

KINDRED HEALTHCARE, INC
 Form 4
 March 02, 2007

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 *
BATTAFARANO FRANK 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)
02/28/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Exec VP & Pres, Hospital Div

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 Ownership (Instr. 4)
				Code V Amount (A) or (D) Price			
Common Stock	02/28/2007		M	5,000 A \$ 15.91	103,701 ⁽¹⁾	D	
Common Stock	02/28/2007		M	1,856 A \$ 11.03	105,557 ⁽¹⁾	D	
Common Stock	02/28/2007		F	3,041 D \$ 32.89	102,516	D	

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

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number.

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 Securities (Instr. 3 and 4)	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 15.91	02/28/2007		M	5,000	07/23/2005 ⁽²⁾ 07/23/2012	Common Stock	5,000
Employee Stock Option (Right to Buy)	\$ 11.03	02/28/2007		M	1,856	07/22/2005 ⁽³⁾ 07/22/2013	Common Stock	1,856

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BATTAFARANO FRANK J 680 SOUTH FOURTH STREET LOUISVILLE, KY 40202			Exec VP & Pres, Hospital Div	

Signatures

Frank J.
Battafarano 03/01/2007

__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 reporting person also indirectly owns fifty shares of common stock held jointly with his mother.
- (2) This option is exercisable in cumulative equal annual installments over two years beginning 7/23/05.

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(3) This option is exercisable in cumulative equal annual installments over two years beginning 7/22/05.

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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