

KINDRED HEALTHCARE, INC  
 Form 5  
 March 03, 2006

**FORM 5**

**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).  
 Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL 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

1. Name and Address of Reporting Person \*  
**FRANKLIN MUTUAL ADVISERS LLC**

2. Issuer Name and Ticker or Trading Symbol  
**KINDRED HEALTHCARE, INC [(KIND)]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
 12/31/2005

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

101 JOHN F. KENNEDY PARKWAY

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

SHORT HILLS, NJ 07078

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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	05/19/2004	Â	J4 <sup>(1)</sup>	2,600 <u>(2)</u>	\$ 48.0573 <u>(2)</u>	6,291,368 <u>(3)</u>	D Â

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

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SEC 2270 (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)
Option (Right to Buy) <sup>(4)</sup>	\$ 47.5 <sup>(2)</sup>	07/17/2001	Â	A4 <sup>(1)(5)</sup>	10,000 <sup>(2)</sup>	Â 07/17/2002 <sup>(6)</sup> 07/17/2011	Common Stock 10
Option (Right to Buy) <sup>(4)</sup>	\$ 52 <sup>(2)</sup>	01/01/2002	Â	A4 <sup>(1)(5)</sup>	3,000 <sup>(2)</sup>	Â 01/01/2003 <sup>(7)</sup> 01/01/2012	Common Stock 3
Option (Right to Buy) <sup>(4)</sup>	\$ 18.15 <sup>(2)</sup>	01/01/2003	Â	A4 <sup>(1)(5)</sup>	3,000 <sup>(2)</sup>	Â 01/01/2004 <sup>(8)</sup> 01/01/2013	Common Stock 3
Option (Right to Buy) <sup>(4)</sup>	\$ 51.98 <sup>(2)</sup>	01/01/2004	Â	A4 <sup>(1)(5)</sup>	3,000 <sup>(2)</sup>	Â 01/01/2005 <sup>(9)</sup> 01/01/2014	Common Stock 3
Option (Right to Buy) <sup>(4)</sup>	\$ 27.9	01/10/2005	Â	A4 <sup>(1)(5)</sup>	5,000	Â 01/10/2006 <sup>(10)</sup> 01/10/2015	Common Stock 5

## 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	Â	Â X	Â	Â

## Signatures

By: Bradley D. Takahashi, Vice President of Franklin Mutual Advisers, LLC 03/03/2006

\_\_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) See Exhibit 99.1 for text of footnote, which text is incorporated by reference herein.

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- (2) On April 26, 2004, the Issuer's board of directors declared a 2-for-1 stock split in the form of a 100% stock dividend distributed on May 27, 2004 to stockholders of record as of May 10, 2004. The share amount and price reported have not been adjusted to reflect this dividend.
- (3) Reflects amount post 2-for-1 stock split described in footnote (2) above.
- (4) This option was granted pursuant to the Kindred Healthcare, Inc. 2001 Stock Option Plan for Non-Employee Directors (Amended and Restated).
- (5) The grant was made to an employee of Franklin Mutual Advisers, LLC ("FMA") and previously reported on a Form 4 by such employee. In accordance with FMA's internal policy, all cash and non-cash compensation issued to FMA's employee in connection with his service on the Issuer's Board of Directors will be distributed directly to FMA's advisory clients. Under the advisory contracts with FMA, FMA retains sole voting and investment power over these securities.
- (6) This option is exercisable in cumulative equal annual installments over four years commencing on 7/17/02.
- (7) This option is exercisable in cumulative equal annual installments over four years commencing on 01/01/03.
- (8) This option is exercisable in cumulative equal annual installments over four years commencing on 01/01/04.
- (9) This option is exercisable in cumulative equal annual installments over four years commencing on 01/01/05.
- (10) This option is exercisable in cumulative equal annual installments over four years commencing on 01/10/06.

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