

AMERICAN RETIREMENT CORPORATION

EXECUTIVE COMMITTEE CHARTER

Purpose

The purpose of the Executive Committee of the Board of Directors (the "Committee") of American Retirement Corporation (the "Company") is to exercise the power and authority of the Board of Directors between meetings, provided that the Committee will not have the power or authority to authorize any matter prohibited by the Tennessee Business Corporation Act.

The Committee shall make regular reports to the Board of Directors and shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board. Notwithstanding anything herein to the contrary, the Board may limit or qualify the powers of the Committee at any time, and may rescind any action of the Committee to the extent that no rights of third persons have intervened.

Powers and Duties

The powers and duties of the Committee are as follows:

1. Exercise the power and authority of the Board of Directors between meetings, provided that the Committee will not have the power or authority to authorize any matter prohibited by the Tennessee Business Corporation Act.
2. Review and evaluate certain transactions or special projects as requested by the Board of Directors and bring recommendations to the Board.
3. Make such recommendations to the Board of Directors as the Committee may consider appropriate and consistent with its purpose, and take such other actions and perform such services as may be referred to it from time to time by the Board of Directors, including the engagement of any outside advisor, at the Company's expense, it may deem necessary or appropriate.
4. Review annually its own performance.

Meetings

The Committee shall meet as frequently as necessary or appropriate. Special meetings of the Committee may be called on twenty-four (24) hours' notice by any member of the Committee. A majority of the Committee shall constitute a quorum, and the Committee shall act only on the affirmative vote of a majority of the members present at the meeting. The Committee shall maintain minutes of all meetings documenting its activities and recommendations to the Board.

Composition of Committee

The Committee shall be comprised of not less than three, nor more than five, Board members, including a Committee Chairman, designated by the Board of Directors. The Chairman and Chief Executive Officer and Lead Director (if any) shall serve as members of the Committee.