

Sturtz Laurence E  
Form 5  
February 17, 2009

**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 \*  
Sturtz Laurence E

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)  
12/31/2008

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

3421 POINTE CREEK COURT, APT# 106

(Street)

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

6. Individual or Joint/Group Reporting

(check applicable line)

BONITA SPRINGS, FL 34134

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				(A) or (D) Price	26,820	D	

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

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SEC 2270 (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)		
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						(A)	(D)		
Warrants	\$ 1.21 <sup>(1)</sup>	Â	Â	Â	Â Â	11/20/2007 <sup>(2)</sup>	11/20/2017	Common Stock	43,840
Warrants	\$ 2.5	Â	Â	Â	Â Â	10/31/2004	10/31/2009	Common Stock	8,000
Warrants	\$ 5.4	Â	Â	Â	Â Â	11/10/2006	11/10/2011	Common Stock	4,000
Options	\$ 2.5	Â	Â	Â	Â Â	08/27/2004	08/24/2012	Common Stock	8,000
Options	\$ 1.5	Â	Â	Â	Â Â	05/09/2007	05/09/2012	Common Stock	7,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Sturtz Laurence E 3421 POINTE CREEK COURT APT# 106 BONITA SPRINGS, FL 34134	Â	X	Â	Â

## Signatures

Laurence E Sturtz 02/17/2009

\*\*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).

Exercise price was redetermined prior to shareholder vote. Warrant pricing changes for each group vesting; vested 2008 - \$1.21; vested 2009 - \$2.25; vested 2010 - price equal to the greater of (i) the average closing price of the Company's common stock on AMEX during (1) the month of January, 2009 or (ii) \$3.00; vested 2011 - price equal to the greater of (i) the average closing price of the Company's common stock on AMEX during the month of January, 2010 or (ii) \$3.00; vested 2012 - price equal to the greater of (i) the average closing price of the Company's common stock on AMEX during the month of January, 2011 or (ii) \$3.00.

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- (2) 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.

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