

Wade Gary L

Form 5

February 17, 2010

FORM 5**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**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

OMB APPROVAL

OMB
Number: 3235-0362Expires: January 31,
2005Estimated average
burden hours per
response... 1.0

1. Name and Address of Reporting Person *

Wade Gary L

2. Issuer Name and Ticker or Trading
SymbolADCARE HEALTH SYSTEMS INC
[ADK]5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement of Issuer's Fiscal Year Ended
(Month/Day/Year)
12/31/2009☒ Director ☐ 10% Owner
☒ Officer (give title below) ☐ Other (specify below)

President & CEO

4714 MERRIMONT AVENUE

(Street)

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

6. Individual or Joint/Group Reporting

(check applicable line)

SPRINGFIELD, OH 45503

☒ 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	12/07/2009	Â	A4 ⁽¹⁾	50,866 A \$ ⁽¹⁾	188,707	D	Â
Common Stock	12/31/2009	Â	L ⁽⁵⁾	3,203 A \$ ⁽⁵⁾	188,707	D	Â
Common Stock	Â	Â	Â	Â Â Â Â	188,707	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**SEC 2270
(9-02)

the form displays a currently valid OMB control number.

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

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 Security (Instr. 3 and 4)	
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount
Warrants	Â	12/07/2009	Â	J4 ⁽¹⁾	Â	50,866	11/16/2012	11/16/2017	Common Stock	50
Warrants	\$ 2.5 ⁽⁴⁾	Â	Â	Â	Â	Â	11/07/2006	12/08/2014 ⁽⁴⁾	Common Stock	2
Warrants	\$ 2.5	Â	Â	Â	Â	Â	01/31/2005	09/01/2011 ⁽⁶⁾	Common Stock	40
Warrants	Â	Â	Â	Â	Â	Â	Â ⁽²⁾	11/16/2017	Common Stock	20
Options	\$ 2.5	Â	Â	Â	Â	Â	08/27/2005	08/27/2010	Common Stock	1
Options	\$ 2.5	Â	Â	Â	Â	Â	08/27/2006	08/27/2011	Common Stock	1
Options	\$ 2.5	Â	Â	Â	Â	Â	08/27/2007	08/27/2012	Common Stock	1
Options	\$ 1.5	Â	Â	Â	Â	Â	05/09/2007	05/09/2012	Common Stock	2
Options	\$ 1.5	Â	Â	Â	Â	Â	05/09/2008	05/09/2013	Common Stock	2
Options	\$ 1.5	Â	Â	Â	Â	Â	05/09/2009	05/09/2014	Common Stock	2
Options	\$ 1.5	Â	Â	Â	Â	Â	05/09/2010	05/09/2015	Common Stock	2
Options	\$ 1.5	Â	Â	Â	Â	Â	05/09/2011	05/09/2016	Common Stock	2

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer

Other

Wade Gary L
4714 MERRIMONT AVENUE X President & CEO
SPRINGFIELD, OH 45503

Signatures

Carol Groeber by power of 02/17/2010
attorney

__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).

On August 15, 2008 the shareholders approved an incentive plan which granted warrants to certain officers and directors. The warrants vested over a five year period. On December 7, 2009 the shareholders approved an amendment to the incentive plan to eliminate 218,461 warrants. The amendment further called for 218,461 shares of the Company's common stock with a one year restriction on transfer to be issued.

(1) The exercise price of the warrants vested in 2008 was \$1.21 per share, those vested in 2009 was \$2.25, those vested in 2010 was \$3.00 and those vesting in 2011 is \$4.00

(2) The exercise price of the warrants was based upon the average closing price of the Company's common stock on NYSE-Amex during January 2011 but not less than \$3.00.

(3) On December 21, 2009 the warrant holders voted to amend the warrant agreement to decrease the exercise price from \$5.40 to \$2.54 and extend the expiration date to 12/8/2014 the fifth anniversary date of the Company's private offering.

(4) Shares were purchased throughout 2009 at various prices by participation in the AdCare Health Systems Employee Stock Purchase Program.

(5) On December 7, 2009 shareholders voted to extend the expiration date of the warrants to 9/1/2011 which is the expiration date of Mr. Wade's employment contract.

(6)

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.