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## Sunrise Senior Living, Inc. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Our first question comes from Analyst for Ryan Daniels - William Blair & Company, LLC.

#### Analyst for Ryan Daniels - William Blair & Company, LLC

Regarding the development pipeline, you mentioned earlier in your prepared remarks that a portion of it is due to delayed versus cancellations. Can you give us a feel for the split there?

#### Mark S. Ordan

Well it's a combination when you look at the development pipeline and you scale it back, some projects are pushed out from the original opening date and then others are canceled because you see weakness in the capital markets. I'd also say that we're being extremely rigorous in our evaluation process to make sure that anything we do go forward with, that we do present to a capital partner is a great development.

#### Analyst for Ryan Daniels - William Blair & Company, LLC

Sure. So would you say it's pretty much split evenly or is it more heavily weighted towards delays perhaps to 2009 and 2010?

#### Mark S. Ordan

That'd be hard to say. It's a combination of things and we're being responsive to the capital markets and we're being responsive to our analytics.

#### Analyst for Ryan Daniels - William Blair & Company, LLC

Moving on to the corporate headcount reduction, I know Mark you had mentioned in your prepared remarks that in the near term some of the development staff will be cut. Can you give us a sense for what the company is going to pursue to ensure that the right team is there over the coming years as more development opportunities arise?

#### Mark S. Ordan

Sure. I mean we've been sensitive because obviously development is an important cornerstone of our future and we think we've had a terrific team, a proven team. Our mansion development has been

excellent and provided fantastic returns. So what we've done is adjust the size of our development team to fit the size of the pipeline. It wasn't a qualitative change. We have a group of professionals that have done a great job. We just want to make sure that we bring it down sufficiently to keep our G&A in line but not so much that we can't move forward.

**Analyst for Ryan Daniels - William Blair & Company, LLC**

Just to confirm, you had indicated that staff was not cut at the community front?

**Mark S. Ordan**

That's right. What we have not done and will not do is anything that could reduce the care level in our communities. We are the sector leader in many ways and we're going to do nothing to diminish the level of care that has made Sunrise the company that it is. Nothing.

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