

FOR IMMEDIATE RELEASE

July 2, 2007

Assisted Living Concepts, Inc. Announces Agreement to Acquire Dubuque Retirement Community

MILWAUKEE, WISCONSIN – Assisted Living Concepts, Inc. (“ALC”) (NYSE:ALC) reported that it has entered into an asset purchase agreement to acquire a new independent/assisted living residence in Dubuque, Iowa. The residence, known as Dubuque Retirement Community, includes a 225,000 square foot building on approximately 10 acres containing 185 upscale one and two bedroom apartments. The common areas include such amenities as an indoor pool, community game room, and underground parking. The transaction is subject to customary closing conditions as defined in the asset purchase agreement and is expected to close by the end of July, 2007.

ALC expects that the \$24.0 million purchase price will be funded with existing cash. Construction of the residence was completed in early 2006. It is approximately 40% tenanted with all private pay residents.

“The Dubuque Retirement Community provides an excellent opportunity for ALC in a familiar state,” commented Laurie Bebo, President and Chief Executive Officer of Assisted Living Concepts, Inc. “We are excited about acquiring another independent/assisted living community, similar to several we already operate in Wisconsin. We expect to be able to add this new building to our existing operations without increasing general and administrative costs.”

About Us

Assisted Living Concepts, Inc. of Milwaukee, Wisconsin, operates 207 assisted living residences with capacity for over 8,300 residents in 17 states in the United States. ALC’s assisted living residences consist of 35 to 60 units and offer residents a supportive, home-like setting and assistance with the activities of daily living. ALC employs approximately 4,600 people.

Forward-looking Statements

Statements contained in this release other than statements of historical fact, including statements regarding anticipated financial performance, business strategy and management’s plans and objectives for future operations including managements expectations about completion of the Dubuque Retirement Community acquisition and leasing remaining units, are forward-looking statements. Forward-looking statements generally include words such as “expect,” “intend,” “will,” “anticipate,” “believe,” “estimate,” “plan,” “strategy” or “objective” or other similar expressions. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied. In addition to the risks and uncertainties related to these statements, other risks and uncertainties are identified in ALC’s filings with United States Securities and Exchange Commissions and include, but are not limited to, the following: changes in the health care industry in general and the long-term care industry in particular because of political and economic influences; changes in regulations governing the industry and ALC’s compliance with such regulations; changes in government funding levels for health care services; resident care litigation, including exposure for punitive damage claims and increased insurance costs, and other

claims asserted against ALC; ALC's ability to maintain and increase census levels; ALC's ability to attract and retain qualified personnel; the availability and terms of capital to fund ALC's capital expenditures; changes in competition; and demographic changes. Given these risks and uncertainties, readers are cautioned not to place undue reliance on ALC's forward-looking statements. All forward-looking statements contained in this release are necessarily estimates reflecting the best judgment of the party making such statements based upon current information, and ALC's assumes no obligation to update any forward-looking statement.

For further information, contact:

Assisted Living Concepts, Inc.

John Buono

Sr. Vice President, Chief Financial Officer and Treasurer

Phone: (414) 908-8160

Fax: (414) 908-8212

Email: jbuono@alcco.com

Visit ALC's Website @ www.alcco.com