

AMERICAN RETIREMENT CORP
 Form 4
 July 27, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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 *
 SMITH NADINE C

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)
 638 SIESTA DRIVE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 07/25/2006

Director 10% Owner
 Officer (give title below) Other (specify below)

SARASOTA, FL 34242

(City) (State) (Zip)

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

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | | Code V Amount (A) or (D) Price | | | |
| Common Stock | 07/25/2006 | | D | 31,956 D \$ 33.33 | 0 | D | |

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

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SEC 1474 (9-02)

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

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| 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 Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option (Right to Buy) | \$ 14 | 07/25/2006 | | D | 9,000 <u>(1)</u> | 06/02/1998 05/30/2007 | Common Stock | 9,000 |
| Stock Option (Right to Buy) | \$ 7.25 | 07/25/2006 | | D | 3,000 <u>(2)</u> | 05/12/2001 05/12/2010 | Common Stock | 3,000 |
| Stock Option (Right to Buy) | \$ 3.75 | 07/25/2006 | | D | 3,000 <u>(3)</u> | 05/03/2002 05/03/2011 | Common Stock | 3,000 |
| Stock Option (Right to Buy) | \$ 3 | 07/25/2006 | | D | 3,000 <u>(4)</u> | 05/30/2003 05/30/2012 | Common Stock | 3,000 |
| Stock Option (Right to Buy) | \$ 1.75 | 07/25/2006 | | D | 3,000 <u>(5)</u> | 05/20/2004 05/20/2013 | Common Stock | 3,000 |
| Stock Option (Right to Buy) | \$ 4.99 | 07/25/2006 | | D | 3,000 <u>(6)</u> | 05/19/2005 05/19/2014 | Common Stock | 3,000 |
| Stock Option (Right to Buy) | \$ 14.11 | 07/25/2006 | | D | 3,000 <u>(7)</u> | 05/18/2006 05/18/2015 | Common Stock | 3,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--------------------------------|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| | | | | |

SMITH NADINE C
638 SIESTA DRIVE
SARASOTA, FL 34242

X

Signatures

/s/ Nadine C.
Smith

07/27/2006

**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) The option, which provided for vesting in three equal annual installments beginning June 2, 1998, was cancelled upon consummation of the merger of a subsidiary of Brookdale Senior Living Inc. with and into American Retirement Corporation ("ACR") in exchange for a cash payment of \$171,000.00, representing the difference between the exercise price of the option and the market value of the underlying ACR common stock on the effective date of the merger.

(2) The option, which vested on May 12, 2001, was cancelled upon consummation of the merger of a subsidiary of Brookdale Senior Living Inc. with and into American Retirement Corporation ("ACR") in exchange for a cash payment of \$77,250.00, representing the difference between the exercise price of the option and the market value of the underlying ACR common stock on the effective date of the merger.

(3) The option, which vested on May 3, 2002, was cancelled upon consummation of the merger of a subsidiary of Brookdale Senior Living Inc. with and into American Retirement Corporation ("ACR") in exchange for a cash payment of \$87,750.00, representing the difference between the exercise price of the option and the market value of the underlying ACR common stock on the effective date of the merger.

(4) The option, which vested on May 30, 2003, was cancelled upon consummation of the merger of a subsidiary of Brookdale Senior Living Inc. with and into American Retirement Corporation ("ACR") in exchange for a cash payment of \$90,000.00, representing the difference between the exercise price of the option and the market value of the underlying ACR common stock on the effective date of the merger.

(5) The option, which vested on May 20, 2004, was cancelled upon consummation of the merger of a subsidiary of Brookdale Senior Living Inc. with and into American Retirement Corporation ("ACR") in exchange for a cash payment of \$93,750.00, representing the difference between the exercise price of the option and the market value of the underlying ACR common stock on the effective date of the merger.

(6) The option, which vested on May 19, 2005, was cancelled upon consummation of the merger of a subsidiary of Brookdale Senior Living Inc. with and into American Retirement Corporation ("ACR") in exchange for a cash payment of \$84,030.00, representing the difference between the exercise price of the option and the market value of the underlying ACR common stock on the effective date of the merger.

(7) The option, which vested on May 18, 2006, was cancelled upon consummation of the merger of a subsidiary of Brookdale Senior Living Inc. with and into American Retirement Corporation ("ACR") in exchange for a cash payment of \$56,670.00, representing the difference between the exercise price of the option and the market value of the underlying ACR common stock on the effective date of the merger.

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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