

KINDRED HEALTHCARE, INC  
Form 4  
February 03, 2015

**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 \*  
Causby David A

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)  
02/02/2015

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
EVP & Pres., Kindred at Home

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V   | Amount (A) or (D) Price (1) (2) (3) (4) (5) (6) (7)   |  |                                   |
| Common Stock                    | 02/02/2015                           |  | A                              |   | 14,723<br>(1) (2)   | A  | D                                 |
| Common Stock                    | 02/02/2015                           |  | A                              |   | 1,340<br>(1) (3)  | A  | D                                 |
| Common Stock                    | 02/02/2015                           |  | A                              |   | 8,840<br>(1) (4)  | A  | D                                 |
| Common Stock                    | 02/02/2015                           |  | A                              |   | 7,016<br>(5) (6)  | A  | D                                 |
| Common Stock                    | 02/02/2015                           |  | A                              |   | 11,950<br>(5) (7)   | A  | D                                 |

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

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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) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Restricted Stock Units                     | (8)  | 02/02/2015                           |  | A                              | 25,812  | (8) (8)  | Common Stock  | 25,812                     |
| Restricted Stock Units                     | (9)  | 02/02/2015                           |  | A                              | 57,051  | (9) (9)  | Common Stock  | 57,051                     |
| Restricted Stock Units                     | (10)   | 02/02/2015                           |  | A                              | 53,077  | (10) (10)  | Common Stock  | 53,077                     |
| Employee Stock Option (Right to Buy)       | \$ 26.22   | 02/02/2015                           |  | A                              | 16,828  | 02/02/2015 01/05/2018 <sup>(11)</sup>                    | Common Stock  | 16,828                     |
| Employee Stock Option (Right to Buy)       | \$ 25.27   | 02/02/2015                           |  | A                              | 9,833   | 02/02/2015 01/06/2017 <sup>(11)</sup>                    | Common Stock  | 9,833                      |
| Employee Stock Option (Right to Buy)       | \$ 26.08   | 02/02/2015                           |  | A                              | 25,344  | 02/02/2015 02/03/2019 <sup>(11)</sup>                    | Common Stock  | 25,344                     |
| Employee Stock Option (Right to Buy)       | \$ 19.26   | 02/02/2015                           |  | A                              | 8,110   | 02/02/2015 01/05/2017 <sup>(11)</sup>                    | Common Stock  | 8,110                      |

Buy)

## Reporting Owners

| Reporting Owner Name / Address                                    | Relationships |           |                              |       |
|---|---------------|-----------|------------------------------|-------|
|   | Director      | 10% Owner | Officer                      | Other |
| Causby David A<br>680 SOUTH FOURTH STREET<br>LOUISVILLE, KY 40202 |               |           | EVP & Pres., Kindred at Home |       |

## Signatures

David A. Causby 02/03/2015

\*\*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) On February 2, 2015 (the "Effective Date"), the Issuer acquired Gentiva Health Services, Inc. (the "Merger"), pursuant to that certain Agreement and Plan of Merger dated as of October 9, 2014 (the "Merger Agreement"). Pursuant to the Merger Agreement, on the Effective Date, (i) each Gentiva share held by the reporting person was exchanged for \$14.50 in cash (the "Cash Consideration"), and 0.257 of a share of the Issuer's common stock (the "Stock Consideration" and together with the Cash Consideration, the "Merger Consideration"). The Merger is more fully described in Gentiva's proxy statement/prospectus, dated December 18, 2014.
- (2) The number reported represents the Stock Consideration received by the reporting person in respect of 57,289 Gentiva shares held directly by the reporting person immediately prior to the Merger.
- (3) The number reported represents the Stock Consideration received by the reporting person in respect of 5,216 Gentiva shares held directly by the reporting person under Gentiva's employee stock purchase plan immediately prior to the Merger.
- (4) The number reported represents the Stock Consideration received by the reporting person in respect of 34,400 shares of unvested restricted Gentiva shares that vested in full as a result of the Merger.
- Pursuant to the Merger Agreement, on the Effective Date, each Gentiva share that did not vest as a result of the Merger (each, a "Gentiva Restricted Share Award") received the Cash Consideration and the Stock Consideration, subject to the same terms and conditions (including vesting) in place prior to the Merger. Pursuant to the Amended and Restated Employment Agreement between Kindred Healthcare Operating, Inc., the Issuer and David Causby (the "Employment Agreement"), these shares are subject to full vesting in the event Mr. Causby's employment is terminated (i) by the Issuer for any reason, (ii) Mr. Causby for Good Reason (as defined in such agreement), or (iii) by reason of Mr. Causby's death or disability ("Special Termination Vesting").
- (5) The number reported represents the Stock Consideration received by the reporting person in respect of 27,300 Gentiva restricted shares that did not vest as a result of the Merger. These shares vest in full on February 19, 2016.
- (6) The number reported represents the Stock Consideration received by the reporting person in respect of 46,500 Gentiva restricted shares that did not vest as a result of the Merger. These shares vest in full on February 19, 2017.
- Pursuant to the Employment Agreement, the reporting person received restricted stock units in lieu of outstanding and unvested In-the-Money Options (as defined in the Merger Agreement) contemplated under the Merger Agreement. All outstanding and unvested In-the-Money Options held by Executive as of the Effective Date have been cancelled. Each restricted stock unit represents the contingent right to receive one share of Issuer common stock on the applicable vesting date. These restricted stock units vest as follows: 9,664 on February 19, 2015; 9,664 on February 19, 2016 and 6,484 on February 19, 2017. Pursuant to the Employment Agreement, these restricted stock units are subject to Special Termination Vesting.
- (7) Pursuant to the Employment Agreement, the reporting person received restricted stock units in lieu of outstanding and unvested Performance Cash Awards (as defined in the Merger Agreement) contemplated under the Merger Agreement. All outstanding and unvested Performance Cash Awards held by Executive as of the Effective Date have been cancelled. Each restricted stock unit represents the contingent right to receive one share of Issuer common stock on the applicable vesting date. These restricted stock units
- (8)
- (9)

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vest as follows: 21,795 on February 19, 2016 and 35,256 on February 19, 2017. Pursuant to the Employment Agreement, these restricted stock units are subject to Special Termination Vesting.

- (10) Pursuant to the Employment Agreement, the reporting person received restricted stock units in lieu of certain change-in-control severance benefits. Each restricted stock unit represents the contingent right to receive one share of Issuer common stock on the applicable vesting date. These restricted stock units vest in three equal annual installments beginning on February 2, 2016. Pursuant to the Employment Agreement, these restricted stock units are subject to Special Termination Vesting.

- (11) Pursuant to the Merger Agreement, on the Effective Date: (i) each Gentiva option that was outstanding immediately prior to the effective time with a per share exercise price equal to or above the sum of (a) the value of the Stock Consideration and (b) the Cash Consideration (each, an "Out-of-the-Money Option"), was assumed and converted into an option to purchase shares of the Issuer's common stock. The options to purchase shares of the Issuer's common stock have the same terms and conditions (including expiration dates) as the corresponding Gentiva options that were converted.

- (12) The number reported represents the number of the options to purchase shares of the Issuer's common stock received by the reporting person in respect of 16,600 Out-of-the-Money vested Options held by the reporting person prior to the Merger.

- (13) The number reported represents the number of the options to purchase shares of the Issuer's common stock received by the reporting person in respect of 9,700 Out-of-the-Money vested Options held by the reporting person prior to the Merger.

- (14) The number reported represents the number of the options to purchase shares of the Issuer's common stock received by the reporting person in respect of 25,000 Out-of-the-Money vested Options held by the reporting person prior to the Merger.

- (15) The number reported represents the number of the options to purchase shares of the Issuer's common stock received by the reporting person in respect of 8,000 Out-of-the-Money vested Options held by the reporting person prior to the Merger.

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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