

AMERICAN RETIREMENT CORP  
 Form 4  
 July 27, 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 \*  
 O CONNELL DANIEL K

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)  
 5133 NW 93RD DORAL WAY  
 (Street)

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

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

MIAMI, FL 33178  
 (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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V   | Amount  | (D)  | Price                             |
| Common Stock                    | 07/25/2006                           |  | D                              |   | 80,000  | D  | \$ 33 0                           |

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<br><u>(1)</u>   | 05/30/1998 05/30/2007                                    | Common Stock  | 9,000                         |
| Stock Option (Right to Buy)                | \$ 7.25  | 07/25/2006                           |  | D                              | 3,000<br><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<br><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<br><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<br><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<br><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<br><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 |
|                                |               |           |         |       |

O CONNELL DANIEL K  
5133 NW 93RD DORAL WAY X  
MIAMI, FL 33178

## Signatures

/s/ Daniel K.  
O'Connell 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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