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8 SHARED DISPOSITIVE POWER

-0-

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

262,500 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) [ ]  
EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

1.5%

12 TYPE OF REPORTING PERSON

OO

-----  
(1) This represents \$6,300,000 worth of 5 3/4% convertible subordinated debentures due 2002 with a conversion price of \$24.00 per share.

CUSIP No. 028913-10-1 13G

1 NAME OF REPORTING PERSON

LB/HRC Bond Investors II LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) [ ]  
(b) [X]

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF 5 SOLE VOTING POWER

SHARES 657,667 (1)

BENEFICIALLY 6 SHARED VOTING POWER  
OWNED BY EACH -0-

REPORTING 7 SOLE DISPOSITIVE POWER  
PERSON WITH 657,667 (1)

8 SHARED DISPOSITIVE POWER

-0-

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

657,667 (1)

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10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) [ ]  
EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
3.7%

12 TYPE OF REPORTING PERSON  
OO

-----  
(1) This represents \$15,784,000 worth of 5 3/4% convertible subordinated debentures due 2002 with a conversion price of \$24.00 per share.

CUSIP No. 028913-10-1 13G

1 NAME OF REPORTING PERSON  
LB Bond Investors LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) [ ]  
(b) [X]

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

NUMBER OF 5 SOLE VOTING POWER  
SHARES 262,500 (1)

BENEFICIALLY 6 SHARED VOTING POWER  
OWNED BY EACH -0-

REPORTING 7 SOLE DISPOSITIVE POWER  
PERSON WITH 262,500 (1)

8 SHARED DISPOSITIVE POWER  
-0-

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
262,500 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) [ ]  
EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
1.5%

12 TYPE OF REPORTING PERSON



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CUSIP No. 028913-10-1 13G

1 NAME OF REPORTING PERSON

PAMI LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) [ ]  
(b) [X]

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF 5 SOLE VOTING POWER  
SHARES 920,167 (1)

BENEFICIALLY 6 SHARED VOTING POWER  
OWNED BY EACH -0-

REPORTING 7 SOLE DISPOSITIVE POWER  
PERSON WITH 920,167 (1)

8 SHARED DISPOSITIVE POWER  
-0-

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
920,167 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) [ ]  
EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
5.1%

12 TYPE OF REPORTING PERSON  
OO

-----  
(1) This represents \$22,084,000 worth of 5 3/4% convertible subordinated debentures due 2002 with a conversion price of \$24.00 per share.

CUSIP No. 028913-10-1 13G

1 NAME OF REPORTING PERSON

Property Asset Management Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) [ ]  
(b) [X]

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3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF 5 SOLE VOTING POWER

SHARES 920,167 (1)

BENEFICIALLY 6 SHARED VOTING POWER

OWNED BY EACH -0-

REPORTING 7 SOLE DISPOSITIVE POWER

PERSON WITH 920,167 (1)

8 SHARED DISPOSITIVE POWER

-0-

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

920,167 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) [ ]  
EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.1%

12 TYPE OF REPORTING PERSON

CO

-----  
(1) This represents \$22,084,000 worth of 5 3/4% convertible subordinated debentures due 2002 with a conversion price of \$24.00 per share.

CUSIP No. 028913-10-1 13G

1 NAME OF REPORTING PERSON

Lehman ALI Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) [ ]  
(b) [X]

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF 5 SOLE VOTING POWER

SHARES 920,167 (1)

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BENEFICIALLY 6 SHARED VOTING POWER  
OWNED BY EACH -0-  
REPORTING 7 SOLE DISPOSITIVE POWER  
PERSON WITH 920,167 (1)  
8 SHARED DISPOSITIVE POWER  
-0-  
9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
920,167 (1)  
10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) [ ]  
EXCLUDES CERTAIN SHARES  
11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
5.1%  
12 TYPE OF REPORTING PERSON  
CO

-----  
(1) This represents \$22,084,000 worth of 5 3/4% convertible subordinated debentures due 2002 with a conversion price of \$24.00 per share.

CUSIP No. 028913-10-1 13G

1 NAME OF REPORTING PERSON  
Lehman Brothers Holdings Inc.  
2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) [ ]  
(b) [X]  
3 SEC USE ONLY  
4 CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware  
NUMBER OF 5 SOLE VOTING POWER  
SHARES 920,167 (1)  
BENEFICIALLY 6 SHARED VOTING POWER  
OWNED BY EACH -0-  
REPORTING 7 SOLE DISPOSITIVE POWER  
PERSON WITH 920,167 (1)

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8 SHARED DISPOSITIVE POWER

-0-

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

920,167(1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) [ ]  
EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.1%

12 TYPE OF REPORTING PERSON

CO

-----  
(1) This represents \$22,084,000 worth of 5 3/4% convertible subordinated debentures due 2002 with a conversion price of \$24.00 per share.

Background  
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This statement on Schedule 13G/A amends the statement on Schedule 13G filed by the reporting persons on January 22, 2001 (the "Original 13G") and the amended Schedule 13G filed by the reporting persons on February 8, 2002 (the "13G/A No. 1").

During 2000, (i) LB/HRC Bond Investors LLC, a joint venture between HRC Bond Investors LLC (an Oregon limited liability company) ("HRC Bond Investors LLC") and LB Bond Investors LLC, and (ii) LB/HRC Bond Investors II LLC, a joint venture between HRC Bond Investors LLC and LB Bond Investors II LLC, purchased convertible subordinated debentures of the issuer, American Retirement Corporation (the "ACR Bonds").

The Filing Persons disclaim the existence of a group pursuant to Rule 13d-5 with HRC Bond Investors LLC, and any or all of its members: Daniel R. Baty, William E. Colson, Norman L. Brenden, Patrick F. Kennedy, Thilo D. Best and Holiday Retirement Corp., an Oregon corporation (collectively, with HRC Bond Investors LLC, the "HRC Investors").

On January 11, 2001 Holiday Retirement Corp. purchased shares of Common Stock of the Issuer that would, if the HRC Investors and the Filing Persons were deemed to be a group, result in the deemed beneficial ownership by such group of more than 5% of the Common Stock of the Issuer.

On January 30, 2001, LB/HRC Bond Investors II LLC purchased an additional \$2,660,000 of 5 3/4% convertible subordinated debentures due 2002 with a conversion price of \$24.00 per share, convertible into 110,833 shares of the Issuer's Common Stock.

During 2001, Lehman Brothers Inc. sold all the 5 3/4% convertible subordinated debentures due 2002 of which it reported beneficial ownership on the Original 13G. As a result, the Filing Persons have determined that Lehman Brothers Inc., a Filing Person with respect to the Original 13G is no longer a beneficial owner of securities of the Issuer and is not, and



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would not be deemed to be, a member of the group identified in the Original 13G pursuant to Rule 13d-5.

The information in this filing with respect to the HRC Investors is, to the best of the Filing Persons' knowledge, accurate as of December 31, 2001. On January 23, 2001, the HRC Investors filed a Schedule 13G with respect to their ownership of securities of the Issuer and reference is made to the more detailed information contained therein, and in any amendments to such Schedules that may be filed in the future.

### Item 1.

(a) NAME OF ISSUER: American Retirement Corporation

(b) ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:

111 Westwood Place, Suite 200  
Brentwood, TN 37027

### Item 2.

(a, b, c) NAME, ADDRESS OF PRINCIPAL BUSINESS OFFICE, AND CITIZENSHIP OF PERSONS FILING (the "Filing Persons"):

The principal place of business of all of the filing persons is:  
c/o Lehman Brothers Holdings Inc., 399 Park Avenue, New York, NY  
10022:

- (i) LB/HRC Bond Investors LLC, a Delaware limited liability company.
- (ii) LB/HRC Bond Investors II LLC, a Delaware limited liability company.
- (iii) LB Bond Investors I LLC, a Delaware limited liability company.
- (iv) LB Bond Investors II LLC, a Delaware limited liability company.
- (v) PAMI LLC, a Delaware limited liability company.
- (vi) Property Asset Management Inc., a Delaware corporation.
- (vii) Lehman ALI Inc., a Delaware corporation.
- (viii) Lehman Brothers Holdings Inc., a Delaware corporation.

(d) TITLE OF CLASS OF SECURITIES: Common Stock, par value \$.01 per share ("Common Stock")

(e) CUSIP NUMBER: 028913-10-1

Item 3. IF THIS STATEMENT IS FILED PURSUANT TO RULES 13d-1(b), OR 13-2(b), CHECK WHETHER THE PERSON FILING IS A: Not Applicable

Item 4. OWNERSHIP:

See responses to Items 5, 6, 7, 8, 9, and 11 of the Cover Pages. Note that shares of the Issuer's Common Stock are obtainable upon conversion of convertible bonds held by LB/HRC Bond Investors LLC

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and LB/HRC Bond Investors II LLC.

Item 5. OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS:

Not Applicable

Item 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON:

Not Applicable

Item 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY:

Not Applicable

Item 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP:

See Exhibit A.

Item 9. NOTICES OF DISSOLUTION OF GROUP:

Not Applicable

Item 10. CERTIFICATION:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having the purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 12, 2002

LB/HRC Bond Investors LLC

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

LB/HRC Bond Investors II LLC

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo

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Title: Authorized Signatory

LB Bond Investors LLC

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

LB Bond Investors II LLC

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

PAMI LLC

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

Property Asset Management Inc.

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

Lehman ALI Inc.

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

Lehman Brothers Holdings Inc.

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Vice President

Exhibit A

IDENTIFICATION OF MEMBERS OF THE GROUP

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LB/HRC Bond Investors LLC  
LB/HRC Bond Investors II LLC  
LB Bond Investors LLC  
LB Bond Investors II LLC  
PAMI, LLC  
Property Asset Management Inc.  
Lehman ALI Inc.  
Lehman Brothers Holding Inc.  
HRC Bond Investors LLC  
Daniel R. Baty, a U.S. citizen  
William E. Colson, a U.S. citizen  
Norman L. Brenden, a U.S. citizen  
Patrick F. Kennedy, a U.S. citizen  
Thilo D. Best, a U.S. citizen  
Holiday Retirement Corp., an Oregon corporation

The above entities (the "Entities") may be deemed to be a group pursuant to Rule 13d-5, although such status as a group is disclaimed by the Filing Persons.

LB Bond Investors LLC has a 90% membership interest in LB/HRC Bond Investors LLC, is its managing member, and has the exclusive right to make all investment decisions on its behalf. The remaining 10% membership interest is held by HRC Bond Investors LLC.

LB Bond Investors II LLC has a 90% membership interest in LB/HRC Bond Investors II LLC, is its managing member, and has the exclusive right to make all investment decisions on its behalf. The remaining 10% membership interest is held by HRC Bond Investors LLC.

Both LB Bond Investors LLC and LB Bond Investors II LLC are wholly owned by PAMI LLC.

PAMI LLC is wholly owned by Property Asset Management Inc.; Property Asset Management Inc. is 99.75% owned by Lehman ALI Inc., and Lehman ALI Inc. is wholly owned by Lehman Brothers Holdings Inc., a publicly held corporation.

Lehman Brothers Inc., which had been identified in the Original 13G as an entity that may be deemed to be a member of the group, has been determined by the Filing Persons not to be a beneficial owner of shares of Common Stock of the Issuer, and not to be a member of any deemed group.

To the best of the Filing Persons' knowledge, the control of HRC Bond Investors is as follows: Daniel R. Baty has a 50% membership interest in HRC Bond Investors LLC, is the managing member, and has the exclusive right to make all investment decisions on its behalf. The remaining membership interests in HRC Bond Investors LLC are held as follows: William E. Colson (5%); Norman L. Brenden (5%); Patrick F. Kennedy (2.5%); Thilo D. Best (4%); and Holiday Retirement Corp. (33.5%). More detail regarding the HRC Investors can be found in a Schedule 13G filing by such persons made on January 23, 2001, and in any subsequent amendments filed by such persons.

To the best of the Filing Persons' knowledge, in addition to any beneficial ownership interest that the HRC Investors, or any of them, may have in the ACR Bonds (and the shares of Common Stock obtainable upon conversion thereof) owned of record by LB/HRC Bond Investors LLC and LB/HRC Bond Investors II LLC, the members of the HRC Investors are beneficial owners of shares of Common Stock of the Issuer as follows: Daniel R. Baty, 2000 shares; William E. Colson, 214,500 shares, and Holiday Retirement Corp., 271,100 shares. More detail as to ownership of securities of the Issuer by the HRC Investors can be found in a Schedule 13G filing by such persons made on January 23, 2001, and in any subsequent amendments filed by such

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persons.

In the event that the Entities were deemed to be a group pursuant to Rule 13d-5 (such status is disclaimed by the Filing Persons), upon conversion of all of the ACR Bonds held by LB/HRC Bond Investors LLC and LB/HRC Bond Investors II LLC, the Entities would collectively own 1,407,767 shares of Common Stock, constituting 7.7% of the Common Stock.

EXHIBIT B - JOINT FILING AGREEMENT

The undersigned hereby agree that the Statement on Schedule 13G/A filed herewith (and any amendments thereto) is being filed jointly with the Securities and Exchange Commission pursuant to Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended, on behalf of each such person.

Dated: February 12, 2002

LB/HRC Bond Investors LLC

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

LB/HRC Bond Investors II LLC

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

LB Bond Investors LLC

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

LB Bond Investors II LLC

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

PAMI LLC

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

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Property Asset Management Inc.

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

Lehman ALI Inc.

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Authorized Signatory

Lehman Brothers Holdings Inc.

By: /s/ Barrett DiPaolo

-----  
Name: Barrett DiPaolo  
Title: Vice President