

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF OREGON

In Re ASSISTED LIVING CONCEPTS, INC.
SECURITIES LITIGATION

Lead Case No. 99-167-AA
(Consolidated Cases)
CLASS ACTION

This document relates to: All Actions

**SUMMARY NOTICE OF SETTLEMENT OF CLASS ACTION AGAINST
KPMG PEAT MARWICK, LLP**

TO: ALL PERSONS OR ENTITIES WHO PURCHASED OR ACQUIRED (i) COMMON STOCK OF ASSISTED LIVING CONCEPTS, INC. ("ALC") FROM MARCH 27, 1997 THROUGH JANUARY 29, 1999, INCLUSIVE; (ii) ALC'S 6% CONVERTIBLE SUBORDINATED DEBENTURES DUE NOVEMBER 2002 ("6% DEBENTURES") FROM OCTOBER 21, 1997 THROUGH JANUARY 29, 1999, INCLUSIVE; AND/OR (iii) ALC'S 5 5/8% CONVERTIBLE SUBORDINATED DEBENTURES DUE MAY 2003 ("5 5/8% DEBENTURES") FROM JULY 22, 1998 THROUGH JANUARY 29, 1999, INCLUSIVE (THE "CLASS").

This Summary Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order by the United States District Court for the District of Oregon (the "Court"), dated March 19, 2002.

The purpose of this Notice is to inform you of the proposed \$13,500,000 settlement that has been reached in this Class Action (the "Action") by Plaintiffs with Defendant KPMG Peat Marwick LLP ("KPMG"). This is in addition to the \$30 million partial settlement previously reached with ALC, William McBride III, Keren Brown Wilson, Stephen J. Gordon, Rhonda S. Marsh (nka, Rhonda S. McBride), Bradley G. Razoook, Richard C. Ladd, Gloria Cavanaugh, Schroder & Co., Inc., Morgan Stanley Dean Witter, and SmithBarney, Inc. (collectively, the "Former Defendants"). The proposed settlement resolves all claims, rights, causes of action, suits, matters and issues, whether known or unknown arising out of or related to the subject matter of the Action or claims asserted by or on behalf of Plaintiffs or any member of the Class, whether individual, class, derivative, representative, legal, equitable or any other type or in any other capacity, against KPMG. The settlement consideration consists of \$13,500,000 in cash.

A hearing will be held by the Court on May 23, 2002, at 10:00 a.m., in the United States District Court for the District of Oregon, Mark O. Hatfield U.S. Courthouse, 1000 S.W. Third Avenue, Portland, Oregon 97204. The purpose of the hearing will be, among other things: (1) to determine whether the proposed settlement is fair, reasonable, and adequate and should be approved and, therefore, whether this class action should be dismissed on the merits and with prejudice and without costs; (2) to determine whether the Plan of Distribution of the Net Settlement Fund is fair, reasonable and adequate and should be approved; and (3) to consider the reasonableness of an application of plaintiffs' counsel for the payment of attorneys' fees and reimbursement of expenses incurred in prosecuting the class action.

If you purchased or otherwise acquired ALC common stock, 6% Debentures or 5 5/8% Debentures during the periods set forth above, you are a Class member, unless otherwise excluded by virtue of affiliation with any of the Former Defendants or KPMG. Your rights against KPMG will be affected by this Settlement. In particular, if you wish to share in the \$13,500,000 settlement, you must have already filed a claim on a Proof of Claim form in connection with the prior \$30 million settlement or you must now file a claim, on a Proof of Claim form, no later than July 31, 2002 establishing that you are entitled to recovery. **PLEASE BE ADVISED THAT IF YOU HAVE ALREADY FILED A PROOF OF CLAIM FORM IN CONNECTION WITH THE PRIOR \$30 MILLION PARTIAL SETTLEMENT AND RECEIVED A SHARE OF THE PRIOR SETTLEMENT, YOU NEED NOT FILE AN ADDITIONAL CLAIM FORM TO PARTICIPATE IN THE KPMG SETTLEMENT. ANY CLASS MEMBER WHO FAILS TO FILE A PROPER PROOF OF CLAIM FORM OR WHOSE PRIOR PROOF OF CLAIM WAS DISALLOWED AND DOES NOT PROVIDE ADDITIONAL INFORMATION THAT MAKES THE CLAIM ELIGIBLE WILL NOT SHARE IN THE SETTLEMENT BUT WILL BE BOUND BY THE FINAL JUDGMENT OF THE COURT.** If you have not already received a copy of the Notice of Settlement of Class Action and Settlement Hearing (the "Notice"), or a copy of the Proof of Claim, you may obtain such information by contacting: **In re Assisted Living Concepts, Inc. Securities Litigation, c/o The Garden City Group, Claims Administrator, P.O. Box 9414, Garden City, NY 11530-9414, Website: www.alcsecuritieslit.com, Phone Number: (800) 222-4095** or any one of the following law firms serving as Court-appointed Co-Lead Counsel for Plaintiffs:

STOLL STOLL BERNE LOKTING & SHLACHTER P.C.
Attn: David F. Rees, Esq.
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BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
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New York, New York 10019

SCHIFFRIN & BARROWAY, LLP
Attn: David Kessler, Esq. or Stuart L. Berman, Esq.
Three Bala Plaza East, Suite 400
Bala Cynwyd, PA 19004

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE FOR INFORMATION.

DATED: March 19, 2002

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT FOR THE DISTRICT OF OREGON