

IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF OREGON

\_\_\_\_\_ X  
In Re ASSISTED LIVING CONCEPTS, :  
INC. SECURITIES LITIGATION :  
\_\_\_\_\_ X  
This document relates to: All Actions :  
\_\_\_\_\_ X

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

CLASS ACTION

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION AGAINST KPMG PEAT MARWICK, LLP AND SETTLEMENT HEARING**

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 (THE "KPMG CLASS PERIOD"); (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<sup>5/8</sup>% CONVERTIBLE SUBORDINATED DEBENTURES DUE MAY 2003 ("5<sup>5/8</sup>% DEBENTURES") FROM JULY 22, 1998 THROUGH JANUARY 29, 1999, INCLUSIVE (THE "CLASS")

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF THIS CLASS ACTION AND, IF YOU ARE A CLASS MEMBER, CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHTS CONCERNING THE SETTLEMENT AS FURTHER DESCRIBED BELOW.**

A. **Statement of Plaintiff Recovery:** Plaintiffs, individually and as representatives of the Class, have entered into a proposed settlement of this action (the "Action") that will resolve all claims of the plaintiffs and the Class against defendant KPMG Peat Marwick, LLP ("KPMG") (the "KPMG Settlement"). The Settlement is in addition to the \$30,000,000 partial settlement previously reached with defendants ALC; William McBride III, Keren Brown Wilson, Stephen J. Gordon, Rhonda S. Marsh (nka Rhonda S. McBride), Bradley G. Razook, Richard C. Ladd and Gloria Cavanaugh (collectively, the "Individual Defendants"); and Schroder & Co., Inc., Morgan Stanley Dean Witter and SmithBarney, Inc. (collectively, the "Underwriter Defendants"). The KPMG Settlement will create a settlement fund (the "Settlement Fund") that totals \$13,500,000 in cash, plus interest. The average recovery per share or per debenture depends on a number of variables, including when Class Members purchased and/or sold ALC common stock or debentures during the KPMG Class Period, the number of shares and debentures affected, and the amount of alleged inflation per share or debenture. The expert on damages retained by plaintiffs estimates that approximately 10.1 million shares of ALC common stock were purchased during the KPMG Class Period and held to the end of the KPMG Class Period on January 29, 1999. In addition, plaintiffs' expert estimates that approximately \$86.25 million in face value of 6% Debentures were purchased during the Class Period and held to the end of the Class Period, and \$15.1 million in face value of 5<sup>5/8</sup>% Debentures were purchased during the KPMG Class Period and held until the end of the KPMG Class Period. Assuming that all affected shares and Debentures elect to participate in the KPMG Settlement, the average recovery per common stock share from this settlement is estimated by plaintiffs' damages expert at approximately \$0.89. The average recovery per \$100 face value of the 6% Debentures is estimated at approximately \$4.59, and the average recovery per \$100 face value of the 5<sup>5/8</sup>% Debentures is estimated at approximately \$3.50. Some Class Members will recover more and some Class Members will recover less than the average recoveries, depending on when their shares were acquired and if and when their shares were sold, as more fully described in the accompanying Plan of Distribution.

B. **Statement of Potential Outcome:** Plaintiffs and KPMG do not agree on the average amount of damages per share or debenture that would be recoverable if plaintiffs prevailed on each claim asserted. The issues on which the parties disagree include (1) the appropriate economic model for determining the amount by which ALC common stock and debentures was allegedly artificially inflated; (2) the amount by which ALC common stock and debentures were allegedly artificially inflated; (3) the effect of various market forces influencing the trading price of ALC common stock and debentures; (4) the extent to which external factors, such as general market conditions, influenced the trading price of ALC common stock and debentures at various times; (5) the extent to which the financial statements audited by KPMG influenced the trading price of ALC common stock and debentures; and (6) whether the audit opinions made were false, material or otherwise actionable under the federal securities laws. KPMG denies all liability and disputes the maximum amount of damages recoverable if the Class prevailed on each of their claims.

C. **Statement of Attorneys' Fees and Costs Sought:** Plaintiffs' Co-Lead Counsel intend to apply for an award of attorneys' fees in an amount equal to 30% of the KPMG payment to the Settlement Fund or approximately \$0.27 per damaged share, \$1.38 per \$100 face value of the 6% Debentures, and \$1.05 per \$100 face value of the 5<sup>5/8</sup>% Debentures. Plaintiffs' Co-Lead Counsel also intend to apply for reimbursement of their out-of-pocket expenses incurred in an amount not to exceed approximately \$950,000, or approximately \$0.06 per damaged share, \$0.32 per \$100 face value of the 6% Debentures, and \$0.19 per \$100 face value of the 5<sup>5/8</sup>% Debentures.

D. **Reasons for Settlement:** Plaintiffs believe that the proposed KPMG Settlement is fair, reasonable, and in the best interests of the Class considering the amount of the KPMG Settlement and the immediacy of recovery to the Class. Plaintiffs further recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action through trial and appeals. Plaintiffs have also considered the uncertain outcome and the risk of any further litigation, especially in complex actions such as the Action, as well as the difficulties and delays inherent in any such litigation.

E. **Identification of Attorneys' Representatives:** Any questions regarding the KPMG Settlement should be directed to Plaintiffs' Co-Lead Counsel: David Rees, Esq., Stoll Stoll Berne Lokting & Shlachter P.C., 209 S.W. Oak Street, Portland, Oregon 97204, (503) 227-1600; and Max W. Berger, Esq. and Steven B. Singer, Esq., Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, New York 10019, (212) 554-1400.

**This Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and pursuant to an Order of the United States District Court for the District of Oregon. The purpose of this Notice is to inform you of the proposed \$13,500,000 Settlement that has been reached in the Action with KPMG and that a hearing (the "Settlement Hearing") will be held on May 23, 2002 at 10:00 a.m. in the United States District Court for the District of Oregon (the "Court") to consider the fairness, reasonableness and adequacy of (i) the proposed KPMG Settlement, which is embodied in a Stipulation of Settlement dated March 14, 2002 (the "Stipulation") entered into between Lead Plaintiffs, individually and on behalf of the Class, and KPMG, (ii) the proposed Plan of Distribution, and (iii) the award of attorneys' fees and expenses to the attorneys for the Class ("Plaintiffs' Counsel").**

## **I. DESCRIPTION OF THE ACTION**

### **A. Plaintiffs' Allegations**

In February and March 1999, numerous class actions were commenced against ALC, KPMG, the Underwriter Defendants and the Individual Defendants in the United States District Court for the District of Oregon alleging violations of the federal securities laws. These actions were thereafter consolidated pursuant to Orders of the Court dated June 1, 1999. On June 4, 1999, the Court appointed the Miami Police Relief and Pension Fund, Kevin S. Dubner, Thomas R. Tolley, Perry S. Heitman and Mary Ellen Schraner as Lead Plaintiffs. Plaintiffs filed a Consolidated Class Action Complaint on July 23, 1999 and an Amended Consolidated Class Action Complaint on October 20, 1999 (the "Amended Complaint").

The Amended Complaint asserts claims for relief against ALC, the Individual Defendants, the Underwriter Defendants and KPMG under sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and sections 11, 12(2) and 15 of the Securities Act of 1933 (the "Securities Act"). The Amended Complaint alleges that ALC's publicly reported financial statements for 1996, 1997 and the first three quarters of 1998 were in violation of generally accepted accounting principles ("GAAP") and materially overstated ALC's earnings. On February 1, 1999, ALC announced that it would restate its previously reported financial results for 1997 and the first three quarters of 1998 because it had improperly accounted for a joint venture arrangement. On March 31, 1999, ALC announced that its financial statements for the year ended December 31, 1996 would also be restated. The \$21 million restatement transformed what had previously been reported as a cumulative profit of \$4.6 million for this period into a net loss of \$16.2 million. The Amended Complaint alleges that, as a result of Defendants' dissemination of allegedly false and misleading statements from February 6, 1997 to March 31, 1999, the market prices of ALC common stock and debentures were artificially inflated, thereby causing damage to Class Members.

### **B. Denials of Liability**

KPMG denies all wrongdoing as alleged by Plaintiffs in this Action and the KPMG Settlement should not be construed or deemed to be evidence of, or an admission or a concession of any fault or liability whatsoever on the part of KPMG or infirmity in any defenses KPMG has asserted or intended to assert in the Action. KPMG, while affirmatively denying wrongdoing, considers it desirable and in their best interests that this Action be dismissed on the terms set forth herein in order to avoid further expense and protracted litigation.

### **C. Class Certification**

On January 30, 2000, for purposes of the claims against KPMG, the Court certified a class of investors consisting of all persons or entities who purchased or acquired (i) ALC common stock from March 27, 1997 through January 29, 1999, inclusive (the "KPMG Class Period"), (ii) ALC's 6% convertible subordinated debentures due November 2002 from October 21, 1997 through January 29, 1999, inclusive, and (iii) ALC's 5<sup>5/8</sup>% convertible subordinated debentures due May 2003 from July 22, 1998 through January 29, 1999, inclusive. Excluded from the Class are (1) defendant KPMG; (2) ALC, current and former officers and directors of ALC, and parents, subsidiaries and affiliates of ALC; (3) the Individual Defendants and, Members of the immediate families of the Individual Defendants; (4) the Underwriter Defendants; and (5) the legal representatives, heir, successors or assigns of any such excluded party (the "KPMG Class").

A longer Class Period (February 6, 1997 to March 31, 1999) was previously certified in this case for purposes of the Partial Settlement with ALC, the Individual Defendants and the Underwriter Defendants. However, pursuant to a 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. Therefore, purchases of ALC common stock, 6% Debentures, or 5<sup>5/8</sup>% Debentures from February 6, 1997 to March 26, 1997 and/or from January 30, 1999 to March 31, 1999, are not eligible for any distribution from the KPMG Settlement.

### **D. Plaintiffs' Prosecution of the Action**

Plaintiffs' Co-Lead Counsel conducted extensive fact discovery and investigation during the prosecution of the Action. This included the inspection and analysis of tens of thousands of pages of documents, including (1) KPMG's audit workpapers, restatement workpapers and other documents; (2) documents produced by ALC, the Individual Defendants, and the Underwriter Defendants; (3) documents produced by third parties, including ALC's joint venture partner, lessors, and investment analysts; and (4) documents filed by ALC's joint venture partner with state regulatory agencies. Plaintiffs also took the depositions of over 40 fact witnesses, including (1) KPMG personnel assigned to the ALC engagement, KPMG personnel from its Department of Professional Practice and KPMG personnel from its Nashville office; (2) current and former Members of ALC's management team and Board of Directors; (3) Members of ALC's joint venture partner; (4) current and former employees of the Underwriter Defendants; and (5) numerous third parties, including market analysts, employees of ALC's lessors and current and former employees of ALC proposed merger partner, American Retirement Corporation.

Plaintiffs also retained forensic accounting experts to assist in understanding the accounting issues implicated by the alleged accounting improprieties and to provide expert testimony at trial. Plaintiffs retained a damages expert to testify regarding issues of materiality, causation and the amount of damages sustained by the Class. Plaintiffs also retained a computer forensics expert to testify regarding document issues and an expert to testify regarding the impact of audit opinions on capital markets. In preparation for trial, plaintiffs and defendants exchanged expert reports and engaged in expert deposition discovery. Plaintiffs deposed the six experts retained by KPMG to testify at trial, including an auditing and accounting expert, an underwriting expert, an expert on attorney conduct, an expert on corporate governance, a computer forensics expert and an expert on damages.

Plaintiffs successfully opposed the motion to dismiss the Amended Complaint filed by KPMG, which was denied in its entirety by the Court pursuant to an Opinion and Order dated March 27, 2000. Plaintiffs also filed oppositions to the three separate motions for partial summary judgment filed by KPMG, which were pending at the time of the settlement.

### **E. Settlement Discussions**

Plaintiffs and KPMG, by their counsel, conducted protracted arm's-length settlement negotiations over a period of more than nine months. Plaintiffs and KPMG engaged in two separate unsuccessful attempts at mediation, the first before the Honorable Michael R. Hogan, Chief Judge of the United States District Court for the District of Oregon, and the second before the Honorable Edward Leavy of the United States Court of Appeals for the Ninth Circuit. Several months after these unsuccessful mediations, plaintiffs reached the proposed settlement with KPMG, approximately eight weeks prior to trial. The terms of the proposed settlement are described below and set forth more fully in the Stipulation.

## **II. TERMS OF THE PROPOSED SETTLEMENT**

In full settlement of the Action against the Settling Defendants, KPMG has paid a total of \$13,500,000 in cash (the "KPMG Settlement Payment") into the Settlement Fund. The KPMG Settlement Payment has been deposited into an escrow account bearing interest or holding United States Treasury obligations maintained for the benefit of the Class by the settlement administrator and under the direction of Stoll Stoll Berne Lokting & Shlachter, subject to Court oversight.

The consideration for the KPMG Settlement Payment is the entry by the Court of an Order and Final Judgment which will dismiss the Class Action against KPMG with prejudice, and bar and permanently enjoin Plaintiffs and each Class Member (with the exception of those who previously requested exclusion from the Class), whether or not such Class Member has submitted a Proof of Claim, from prosecuting the Released Claims, as defined below, and any such Class Member shall be conclusively deemed to have fully, finally and forever released, relinquished and discharged any and all such Released Claims.

As used herein, "Released Claims" means 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 Class Member, whether individual, class, derivative, representative, legal, equitable or any other type or in any other capacity, against KPMG.

If the KPMG Settlement is approved by the Court and upon satisfaction of the other conditions to the KPMG Settlement, the Settlement Fund will be distributed as follows:

- (a) To pay costs and expenses in connection with providing Notice to the Members of the Class and administering the KPMG Settlement on behalf of the Class;
- (b) To pay Plaintiffs' Counsels' attorneys' fees and reimbursement of expenses, with interest thereon (the "Fee Award"), if and to the extent allowed by the Court;
- (c) To pay the reasonable costs incurred in the preparation of any tax returns required to be filed on behalf of the Settlement Fund as well as the taxes (and any interest and penalties determined to be due thereon) owed by reason of the earnings of the Settlement Fund, including taxes and tax expenses;
- (d) Subject to the approval by the Court of the Plan of Distribution, which is attached to this Notice, the balance of the Settlement Fund (the "Net Settlement Fund"), shall be distributed in accordance with the Plan of Distribution to Class Members who submit valid, timely Proofs of Claim ("Authorized Claimants").

## **III. BENEFITS OF THE KPMG SETTLEMENT**

Plaintiffs have agreed to the KPMG Settlement, pursuant to the provisions of the Stipulation, after considering: (i) the substantial and immediate benefits that the Members of the Class will receive from the KPMG Settlement; (ii) the attendant risks of trial, especially in complex actions such as this Action; (iii) the uncertainty relating to the proof of the allegations contained in the Amended Complaint; (iv) the conclusion of Plaintiffs' Co-Lead Counsel, which was based on a full understanding of the facts and the relative strengths and weaknesses of plaintiffs' claims, that resolution of the Action against KPMG upon the terms set forth in the Stipulation is in the best interests of the Class and represents an excellent recovery for the Class.

## **IV. PARTICIPATION IN THE SETTLEMENT; PROOFS OF CLAIM**

Only those Class Members who purchased or otherwise acquired ALC common stock, 5<sup>5/8</sup>% Debentures, or 6% Debentures during the KPMG Class Period will share in the distribution of the Settlement Fund. As a condition of the KPMG Settlement, each person claiming to be an Authorized Claimant shall be required to submit a separate Proof of Claim no later than July 31, 2002, to the address set forth in the attached Proof of Claim form, unless you have already filed a Proof of Claim form establishing your entitlement to a share of a distribution from the Settlement Fund in connection with the prior \$30 million partial settlement with ALC, the Individual Defendants and the Underwriter Defendants. **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. IF YOU FAIL TO FILE A PROPER PROOF OF CLAIM FORM OR IF YOUR PRIOR PROOF OF CLAIM WAS DISALLOWED AND YOU DO NOT SUBMIT ANY ADDITIONAL INFORMATION, YOU WILL NOT SHARE IN THE SETTLEMENT BUT YOU WILL BE BOUND BY THE FINAL JUDGMENT OF THE COURT.** Unless otherwise ordered by the Court, any Class Member who fails to submit a Proof of Claim by July 31, 2002 shall be forever barred from receiving any payments pursuant to the Settlement set forth in the Stipulation, but will in all other respects be subject to the provisions of the Stipulation, including the terms of any judgment entered and the releases given. Any claimant must support a Proof of Claim with documents reasonably available to the claimant, as specified in the Proof of Claim. The Proof of Claim is enclosed herewith. Extra copies can be obtained from the address noted below.

The Court has reserved jurisdiction to allow, disallow or adjust the Claim of any Class Member on equitable grounds. The Court also reserves the right to modify the Plan of Distribution without further notice to the Class. Payment pursuant to the Plan of Distribution attached hereto shall be conclusive against all Authorized Claimants. No person shall have any claim against Plaintiffs' Co-Lead Counsel or the Claims Administrator or other agent designated by Plaintiffs' Co-Lead Counsel based on the distributions made substantially in accordance with the Stipulation and the KPMG Settlement contained therein, the Plan of Distribution, or further orders of the Court. KPMG shall have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Distribution or the determination, administration, calculation, or payment of Claims or non-performance of its duties, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.

## **VI. THE HEARING**

A hearing regarding the proposed KPMG Settlement will be held before the Honorable Ann Aiken, United States District Court Judge, on May 23, 2002 at 10:00 a.m. at the Mark O. Hatfield United States Courthouse, District of Oregon, 1000 S.W. Third Avenue, Portland, Oregon 97204, for the purpose of determining whether an Order and Final Judgment should be entered: (1) approving the proposed KPMG Settlement as fair, reasonable and adequate; (2) dismissing the Action on the merits and with prejudice as against the KPMG; (3) approving the Plan of Distribution which is attached hereto; (4) awarding attorneys' fees and expenses from the Settlement Fund; and (5) barring plaintiffs and all Class Members from prosecuting, pursuing, or litigating any of the Released Claims against KPMG. The Settlement Hearing may be continued or adjourned from time to time by the Court at the Settlement Hearing or any continued or adjourned session thereof without further notice.

Any Class Member may appear at the Settlement Hearing and be heard on any of the foregoing matters; provided, however, that no such person shall be heard, unless his, her or its objection or opposition is made in writing and is filed, together with copies of all other papers and briefs to be submitted to the Court at the Settlement Hearing, by him, her or it (including proof of all purchases of ALC common stock and debentures during the KPMG Class Period) with the Court no later than May 9, 2002, and showing due proof of service on the following:

STOLL STOLL BERNE LOKTING & SHLACHTER P.C.  
DAVID F. REES, ESQ.  
209 S.W. OAK STREET, FIFTH FLOOR  
PORTLAND, OREGON 97204

Unless otherwise ordered by the Court, any member of the Class who does not make his objection or opposition in the manner provided shall be deemed to have waived all objections to the foregoing matters.

**VII. ATTORNEYS' FEES, COSTS AND EXPENSES OF PLAINTIFFS' ATTORNEYS**

Plaintiffs' Co-Lead Counsel will apply to the Court at the Settlement Hearing described above for a collective award of attorneys' fees to all plaintiffs' law firms equal to 30% of the KPMG payment to the Settlement Fund, and reimbursement of expenses not to exceed \$950,000, which were advanced in connection with the litigation, together with interest earned on said sums.

The fee requested by Plaintiffs' Co-Lead Counsel would compensate counsel for their efforts in achieving the Settlement Fund for the benefit of the Class, and for their risk in undertaking this representation on a contingency basis. The fee requested is within the range of fees awarded to plaintiffs' counsel under similar circumstances in litigation of this type.

**VIII. NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES**

Banks, brokerage firms, institutions, and other persons who are nominees for beneficial purchasers who purchased or otherwise acquired ALC common stock or debentures during the KPMG Class Period are requested within ten (10) days of receipt of this Notice, to: (1) provide Plaintiffs' Co-Lead Counsel with the names and addresses of such beneficial purchasers; or (2) forward a copy of this Notice to each such beneficial purchaser and provide Plaintiffs' Co-Lead Counsel with written confirmation that the Notice has been so forwarded. Plaintiffs' Co-Lead Counsel offers to prepay your reasonable costs and expenses of complying with this provision upon submission of appropriate documentation. Additional postage pre paid copies of this Notice may be obtained from Plaintiffs' Co-Lead Counsel for forwarding to such beneficial owners. All such correspondence to Plaintiffs' Co-Lead Counsel should be addressed as follows:

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

**IX. EXAMINATION OF PAPERS AND INQUIRIES**

This Notice contains only a summary of the terms of the proposed KPMG Settlement. For a more detailed statement of the matters involved in this Action, reference is made to the pleadings, to the Stipulation and to other papers filed in this Action which may be inspected at the Office of the Clerk of the United States District Court for the District of Oregon, Mark O. Hatfield United States Courthouse, 1000 S.W. Third Avenue, Portland, Oregon 97204 during business hours of each business day.

Inquiries regarding this Action should be addressed as follows:

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

PLEASE DO NOT CONTACT THE COURT REGARDING THIS NOTICE.

DATED: March 19, 2002

BY ORDER OF THE COURT

## PLAN OF DISTRIBUTION

### I. INTRODUCTORY PROVISIONS

To receive a distribution from the Net Settlement Fund, all persons or entities must:

1. Establish membership in the Class;
2. Complete a valid claim form and supply all required documentation and;
3. Submit the completed claim form and documentation so that it is postmarked for mailing to the Claims Administrator on or before July 31, 2002.

**IF YOU HAVE ALREADY SUBMITTED A CLAIM FORM AND RECEIVED A DISTRIBUTION FROM THE PRIOR \$30 MILLION SETTLEMENT WITH ALC, THE INDIVIDUAL DEFENDANTS AND THE UNDERWRITER DEFENDANTS, YOU NEED NOT SUBMIT ANOTHER CLAIM FORM, AND YOUR LOSS AMOUNT WILL BE CALCULATED BASED ON THE CLAIM FORM YOU PREVIOUSLY SUBMITTED.**

### II. CALCULATION OF LOSS AMOUNT FOR CLAIMS

A "Loss Amount" will be calculated for each purchase or acquisition of ALC common stock or debentures that is listed in the claim form, and for which adequate documentation is provided. The calculation of the Loss Amount will depend upon several factors:

1. The type of publicly traded security purchased or acquired (common stock or debentures);
2. When the security was purchased or acquired; and
3. Whether the security was held until the conclusion of the Class Period (January 29, 1999) or whether it was sold during the Class Period and, if so, when it was sold.

### III. EFFECT OF STOCK SPLIT DURING THE CLASS PERIOD

Loss Amounts for ALC common stock will be adjusted to reflect the effect of the two-for-one stock split that became effective on July 10, 1997. Each ALC share purchased prior to July 10, 1997 will be considered to be two shares for the purpose of computing Loss Amounts. No such adjustment will be made for shares purchased or acquired on or after July 10, 1997.

### IV. BASIS FOR CALCULATION OF LOSS AMOUNT

Loss Amounts are based on the level of artificial inflation in the prices of ALC stock and debentures, as determined by plaintiffs' damages expert.

#### A. ALC Common Stock

Plaintiffs' damages expert calculated the reasonable percentage of artificial inflation in the daily closing market prices for ALC common stock for each day in the Class Period that, in his opinion, was attributable to the alleged wrongdoing by KPMG. Plaintiffs' damages expert analyzed the market price reaction to public disclosures that revealed or described the alleged misrepresentations or their effects. The expert then measured the percentage price decline associated with each particular disclosure, adjusted that price reaction to eliminate the effects, if any, attributable to general market or industry conditions, and then used standard statistical techniques to ensure that the price reaction was statistically significant. Plaintiffs' expert, thus, isolated the price effect that the expert reasonably believed was caused by the alleged fraud.

By accumulating the total isolated market reaction attributable to each public disclosure of the alleged fraud, plaintiffs' expert determined the reasonable amount of total artificial inflation in the market price of ALC stock caused by KPMG's alleged wrongdoing. Plaintiffs' expert allocated the total artificial inflation as of the end of the Class Period to each quarterly period before that day in direct proportion to the relationship that each such period's overstatement bore to the total amount of earnings overstatement in ALC's publicly reported financial statements, factoring out earnings overstatements for which KPMG bore no responsibility. The Company overstated each quarter's earnings throughout the Class Period; accordingly, the cumulative amount of earnings overstatement grew for each succeeding quarter, which caused the estimated percentage of artificial inflation to increase proportionately with each quarterly earnings announcement.

1. For shares of ALC common stock purchased or acquired during the period from March 27, 1997 through the close of trading on January 29, 1999:

**a. And that were still held as of the close of trading on April 1, 1999:** The Loss Amount is the amount indicated in Table A for the date that share was purchased or acquired.

**b. And that were sold during the period from February 1, 1999 through the close of trading on April 1, 1999:** The Loss Amount is the amount by which the Loss Amount per share on the date of purchase or acquisition, as set forth in Table A, exceeds the residual inflation per share on the date of sale, as set forth in Table B.

2. For shares of ALC common stock purchased or acquired during the period from March 27, 1997 through the close of trading on January 29, 1999, and that were sold during that same time period, the Loss Amount is \$0, because (i) both the purchase and sale occurred before any adverse information about ALC's alleged accounting improprieties was publicly disclosed; (ii) the percentage of artificial inflation in the closing market price, as determined by plaintiffs' damages expert, increased throughout the period from March 27, 1997 through January 29, 1999; and (iii) plaintiffs have not found evidence that any decline in the price of ALC stock that occurred prior to the opening of trading on February 1, 1999 was related to the alleged misstatements.

#### B. 6% Convertible Subordinated Debentures due November 2002

1. For ALC's 6% Convertible Subordinated Debentures Due November 2002 (the "6% Debentures") purchased or acquired during the period from October 21, 1997 (the first day on which the 6% Debentures could be publicly traded) through the close of trading on January 29, 1999:

a. **And that were still held as of the close of trading on April 1, 1999:** The Loss Amount is the lesser of (i) the purchase price or \$80.75 (the price of the 6% Debentures prior to the Company's February 1, 1999 announcement) minus \$59.05 (the true value of the 6% Debentures on February 16, 1999, the date a lawsuit was first filed regarding the 6% Debentures, as determined by plaintiffs' damages expert).

b. **And that were sold during the period from February 1, 1999 through the close of trading on April 1, 1999:** The Loss Amount is the lesser of (i) the purchase price or \$82.125 minus (ii) the greater of the sale price or \$59.09.

c. **And that were sold prior to the opening of trading on February 1, 1999:** The Loss Amount is \$0, because (i) both the purchase and sale occurred before any adverse information about ALC's alleged accounting improprieties was publicly disclosed; and (ii) plaintiffs have not found evidence that any decline in the price of ALC stock that occurred prior to the opening of trading on February 1, 1999 was related to the alleged misstatements.

#### C. **5 5/8% Convertible Subordinated Debentures due May 2003**

1. For ALC's 5 5/8% Convertible Subordinated Debentures due November 2002 (the "5 5/8% Debentures") that were purchased or acquired during the period from July 22, 1998 (the first day on which the 5 5/8% Debentures could be publicly traded) through the close of trading on January 29, 1999:

a. **And that were still held as of the close of trading on April 1, 1999:** The Loss Amount is (i) the lesser of the purchase price or \$82.125 (the price of the 5 5/8% Debentures prior to the Company's February 1, 1999 announcement) minus (ii) the greater of the sale price or \$59.09 (the value of the 5 5/8% Debentures on February 22, 1999, the date a lawsuit was first filed regarding the 5 5/8% Debentures, as determined by plaintiffs' damages expert).

b. **And that were sold during the period from February 1, 1999 through the close of trading on April 1, 1999:** The Loss Amount is the lesser of (i) the purchase price or \$82.125 minus (ii) the greater of the sale price or \$59.05.

c. **And that were sold prior to the opening of trading on February 1, 1999:** The Loss Amount is \$0, because (i) both the purchase and sale occurred before any adverse information about ALC's alleged accounting improprieties was publicly disclosed; and (ii) plaintiffs have not found evidence that any decline in the price of ALC stock that occurred prior to the opening of trading on February 1, 1999 was related to the alleged misstatements.

#### V. **GENERAL PROVISIONS**

1. Each Authorized Claimant shall recover his or her Loss Amount. However, in the event that the sum total of Loss Amounts of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each such Authorized Claimant shall receive his/her pro rata share of the Net Settlement Fund, which shall be his/her Loss Amount divided by the total of all Loss Amounts to be paid from the Net Settlement Fund, multiplied by the total amount in the Net Settlement Fund.

2. If the Net Settlement Fund exceeds the sum total amount of the Loss Amounts of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed pro rata to all Authorized Claimants entitled to receive payment out of the Net Settlement Fund.

3. Each Authorized Claimant will be required to provide proof of his or her ownership position in (i) ALC common stock as of March 27, 1997 (the first day of the Class Period); (ii) the 6% Debentures as of October 21, 1997 (the first day that the 6% Debentures could publicly trade); and (iii) the 5 5/8% Debentures as of July 22, 1998 (the first day that the 5 5/8% Debentures could publicly trade). Any sales of such securities during the Class Period will first be offset against the Authorized Claimant's opening position in each security. Remaining sales will be offset against the Authorized Claimant's purchases during the Class Period by matching the earliest subsequent sale with the earliest purchase and chronologically thereafter for purposes of the Claim calculations.

4. All profits on transactions in ALC securities during the Class Period shall be subtracted from all losses to determine the net Claim of each Class Member. If the Class Member made a net profit, the value of his, her or its Claim shall be zero.

5. If the Authorized Claimant acquired ALC common stock, 6% Debentures or 5 5/8% Debentures during the Class Period by means of a gift, inheritance or operation of law, the Authorized Claimant's Claim will be computed by using the price of such security on the original date of purchase and not the date of transfer, unless the transfer resulted in a taxable event or other change in the cost basis of the securities. To the extent that ALC common stock was originally purchased prior to commencement of the Class Period, and there was no such taxable event or change in cost basis at the time of transfer, the Authorized Claimant's Claim for that acquisition shall be zero.

**TABLE A**  
Common Stock Loss Amount

Transaction Date	Split Adjusted Closing Price	Loss Amount	Transaction Date	Split Adjusted Closing Price	Loss Amount	Transaction Date	Split Adjusted Closing Price	Loss Amount	Transaction Date	Split Adjusted Closing Price	Loss Amount
3/27/1997	10.50	0.67	7/18/1997	16.94	1.41	11/6/1997	19.38	3.75	3/3/1998	20.00	5.38
3/31/1997	10.50	0.67	7/21/1997	16.25	1.36	11/7/1997	19.38	3.75	3/4/1998	21.00	5.64
4/1/1997	10.69	0.68	7/22/1997	16.25	1.36	11/10/1997	18.13	3.51	3/5/1998	21.00	5.64
4/2/1997	10.50	0.67	7/23/1997	15.88	1.33	11/11/1997	18.00	3.48	3/6/1998	20.00	5.38
4/3/1997	10.38	0.66	7/24/1997	15.38	1.28	11/12/1997	17.00	3.29	3/9/1998	20.88	5.61
4/4/1997	10.38	0.66	7/25/1997	15.75	1.32	11/13/1997	18.00	3.48	3/10/1998	19.94	5.36
4/7/1997	10.44	0.67	7/28/1997	15.13	1.26	11/14/1997	18.00	3.48	3/11/1998	20.00	5.38
4/8/1997	10.56	0.68	7/29/1997	14.63	1.69	11/17/1997	18.25	3.53	3/12/1998	20.25	5.44
4/9/1997	10.63	0.68	7/30/1997	14.63	1.69	11/18/1997	17.81	3.45	3/13/1998	20.81	5.59
4/10/1997	10.50	0.67	7/31/1997	15.25	1.77	11/19/1997	18.00	3.48	3/16/1998	20.75	5.58
4/11/1997	10.19	0.65	8/1/1997	15.63	1.81	11/20/1997	18.00	3.48	3/17/1998	20.75	5.58
4/14/1997	10.06	0.64	8/4/1997	16.00	1.85	11/21/1997	17.63	3.41	3/18/1998	20.88	5.61
4/15/1997	10.25	0.66	8/5/1997	16.50	1.91	11/24/1997	17.00	3.29	3/19/1998	20.63	5.54
4/16/1997	10.56	0.68	8/6/1997	16.25	1.88	11/25/1997	16.50	3.19	3/20/1998	20.63	5.54
4/17/1997	10.56	0.68	8/7/1997	16.44	1.90	11/26/1997	17.00	3.29	3/23/1998	20.19	5.43
4/18/1997	10.50	0.67	8/8/1997	16.25	1.88	11/28/1997	17.13	3.32	3/24/1998	20.00	5.38
4/21/1997	10.44	0.67	8/11/1997	15.81	1.83	12/1/1997	17.50	3.39	3/25/1998	19.63	5.27
4/22/1997	10.44	0.67	8/12/1997	14.75	1.71	12/2/1997	17.88	3.46	3/26/1998	19.44	5.22
4/23/1997	10.50	0.67	8/13/1997	13.88	1.61	12/3/1997	17.75	3.44	3/27/1998	20.06	5.39
4/24/1997	10.75	0.69	8/14/1997	13.88	1.61	12/4/1997	17.38	3.36	3/30/1998	21.00	5.64
4/25/1997	10.63	0.68	8/15/1997	13.88	1.61	12/5/1997	17.25	3.34	3/31/1998	21.25	5.71
4/28/1997	10.69	0.68	8/18/1997	14.88	1.72	12/8/1997	17.75	3.44	4/1/1998	21.25	5.71
4/29/1997	10.75	0.69	8/19/1997	15.50	1.80	12/9/1997	17.69	3.42	4/2/1998	20.50	5.51
4/30/1997	11.00	0.92	8/20/1997	15.94	1.85	12/10/1997	17.88	3.46	4/3/1998	20.88	5.61
5/1/1997	10.94	0.91	8/21/1997	15.63	1.81	12/11/1997	17.50	3.39	4/6/1998	21.38	5.75
5/2/1997	10.94	0.91	8/22/1997	15.50	1.80	12/12/1997	17.31	3.35	4/7/1998	20.13	5.41
5/5/1997	11.25	0.94	8/25/1997	15.50	1.80	12/15/1997	17.38	3.36	4/8/1998	20.06	5.39
5/6/1997	11.31	0.94	8/26/1997	15.69	1.82	12/16/1997	17.38	3.36	4/9/1998	20.06	5.39
5/7/1997	11.31	0.94	8/27/1997	15.63	1.81	12/17/1997	17.75	3.44	4/13/1998	19.75	5.31
5/8/1997	11.31	0.94	8/28/1997	16.00	1.85	12/18/1997	17.50	3.39	4/14/1998	20.00	5.38
5/9/1997	11.38	0.95	8/29/1997	15.88	1.84	12/19/1997	17.81	3.45	4/15/1998	20.25	5.44
5/12/1997	11.31	0.94	9/2/1997	16.00	1.85	12/22/1997	17.94	3.47	4/16/1998	19.56	5.26
5/13/1997	11.38	0.95	9/3/1997	16.25	1.88	12/23/1997	17.50	3.39	4/17/1998	19.88	5.34
5/14/1997	11.75	0.98	9/4/1997	17.06	1.98	12/24/1997	17.63	3.41	4/20/1998	19.88	5.34
5/15/1997	12.63	1.05	9/5/1997	16.75	1.94	12/26/1997	17.75	3.44	4/21/1998	19.75	5.31
5/16/1997	12.75	1.06	9/8/1997	18.00	2.08	12/29/1997	18.00	3.48	4/22/1998	19.00	5.11
5/19/1997	12.88	1.08	9/9/1997	18.25	2.11	12/30/1997	19.88	3.85	4/23/1998	19.38	5.21
5/20/1997	12.75	1.06	9/10/1997	18.00	2.08	12/31/1997	19.75	3.82	4/24/1998	18.63	5.01
5/21/1997	12.88	1.08	9/11/1997	18.25	2.11	1/2/1998	19.25	3.73	4/27/1998	18.13	4.87
5/22/1997	12.75	1.06	9/12/1997	18.75	2.17	1/5/1998	19.31	3.74	4/28/1998	18.19	4.89
5/23/1997	12.63	1.05	9/15/1997	18.50	2.14	1/6/1998	20.88	4.04	4/29/1998	18.25	4.91
5/27/1997	12.88	1.08	9/16/1997	18.44	2.14	1/7/1998	20.50	3.97	4/30/1998	18.31	4.92
5/28/1997	12.88	1.08	9/17/1997	17.63	2.04	1/8/1998	20.00	3.87	5/1/1998	18.00	4.84
5/29/1997	12.75	1.06	9/18/1997	18.38	2.13	1/9/1998	19.50	3.78	5/4/1998	17.88	4.80
5/30/1997	12.50	1.04	9/19/1997	18.00	2.08	1/12/1998	19.25	3.73	5/5/1998	17.50	4.70
6/2/1997	12.88	1.08	9/22/1997	17.50	2.03	1/13/1998	19.00	3.68	5/6/1998	17.44	4.69
6/3/1997	13.25	1.11	9/23/1997	17.00	1.97	1/14/1998	18.38	3.56	5/7/1998	17.50	4.70
6/4/1997	13.25	1.11	9/24/1997	17.13	1.98	1/15/1998	18.38	3.56	5/8/1998	17.50	5.26
6/5/1997	13.50	1.13	9/25/1997	16.75	1.94	1/16/1998	19.63	3.80	5/11/1998	17.00	5.11
6/6/1997	13.44	1.12	9/26/1997	16.63	1.93	1/20/1998	18.88	3.65	5/12/1998	16.19	4.87
6/9/1997	13.50	1.13	9/29/1997	16.00	1.85	1/21/1998	19.00	3.68	5/13/1998	15.75	4.74
6/10/1997	13.75	1.15	9/30/1997	16.00	1.85	1/22/1998	19.00	3.68	5/14/1998	16.00	4.81
6/11/1997	13.81	1.15	10/1/1997	15.75	1.82	1/23/1998	18.88	3.65	5/15/1998	16.00	4.81
6/12/1997	13.88	1.16	10/2/1997	16.75	1.94	1/26/1998	18.88	3.65	5/18/1998	15.25	4.59
6/13/1997	14.50	1.21	10/3/1997	17.00	1.97	1/27/1998	18.63	3.61	5/19/1998	15.00	4.51
6/16/1997	14.16	1.18	10/6/1997	16.75	1.94	1/28/1998	18.00	3.48	5/20/1998	14.25	4.29
6/17/1997	13.75	1.15	10/7/1997	17.00	1.97	1/29/1998	18.00	3.48	5/21/1998	14.13	4.25
6/18/1997	13.75	1.15	10/8/1997	16.50	1.91	1/30/1998	17.63	3.41	5/22/1998	14.50	4.36
6/19/1997	14.06	1.17	10/9/1997	16.75	1.94	2/2/1998	17.50	3.39	5/26/1998	15.00	4.51
6/20/1997	14.13	1.18	10/10/1997	17.44	2.02	2/3/1998	18.00	3.48	5/27/1998	14.50	4.36
6/23/1997	13.75	1.15	10/13/1997	17.63	2.04	2/4/1998	18.25	4.91	5/28/1998	15.25	4.59
6/24/1997	14.13	1.18	10/14/1997	17.94	2.08	2/5/1998	18.50	4.97	5/29/1998	16.19	4.87
6/25/1997	14.13	1.18	10/15/1997	18.00	2.08	2/6/1998	20.13	5.41	6/1/1998	17.00	5.11
6/26/1997	14.00	1.17	10/16/1997	18.50	2.14	2/9/1998	19.50	5.24	6/2/1998	17.00	5.11
6/27/1997	13.88	1.16	10/17/1997	19.25	2.23	2/10/1998	19.63	5.27	6/3/1998	17.13	5.15
6/30/1997	13.81	1.15	10/20/1997	18.63	2.16	2/11/1998	21.63	5.81	6/4/1998	17.19	5.17
7/1/1997	13.78	1.15	10/21/1997	20.25	2.35	2/12/1998	20.25	5.44	6/5/1998	17.19	5.17
7/2/1997	13.81	1.15	10/22/1997	20.50	2.37	2/13/1998	20.50	5.51	6/8/1998	17.13	5.15
7/3/1997	13.75	1.15	10/23/1997	20.00	2.32	2/17/1998	20.06	5.39	6/9/1998	17.06	5.13
7/7/1997	13.75	1.15	10/24/1997	20.00	2.32	2/18/1998	20.13	5.41	6/10/1998	17.44	5.24
7/8/1997	13.69	1.14	10/27/1997	17.88	2.07	2/19/1998	20.38	5.48	6/11/1998	17.44	5.24
7/9/1997	13.63	1.14	10/28/1997	19.63	2.27	2/20/1998	19.94	5.36	6/12/1998	17.63	5.30
7/10/1997	13.50	1.13	10/29/1997	19.94	2.31	2/23/1998	19.38	5.21	6/15/1998	17.75	5.34
7/11/1997	14.13	1.18	10/30/1997	19.88	2.30	2/24/1998	19.25	5.17	6/16/1998	17.75	5.34
7/14/1997	14.75	1.23	10/31/1997	20.50	2.37	2/25/1998	19.00	5.11	6/17/1998	17.69	5.32
7/15/1997	15.63	1.30	11/3/1997	22.38	2.59	2/26/1998	18.69	5.02	6/18/1998	17.81	5.36
7/16/1997	16.63	1.39	11/4/1997	19.69	3.81	2/27/1998	18.63	5.01	6/19/1998	17.63	5.30
7/17/1997	16.75	1.40	11/5/1997	19.25	3.73	3/2/1998	20.75	5.58	6/22/1998	17.50	5.26

**TABLE A (continued)**  
Common Stock Loss Amount

Transaction Date	Split Adjusted Closing Price	Loss Amount	Transaction Date	Split Adjusted Closing Price	Loss Amount	Transaction Date	Split Adjusted Closing Price	Loss Amount	Transaction Date	Split Adjusted Closing Price	Loss Amount
6/23/1998	17.44	5.24	8/18/1998	13.19	7.00	10/13/1998	11.75	6.24	12/8/1998	10.81	6.75
6/24/1998	17.44	5.24	8/19/1998	13.13	6.96	10/14/1998	12.00	6.37	12/9/1998	10.88	6.79
6/25/1998	17.13	5.15	8/20/1998	12.63	6.70	10/15/1998	12.44	6.60	12/10/1998	10.63	6.64
6/26/1998	16.75	5.04	8/21/1998	12.63	6.70	10/16/1998	12.50	6.63	12/11/1998	10.38	6.48
6/29/1998	17.00	5.11	8/24/1998	12.69	6.73	10/19/1998	13.88	7.36	12/14/1998	10.00	6.25
6/30/1998	17.25	5.19	8/25/1998	12.94	6.87	10/20/1998	14.25	7.56	12/15/1998	9.88	6.17
7/1/1998	17.13	5.15	8/26/1998	12.44	6.60	10/21/1998	14.00	7.43	12/16/1998	10.38	6.48
7/2/1998	17.38	5.22	8/27/1998	13.00	6.90	10/22/1998	12.38	6.57	12/17/1998	10.50	6.56
7/6/1998	17.06	5.13	8/28/1998	13.38	7.10	10/23/1998	12.13	6.43	12/18/1998	10.69	6.68
7/7/1998	17.31	5.21	8/31/1998	12.69	6.73	10/26/1998	12.63	6.70	12/21/1998	11.00	6.87
7/8/1998	18.00	5.41	9/1/1998	12.88	6.83	10/27/1998	12.50	6.63	12/22/1998	10.88	6.79
7/9/1998	17.81	5.36	9/2/1998	13.13	6.96	10/28/1998	12.63	6.70	12/23/1998	11.00	6.87
7/10/1998	17.63	5.30	9/3/1998	12.56	6.67	10/29/1998	13.13	6.96	12/24/1998	11.81	7.38
7/13/1998	17.81	5.36	9/4/1998	12.50	6.63	10/30/1998	13.50	7.16	12/28/1998	11.38	7.11
7/14/1998	17.56	5.28	9/8/1998	14.56	7.73	11/2/1998	13.63	7.23	12/29/1998	11.69	7.30
7/15/1998	17.75	5.34	9/9/1998	14.06	7.46	11/3/1998	13.50	7.16	12/30/1998	11.75	7.34
7/16/1998	17.63	5.30	9/10/1998	13.69	7.26	11/4/1998	13.50	7.16	12/31/1998	13.13	8.20
7/17/1998	17.13	5.15	9/11/1998	14.00	7.43	11/5/1998	14.50	7.69	1/4/1999	12.19	7.61
7/20/1998	17.13	5.15	9/14/1998	13.63	7.23	11/6/1998	14.25	8.90	1/5/1999	11.94	7.46
7/21/1998	17.06	5.13	9/15/1998	13.63	7.23	11/9/1998	13.81	8.63	1/6/1999	12.00	7.50
7/22/1998	16.88	5.07	9/16/1998	15.00	7.96	11/10/1998	13.75	8.59	1/7/1999	12.13	7.57
7/23/1998	16.94	5.09	9/17/1998	14.25	7.56	11/11/1998	13.56	8.47	1/8/1999	11.88	7.42
7/24/1998	16.88	5.07	9/18/1998	14.88	7.89	11/12/1998	13.31	8.32	1/11/1999	11.88	7.42
7/27/1998	16.38	4.92	9/21/1998	14.63	7.76	11/13/1998	13.50	8.43	1/12/1999	11.50	7.18
7/28/1998	15.38	4.62	9/22/1998	15.31	8.13	11/16/1998	13.56	8.47	1/13/1999	11.63	7.26
7/29/1998	15.00	4.51	9/23/1998	16.75	8.89	11/17/1998	13.38	8.36	1/14/1999	11.50	7.18
7/30/1998	14.63	4.40	9/24/1998	15.75	8.36	11/18/1998	13.25	8.28	1/15/1999	12.38	7.73
7/31/1998	13.63	7.23	9/25/1998	15.31	8.13	11/19/1998	12.88	8.04	1/19/1999	12.00	7.50
8/3/1998	13.88	7.36	9/28/1998	14.56	7.73	11/20/1998	12.06	7.54	1/20/1999	12.75	7.96
8/4/1998	13.00	6.90	9/29/1998	14.00	7.43	11/23/1998	12.38	7.73	1/21/1999	12.75	7.96
8/5/1998	14.00	7.43	9/30/1998	14.19	7.53	11/24/1998	12.38	7.73	1/22/1999	13.56	8.47
8/6/1998	14.25	7.56	10/1/1998	12.81	6.80	11/25/1998	12.63	7.89	1/25/1999	14.13	8.82
8/7/1998	15.50	8.23	10/2/1998	12.56	6.67	11/27/1998	12.94	8.08	1/26/1999	14.50	9.06
8/10/1998	15.69	8.32	10/5/1998	12.63	6.70	11/30/1998	12.38	7.73	1/27/1999	13.88	8.67
8/11/1998	14.50	7.69	10/6/1998	12.31	6.53	12/1/1998	11.81	7.38	1/28/1999	13.50	8.43
8/12/1998	14.50	7.69	10/7/1998	11.31	6.00	12/2/1998	11.69	7.30	1/29/1999	12.63	7.89
8/13/1998	13.94	7.40	10/8/1998	11.13	5.90	12/3/1998	11.38	7.11			
8/14/1998	13.94	7.40	10/9/1998	12.50	6.63	12/4/1998	11.00	6.87			
8/17/1998	13.44	7.13	10/12/1998	12.00	6.37	12/7/1998	10.94	6.83			

**TABLE B**  
Common Stock Residual Artificial Inflation

Transaction Date	Split Adjusted Closing Price	Loss Amount	Transaction Date	Split Adjusted Closing Price	Loss Amount	Transaction Date	Split Adjusted Closing Price	Loss Amount	Transaction Date	Split Adjusted Closing Price	Loss Amount
2/1/1999	6.00	1.49	2/19/1999	5.00	1.70	3/10/1999	4.50	1.53	3/29/1999	4.63	1.57
2/2/1999	6.81	2.31	2/22/1999	4.63	1.57	3/11/1999	4.50	1.53	3/30/1999	4.75	1.61
2/3/1999	6.63	2.25	2/23/1999	4.63	1.57	3/12/1999	4.44	1.51	3/31/1999	3.56	0.45
2/4/1999	6.38	2.16	2/24/1999	4.31	1.46	3/15/1999	3.75	1.27	4/1/1999	3.31	0.21
2/5/1999	6.25	2.12	2/25/1999	4.44	1.51	3/16/1999	4.13	1.40	4/5/1999	3.13	-
2/8/1999	6.00	2.04	2/26/1999	4.75	1.61	3/17/1999	4.00	1.36	4/6/1999	3.19	-
2/9/1999	6.31	2.14	3/1/1999	5.00	1.70	3/18/1999	3.81	1.29	4/7/1999	3.25	-
2/10/1999	6.25	2.12	3/2/1999	4.94	1.68	3/19/1999	3.63	1.23	4/8/1999	3.25	-
2/11/1999	5.94	2.02	3/3/1999	4.94	1.68	3/22/1999	3.50	1.19	4/9/1999	3.13	-
2/12/1999	5.81	1.97	3/4/1999	4.88	1.65	3/23/1999	3.31	1.12	4/12/1999	2.94	-
2/16/1999	5.50	1.87	3/5/1999	4.88	1.65	3/24/1999	3.31	1.12	4/13/1999	2.94	-
2/17/1999	4.94	1.68	3/8/1999	4.88	1.65	3/25/1999	3.88	1.32	4/14/1999	2.94	-
2/18/1999	4.81	1.63	3/9/1999	4.56	1.55	3/26/1999	4.38	1.49	4/15/1999	2.88	-