

KINDRED HEALTHCARE, INC  
 Form 4  
 June 02, 2008

**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)  
 05/29/2008

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount or Price (A) or (D)		
Common Stock	05/29/2008		M		8,225 A \$ 12.16	442,373	D
Common Stock	05/29/2008		M		5,476 A \$ 18.26	447,849	D
Common Stock	05/29/2008		M		5,949 A \$ 16.81	453,798	D
Common Stock	05/29/2008		F		10,799 D \$ 27.78	442,999	D
Common Stock	05/29/2008		S		100 D \$ 27.95	442,899	D

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Common Stock	05/29/2008	S	100	D	\$ 27.98	442,799	D
Common Stock	05/29/2008	S	200	D	\$ 28.01	442,599	D
Common Stock	05/29/2008	S	900	D	\$ 28.02	441,699	D
Common Stock	05/29/2008	S	100	D	\$ 28.03	441,599	D
Common Stock	05/29/2008	S	500	D	\$ 28.04	441,099	D
Common Stock	05/29/2008	S	1,000	D	\$ 28.05	440,099	D
Common Stock	05/29/2008	S	1,000	D	\$ 28.06	439,099	D
Common Stock	05/29/2008	S	100	D	\$ 28.07	438,999	D
Common Stock	05/29/2008	S	1,400	D	\$ 28.08	437,599	D
Common Stock	05/29/2008	S	700	D	\$ 28.09	436,899	D
Common Stock	05/29/2008	S	1,300	D	\$ 28.1	435,599	D
Common Stock	05/29/2008	S	800	D	\$ 28.11	434,799	D
Common Stock	05/29/2008	S	100	D	\$ 28.12	434,699	D
Common Stock	05/29/2008	S	600	D	\$ 28.13	434,099	D
Common Stock	05/29/2008	S	500	D	\$ 28.14	433,599	D
Common Stock	05/29/2008	S	500	D	\$ 28.15	433,099	D
Common Stock	05/29/2008	S	300	D	\$ 28.16	432,799	D
Common Stock	05/29/2008	S	200	D	\$ 28.17	432,599	D
Common Stock	05/29/2008	S	500	D	\$ 28.18	432,099	D
Common Stock	05/29/2008	S	400	D	\$ 28.2	431,699	D
	05/29/2008	S	200	D		431,499	D

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Common Stock						\$ 28.21		
Common Stock	05/29/2008		S	200	D	\$ 28.22	431,299	D
Common Stock	05/29/2008		S	200	D	\$ 28.23	431,099	D
Common Stock	05/29/2008		S	200	D	\$ 28.24	430,899	D
Common Stock	05/29/2008		S	200	D	\$ 28.25	430,699	D

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

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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 (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	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 12.16	05/29/2008		M	8,225	07/23/2003 <sup>(1)</sup> 07/23/2012	Common Stock	8,225	
Employee Stock Option (Right to Buy)	\$ 18.26	05/29/2008		M	5,476	07/26/2007 <sup>(2)</sup> 07/26/2014	Common Stock	5,476	
Employee Stock Option (Right to Buy)	\$ 16.81	05/29/2008		M	5,949	02/23/2008 <sup>(3)</sup> 02/23/2013	Common Stock	5,949	

## 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                      06/02/2008

\_\_Signature of                      Date  
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) This option has been fully exercisable since 7/23/06.
- (2) This option has ben fully exercisable since 7/26/07.
- (3) This option becomes exercisable in the following cumulative installments: 5,949 on 2/23/08, 5,950 on 2/23/09 and 5,950 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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