

BEVERLY ENTERPRISES INC  
Form 4  
March 16, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
**BABB DOUGLAS J**

2. Issuer Name and Ticker or Trading Symbol  
**BEVERLY ENTERPRISES INC [BEV]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
**ONE THOUSAND BEVERLY WAY**

3. Date of Earliest Transaction (Month/Day/Year)  
**03/14/2006**

\_\_\_\_ Director  
 Officer (give title below)  10% Owner  
 Other (specify below)  
**EVP, CHIEF ADMINISTRATIVE AND**

(Street)  
**FORT SMITH, AR 72919**

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

(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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
\$ .10 Par Value Common Stock	03/14/2006		D <sup>(1)</sup>	186,541	D \$ 12.5 0	D	

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

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SEC 1474 (9-02)

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**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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Am Nun Sha
Incentive Stock Option (right to buy)	\$ 5.95	03/14/2006		D	32,300	(2) 02/13/2012		\$.10 Par Value Common Stock	32
Incentive Stock Option (right to buy)	\$ 7.35	03/14/2006		D	4,248	(2) 02/20/2011		\$.10 Par Value Common Stock	4
Incentive Stock Option (right to buy)	\$ 3.6875	03/14/2006		D	85,000	(2) 04/01/2010		Common Stock	85
Non-Qualified Stock Option (right to buy)	\$ 5.95	03/14/2006		D	217,700	(2) 02/13/2012		\$.10 Par Value Common Stock	21
Non-Qualified Stock Option (right to buy)	\$ 7.35	03/14/2006		D	83,152	(2) 02/20/2011		\$.10 Par Value Common Stock	83

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BABB DOUGLAS J ONE THOUSAND BEVERLY WAY FORT SMITH, AR 72919			EVP, CHIEF ADMINISTRATIVE AND	

## Signatures

By: Brenda Boster, by Power of Attorney For: Douglas J. Babb 03/15/2006

\_\_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) In accordance with the terms of the Merger Agreement entered into by and between Beverly Enterprises, Inc. and Pearl Senior Care, LLC et al. the stock held by the Reporting Person were disposed of pursuant to the Merger Agreement.  

This option was fully vested and was cancelled in the merger between Beverly Enterprises, Inc. and Pearl Senior Care, LLC (the
- (2) "Merger") in exchange for a cash payment representing the difference between the exercise price of the option and the Merger consideration of \$12.50 per share for the underlying common stock.
- (3) Represents the difference between the per share exercise price of the option and the per share merger consideration.

Note: File three copies of this Form, one of which must be manually signed. If space 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.