and a reasonable period of time has passed for the information to be widely disseminated.

Trading blackout periods will apply to those employees with access to material undisclosed information during periods when financial statements are being prepared but results have not yet been publicly disclosed.

Blackout periods are regularly prescribed at the end of each fiscal quarter until the second full trading day following public release of the financial results for that quarter. Blackout periods also may be prescribed from time to time by the Committee as a result of special circumstances relating to ALC pursuant to which ALC insiders would be precluded from trading in ALC securities. All parties with knowledge of such special circumstances should be covered by the blackout. Such parties may include external advisors such as legal counsel, investment bankers and counter-parties in negotiations of potential material transactions.

5. MAINTAINING CONFIDENTIALITY

Any employee privy to confidential information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business. Efforts will be made to limit access to such confidential information to only those who need to know the information and such persons will be advised that the information is to be kept confidential.

Communication by e-mail leaves a physical track of its passage that may be subject to later decryption attempts. All confidential information being transmitted over the Internet must be secured by the strongest encryption and validation methods

available. Where possible, employees should avoid using e-mail to transmit confidential information.

Outside parties privy to undisclosed material information concerning ALC will be told that they must not divulge such information to anyone else, other than in the necessary course of business, and that they may not trade in ALC's securities until the information is publicly disclosed. Such outside parties (other than ALC's outside legal counsel and ALC's independent public accountant who are already bound by duties of confidentiality) will confirm their commitment to non-disclosure in the form of a written confidentiality agreement.

In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

- documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who "need to know" that information in the necessary course of business and code names should be used if necessary;
- confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis;
- confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them;
- employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office;
- transmission of documents by electronic means, such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions; and
- unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.

6. DESIGNATED SPOKESPERSONS

ALC designates a limited number of spokespersons responsible for communication with the investment community, regulators or the media. The Chief Executive Officer and the Chief Financial Officer shall be the official spokespersons for ALC. The Chief Executive Officer or the Chief Financial Officer may, from time to time, designate others within ALC to speak on behalf of ALC as back-ups or to respond to specific inquiries.

Employees who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or others, unless specifically asked to do so by an authorized spokesperson. All such inquiries shall be referred to the Chief Executive Officer or the Chief Financial Officer.

7. NEWS RELEASES

Once the Committee determines that a development is material, it will authorize the issuance of a news release, unless the Committee determines that such developments must remain confidential for the time being and control of that such information is instituted. Should a material statement inadvertently be made in a selective forum, ALC will immediately disclose such information broadly via news release or public filing with the United States Securities and Exchange Commission.

Annual and interim financial results will be publicly released promptly following approval of the Board Directors of the financial statements.

News releases will be disseminated through an approved news wire service and posted on ALC's Website immediately after release over the news wire.

8. RUMORS

ALC does not comment, affirmatively or negatively, on rumors. This also applies to rumors on the Internet. ALC's spokespersons will respond consistently to those rumors, saying, "It is our policy not to comment on rumors or speculation." Should the stock exchange request that ALC make a definitive statement in response to a market rumor that is causing significant volatility in the stock, the Committee, in consultation with the Chairman, will consider the matter and decide whether to make a policy exception.

9. CONTACTS WITH ANALYSTS, INVESTORS AND THE MEDIA

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material non-public information. If ALC intends to announce material information at an analyst or shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release or public filing with the United States Securities and Exchange Commission.

ALC recognizes that meetings with analysts and significant investors are an important element of ALC's investor relations program. ALC will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this disclosure policy.

When meeting with analysts or investors on an individual or small group basis, in addition to information that already has been publicly disclosed, ALC will provide only non-material information, recognizing that an analyst or investor may construct this information into a mosaic that could result in material information. ALC cannot alter the materiality of information by breaking down the information into smaller, non-material components.

ALC will provide the same sort of detailed, non-material information to individual investors or reporters that it has provided to analysts and institutional investors.

Where practicable, more than one ALC representative will be present at all individual and group meetings of investors or analysts. A debriefing will be held after such meetings and, if such debriefing uncovers selective disclosure of previously

undisclosed material information, ALC will immediately disclose such information broadly via news release or public filing with the United States Securities and Exchange Commission.

10. REVIEWING ANALYST DRAFT REPORTS AND MODELS

It is ALC's policy to review, upon request, analysts' draft research reports or models for the sole purpose of pointing out errors in fact based on publicly disclosed information. It is ALC's policy, when an analyst asks about estimates which are significantly different from other analysts' estimates, to identify such differences. ALC will limit its comments in responding to such inquiries to non-material information. ALC will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort or lack of comfort with the analyst's model and earnings estimates.

In order to avoid appearing to "endorse" an analyst's report or model, ALC will provide its comments orally or will attach a disclaimer to written comments to indicate the report was reviewed only for factual accuracy.

11. DISTRIBUTING ANALYST REPORTS

Analyst reports are proprietary products of the analyst's firm. Re-circulating a report by an analyst may be viewed as an endorsement by ALC of the report. For these reasons, ALC will not provide analyst reports through any means to persons outside of ALC, including posting such information on its Website. ALC may post on its Website a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on ALC. If provided, such list will not include links to the analysts' or any other third party Websites or publications.

12. FORWARD-LOOKING INFORMATION

Should ALC elect to disclose forward-looking information in periodic disclosure documents, speeches or conference calls, the following guidelines will be observed:

- the information, if deemed material, will be broadly disseminated via news release or securities filing, in accordance with this disclosure policy;
- the information will be clearly identified as forward looking;
- all material assumptions used in the preparation of the forward-looking information will be described;
- the information will be accompanied by a statement that identifies the risks and uncertainties that may cause actual results to differ materially from those projected in the statement; and
- the information will be accompanied by a statement that disclaims ALC's intention or obligation to update or revise the forward-looking information, whether as a result of new information, future events or otherwise.

13. MANAGING EXPECTATIONS

ALC will try to ensure that, through its regular public dissemination of quantitative and qualitative information, analysts' estimates are in line with ALC's own expectations. ALC will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with analysts' models and earnings estimates.

If ALC has determined that it will be reporting results materially below or above publicly held expectations, it will disclose this information in a news release in order to enable discussion without risk of selective disclosure.

14. RESPONSIBILITY FOR ELECTRONIC COMMUNICATIONS

This disclosure policy also applies to electronic communications. Accordingly, officers and personnel responsible for written and oral public disclosures shall also be responsible for electronic communications.

The Committee is responsible for ensuring that the investor relations section of ALC's Website is current. The Committee is also responsible for monitoring all ALC information placed on the Website to ensure that it is accurate, complete, up-to-date and in compliance with relevant securities laws. The Committee must approve all links from ALC's Website to a third party Website (such as the SEC Website).

Investor relations material shall be contained within a separate section of ALC's Website and shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures. All data posted to the Website, including text and audiovisual material, shall show the date such material was issued. Any material changes in information must be updated immediately.

The Committee shall also be responsible for responses to electronic inquiries. Only public information or information which could otherwise be disclosed in accordance with this disclosure policy shall be used in responding to electronic inquiries.

In order to ensure that no material undisclosed information is inadvertently disclosed, employees are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to ALC's activities or its securities. Employees who encounter a discussion pertaining to ALC should advise the Committee immediately, so the discussion may be monitored.

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