EXECUTE SUCCESS℠

CBOE Research Circular #RS13-398

Date: **July 11, 2013**

To: Permit Holders
From: Scott Speer
RE: Assisted Living Concepts, Inc. Class A ("ALC") Merger COMPLETED with Aid Holdings, LLC

Shareholders of Assisted Living Concepts, Inc. Class A ("ALC") voted on Thursday, May 16, 2013, and approved a proposed Merger between ALC and Aid Merger Sub, LLC, a wholly owned subsidiary of Aid Holdings, LLC, both affiliates of TPG Capital, L.P. Pursuant to the terms of the Merger, each share of ALC Class A Common Stock outstanding immediately prior to the consummation of the Merger will be converted into the right to receive **$12.00 cash**, without interest, per ALC Class A share. **The Merger became effective today, Thursday, July 11, 2013.**

Contract Adjustment

Pursuant to Article VI, Section 11 and 11A of The Options Clearing Corporation's By-Laws, all outstanding ALC options shall be adjusted as follows. **As of Friday, July 12, 2013, each Assisted Living Concepts, Inc. contract will be adjusted to require, upon exercise, the per-contract delivery or receipt of $1,200.00 in cash.** Strike prices will remain the same, and the option symbol will remain **ALC**. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

Please be aware that trading in the adjusted ALC options will be suspended as of Friday, July 12, 2013. There are no restrictions on the exercise of the adjusted ALC options.

Acceleration of Expirations

Pursuant to OCC Rule 807, equity stock option contracts whose deliverables are adjusted to call for cash-only delivery will be subject to an acceleration of the expiration dates for outstanding option series.

All series of Assisted Living Concepts, Inc. Class A options whose expiration dates are after July 20, 2013 will have their expiration dates advanced to Saturday, July 20, 2013. Expiration dates occurring before July 20, 2013 (e.g., Flex options) will remain unchanged.

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

http://www.cboe.com/ContractAdjustments