

ADCARE HEALTH SYSTEMS INC
 Form 5
 February 21, 2008

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)
12/31/2007

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)

Â

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 | Â | Â | Â | Â | Â | 2,000 | D | Â |

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 displays a currently valid OMB control number.

SEC 2270 (9-02)

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

| 1. Title of Derivative | 2. Conversion | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if | 4. Transaction | 5. Number of Derivative | 6. Date Exercisable and Expiration Date | 7. Title and Underlying |
|------------------------|---------------|--------------------------------------|-------------------------------|----------------|-------------------------|---|-------------------------|
|------------------------|---------------|--------------------------------------|-------------------------------|----------------|-------------------------|---|-------------------------|

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| Security (Instr. 3) | or Exercise Price of Derivative Security | any (Month/Day/Year) | Code (Instr. 8) | Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | (Month/Day/Year) | | Title | |
|------------------------|---|-------------------------|--------------------|---|-------|------------------|---------------------------|---------------------------|-----------------|
| | | | | (A) | (D) | Date Exercisable | Expiration Date | | |
| Warrants | \$ 1.46 | 09/12/2007 | Â | E ⁽¹⁾ | Â | 4,000 | 10/01/2007 ⁽²⁾ | 10/01/2012 ⁽²⁾ | Common Stock |
| Warrants | \$ 1.2 | 11/20/2007 | Â | A ⁽³⁾ | 4,000 | Â | 11/20/2007 ⁽⁴⁾ | 11/20/2017 ⁽⁴⁾ | Common Stock |
| Warrants | \$ 5.4 | Â | Â | Â | Â | Â | 11/10/2006 | 11/10/2011 | Common Stock |
| Options | \$ 1.5 | Â | Â | Â | Â | Â | 05/09/2007 | 05/09/2012 | Common Stock |

Reporting Owners

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

Signatures

Carol Groeber 02/21/2008
 **Signature of Date
 Reporting Person

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) Merger discussions discontinued.
- (2) The warrants will only become exercisable upon closing of the Merger of the Company and Family Home Health Services, Inc. and will terminate and expire unless exercised on or before the 5th anniversary of the closing.
- (3) Warrants were awarded to officers and directors.
- (4) These are 10 year warrants that will vest equally over a 5 year period, however that vesting will be accelerated in the event there is a "change in control" of the Company or a termination without cause of person(s) comprising the management team.

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.