

KINDRED HEALTHCARE, INC  
 Form 4  
 February 27, 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 \*  
**LECHLEITER RICHARD A**

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)  
**02/23/2006**

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
**Executive VP and CFO**

**LOUISVILLE, KY 40202**

(City) (State) (Zip)

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

**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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------|
|                                 |                                      |                                                    | Code                           | V Amount (A) or (D) Price                                         |                                                                                               |                                                          |                                            |
| Common Stock                    | 02/23/2006                           |                                                    | F                              | 1,806 D \$ 21.99                                                  | 75,822                                                                                        | D                                                        |                                            |
| Common Stock                    | 02/23/2006                           |                                                    | A                              | 15,470 (1) A \$ 0                                                 | 91,292                                                                                        | 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) |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|
| Employee Stock Option (Right to Buy)       | \$ 21.99                                               | 02/23/2006                           |                                                    | A                              | 5,110                                                                                   | 02/23/2007 <sup>(2)</sup> 02/23/2013                     | Common Stock 5,110                                          |
| Employee Stock Option (Right to Buy)       | \$ 21.99                                               | 02/23/2006                           |                                                    | A                              | 13,641                                                                                  | 02/23/2008 <sup>(3)</sup> 02/23/2013                     | Common Stock 13,641                                         |

## Reporting Owners

| Reporting Owner Name / Address                                          | Relationships |           |                      |       |
|-------------------------------------------------------------------------|---------------|-----------|----------------------|-------|
|                                                                         | Director      | 10% Owner | Officer              | Other |
| LECHLEITER RICHARD A<br>680 SOUTH FOURTH STREET<br>LOUISVILLE, KY 40202 |               |           | Executive VP and CFO |       |

## Signatures

Richard A. Lechleiter  
02/27/2006  
Date

\*\*Signature of Reporting Person

## 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) These shares represent restricted stock granted to the reporting person. These shares vest in equal annual installments over four years commencing on 2/23/2007.
- (2) This option becomes exercisable in the following cumulative installments: 4,687 on 2/23/07, 141 on 2/23/08, 141 on 2/23/09 and 141 on 2/23/10.
- (3) This option becomes exercisable in the following cumulative installments: 4,547 on 2/23/08, 4,547 on 2/23/09 and 4,547 on 2/23/10.

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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