



# NEWS

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**For immediate release**

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## **OHLENDORF ELECTED PRESIDENT OF ALTERRA HEALTHCARE**

### **BIDDING PROCEDURES FOR AN EXIT FINANCING TRANSACTION APPROVED**

**MILWAUKEE, WISCONSIN, April 17, 2003** – Alterra Healthcare Corporation (**OTC:ATHCQ**) (“Alterra” or the “Company”) announced today that Mark Ohlendorf has been elected to serve as the Company’s President. Mr. Ohlendorf, who has served the Company in various senior management positions since 1997, will also continue to serve as the Company’s Chief Financial Officer. Patrick Kennedy, who previously served as Alterra’s Chief Executive Officer and President, will continue to serve as Alterra’s CEO.

According to Patrick Kennedy, “The Board’s decision to elect Mark to serve as President is in recognition of the expanded responsibilities that Mark has assumed during the last year and will further broaden his duties for management of the overall affairs of the Company.” Kennedy also noted, “Mark Ohlendorf has demonstrated great leadership in managing our financial restructuring efforts during the last two years. We are confident that these skills will enable Mark to be successful in his expanded role.”

The Company also announced that the U.S. Bankruptcy Court for the District of Delaware has approved the bidding procedures proposed by the Company in order to establish the process by which Alterra will be seeking to identify and select a transaction to address the capital and liquidity needs of Alterra upon the completion of its bankruptcy reorganization (“Exit Financing Transaction”). As previously reported, the Company believes that an Exit Financing Transaction, which would be consummated and funded upon or promptly following confirmation of Alterra’s plan of reorganization, could involve either the sale of equity securities in the reorganized Alterra or the sale of assets of Alterra as a going concern. The bidding procedures contemplate an open marketing process that will culminate in an auction on July 17, 2003 in which qualified bidders will have the opportunity to propose an Exit Financing Transaction. The marketing and auction process is being supervised by a special independent committee of Alterra’s Board of Directors. Pursuant to the approved bidding procedures, Alterra is currently providing due diligence information to prospective investors who may be interested in proposing an Exit Financing Transaction.

Parties interested in evaluating the possibility of proposing an Exit Financing Transaction should contact the Company’s financial advisor, Cohen & Steers Capital Advisors, LLC, at (212) 446-9177. Initial bids of parties interested in participating in the auction should be submitted to the Company’s special independent Board committee on or before June 23, 2003.

## **About Alterra**

Alterra offers supportive and selected healthcare services to our nation's frail elderly and is the nation's largest operator of freestanding Alzheimer's/ memory care residences. Alterra currently operates in 24 states.

## **Forward-Looking Statements**

Certain of the information contained herein should be considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect the Company's current views with respect to certain current and future events and financial performance. Such forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the Company's operations and business environment which may cause the actual results of the Company to be materially different from any future results expressed or implied in such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, the following: the ability of the Company to satisfy its operating and capital needs during the pendency of its bankruptcy case; the Company's ability to successfully negotiate necessary modifications and amendments with its secured lenders and lessors; the Company's ability to access financing needed to refinance significant pending debt maturities; the ability of the Company to continue as a going concern; the ability of the Company to develop, prosecute, confirm and consummate a Chapter 11 plan of reorganization; the Company's ability to identify and consummate a liquidity transaction in connection with its bankruptcy case providing net proceeds in amounts necessary to effectively address the projected capital and liquidity needs of the Company; risks associated with third parties seeking and obtaining court approval for the appointment of a Chapter 11 trustee or to convert the Company's bankruptcy case to a Chapter 7 liquidation; the potential adverse impact of the Company's Chapter 11 filing on the Company's relationships with its residents, vendors and employees; competition and the ability of the Company to attract private pay residents to its residences; the Company's ability to fund and maintain self insurance programs at levels necessary to address potential liability claims and satisfy the requirements of lenders and lessors; government legislation and regulation; and other risks and uncertainties as may be set forth from time to time in the Company's reports filed with the Securities and Exchange Commission