

In re Assisted Living Concepts, Inc. Securities Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9414
Garden City, NY 11530-9414
Website: www.alcsecuritieslit.com
Phone Number: (800) 222-4095

AL2
P-AL2\$F-POC/1

Must be Postmarked
No Later Than
July 31, 2002

PROOF OF CLAIM

Claim Number:

Control Number:

CORRECTIONS OR ADDITIONAL INFORMATION

Write any name and address corrections below if any are necessary **OR** if there is no preprinted data to the left, please provide your name and address here:

← IF THIS AREA IS BLANK,
PLEASE COMPLETE THE
BOX TO THE RIGHT. →

Please fill in Social Security Number/
Taxpayer ID Number if box is blank:

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Identity of Claimant: (Complete only the applicable portions)

- | | |
|---|--------------------------------------|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Estate | <input type="checkbox"/> Corporation |
| <input type="checkbox"/> Trust | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Joint Owners | |
| <input type="checkbox"/> IRA, Keogh or Other Type of Individual Retirement Plan | |
- (Indicate type of plan, mailing address, and name of current custodian)

Daytime Telephone Number: () - - - -

Evening Telephone Number: () - - - -

INSTRUCTIONS FOR FILING PROOF OF CLAIM

In order for you to qualify to participate in the distributions described in the Notice of Proposed Settlement of Class Action Against KPMG Peat Marwick LLP and Settlement Hearing (the "KPMG Settlement Notice"), you must execute and file a Proof of Claim in the form attached hereto and you must provide the required documentation to substantiate your claim on or before July 31, 2002.

PLEASE NOTE IF YOU HAVE ALREADY SUBMITTED A PROOF OF CLAIM FORM IN CONNECTION WITH THE PRIOR \$30 MILLION SETTLEMENT WITH ASSISTED LIVING CONCEPTS, INC. ("ALC"), THE INDIVIDUAL DEFENDANTS, AND THE UNDERWRITER DEFENDANTS, AND YOU RECEIVED A DISTRIBUTION FROM THAT PRIOR SETTLEMENT, YOU NEED NOT SUBMIT ANOTHER CLAIM FORM, AND, IF YOU ARE AN ELIGIBLE MEMBER OF THE KPMG CLASS, YOU WILL RECEIVE A DISTRIBUTION FROM OF THE KPMG SETTLEMENT BASED ON THE INFORMATION INCLUDED IN YOUR PREVIOUSLY SUBMITTED CLAIM FORM.

IN ADDITION, PLEASE NOTE THAT A LONGER CLASS PERIOD (FEBRUARY 6, 1997 TO MARCH 31, 1999) WAS PREVIOUSLY CERTIFIED IN THIS CASE FOR PURPOSES OF THE \$30 MILLION PARTIAL SETTLEMENT WITH ALC, THE INDIVIDUAL DEFENDANTS AND THE UNDERWRITER DEFENDANTS. HOWEVER, PURSUANT TO COURT ORDER, WITH RESPECT TO THE CLAIMS AGAINST DEFENDANT KPMG, THE CLASS PERIOD IN THE KPMG ACTION BEGINS ON MARCH 27, 1997 AND ENDS ON JANUARY 29, 1999. IF YOU PURCHASED ALC COMMON STOCK, 6% DEBENTURES, OR 5 5/8% DEBENTURES FROM FEBRUARY 6, 1997 TO MARCH 26, 1997 AND/OR FROM JANUARY 30, 1999 TO MARCH 31, 1999, THESE PURCHASES ARE NOT FOR ANY SHARE IN THE KPMG SETTLEMENT.

REQUIREMENTS FOR FILING

Your claim will be considered only upon compliance with all of the following conditions:

1. You must accurately complete all portions of the attached Proof of Claim form.

NOTE: The Proof of Claim contains purchase and sale schedules for both ALC's common stock and the convertible subordinated debentures. You must carefully complete these schedules. Do not omit to state any potentially relevant information regarding your purchases and sales of Assisted Living Concepts, Inc. ("ALC") common stock, 6% convertible subordinated debentures due November 2002 ("6% Debentures"), and 5^{5/8}% convertible subordinated debentures due May 2003 ("5^{5/8}% Debentures"). This information is necessary to determine your share of any distributions. If you cannot list all transactions in the spaces provided in the Proof of Claim form, or if you believe that you must or should supply additional information with respect to any transaction, attach additional sheets to the Proof of Claim supplying the required information. You must be properly identified on each additional sheet of paper.

2. You must sign the Proof of Claim form.

NOTE: If the securities were or are owned jointly, all joint owners must sign the Proof of Claim. Executors, administrators, guardians, conservators and trustees may complete and sign the Proof of Claim on behalf of persons or entities represented by them, but they must identify such persons or entities and provide proof of their authority (for example, currently effective letters testamentary or letters of administration) to complete and execute the Proof of Claim on their behalf and to bind them in accordance with the terms thereof. A Proof of Claim submitted by legal representatives of a claimant must be executed by all such representatives.

3. You must attach to the Proof of Claim form the original, or legible copies, of broker confirmation slips, monthly brokerage statements or other satisfactory proof confirming your opening balance in ALC common stock as of March 27, 1997 (the first day of the Class Period) as well as the particulars of each purchase and sale you have made of ALC common stock from March 27, 1997, through April 1, 1999, inclusive. If you purchased either the 6% Debentures or 5^{5/8}% Debentures, you must attach to the Proof of Claim form the original or legible copies of broker confirmation slips, monthly brokerage statements or other satisfactory proof of each purchase and sale you have made of the 6% Debentures between October 21, 1997 through April 1, 1999, inclusive, and of the 5^{5/8}% Debentures between July 22, 1998 through April 1, 1999, inclusive, and your opening balance in the 5^{5/8}% Debentures as of July 22, 1998.

4. You must mail the completed and signed Proof of Claim and supporting documents by first class mail, postage prepaid, postmarked no later than July 31, 2002 to:

**In re Assisted Living Concepts, Inc. Securities Litigation
c/o The Garden City Group, Inc.
Claims Administrator
P.O. Box 9414
Garden City, NY 11530-9414**

Your failure to complete and mail the Proof of Claim by that date may preclude you from receiving any share of the available distributions. So that you will have a record of the date of your mailing and its receipt by the Claims Administrator, you are advised to use certified mail, return receipt requested.

**ANY PERSON WHO KNOWINGLY SUBMITS A FALSE PROOF OF CLAIM IS SUBJECT TO
PENALTIES FOR PERJURY AND OTHER VIOLATIONS OF FEDERAL LAW.**

SCHEDULE OF TRANSACTIONS IN ALC COMMON STOCK

Separately list each of your purchases and sales of ALC common stock. Attach a separate schedule if more space is needed. (Be sure to include your name on any separate sheets.)

For each such transaction in the stock and debentures, the date of purchase and sale is the "trade" or "contract" date, and not the "settlement" or "payment" date. The purchase price is the price paid exclusive of commissions or other expenses. The sales price is the price received exclusive of commissions or other expenses.

COMMON STOCK

SECTION B: Please state the number of shares of ALC common stock that you held as of the opening of trading on March 27, 1997:

SECTION P: List by date, number of shares purchased, price paid per share and total price paid for each purchase you made of ALC common stock between **March 27, 1997** and **April 1, 1999**, inclusive:

Date(s) of Purchase (List Chronologically) Month/Day/Year	Aggregate Number of Shares Purchased	Purchase Price Per Share	Total Cost (excluding commissions, transfer taxes and fees)
/ /		\$	\$
/ /		\$	\$
/ /		\$	\$
/ /		\$	\$

SECTION S: List by date, number of shares sold, price received per share and total price received for each sale you made of ALC common stock between **March 27, 1997** and **April 1, 1999**, inclusive:

Date(s) of Sale (List Chronologically) Month/Day/Year	Aggregate Number of Shares Sold	Sale Price Per Share	Total Cost (excluding commissions, transfer taxes and fees)
/ /		\$	\$
/ /		\$	\$
/ /		\$	\$
/ /		\$	\$

SECTION U: Number of shares of common stock held at the close of trading, **April 1, 1999**:

SCHEDULE OF TRANSACTIONS IN ALC DEBENTURES

Separately list each of your purchases and sales of ALC 5^{5/8}% Debentures and/or 6% Debentures below. Attach a separate schedule if more space is needed. (Be sure to include your name on any separate sheets.)
 For each such transaction in the stock and debentures, the date of purchase and sale is the "trade" or "contract" date, and not the "settlement" or "payment" date. The purchase price is the price paid exclusive of commissions or other expenses. The sales price is the price received exclusive of commissions or other expenses.

SECTION B: Please state the amount of 5^{5/8}% Debentures that you held as of the opening of trading on **July 22, 1998:**

SECTION P: List by date, number of 5^{5/8}% Debentures purchased, price paid per 5^{5/8}% Debenture and total price paid for each purchase you made of ALC's 5^{5/8}% Debentures between **July 22, 1998** and **April 1, 1999**, and number of 6% Debentures purchased, price paid per 6% Debenture and total price paid for each purchase you made of ALC's 6% Debentures between **October 21, 1997** and **April 1, 1999**, inclusive:

Date(s) of Purchase (List Chronologically) Month/Day/Year	Type Code 5 ^{5/8} % or 6%	Par Value of Debentures Purchased	Total Cost of Purchases	Face Value of Debenture Purchased
/ /			\$	
/ /			\$	
/ /			\$	
/ /			\$	

SECTION S: List by date, number of 5^{5/8}% Debentures sold, price received per 5^{5/8}% Debenture and total price received for each sale you made of ALC's 5^{5/8}% Debentures between **July 22, 1998** and **April 1, 1999**, inclusive, and, number of 6% Debentures sold, price received per 6% Debenture and total price received for each sale you made of ALC's 6% Debentures between **October 21, 1997** and **April 1, 1999**, inclusive:

Date(s) of Sale (List Chronologically) Month/Day/Year	Type Code 5 ^{5/8} % or 6%	Par Value of Debentures Sold	Total Cost of Sales	Face Value of Debenture Sold
/ /			\$	
/ /			\$	
/ /			\$	
/ /			\$	

SECTION U: Number of ALC 5^{5/8}% Debentures held at the close of trading on **April 1, 1999:**

Number of ALC 6 % Debentures held at the close of trading on **April 1, 1999:**

VERIFICATION AND ACKNOWLEDGMENT

I (We), and the person I (we) represent, if any, submit to the jurisdiction of the United States District Court for the District of Oregon, for purposes of further inquiry with respect to this Proof of Claim under the Federal Rules of Civil Procedure, and agree to be bound by and subject to the terms of the judgments and orders of that Court in connection with the settlement in the above-captioned Action, and to furnish such additional proof or information with respect to this Proof of Claim as the Court shall require.

I (We) have read and am (are) familiar with the contents of the Instructions accompanying this Proof of Claim and I (we) verify that the information I (we) have set forth in the foregoing Proof of Claim and in documents attached hereto is true and correct and complete to the best of my (our) knowledge. I (We) am (are) not either a Defendant(s) or related to a Defendant(s). I (We) have attached hereto the original or legible copies of broker confirmation slips or statements or, if not available, other proof of the dates and amounts of my (our) purchases and sales of ALC common stock, 6% Debentures and 5 5/8% Debentures. I further certify that I have read and am familiar with the accompanying Notice of Proposed Settlement of Class Action Against KPMG Peat Marwick LLP and Settlement Hearing (the "Notice") to which this Proof of Claim relates. I understand and agree that this Proof of Claim will be processed and will be allowed, if at all, in accordance with the procedures set forth in the Notice.

The undersigned represents, warrants and acknowledges that he or she has agreed to participate in the Settlement and has executed this document only after first obtaining all the legal and professional advice which he or she believes appropriate and necessary and has determined, in his or her judgment, that his or her best interest is served by participating in the Settlement. The undersigned warrants and represents that he or she has agreed to the Settlement without relying on any statement or representation of a Settling Defendant, or their agents or anyone else, except as set forth in the Notice; the undersigned further represents and warrants that he or she has agreed to this Settlement, solely in reliance on his or her own knowledge and information (or knowledge or information provided by his or her own counsel or by counsel for plaintiffs and the Class) as to the nature, extent and duration of the damages, injuries, losses, legal rights and claims which are asserted or could have been asserted in the Complaint.

I further agree and understand that if the proposed settlement is approved by the Court and becomes effective, all Released Claims as defined in the Settlement Notice, will be satisfied, discharged and extinguished forever.

CERTIFICATION AND SUBSTITUTE FORM W-9

UNDER THE PENALTY OF PERJURY, I (WE) CERTIFY THAT:

The number shown on this form is my (our) correct Taxpayer Identification Number (TIN); and I (we) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code, because (a) I am (we are) exempt from backup withholding; or (b) I (we) have not been notified by the Internal Revenue Service that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the Internal Revenue Service has notified me (us) that I am (we are) no longer subject to backup withholding.

NOTE: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, check this box.

I (We) further declare under penalty of perjury under the laws of the United States of America that the information supplied on this Proof of Claim is true, correct and complete.

Executed this _____ day of _____
(Month/Year)

(Sign your name here)

in _____
(City) (State/Country)

(Type or print your name here)

(Capacity of person(s) signing, e.g., Beneficial Purchaser, Executor or Administrator)

Reminder Checklist:

1. Please sign the above release and declaration.
2. Remember to attach supporting documentation, if available.
3. Do not send original stock certificates.
4. **Do not use highlighter on the Proof of Claim form or supporting documentation.**
5. Keep a copy of your claim form for your records.
6. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested.
7. If you move, please send us your new address.

**ACCURATE CLAIMS PROCESSING TAKES A
SIGNIFICANT AMOUNT OF TIME.**

THANK YOU FOR YOUR PATIENCE.