KINDRED HEALTHCARE, INC

Form 4 July 25, 2006

FORM 4

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

OMB

Check this box if no longer subject to

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

3235-0287 Number: January 31, Expires:

OMB APPROVAL

Section 16. Form 4 or Form 5

SECURITIES

Estimated average burden hours per

obligations may continue. See Instruction

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

response... 0.5

2005

1(b).

(City)

(State)

(Zip)

(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) 680 SOUTH F	(First) OURTH ST	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 07/22/2006	X Director 10% OwnerX Officer (give title Other (specify below) President and CEO			
	(Street)		4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person			
LOUISVILLE	, KY 40202			Form filed by More than One Reporting Person			

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if	3. Transactio	4. Securities on(A) or Dispos	•	5. Amount of Securities	6. Ownership Form: Direct	7. Nature of Indirect
(Instr. 3)		any	Code	(Instr. 3, 4 an	d 5)	Beneficially	(D) or	Beneficial
		(Month/Day/Year)	(Instr. 8)			Owned	Indirect (I)	Ownership
						Following	(Instr. 4)	(Instr. 4)
				(A	\	Reported		
				(A		Transaction(s)		
			Code V	Amount (D		(Instr. 3 and 4)		
Common Stock	07/22/2006		F	8,152 D	\$ 26.04	375,445	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)

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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. Transact Code (Instr. 8)	5. orNumber of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	.	ate	7. Titl Amou Under Securi (Instr.	nt of lying	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secun Bene Owne Follo Repo Trans (Instr
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

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 07/24/2006

**Signature of Person 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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