

BEVERLY ENTERPRISES INC  
Form 4  
March 16, 2006

**FORM 4**

**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).

**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 \*  
**SKELLY RICHARD D JR**

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**  
  
(Street)

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

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
**SENIOR VICE PRESIDENT**

**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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
\$.10 Par Value Common Stock	03/14/2006		D <sup>(1)</sup>		54,324	D	\$ 12.5
Common Stock	03/14/2006		A <sup>(2)</sup>		16,619	A	\$ 0
Common Stock	03/14/2006		D <sup>(3)</sup>		5,617	D	\$ 12.5
Common Stock	03/14/2006		D <sup>(1)</sup>		11,002	D	\$ 12.5

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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 1474  
(9-02)

**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)	8. Amount or Number of Shares
Incentive Stock Option (right to buy)	\$ 7.74	03/14/2006		D	51,676	<u>(4)</u> 05/22/2012	\$.10 Par Value Common Stock	51,676
Non-Qualified Stock Option (right to buy)	\$ 7.74	03/14/2006		D	28,324	<u>(4)</u> 05/22/2012	\$.10 Par Value Common Stock	28,324

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SKELLY RICHARD D JR ONE THOUSAND BEVERLY WAY FORT SMITH, AR 72919			SENIOR VICE PRESIDENT	

## Signatures

By: Brenda Boster, by Power of Attorney For: Richard D. Skelly, Jr. 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.

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- (2) In accordance with the terms of the Merger Agreement entered into by and between Beverly Enterprises, Inc. and Pearl Senior Care, LLC et al. vesting of the performance units were accelerated and valued at the merger consideration of \$12.50 per share.
- (3) Shares were traded to pay the tax obligation.  
  
This option, which provided for vesting in four equal installments beginning 05/22/02, was cancelled in the merger between Beverly
- (4) Enterprises, Inc. and Pearl Senior Care, LLC (the "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.
- (5) 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.

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