

**IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
IN AND FOR CLARK COUNTY**

IN RE ASSISTED LIVING CONCEPTS, INC. SHAREHOLDER LITIGATION)	Case No. A-12-6754054-B
This Document Relates To:)	(Consolidated with case Nos. A-13-677683-C, A-13-677797-C, A-13-677838-C, and A-13-677902-C)
ALL ACTIONS)	DEPARTMENT 11
)	NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION AND SETTLEMENT HEARING

TO: ALL RECORD AND BENEFICIAL HOLDERS OF THE COMMON STOCK OF ASSISTED LIVING CONCEPTS, INC., AT ANY TIME BEGINNING AND INCLUDING FEBRUARY 25, 2013 THROUGH AND INCLUDING JULY 11, 2013. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOU MAY BE AFFECTED BY A PROPOSED SETTLEMENT OF CLASS ACTION LITIGATION.

This Notice of Pendency and Proposed Settlement of Class Action and Settlement Hearing ("Notice") was authorized and approved by the Eighth Judicial District Court of Nevada in and for Clark County (the "Court"). This Notice, however, is not an expression of opinion by the Court as to the merits of any claims or defenses asserted by any party in this class action litigation. This Notice is sent for the sole purpose of informing you of the proposed Settlement,¹ which is contingent on final approval by the Court. If approved, the Settlement will end litigation of the Actions. This is not a solicitation from a lawyer.

On May 29, 2014, the Court in this State Action preliminarily approved the proposed Settlement between the Parties.

The Settlement provides, in part, for certain supplemental disclosures adopted by Assisted Living Concepts, Inc., ("ALC" or the "Company"), concerning the merger between ALC by and TPG Capital, L.P. ("TPG"), the mutual release of claims, and the payment of Plaintiffs' attorneys' fees and expenses.

Plaintiffs and Defendants vigorously disagree on both whether Plaintiffs could have prevailed at trial and the recovery, if any, that could have been achieved for the Settlement Class if Plaintiffs had prevailed at trial. Plaintiffs believe the claims alleged in the Actions have merit. Defendants deny all of Plaintiffs' allegations of wrongdoing and deny they have any liability whatsoever. Continued litigation of the Actions could have resulted in either dismissal or loss at trial. In reaching this Settlement, however, Plaintiffs and Defendants have avoided the costs, time, expense, distraction, and risks associated with continued litigation, including the danger of no recovery.

Your rights and options are explained in this Notice. A summary of your rights is set forth below. Please note that the date of the Settlement Hearing is subject to change without further notice.

The Court in charge of this case must decide whether to approve the Settlement.

Subject to the Order of the Court, pending final determination of whether the Settlement should be approved, Plaintiffs and all members of the Settlement Class, or any of them, are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any Released Claim against any Released Party.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
OBJECT	You may write to the Court if you do not like this Settlement.
GO TO THE SETTLEMENT HEARING	You may ask to speak to the Court about your concerns relating to the Settlement at the Settlement Hearing.
DO NOTHING	You may do nothing. You will remain a member of the Settlement Class and be bound by the Judgment of the Court.
DEADLINES	The Settlement Hearing will take place on September 18, 2014 at 8:30 a.m. Comments on the Settlement must be filed and served at least fourteen calendar days prior to the Settlement Hearing.

¹ Except as expressly provided herein, all capitalized terms shall have the same meanings and/or definitions as set forth in the Stipulation of Settlement dated May 22, 2014 (the "Stipulation").

MORE INFORMATION	More information concerning the Settlement can be obtained by calling or writing to Co-Lead Counsel:		
	ROBBINS ARROYO LLP Attn: Stephen J. Oddo 600 B Street, Suite 1900 San Diego, CA 92101 Telephone: (619) 525-3990	SAXENA WHITE Attn: Jonathan M. Stein 2424 North Federal Highway, Suite 257 Boca Raton, FL 33431 Telephone: (561) 394-3399	WEISS LAW LLP Attn: Richard A. Acocelli 1500 Broadway, 16th Floor New York, NY 10036 Telephone: (212) 682-3025

WHAT DOES THIS NOTICE CONTAIN

BASIC INFORMATION	2
1. Why Did I Get This Notice Package?	2
2. What Is This Lawsuit About?	2
3. Why Is This a Class Action?	2
4. Why Is There a Settlement?	3
5. How Do I Know if I Am Part of the Settlement?	3
6. What Are the Exceptions to Being Included?	3
7. I Am Still Not Sure if I Am Included.	4
8. What Benefits Were Obtained as Part of the Settlement?	4
THE LAWYERS REPRESENTING YOU	4
9. Do I Have a Lawyer in This Case?	4
10. How Will the Lawyers Be Paid?	4
THE SETTLEMENT HEARING	4
11. When and Where Will the Court Decide Whether to Approve the Settlement?	4
12. Do I Have to Come to the Hearing?	4
13. May I Speak at the Hearing?	4
OBJECTING TO THE SETTLEMENT	5
14. How Do I Tell the Court that I Do Not Like the Settlement?	5
GETTING MORE INFORMATION	5
15. Are There More Details About the Settlement?	5
16. How Do I Get More Information?	5
17. Notice To Persons Or Entities Holding Record Ownership On Behalf Of Others	5

BASIC INFORMATION

1. Why Did I Get This Notice Package?

You or someone in your family may have held ALC common stock during the period beginning on February 25, 2013 through and including July 11, 2013, the date of close of the Merger between ALC and TPG. The Court directed that you be sent this Notice because, if you are a member of the Settlement Class, you have a right to know about the proposed settlement of a class action lawsuit, and about all of your options before the Court decides whether to approve the Settlement. This package describes the Actions, the Settlement, and your legal rights.

2. What Is This Lawsuit About?

The Settlement is the product of: (i) Plaintiffs' Counsel's independent investigation into the Merger; (ii) Plaintiffs' Counsel's review of certain discovery material produced by Defendants at the request of Plaintiffs' Counsel; and (iii) Plaintiffs' Counsel's determination that the Settlement of the Actions is in the best interests of the Settlement Class.

If the Court approves the Settlement, all members of the Settlement Class will release claims, including any claims relating to the Merger or to matters alleged in the Actions, against the Defendants and certain others who are related to Defendants ("Released Parties"). The exact terms of the release are contained in the Stipulation and Agreement of Settlement ("Stipulation"), which may be inspected during business hours at the Eighth Judicial District Court of Nevada in and for Clark County Clerk's Office located at Regional Justice Center, 200 Lewis Avenue, Las Vegas, NV 89101.

3. Why Is This a Class Action?

In a class action, one or more persons sue on behalf of people who have similar claims. These people are collectively referred to herein as the Settlement Class. The Court has appointed Plaintiffs to act as representatives of the Settlement Class and the Company. The Court will resolve the issues for all the members of the Settlement Class.

4. Why Is There a Settlement?

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT. IT IS BASED ON STATEMENTS OF THE PARTIES AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.

ALC operates a chain of over 200 assisted living facilities for senior adults. As an assisted living center, ALC cares for the elderly and those that cannot care for themselves by providing its residents with housing and assistance with daily living, such as eating, bathing, dressing, and medication management. On February 26, 2013, ALC and TPG announced that ALC and affiliates of TPG had entered into an Agreement and Plan of Merger, dated as of February 25, 2013 (the "Merger Agreement"), pursuant to which an affiliate of TPG, Aid Merger Sub, LLC ("Merger Sub"), will merge with and into ALC (the "Merger"), with ALC surviving the Merger as a wholly-owned subsidiary of an affiliate of TPG, Aid Holdings, LLC ("Parent") (in its entirety, the "Proposed Acquisition").

On February 28, 2013, Plaintiff Guy Somers, on behalf of himself and a purported class of Company stockholders, filed an amended complaint (the "Amended Complaint") in a pre-existing shareholder derivative action in the Eighth Judicial District of the State of Nevada in and for Clark County (the "Eighth Judicial District"), captioned *Somers v. Bebo et al.*, Case No. A-12-674054-C (the "*Somers* Action"), adding purported class action claims for breach of fiduciary duties in connection with the Merger against certain of the Company's directors and aiding and abetting breaches of fiduciary duty claims against TPG, Parent and Merger Sub (together with ALC, the "Defendants"). The Amended Complaint alleged that Defendants agreed to sell the Company via an unfair process and at an unfair price in an attempt to extinguish the claims in the pending shareholder derivative action in an all-cash transaction that did not maximize the consideration for ALC shareholders and deprived them of the benefit of ALC's improving operations and bright future.

On April 11, 2013, Plaintiff Guy Somers filed a Second Amended Complaint in the *Somers* action, adding allegations that the Definitive Proxy was materially misleading and incomplete, in violation of the Individual Defendants' fiduciary duties. Specifically, the Second Amended Complaint alleged that Defendants provided materially misleading and incomplete information concerning, among other things: (i) the process leading to the sale of the Company; and (ii) the financial analyses performed by Citigroup Global Markets, Inc. ("Citigroup"), the Special Committee's financial advisor.

Subsequently, counsel for Plaintiffs and Defendants in the Actions engaged in arm's-length negotiations concerning a possible settlement of the Actions based on Plaintiffs' request for additional disclosures to ALC shareholders in connection with the Proposed Acquisition. The Settlement reflects the results of the Parties' negotiations and the terms of the MOU. An agreement-in-principle was only reached after arm's-length negotiations between the Parties who were all represented by counsel with extensive experience and expertise in shareholder class action litigation. During the negotiations, all Parties had a clear view of the strengths and weaknesses of their respective claims and defenses. Counsel for the Parties have concluded that the terms contained in this Stipulation are fair and adequate to both the Company and the Settlement Class, and that it is reasonable to pursue a settlement of the Actions based upon the procedures, the substantial benefits and the protections outlined herein.

Plaintiffs believe that the claims asserted in the Actions have merit. However, Plaintiffs' Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Actions against the Defendants through trial and through appeals. Plaintiffs' Counsel also has taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Actions, as well as the difficulties and delays inherent in such litigation. Plaintiffs' Counsel also are mindful of the inherent problems of proof and possible defenses to the claims asserted in the Actions. Plaintiffs' Counsel believe that the Settlement set forth in this Stipulation confers substantial benefits upon the Settlement Class. Based on their evaluation, Plaintiffs and Plaintiffs' Counsel have determined that the Settlement set forth in this Stipulation is fair, reasonable, and adequate, and in the best interests of the Settlement Class.

The Defendants have denied and continue to deny the allegations made in the Actions and all other purported concerns expressed by Plaintiffs with respect to the Proposed Acquisition and the Merger Agreement, and Defendants maintain that they have committed no breach of fiduciary duty or other wrongdoing whatsoever, have committed no disclosure or other violations in connection with the Merger Agreement or the Proposed Acquisition, and have not aided or abetted any breach of fiduciary duty or other alleged wrongdoing. Nonetheless, the Defendants have concluded that further litigation could be protracted and expensive. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Actions. The Defendants have, therefore, determined that it is desirable and beneficial to them that the Actions be settled in the manner and upon the terms and conditions set forth in the Stipulation.

5. How Do I Know if I Am Part of the Settlement?

For purposes of the Settlement, the Court has certified a Settlement Class consisting of all Persons who held ALC common stock at any time from and including February 25, 2013 through and including July 11, 2013, the date of the closing of the Merger, including any and all of their respective successors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any Person or entity acting for or on behalf of, or claiming under, any of them, and each of them.

6. What Are the Exceptions to Being Included?

Excluded from the Settlement Class are Defendants to the Action, including ALC, Alan Bell, David J. Hennigar, Derek H.L. Buntain, Malen S. Ng, Melvin A. Rhineland, Charles H. Roadman II, Michael J. Spector, TPG, Parent and Merger Sub, as well as each of their respective families, parent entities, controlling persons, associates, affiliates, predecessors, successors or subsidiaries,

and each and all of their respective past or present officers, directors, stockholders, members, principals, managers, representatives, employees, attorneys, financial or investment advisors, consultants, accountants, investment bankers (including any entity providing a fairness opinion relating to the Proposed Acquisition), agents, general or limited partners or partnerships, limited liability companies, heirs, executors, trustees, personal or legal representatives, estates, administrators, predecessors, successors and assigns.

7. I Am Still Not Sure if I Am Included.

If you are still not sure whether you are included as a member of the Settlement Class, you can ask for free help. You can call or write to Co-Lead Counsel at the following address for more information: Robbins Arroyo LLP, 600 B Street, Suite 1900, San Diego, California 92101, Telephone: (619) 525-3990, Facsimile: (619) 525-3991.

8. What Benefits Were Obtained as Part of the Settlement?

On May 1, 2013, ALC filed with the SEC a supplement to the Definitive Proxy in form Schedule 14A containing the Additional Disclosures. The Additional Disclosures provided additional information concerning, among other things, the following: (i) the process leading up to the sale of the Company, such as the nature and substance of any strategic alternatives discussed or considered by the ALC board of directors; and (ii) the financial analyses performed by Citigroup, including the underlying key assumptions in Citigroup's *Key Comparable Companies Analysis, Research Price Targets, Premium Paid Analysis, Illustrative Sum-of-the-Parts Analysis, and Discounted Cash Flow Analysis*. The Defendants have acknowledged that their decision to provide the Additional Disclosures was made in direct response to the allegations made by Plaintiffs in the Actions and Plaintiffs' prosecution of the Actions.

THE LAWYERS REPRESENTING YOU

9. Do I Have a Lawyer in This Case?

The Court appointed the following law firms to represent the named Plaintiffs and all the Settlement Class:

ROBBINS ARROYO LLP 600 B Street, Suite 1900 San Diego, CA 92101 Telephone: (619) 525-3990	SAXENA WHITE 2424 North Federal Highway, Suite 257 Boca Raton, FL 33431 Telephone: (561) 394-3399	WEISSLAU LLP 1500 Broadway, 16th Floor New York, NY 10036 Telephone: (212) 682-3025
--	--	--

If you want to be represented by your own lawyer, you may hire one at your own expense.

10. How Will the Lawyers Be Paid?

Plaintiffs' Counsel have neither received any payment for their services in prosecuting the Actions on behalf of Plaintiffs and the Settlement Class, nor have Plaintiffs' Counsel been paid for their out-of-pocket expenses incurred to date. After resolving the substantive terms of the Settlement, the Parties negotiated an amount of attorneys' fees and expenses to compensate Plaintiffs' Counsel for their work in achieving the benefits of this Settlement. Subject to Court approval, Defendants shall pay \$625,000 to Plaintiffs' Counsel for Plaintiffs' attorneys' fees and expenses (the "Fee and Expense Amount"). Neither you nor any other member of the Settlement Class is personally liable for the Fee and Expense Amount. The agreed upon Fee and Expense Amount will be the only payment to Plaintiffs' Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis.

THE SETTLEMENT HEARING

11. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a hearing to decide whether to approve the Settlement. The Settlement Hearing will be held at 8:30 a.m., on September 18, 2014, at the Eighth Judicial District Court of Nevada in and for Clark County located at the Regional Justice Center, 200 Lewis Avenue, Las Vegas, NV 89101. At the Settlement Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are comments on the Settlement, the Court will consider them. If the Settlement is approved, the Court will also consider whether to approve the payment of Plaintiffs' attorneys' fees and expenses. The Court may decide these issues at the Settlement Hearing or take them under advisement to issue a written opinion. We do not know how long these decisions will take.

12. Do I Have to Come to the Hearing?

No. Plaintiffs' Counsel will answer questions the Court may have. But you are welcome to come at your own expense. If you send a comment or objection, you do not have to come to Court to talk about it. As long as you mailed your written correspondence on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

13. May I Speak at the Hearing?

If you are member of the Settlement Class who has submitted a written comment, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must mail a letter called a "Notice of Intention to Appear at Settlement Hearing in *In re Assisted Living Concepts, Inc. Shareholder Litigation*, Case No. A-12-6754054-B." Be sure to include your name, address, telephone

number, your signature, and the number of shares of ALC common stock you held and what date you acquired your shares. Your Notice of Intention to Appear must be received by the persons at the addresses listed in Question 14 at least fourteen calendar days before the date of the Settlement Hearing.

COMMENTING ON THE SETTLEMENT

14. How Do I Tell the Court that I Do Not Like the Settlement?

You can tell the Court that you do not agree with the Settlement or some part of it. Objecting is simply telling the Court that you do not like something about the Settlement. If you are a member of the Settlement Class, you can object to the Settlement if you do not like any part of it. You must give reasons why you think the Court should not approve it. The Court will consider your views. Any comment must be in writing and include your name, address, telephone number, your signature, and the number of shares of ALC common stock you held at any time from February 25, 2013 through and including July 11, 2013. If you are represented by counsel, your comment must also include the name, address, and telephone number of your counsel. Any comment to the Settlement must be mailed or delivered at least fourteen (14) days before the Settlement Hearing, to:

<i>The Court:</i> Eighth Judicial District Court of Nevada in and for Clark County Regional Justice Center 200 Lewis Avenue Las Vegas, NV 89101	<i>Co-Lead Counsel for Plaintiffs:</i> ROBBINS ARROYO LLP Attn: Stephen J. Oddo 600 B Street, Suite 1900 San Diego, CA 92101	<i>Co-Lead Counsel for Plaintiffs:</i> SAXENA WHITE Attn: Jonathan M. Stein 2424 North Federal Highway, Suite 257 Boca Raton, FL 33431	<i>Co-Lead Counsel for Plaintiffs:</i> WEISSLAW LLP Attn: Richard A. Acocelli 1500 Broadway, 16th Floor New York, NY 10036
--	--	---	--

GETTING MORE INFORMATION

15. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. This summary is qualified by, and subject to, the detailed terms of the Stipulation of Settlement together with the exhibits attached thereto.

16. How Do I Get More Information?

There is additional information concerning the Settlement available in the Stipulation of Settlement which may be inspected during business hours at the Eighth Judicial District Court of Nevada in and for Clark County located at the Regional Justice Center, 200 Lewis Avenue, Las Vegas, NV 89101.

For more information concerning the Settlement, you may contact: Robbins Arroyo LLP, c/o Darnell Donahue, Client Relations, 600 B Street, Suite 1900, San Diego, CA 92101, Telephone: (619) 525-3990.

17. Notice To Persons Or Entities Holding Record Ownership On Behalf Of Others

If you hold or held any ALC common stock at any time from and including February 25, 2013 through and including July 11, 2013, as nominee for a beneficial owner, then, within ten (10) business days after you receive this Notice, you must either: (1) send a copy of this Notice by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Notice Administrator:

Assisted Living Concepts, Inc. Shareholder Litigation
c/o GCG
PO Box 10084
Dublin, OH 43017-6684

If you choose to mail the Notice yourself, you may obtain from the Notice Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for, or advancement of, reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Notice Administrator.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE