DIAZ PAUL J Form 4 February 22, 2012

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

30(h) of the Investment Company Act of 1940

OMB APPROVAL OMB

3235-0287 Number:

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Check this box if no longer subject to Section 16. Form 4 or Form 5

obligations

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 may continue.

See Instruction

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * DIAZ PAUL J			2. Issuer Name and Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer			
			KINDRED HEALTHCARE, INC [KND]	(Check all applicable)			
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year)	_X_ Director 10% Owner _X_ Officer (give title Other (specify			
680 SOUTH FOURTH STREET			02/21/2012	below) below) President and CEO			
	(Street)		4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check			
LOUISVILL	LE, KY 4020)2	Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person			

(City)	(State)	(Zip) Ta	ble I - Non-D	Derivative Securities Acq	uired, Disposed o	f, or Beneficial	ly Owned			
1.Title of	2. Transaction Date	2A. Deemed	3.	4. Securities Acquired	5. Amount of	6. Ownership	7. Nature of			
Security	(Month/Day/Year)	Execution Date, i	f Transaction	on(A) or Disposed of (D)	Securities	Form: Direct	Indirect			
(Inetr 3)		any	Code	(Instr. 3. 4 and 5)	Reneficially	(D) or	Reneficial			

(Ilistr. 3)		(Month/Day/Year)	(Instr. 8	8)	(IIIStr. 5, 2	t and s)	Owned Following	Indirect (I) (Instr. 4)
			G 1	T 7		(A) or	ъ.	Reported Transaction(s) (Instr. 3 and 4)	, ,
			Code	V	Amount	(D)	Price		
Common Stock	02/21/2012		A		67,086 (1)	A	\$0	456,398	D
Common Stock	02/21/2012		F		25,780	D	\$ 12.1	430,618	D

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Ownership

(Instr. 4)

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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	2. Conversion	3. Transaction Date (Month/Day/Year)		4. Transacti	5. onNumber	6. Date Exerc Expiration D		7. Title Amount		8. Price of Derivative	9. Nu Deriv
Security (Instr. 3)	or Exercise Price of Derivative Security	(Month Day/Tear)	(Month/Day/Year)	Code (Instr. 8)	of (Month/Day/			Underly Securitic (Instr. 3	ring es	Security (Instr. 5)	Secur Bene Owne Follo Repo Trans (Instr
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title N	Number		

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

**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) These shares represent common stock granted to the reporting person in satisfaction of vested Performance Units.

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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