

AMERICAN RETIREMENT CORP  
 Form 4  
 July 21, 2006

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 FRISBY TERRY L

2. Issuer Name and Ticker or Trading Symbol  
 AMERICAN RETIREMENT CORP  
 [ACR]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
 111 WESTWOOD PLACE, SUITE 200  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 07/19/2006

\_\_\_\_ Director  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Senior Vice Pres. - Human Res.

BRENTWOOD, TN 37027

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 \_\_\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------|
|                                 |                                      |                                                    |                                | (A) or (D)                                                        | Price                                                                                         |                                                          |                                   |
| Common Stock                    | 07/19/2006                           |                                                    | F                              | D                                                                 | \$ 6,542 (1) 32.9                                                                             | 74,800                                                   | D                                 |
| Common Stock                    | 07/21/2006                           |                                                    | M                              | A                                                                 | \$ 3.14                                                                                       | 75,800                                                   | D                                 |
| Common Stock                    | 07/21/2006                           |                                                    | M                              | A                                                                 | \$ 4.9                                                                                        | 105,800                                                  | D                                 |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form**

SEC 1474 (9-02)

displays a currently valid OMB control number.

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | Amount or Number of Shares |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|----------------------------|
| Employee Stock Option (Right to Buy)       | \$ 3.14                                                | 07/21/2006                           |                                                    | M                              | 1,000                                                                                   | 11/06/2002 <sup>(2)</sup> 11/06/2011                     | Common Stock                                                | 1,000                      |
| Employee Stock Option (Right to Buy)       | \$ 4.9                                                 | 07/21/2006                           |                                                    | M                              | 30,000                                                                                  | 11/03/2004 <sup>(3)</sup> 05/03/2014                     | Common Stock                                                | 30,000                     |

## Reporting Owners

| Reporting Owner Name / Address                                         | Relationships |           |                                |       |
|------------------------------------------------------------------------|---------------|-----------|--------------------------------|-------|
|                                                                        | Director      | 10% Owner | Officer                        | Other |
| FRISBY TERRY L<br>111 WESTWOOD PLACE, SUITE 200<br>BRENTWOOD, TN 37027 |               |           | Senior Vice Pres. - Human Res. |       |

## Signatures

/s/ Terry L. Frisby 07/21/2006

\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) On July 19, 2006, a tranche of restricted stock owned by the reporting person vested and the vesting provisions of additional tranches of restricted stock were accelerated due to the approval by American Retirement Corporation's ("the Company") shareholders of a plan of merger between the Company and Brookdale Senior Living, Inc. 6,542 shares were withheld from the shares delivered to the reporting person in order to satisfy the reporting person's tax withholding obligation.

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- (2) The option vested ratably in three annual installments beginning November 6, 2002.

Pursuant to the provisions of the reporting person's stock option agreement, the option vests in one-third increments on November 3,

- (3) 2004, May 3, 2006 and May 3, 2007. On July 19, 2006, the vesting with respect to the third vesting tranche of the stock option grant was accelerated by the Company's Board of Directors.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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