

KINDRED HEALTHCARE, INC
 Form 4
 June 13, 2005

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 *
 DIAZ PAUL J

2. Issuer Name and Ticker or Trading Symbol
 KINDRED HEALTHCARE, INC
 [KND]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 680 SOUTH FOURTH STREET
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 06/09/2005

Director 10% Owner
 Officer (give title below) Other (specify below)
 President and CEO

LOUISVILLE, KY 40202

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) | Price | | |
| Common Stock | 06/09/2005 | | M | A | \$ 4,928 15.91 | D | |
| Common Stock | 06/09/2005 | | M | A | \$ 25,728 11.03 | D | |
| Common Stock | 06/09/2005 | | M | A | \$ 40,000 19.75 | D | |
| Common Stock | 06/09/2005 | | S | D | \$ 1,000 40.09 | D | |
| Common Stock | 06/09/2005 | | S | D | \$ 5,000 40.06 | D | |

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| | | | | | | | |
|--------------|------------|---|-------|---|----------|---------|---|
| Common Stock | 06/09/2005 | S | 6,656 | D | \$ 40.03 | 340,921 | D |
| Common Stock | 06/09/2005 | S | 3,000 | D | \$ 40.08 | 337,921 | D |
| Common Stock | 06/09/2005 | S | 5,000 | D | \$ 39.97 | 332,921 | D |
| Common Stock | 06/09/2005 | S | 4,000 | D | \$ 40.04 | 328,921 | D |
| Common Stock | 06/09/2005 | S | 2,900 | D | \$ 40.05 | 326,021 | D |
| Common Stock | 06/09/2005 | S | 3,400 | D | \$ 40.01 | 322,621 | D |
| Common Stock | 06/09/2005 | S | 5,000 | D | \$ 40.02 | 317,621 | D |
| Common Stock | 06/09/2005 | S | 2,500 | D | \$ 39.99 | 315,121 | D |
| Common Stock | 06/09/2005 | S | 2,000 | D | \$ 40 | 313,121 | D |
| Common Stock | 06/10/2005 | S | 400 | D | \$ 39.94 | 312,721 | D |
| Common Stock | 06/10/2005 | S | 5,000 | D | \$ 39.95 | 307,721 | D |
| Common Stock | 06/10/2005 | S | 3,000 | D | \$ 39.84 | 304,721 | D |
| Common Stock | 06/10/2005 | S | 2,000 | D | \$ 39.63 | 302,721 | D |
| Common Stock | 06/10/2005 | S | 4,700 | D | \$ 39.6 | 298,021 | D |
| Common Stock | 06/10/2005 | S | 2,500 | D | \$ 39.51 | 295,521 | D |
| Common Stock | 06/10/2005 | S | 1,200 | D | \$ 39.58 | 294,321 | D |

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

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(9-02)

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

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| 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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| Employee Stock Option (Right to Buy) | \$ 15.91 | 06/09/2005 | | M | 4,928 | 07/23/2003 ⁽¹⁾ 07/23/2012 | Common Stock 4,928 |
| Employee Stock Option (Right to Buy) | \$ 11.03 | 06/09/2005 | | M | 25,728 | 07/22/2004 ⁽²⁾ 07/22/2013 | Common Stock 25,728 |
| Employee Stock Option (Right to Buy) | \$ 19.75 | 06/09/2005 | | M | 40,000 | 10/28/2004 ⁽³⁾ 10/28/2013 | Common Stock 40,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------|-------|
| | Director | 10% Owner | Officer | Other |
| DIAZ PAUL J 680 SOUTH FOURTH STREET LOUISVILLE, KY 40202 | X | | President and CEO | |

Signatures

Paul J. Diaz 06/13/2005
 **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) This option is exercisable in cumulative equal annual installments over four years commencing on 7/23/03.
- (2) This option is exercisable in cumulative equal annual installments over three years commencing on 7/22/04.
- (3) This option is exercisable in cumulative equal annual installments over three years commencing on 10/28/04.

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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