

Assisted Living Concepts, Inc.

CODE OF ETHICS FOR CEO AND SENIOR FINANCIAL OFFICERS

Adopted February 27, 2007

1. In addition to complying with the Assisted Living Concepts, Inc. Code of Business Conduct, the Chief Executive Officer and senior financial officers, including the Chief Financial Officer and principal accounting officer, are responsible for full, fair, accurate, timely and understandable disclosure in reports and documents filed with the SEC and in other public communications made by ALC. Accordingly, it is the responsibility of the CEO and each senior financial officer to:

(a) act honestly and ethically, including ethically handling actual or apparent conflicts of interest between personal and professional relationships;

(b) promptly bring to the attention of the General Counsel or the CEO and to the Audit Committee any information he or she may have concerning any violation of this Code or the Code of Business Conduct, including any actual or apparent conflicts of interest between personal and professional relationships involving management or other employees who have a significant role in ALC's financial reporting, disclosures or internal controls;

(c) promptly determine whether any material information of which he or she may become aware affects the disclosures made by ALC in its public filings or otherwise requires disclosure;

(d) promptly bring to the attention of the General Counsel or the CEO and to the Audit Committee any information he or she may have concerning (i) significant deficiencies in the design or operation of internal controls which could adversely affect ALC's ability to record, process, summarize and report financial data or (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in ALC's financial reporting, disclosures or internal controls; and

(e) promptly bring to the attention of the General Counsel or the CEO and to the Audit Committee any information he or she may have concerning evidence of a material violation of the securities or other laws, rules or regulations applicable to ALC and the operation of its business by ALC or any of its agents.

2. The Board of Directors shall determine appropriate actions to be taken in the event of violations of this Code or the Code of Business Conduct by the CEO and ALC's senior financial officers. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to this Code and to the Code of Business Conduct, and may include written notices to the individual involved that the Board has determined that there has been a violation, censure by the Board, demotion or re-assignment of the individual involved, suspension with or without pay or benefits (as determined by the Board), or termination of the individual's employment. In determining

what action is appropriate in a particular case, the Board of Directors shall take into account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeat occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action, and whether or not the individual in question had committed other violations in the past.