

KINDRED HEALTHCARE, INC
 Form 4
 April 04, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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 *
FRANKLIN MUTUAL ADVISERS LLC

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)
101 JOHN F. KENNEDY PARKWAY
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
03/23/2006

____ Director
 ____ Officer (give title below)
 10% Owner
 ____ Other (specify below)

SHORT HILLS, NJ 07078

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 Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | Code | V | Amount or Price (A) or (D) | | |
| Common Stock | 03/23/2006 | | X | | 1,095,152 (1) | A | \$ 15 |
| Common Stock | 03/23/2006 | | X | | 2,737,878 (3) | A | \$ 16.665 |
| Common Stock | 03/23/2006 | | S | | 2,594,238 | D | \$ 23.92 |
| Common Stock | 03/27/2006 | | X | | 63,328 (3) | A | \$ 16.665 |
| Common Stock | 03/27/2006 | | S | | 44,176 | D | \$ 23.89 |

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| | | | | | | | |
|--------------|------------|---|-----------------------|---|----------|--------------------------|---|
| Common Stock | 03/29/2006 | X | 25,332 ⁽¹⁾ | A | \$ 15 | 7,574,644 ⁽²⁾ | D |
| Common Stock | 03/29/2006 | S | 15,310 | D | \$ 24.82 | 7,559,334 ⁽²⁾ | D |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

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) | |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----------------|---|------------------|
| | | | | | | Date Exercisable | Expiration Date | Title | Amount |
| | | | | | | | | | Number of Shares |
| Series A Warrants (right to buy) | \$ 15 ⁽⁴⁾ | 03/23/2006 | | X | 1,095,152 | 04/20/2001 | 04/20/2006 | Common Stock | 1,095,152 |
| Series A Warrants (right to buy) | \$ 15 ⁽⁴⁾ | 03/29/2006 | | X | 25,332 | 04/20/2001 | 04/20/2006 | Common Stock | 25,332 |
| Series B Warrants (right to buy) | \$ 16.665 ⁽⁴⁾ | 03/23/2006 | | X | 2,737,878 | 04/20/2001 | 04/20/2006 | Common Stock | 2,737,878 |
| Series B Warrants (right to buy) | \$ 16.665 ⁽⁴⁾ | 03/27/2006 | | X | 63,328 | 04/20/2001 | 04/20/2006 | Common Stock | 63,328 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| FRANKLIN MUTUAL ADVISERS LLC 101 JOHN F. KENNEDY PARKWAY SHORT HILLS, NJ 07078 | | X | | |

Signatures

By: Bradley D. Takahashi, Vice President of Franklin Mutual Advisers,
LLC

04/03/2006

__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) Exercise of Series A Warrants
- (2) See Exhibit 99.1 for text of footnote, which text is incorporated by reference herein.
- (3) Exercise of Series B Warrants
- (4) Reflects adjustment in connection with a 2-for-1 stock split in the form of a 100% stock dividend declared on April 26, 2004 by the Issuer's board of directors and distributed on May 27, 2004 to the Issuer's stockholders.

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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