

HACKETT PETER J
 Form 5
 February 14, 2011

FORM 5

**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).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

1. Name and Address of Reporting Person *
 HACKETT PETER J

2. Issuer Name and Ticker or Trading Symbol
 ADCARE HEALTH SYSTEMS INC
 [ADK]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 12/31/2010

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

(Street)

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

6. Individual or Joint/Group Reporting

(check applicable line)

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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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock	12/31/2010	Â	A	3,226 A \$ (1) 7,547		D	Â
Common Stock	Â	Â	Â	Â Â Â 7,547 (2)		D	Â

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

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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
Warrants	\$ 2.5	Â	Â	Â	Â Â	11/07/2006 12/08/2014	Common Stock	2,000
Warrants	Â	Â	Â	Â	Â Â	Â ⁽³⁾ 11/16/2017	Common Stock	3,200
Options	\$ 1.5	Â	Â	Â	Â Â	05/09/2007 05/09/2012	Common Stock	1,400
Options	\$ 1.5	Â	Â	Â	Â Â	05/09/2008 05/09/2013	Common Stock	1,400
Options	\$ 1.5	Â	Â	Â	Â Â	05/09/2009 05/09/2014	Common Stock	1,400
Options	\$ 1.5	Â	Â	Â	Â Â	05/09/2010 05/09/2015	Common Stock	1,400
Options	\$ 1.5	Â	Â	Â	Â Â	05/09/2011 05/09/2016	Common Stock	1,400

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HACKETT PETER J Â	Â X	Â	Â	Â

Signatures

Carol Groeber for P. Hackett by power of attorney 02/14/2011
 **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).

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- (1) Shares were purchased throughout 2010 at various market prices by participation in the AdCare Health Systems Employee Stock Purchase Plan.
- (2) This includes 140 shares issued by the company as a stock dividend to all shareholders as of 9/30/2010.
- (3) The exercise price of warrants vested in 2008 was \$1.21, those vested in 2009 was \$2.25, those vested in 2010 was \$3.00 and those vesting in 2011 are \$4.00 per share.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.