

KINDRED HEALTHCARE, INC

Form S-4

March 24, 2011

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As filed with the Securities and Exchange Commission on March 24, 2011

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

KINDRED HEALTHCARE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

8050

(Primary Standard Industrial
Classification Code Number)

61-1323993

(I.R.S. Employer
Identification Number)

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680 South Fourth Street Louisville, Kentucky 40202-2412 (502) 596-7300

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Joseph L. Landenwich, Esq. Senior Vice President, Corporate Legal Affairs and Corporate Secretary Kindred Healthcare, Inc. 680 South Fourth Street
Louisville, Kentucky 40202 (502) 596-7300**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

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One Liberty Plaza
New York, New York 10006
(212) 225-2000**

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Senior Vice President, General Counsel and
Corporate Secretary
RehabCare Group, Inc.
7733 Forsyth Boulevard, Suite 2300
St. Louis, Missouri 63105
(800) 677-1238**

William F. Seabaugh, Esq.

Joel N. Lander, Esq.

Bryan Cave LLP

211 North Broadway, Suite 3600

St. Louis, Missouri 63102

(314) 259-2000

Approximate date of commencement of proposed sale to public: As soon as practicable following the effective date of this registration statement and the date on which all other conditions to the merger described herein have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

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If applicable, place an in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee (3)
Common shares, par value \$0.25 per share	12,041,470	Not applicable	\$267,673,423	\$31,076.88

- (1) The number of common shares, par value \$0.25 per share, of the registrant (Kindred common stock) being registered represents the estimated maximum number of shares of Kindred common stock to be issued in connection with the merger described herein. Such number of shares is based upon the product obtained by multiplying (a) 25,565,752 shares of common stock, par value \$0.01 per share, of RehabCare Group, Inc. (RehabCare common stock) estimated to be outstanding, including shares that may be issued pursuant to equity awards, immediately prior to the merger described herein, by (b) 0.471, the exchange ratio of the merger.
- (2) Pursuant to Rules 457(c) and (f) under the Securities Act of 1933, as amended, and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is calculated as follows: (i) \$36.47 (the average of the high and low prices of RehabCare common stock on March 18, 2011, as reported on the New York Stock Exchange), multiplied by 25,565,752, which is the number of shares of RehabCare common stock estimated to be outstanding, including shares that may be issued pursuant to equity awards, immediately prior to the merger described herein, minus (ii) \$664,709,552.00, the aggregate amount of cash that would be payable to the holders of RehabCare common stock (including shares that may be issued pursuant to equity awards) in the merger.
- (3) Calculated by multiplying the proposed maximum aggregate offering price of securities to be registered by 0.0001161.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission, of which this document is a part, is effective. This joint proxy statement/prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY COPY

SUBJECT TO COMPLETION, DATED MARCH 24, 2011

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Kindred Healthcare, Inc., which is referred to as Kindred, and RehabCare Group, Inc., which is referred to as RehabCare, have entered into an agreement and plan of merger, pursuant to which RehabCare will merge with and into Kindred, or at either party's election, a wholly owned subsidiary of Kindred, will merge with and into RehabCare. In either case, upon successful completion of the merger, each issued and outstanding share of common stock, par value \$0.01, of RehabCare (other than any shares owned by Kindred or RehabCare) will automatically be converted into the right to receive \$26.00 per share in cash and 0.471 shares of common stock, par value \$0.25, of Kindred. No fractional shares of Kindred common stock will be issued in the merger, and RehabCare stockholders will receive cash in lieu of fractional shares, if any, of Kindred common stock. Each share of Kindred common stock outstanding immediately prior to the effective time will remain outstanding and will not be affected by the merger. Upon completion of the transaction, RehabCare stockholders will own approximately 23% of Kindred's outstanding common stock (based upon the number of shares of RehabCare and Kindred outstanding common stock as of February 7, 2011).

The exchange of RehabCare common stock for cash and Kindred common stock in the merger will be a taxable transaction for U.S. federal income tax purposes to RehabCare stockholders.

Kindred is holding its annual meeting and RehabCare is holding a special meeting of stockholders in order to obtain the stockholder approvals necessary to consummate the merger. At these meetings Kindred and RehabCare will ask their respective stockholders to adopt the merger agreement. Approval of the proposal to adopt the merger agreement by the Kindred stockholders will also constitute approval of the issuance of Kindred common stock to RehabCare stockholders in the merger. The obligations of Kindred and RehabCare to complete the merger are also subject to the satisfaction (or, to the extent permissible, waiver) of several other conditions to the merger set forth in the merger agreement and described in this joint proxy statement/prospectus. More information about Kindred, RehabCare, and the proposed merger is contained in this joint proxy statement/prospectus. **We urge you to read this joint proxy statement/prospectus, and the documents incorporated by reference into this joint proxy statement/prospectus, carefully and in their entirety. In particular, we urge you to read carefully Risk Factors beginning on page [].**

After careful consideration, each of the Kindred board of directors and the RehabCare board of directors have unanimously approved and declared advisable the merger agreement and the transactions contemplated thereby, including the merger, and have determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of the stockholders of Kindred and the stockholders of RehabCare, respectively. **Accordingly, the Kindred board of directors unanimously recommends that Kindred stockholders vote FOR the adoption of the merger agreement, and the RehabCare board of directors unanimously recommends that RehabCare stockholders vote FOR the adoption of the merger agreement.**

In addition, Kindred is holding its annual meeting of its stockholders to (1) elect the director nominees named in this joint proxy statement/prospectus; (2) ratify the appointment of PricewaterhouseCoopers LLP as Kindred's independent registered public accounting firm for fiscal year 2011; (3) hold an advisory vote on Kindred's executive compensation program; (4) hold an advisory vote on the frequency of stockholder advisory votes on Kindred's executive compensation program; (5) approve the Kindred 2011 Stock Incentive Plan; (6) approve adjournments or postponements of the Kindred annual meeting, if necessary or appropriate, to permit further solicitation of proxies if there are not sufficient votes at the time of the Kindred annual meeting to adopt the merger agreement; and (7) transact such other business as may properly come before the meeting.

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The Kindred board of directors unanimously recommends that you vote FOR the election of each of the director nominees named in this joint proxy statement/prospectus; FOR one year on the proposal regarding the advisory vote on the frequency of advisory votes to approve Kindred's executive compensation program; and FOR each of the other proposals described in this joint proxy statement/prospectus to be presented at the Kindred annual meeting.

We are very excited about the opportunities the proposed merger brings to both Kindred stockholders and RehabCare stockholders, and we thank you for your consideration and continued support.

[]
Paul J. Diaz
President and Chief Executive Officer
Kindred Healthcare, Inc.

[]
John H. Short
President and Chief Executive Officer
RehabCare Group, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger described in the joint proxy statement/prospectus or the securities to be issued pursuant to the merger or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

Kindred common stock is traded on the New York Stock Exchange under the symbol KND.

This joint proxy statement/prospectus is dated [], 2011, and is first being mailed to Kindred stockholders and RehabCare stockholders on or about [], 2011.

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REFERENCES TO ADDITIONAL INFORMATION

Except where we indicate otherwise, as used in this joint proxy statement/prospectus, Kindred refers to Kindred Healthcare, Inc. and its consolidated subsidiaries, RehabCare refers to RehabCare Group, Inc. and its consolidated subsidiaries, and merger subsidiary refers to Kindred Healthcare Development, Inc. This joint proxy statement/prospectus incorporates important business and financial information about Kindred and RehabCare from documents that each company has filed with the Securities and Exchange Commission, which we refer to as the SEC, that have not been included in or delivered with this joint proxy statement/prospectus. For a list of documents incorporated by reference into this joint proxy statement/prospectus and how you may obtain them, see Where You Can Find More Information beginning on page [].

This information is available to you without charge upon your written or oral request. You can also obtain the documents incorporated by reference into this joint proxy statement/prospectus by accessing the SEC's website maintained at www.sec.gov.

In addition, Kindred's and RehabCare's filings with the SEC may also be obtained for free by accessing, respectively, Kindred's website at www.kindredhealthcare.com and clicking on the Investors link then clicking on the link for SEC Filings or by accessing RehabCare's website at www.rehabcare.com and clicking on the Investor Information link and then clicking on the link for SEC Filings. Information contained on Kindred's website, RehabCare's website or the website of any other person is not incorporated by reference into this joint proxy statement/prospectus, and you should not consider information contained on those websites as part of this joint proxy statement/prospectus.

Kindred will provide you with copies of this information relating to Kindred, without charge, if you request them in writing or by telephone from:

Kindred Healthcare, Inc.
680 South Fourth Street
Louisville, Kentucky 40202
(502) 596-7300

RehabCare will provide you with copies of this information relating to RehabCare, without charge, if you request them in writing or by telephone from:

RehabCare Group, Inc.
7733 Forsyth Boulevard
Suite 2300
St. Louis, Missouri 63105
(800) 677-1238

If you would like to request documents, please do so by [], 2011 in order to receive them before the Kindred annual meeting and by [], 2011 in order to receive them before the RehabCare special meeting.

Kindred has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to Kindred, and RehabCare has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to RehabCare.

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KINDRED HEALTHCARE, INC.

680 South Fourth Street

Louisville, Kentucky 40202

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON [], 2011

To our fellow Stockholders of Kindred Healthcare, Inc.:

We will hold our annual meeting of stockholders at the offices of Kindred Healthcare, Inc., located at 680 South Fourth Street, Louisville, Kentucky 40202, on [], 2011, at [] a.m., local time, unless adjourned or postponed to a later date. This annual meeting will be held for the following purposes:

1. to adopt the Agreement and Plan of Merger, dated as of February 7, 2011, among Kindred Healthcare, Inc., Kindred Healthcare Development, Inc. and RehabCare Group, Inc., pursuant to which (a) RehabCare Group, Inc. will merge with and into Kindred Healthcare, Inc. (or, if either party so elects, Kindred Healthcare Development, Inc. will merge with and into RehabCare Group, Inc.) and (b) following the effective time, Kindred Healthcare, Inc. will pay cash and issue common stock to RehabCare Group, Inc. stockholders;
2. to elect the director nominees named in this joint proxy statement/prospectus;
3. to ratify the appointment of PricewaterhouseCoopers LLP as Kindred's independent registered public accounting firm for fiscal year 2011;
4. to hold an advisory vote on Kindred's executive compensation program;
5. to hold an advisory vote on the frequency of stockholder advisory votes on Kindred's executive compensation program;
6. to approve the Kindred 2011 Stock Incentive Plan;
7. to approve adjournments or postponements of the Kindred annual meeting, if necessary or appropriate, to permit further solicitation of proxies if there are not sufficient votes at the time of the Kindred annual meeting to adopt the merger agreement; and
8. to transact such other business as may properly come before the meeting.

Approval of the proposal to adopt the merger agreement by Kindred stockholders will also constitute approval of the issuance of Kindred common stock to RehabCare stockholders in the merger.

These items of business are described in the accompanying joint proxy statement/prospectus. Only stockholders of record at the close of business on [], 2011 are entitled to notice of the annual meeting and to vote at the Kindred annual meeting and any adjournments or postponements of the Kindred annual meeting.

The Kindred board of directors unanimously recommends that you vote (i) FOR the proposal to adopt the Agreement and Plan of Merger; (ii) FOR the election of each of the director nominees named in this joint proxy statement/prospectus; (iii) FOR the ratification of the appointment of PricewaterhouseCoopers LLP as Kindred's independent registered public accounting firm for fiscal year 2011; (iv) FOR the approval, on an advisory basis, of Kindred's executive compensation program; (v) FOR the approval, on an advisory basis, of an annual advisory vote to approve Kindred's executive compensation program; (vi) FOR the approval of the Kindred 2011 Stock Incentive Plan; and (vii) FOR any motion to adjourn or postpone the Kindred annual meeting to a later date or dates if necessary or appropriate to solicit additional proxies.

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In deciding to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, the Kindred board of directors considered a number of factors, including those listed on page [].

Your vote is very important. Whether or not you plan to attend the annual meeting in person, please complete, sign and date the enclosed proxy card(s) as soon as possible and return it in the postage-paid envelope provided, or vote your shares by telephone or over the internet as described in the accompanying joint proxy statement/prospectus. Submitting a proxy or voting by telephone or internet now will not prevent you from being able to vote at the annual meeting by attending in person and casting a vote. **However, if you do not return or submit your proxy or vote your shares by telephone or over the internet or vote in person at the Kindred annual meeting, the effect will be the same as a vote AGAINST the proposal to adopt the merger agreement.**

By order of the board of directors,

Joseph L. Landenwich

Senior Vice President, Corporate

Legal Affairs and Corporate Secretary

Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card.

If you have questions, contact:

Kindred Healthcare, Inc.

680 South Fourth Street

Louisville, Kentucky 40202

(502) 596-7300

or

Georgeson Inc.

199 Water Street, 26th Floor

New York, New York 10038

(866) 767-8867

YOUR VOTE IS VERY IMPORTANT.

Please complete, date, sign and return your proxy card(s) or vote your shares by telephone or over the internet at your earliest convenience so that your shares are represented at the Kindred annual meeting.

Louisville, Kentucky, [], 2011

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REHABCARE GROUP, INC.

7733 Forsyth Boulevard

Suite 2300

St. Louis, Missouri 63105

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON

[], 2011

Dear Stockholder:

The officers and directors of RehabCare Group, Inc. cordially invite you to attend the special meeting of stockholders to be held at the Pierre Laclède Center, Second Floor, 7733 Forsyth Boulevard, St. Louis, Missouri 63105, on [], 2011 at [], local time, unless adjourned or postponed to a later date. The special meeting will be held for the following purposes:

1. to adopt the Agreement and Plan of Merger, dated as of February 7, 2011, among Kindred Healthcare, Inc., Kindred Healthcare Development, Inc. and RehabCare Group, Inc., pursuant to which (a) RehabCare Group, Inc. will merge with and into Kindred Healthcare, Inc. (or, if either party so elects, Kindred Healthcare Development, Inc. will merge with and into RehabCare Group, Inc.) and (b) following the effective time, Kindred Healthcare, Inc. will pay cash and issue common stock to RehabCare Group, Inc. stockholders;
2. to approve adjournments or postponements of the RehabCare special meeting, if necessary or appropriate, to permit further solicitation of proxies if there are not sufficient votes at the time of the RehabCare special meeting to adopt the merger agreement; and
3. to transact such other business as may properly come before the special meeting.

These items of business are described in the accompanying joint proxy statement/prospectus. Only stockholders of record at the close of business on [], 2011, are entitled to notice of the special meeting and to vote at the special meeting and any adjournments or postponements of the special meeting.

The RehabCare board of directors has unanimously approved and declared advisable the merger agreement and the transactions contemplated thereby, including the merger, and has unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, RehabCare and RehabCare stockholders. The RehabCare board of directors unanimously recommends that you vote FOR the adoption of the merger agreement and FOR any motion to adjourn or postpone the RehabCare special meeting to a later date or dates if necessary or appropriate to solicit additional proxies.

In deciding to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, the RehabCare board of directors considered a number of factors, including those listed on page []. When you consider the recommendation of the RehabCare board of directors, you should be aware that some of our directors and officers have interests in the merger that may be different from, or in addition to, the interests of RehabCare stockholders generally.

RehabCare stockholders who do not vote in favor of the proposal to adopt the merger agreement will have the right to seek appraisal of the fair value of their shares of RehabCare common stock if they deliver a demand for appraisal before the vote is taken on the merger agreement and comply with all the requirements of Delaware

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law, which are summarized in the accompanying joint proxy statement/prospectus and reproduced in their entirety in Annex E to the joint proxy statement/prospectus.

Your vote is very important, regardless of the number of shares of RehabCare common stock you own. The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the outstanding shares of RehabCare common stock entitled to vote thereon. Whether or not you plan to attend the special meeting in person, please complete, sign and date the enclosed proxy card(s) as soon as possible and return it in the postage-prepaid envelope provided, or vote your shares by telephone or over the internet as described in the accompanying joint proxy statement/prospectus. Submitting a proxy or voting by telephone or internet now will not prevent you from being able to vote at the special meeting by attending in person and casting a vote. **However, if you do not return or submit your proxy or vote your shares by telephone or over the internet or vote in person at the RehabCare special meeting, the effect will be the same as a vote AGAINST the proposal to adopt the merger agreement.**

By order of the board of directors,

Patricia S. Williams Senior Vice President, General Counsel and Corporate Secretary

Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card.

If you have questions, contact:

RehabCare Group, Inc.

7733 Forsyth Boulevard

Suite 2300

St. Louis, Missouri 63105

Attention: Corporate Secretary

(800) 677-1238

or

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

proxy@mackenziepartners.com

Call Collect: (212) 929-5500

or

Toll-Free: (800) 322-2885

YOUR VOTE IS VERY IMPORTANT.

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Please complete, date, sign and return your proxy card(s) or vote your shares by telephone or over the internet at your earliest convenience so that your shares are represented at the RehabCare special meeting.

St. Louis, Missouri, [], 2011

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QUESTIONS AND ANSWERS ABOUT THE KINDRED ANNUAL MEETING, THE REHABCARE SPECIAL MEETING AND THE MERGER

The following questions and answers briefly address some commonly asked questions about the stockholder meetings and the merger. They may not include all the information that is important to you. Kindred and RehabCare urge you to read carefully this entire joint proxy statement/prospectus, including the annexes and the other documents to which we have referred you. We have included page references in certain parts of this section to direct you to a more detailed description of each topic presented elsewhere in this joint proxy statement/prospectus.

The Merger

Q: Why am I receiving this joint proxy statement/prospectus?

A: The boards of directors of each of Kindred Healthcare, Inc., which we refer to as Kindred, and RehabCare Group, Inc., which we refer to as RehabCare, have unanimously agreed to the merger of RehabCare with and into Kindred pursuant to the terms of a merger agreement that is described in this joint proxy statement/prospectus. Either of Kindred or RehabCare may, prior to the effective time of the merger agreement, which we refer to as the effective time, elect to change the method of the transaction by providing for a merger of Kindred Healthcare Development, Inc., a wholly owned subsidiary of Kindred that we refer to as merger subsidiary, with and into RehabCare, and RehabCare will continue as the surviving corporation and a wholly owned subsidiary of Kindred. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A. See The Merger Agreement The Merger; Closing beginning on page []. In order to complete the transactions contemplated by the merger agreement, including the merger, Kindred stockholders and RehabCare stockholders must adopt the merger agreement and all other conditions to the merger set forth in the merger agreement must be satisfied (or waived, to the extent permitted). Kindred stockholders will vote on the adoption of the merger agreement at the Kindred annual meeting, and RehabCare stockholders will vote on the adoption of the merger agreement at the RehabCare special meeting. Approval of the proposal to adopt the merger agreement by Kindred stockholders will also constitute approval of the issuance of Kindred common stock to RehabCare stockholders in the merger.

This joint proxy statement/prospectus also serves as a proxy statement for the annual meeting of Kindred stockholders, who will vote on matters not related to the merger. See Kindred Annual Meeting beginning on page [] and The Kindred Annual Meeting Purposes of the Kindred Annual Meeting beginning on page [].

This joint proxy statement/prospectus contains important information about the merger agreement, the transactions contemplated by the merger agreement, including the merger, and the respective stockholder meetings of Kindred and RehabCare, which you should read carefully and in its entirety. The enclosed proxy materials allow you to grant a proxy or vote your shares by telephone or internet without attending your respective company's stockholder meeting in person.

Your vote is very important. We encourage you to complete, date, sign and return your proxy card(s) or vote your shares by telephone or internet as soon as possible.

Q: What is the proposed transaction for which I am being asked to vote?

A: Kindred and RehabCare stockholders are being asked to adopt the merger agreement at each respective company's stockholder meeting. Approval of the proposal to adopt the merger agreement by the Kindred stockholders will also constitute approval of the issuance of Kindred common stock to RehabCare stockholders in the merger. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A. The approval of the proposal to adopt the merger agreement by Kindred stockholders and RehabCare stockholders is a condition to the obligation of the parties to the merger agreement to complete the merger. See The Merger Agreement Conditions to Completion of the Merger beginning on page [] and Summary Conditions to Completion of the Merger beginning on page [].

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Q: What will happen in the merger?

A: In the merger, RehabCare will merge with and into Kindred, which will be the surviving corporation of the merger. However, either of Kindred or RehabCare may, prior to the effective time, elect to change the method of the transaction by providing for a merger of merger subsidiary with and into RehabCare, and RehabCare will continue as the surviving corporation and a wholly owned subsidiary of Kindred.

Q: What will Kindred stockholders and RehabCare stockholders receive in the merger?

A: Each share of Kindred common stock outstanding immediately prior to the effective time will remain outstanding and will not be affected by merger.

Each share of RehabCare common stock, other than shares owned by Kindred or RehabCare or their respective wholly owned subsidiaries, or shares owned by stockholders who have properly exercised and perfected appraisal rights under Delaware law, will be converted into the right to receive 0.471 shares of Kindred common stock and \$26.00 in cash, without interest. Kindred will not issue any fractional shares as a result of the merger. Instead, Kindred will pay cash for fractional shares of its common stock that RehabCare stockholders would otherwise be entitled to receive. For example, if you own 100 shares of RehabCare common stock, you will receive in exchange for your shares of RehabCare common stock (i) \$2,600 in cash, (ii) 47 shares of Kindred common stock, and (iii) the value of one share of Kindred common stock as calculated pursuant to the merger agreement, multiplied by 0.1, less any applicable withholding taxes.

Q: How does the per share merger consideration to be received by RehabCare stockholders compare to the market price of RehabCare common stock prior to the announcement of the merger?

A: The per share merger consideration represents a premium of 38.1% over the closing price of \$25.47 per share of RehabCare common stock on the New York Stock Exchange, which we refer to as NYSE, on February 7, 2011, the last trading day prior to the public announcement of the merger agreement, a 42.3% premium over RehabCare's volume-weighted average daily closing price of \$24.73 during the 30 trading days ending February 7, 2011, and a 60.4% premium over RehabCare's volume-weighted average daily closing price of \$21.93 during the 90 trading days ending February 7, 2011 (each based upon the closing price of \$19.48 per share of Kindred common stock on the NYSE on February 7, 2011).

Q: Why are Kindred and RehabCare proposing the merger?

A: The boards of directors of each of Kindred and RehabCare believe that the merger will provide strategic and financial benefits to the stockholders of both companies. The transaction will create the largest publicly traded post-acute healthcare services company in the United States with over \$6 billion in annual revenues and operations in 46 states. The transaction also will allow RehabCare stockholders to receive a significant cash payment, in addition to a continuing interest in the combined company. To review the reasons for the merger in greater detail, see The Merger Kindred's Reasons for the Merger and Recommendation of Kindred's Board of Directors beginning on page [] and The Merger RehabCare's Reasons for the Merger and Recommendation of RehabCare's Board of Directors beginning on page [].

Q: What are the positions of the Kindred board of directors and the RehabCare board of directors regarding the merger and the proposals relating to the adoption of the merger agreement?

A: Both boards of directors have unanimously approved and declared advisable the merger agreement and the transactions contemplated thereby, including the merger, and have unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, their respective companies and stockholders. The Kindred board of directors

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unanimously recommends that Kindred stockholders vote **FOR** the proposal to adopt the merger agreement at the Kindred annual meeting. The RehabCare board of directors unanimously recommends that RehabCare stockholders vote **FOR** the proposal to adopt the merger agreement at the RehabCare special meeting. See The Merger Kindred s Reasons for the Merger and Recommendation of Kindred s Board of Directors

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beginning on page [], The Merger RehabCare s Reasons for the Merger and Recommendation of RehabCare s Board of Directors beginning on page [], Summary The Merger Kindred s Reasons for the Merger beginning on page [] and Summary The Merger RehabCare s Reasons for the Merger beginning on page [].

Q: What vote is needed by Kindred stockholders to adopt the merger agreement?

A: Kindred s adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Kindred common stock entitled to vote. If you are a Kindred stockholder and you fail to vote or abstain from voting, that will have the same effect as a vote **AGAINST** the adoption of the merger agreement. See The Kindred Annual Meeting Quorum and Vote Required beginning on page [].

Q: What vote is needed by RehabCare stockholders to adopt the merger agreement?

A: RehabCare s adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of RehabCare common stock entitled to vote. If you are a RehabCare stockholder and you fail to vote or abstain from voting, that will have the same effect as a vote **AGAINST** the adoption of the merger agreement. See The RehabCare Special Meeting Quorum and Vote Required beginning on page [].

Q: Who will be the directors and officers of Kindred after the merger?

A: The board of directors of Kindred will be comprised of the members elected during the Kindred annual meeting as described in more detail under The Kindred Annual Meeting Purposes of the Kindred Annual Meeting beginning on page []. Additionally, at or prior to the effective time, Kindred will appoint two current members of the RehabCare board of directors to serve as additional members of the Kindred board of directors, such service to be effective immediately following the effective time. Kindred anticipates that one of the two current members of the RehabCare board of directors to join the Kindred board of directors will be Dr. John Short, President and Chief Executive Officer of RehabCare, who is expected to be invited to join as non-executive vice chairman. It is anticipated that the executive officers of Kindred following the merger will be as set forth in The Merger Board of Directors and Management of Kindred Following the Merger beginning on page [].

Q: Do RehabCare stockholders have appraisal rights?

A: Yes. Under the Delaware General Corporation Law, which we refer to as the DGCL, holders of RehabCare common stock who do not vote for the adoption of the merger agreement have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery, which we refer to as the Court of Chancery, if the merger is completed, but only if they comply with all requirements of Delaware law, which are summarized in this joint proxy statement/prospectus. See The Merger RehabCare Stockholders Rights of Appraisal beginning on page [] and Summary Appraisal Rights beginning on page []. Please see Annex E for the text of the applicable provisions of the DGCL as in effect with respect to this transaction.

Q: What happens if I sell or transfer my shares of RehabCare common stock after the record date but before the special meeting?

A: The record date for RehabCare stockholders entitled to vote at the RehabCare special meeting is earlier than both the date of the RehabCare special meeting and the consummation of the merger. If you sell or transfer your shares of RehabCare common stock after the record date but before the special meeting, you will, unless other arrangements are made (such as provision of a proxy), retain your right to vote at the special meeting but will transfer the right to receive the merger consideration to the person to whom you sell or transfer your shares.

Q: What are the federal income tax consequences of the merger to RehabCare stockholders?

A: In general, the exchange of shares of RehabCare common stock for cash and Kindred common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. See Material

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United States Federal Income Tax Consequences beginning on page [] for more information. We urge RehabCare stockholders to consult a tax advisor about the tax consequences of the exchange of the shares of RehabCare common stock for cash pursuant to the merger in light of the particular circumstances of each RehabCare stockholder.

Q: When do you expect to complete the merger?

A: If the merger agreement is adopted at the Kindred annual meeting and at the RehabCare special meeting, we expect to complete the merger as soon as possible after the satisfaction of the other conditions to the merger. The closing of the merger, which we refer to as the closing, will occur at a date and time agreed to by the parties, but no later than the third business day following the date on which all of the conditions to the merger, other than conditions that, by their nature are to be satisfied at the closing (but subject to satisfaction, or, to the extent permissible, waiver of those conditions at closing) have been satisfied or, to the extent permissible, waived, unless the parties agree on another time. Kindred and RehabCare expect that the transaction will be completed on or about June 30, 2011. However, we cannot assure you that such timing will occur or that the merger will be completed as expected. See The Merger Agreement The Merger; Closing beginning on page [].

Q: What happens if the merger is not consummated?

A: If the merger agreement is not adopted by Kindred or RehabCare stockholders or if the merger is not consummated for any other reason, RehabCare stockholders will not receive any payment for their shares in connection with the merger. Instead, RehabCare will remain an independent public company and RehabCare common stock will continue to be listed and traded on the NYSE. Under specified circumstances, RehabCare may be required to pay to Kindred, or may be entitled to receive from Kindred, a fee with respect to the termination of the merger agreement, as described under The Merger Agreement Termination Fees and Expenses beginning on page [].

Q: Should I send in my stock certificates now?

A: **NO, PLEASE DO NOT SEND YOUR STOCK CERTIFICATE(S) WITH YOUR PROXY CARD(S).** If the merger is completed, RehabCare stockholders will be sent written instructions for sending in their stock certificates or, in the case of book-entry shares, for surrendering their book-entry shares. See The RehabCare Special Meeting Proxy Solicitations and Expenses beginning on page [], and The Merger Agreement Exchange of Shares beginning on page []. Kindred stockholders will not need to send in their share certificates or surrender their book-entry shares.

Q: Who can answer my questions about the merger?

A: If you have any questions about the merger or your stockholder meeting, need assistance in voting your shares, or need additional copies of this joint proxy statement/prospectus or the enclosed proxy card(s), you should contact:

Kindred stockholders

Georgeson Inc.

199 Water Street, 26th Floor

New York, New York 10038

Banks and Brokers call collect: (212) 440-9800

All others call toll-free: (866) 767-8867

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RehabCare stockholders

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

Call collect: (212) 929-5500 or toll-free: (800) 322-2885

Kindred Annual Meeting

Q: In addition to the vote on the proposal to adopt the merger agreement what matters will be voted on at the Kindred annual meeting?

A: In addition to the proposal to adopt the merger agreement described above, Kindred stockholders will be asked to vote on the following proposals:

the election of each of the director nominees named in this joint proxy statement/prospectus;

the ratification of the appointment of PricewaterhouseCoopers LLP as Kindred's independent registered public accounting firm for fiscal year 2011;

an advisory vote on Kindred's executive compensation program;

an advisory vote on the frequency of advisory votes on Kindred's executive compensation program;

the approval of the Kindred 2011 Stock Incentive Plan; and

approval of adjournments or postponements of the Kindred annual meeting, if necessary or appropriate, to permit further solicitation of proxies if there are not sufficient votes at the time of the Kindred annual meeting to adopt the merger agreement.

See The Kindred Annual Meeting Purposes of the Kindred Annual Meeting beginning on page [].

Procedures

Q: When and where are the stockholder meetings?

A: The Kindred annual meeting will be held at the offices of Kindred Healthcare, Inc., located at 680 South Fourth Street, Louisville, Kentucky 40202, at [] a.m., local time on [], 2011.

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The RehabCare special meeting will be held at the Pierre Laclède Center, Second Floor, 7733 Forsyth Boulevard, St. Louis, Missouri 63105, at [] a.m., local time on [], 2011.

Q: Who is eligible to vote at the Kindred annual meeting and the RehabCare special meeting?

A: Owners of Kindred common stock are eligible to vote at the Kindred annual meeting if they were stockholders of record at the close of business on [], 2011. See The Kindred Annual Meeting Record Date; Outstanding Shares; Shares Entitled to Vote beginning on page []. Owners of RehabCare common stock are eligible to vote at the RehabCare special meeting if they were stockholders of record at the close of business on [], 2011. See The RehabCare Special Meeting Record Date; Outstanding Shares; Shares Entitled to Vote beginning on page [].

Q: What is a proxy?

A: A proxy is a stockholder's legal designation of another person, referred to as a proxy, to vote shares of such stockholder's common stock at a stockholders' meeting. The document used to designate a proxy to vote your shares of Kindred or RehabCare common stock is called a proxy card.

Q: What should I do now?

A: You should read this joint proxy statement/prospectus carefully, including the annexes, and return your completed, signed and dated proxy card(s) by mail in the enclosed postage-paid envelope or submit your

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voting instructions by telephone or over the internet as soon as possible so that your shares will be represented and voted at your stockholders' meeting. A number of banks and brokerage firms participate in a program that also permits stockholders whose shares are held in street name to direct their vote by telephone or over the internet. This option, if available, will be reflected in the voting instructions from the bank or brokerage firm that accompany this joint proxy statement/prospectus. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may direct the vote of these shares by telephone or over the internet by following the voting instructions enclosed with the proxy form from the bank or brokerage firm. See *The Kindred Annual Meeting How to Vote* beginning on page [] and *The RehabCare Special Meeting How to Vote* beginning on page [].

Q: May I attend the stockholder meetings?

A: All Kindred stockholders of record as of the close of business on [], 2011, the record date for the Kindred annual meeting, may attend the Kindred annual meeting. All RehabCare stockholders of record as of the close of business on [], 2011, the record date for the RehabCare special meeting, may attend the RehabCare special meeting. If your shares are held in street name by your broker, bank or other nominee, and you plan to attend the Kindred annual meeting or the RehabCare special meeting, you must present proof of your ownership of Kindred or RehabCare common stock, as applicable, such as a bank or brokerage account statement, to be admitted to the meeting. You also must present at the meeting a proxy issued to you by the holder of record of your shares.

Q: If I am going to attend my stockholder meeting, should I return my proxy card(s)?

A: Yes. Returning your completed, signed and dated proxy card(s) or voting by telephone or over the internet ensures that your shares will be represented and voted at your stockholder meeting. See *The Kindred Annual Meeting How to Vote* beginning on page [], and *The RehabCare Special Meeting How to Vote* beginning on page [].

Q: How will my proxy be voted?

A: If you complete, sign and date your proxy card(s) or vote by telephone or over the internet, your shares will be voted in accordance with your instructions. If you sign and date your proxy card(s) but do not indicate how you want to vote at your stockholder meeting:

for Kindred stockholders, your shares will be voted **FOR** the adoption of the merger agreement; **FOR** the election of the director nominees named in this joint proxy statement/prospectus; **FOR** the approval of Kindred's executive compensation program; **FOR** an annual advisory vote to approve Kindred's executive compensation program; **FOR** the adoption of the Kindred 2011 Stock Incentive Plan; **FOR** the proposal to approve adjournments or postponements of the Kindred annual meeting, if necessary or appropriate, to permit further solicitation of proxies if there are not sufficient votes at the time of the Kindred annual meeting to adopt the merger agreement; and **FOR** each of the other proposals described in this joint proxy statement/prospectus to be presented at the Kindred annual meeting; and

for RehabCare stockholders, your shares will be voted **FOR** the adoption of the merger agreement and **FOR** the proposal to approve adjournments or postponements of the RehabCare special meeting, if necessary or appropriate, to permit further solicitation of proxies if there are not sufficient votes at the time of the RehabCare special meeting to adopt the merger agreement.

Q: What if my broker holds my shares in street name?

A:

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If a broker holds your shares for your benefit but not in your own name, your shares are in street name. A number of banks and brokerage firms participate in a program that also permits stockholders whose shares are held in street name to direct their vote by telephone or over the internet. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may direct the vote of these shares by telephone or over the internet by following the voting instructions enclosed with the proxy form from the bank or brokerage firm. The internet and telephone proxy procedures are designed to authenticate stockholders' identities, to allow stockholders to give their proxy voting instructions and to confirm that

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those instructions have been properly recorded. Votes directed by telephone or over the internet through such a program must be received by 11:59 p.m., Eastern Daylight Time, on [], 2011. Directing the voting of your shares will not affect your right to vote in person if you decide to attend your stockholder meeting. If your shares are held in street name by your broker, bank or other nominee, and you plan to attend the Kindred annual meeting or the RehabCare special meeting, you must present proof of your ownership of Kindred or RehabCare common stock, as applicable, such as a bank or brokerage account statement, to be admitted to the meeting. In addition, you must first obtain a signed and properly executed legal proxy from your bank, broker or other nominee to vote your shares held in street name at your stockholder meeting. Requesting a legal proxy prior to the deadline described above will automatically cancel any voting directions you have previously given by telephone or over the internet with respect to your shares.

Q. Can I change my vote after I mail my proxy card(s) or vote by telephone or over the internet?

A: Yes. If you are a stockholder of record (that is, you hold your shares in your own name), you can change your vote by:

sending a written notice to the corporate secretary of the company in which you hold shares, bearing a date later than the date of the proxy, that is received prior to your stockholder meeting and states that you revoke your proxy;

voting again by telephone or over the internet by 11:59 p.m., Eastern Daylight Time, on [], 2011;

signing, dating and delivering a new valid proxy card(s) bearing a later date that is received prior to your stockholder meeting; or

attending your stockholder meeting and voting in person, although your attendance alone will not revoke your proxy.

If your shares of Kindred common stock or RehabCare common stock are held in street name by your broker, you will need to follow the instructions you receive from your broker to revoke or change your proxy.

Q: What if I don't provide my broker with instructions on how to vote?

A: Generally, a broker may vote the shares that it holds for you only in accordance with your instructions. However, if your broker has not received your instructions, your broker has the discretion to vote on certain matters that are considered routine. A broker non-vote occurs if your broker cannot vote on a particular matter because your broker has not received instructions from you and because the proposal is not routine.

Kindred stockholders

If you wish to vote on the proposal to adopt the merger agreement, or any of the other proposals listed in the notice of Kindred's annual meeting, other than the ratification of the appointment of PricewaterhouseCoopers LLP as Kindred's independent registered public accounting firm, you must provide instructions to your broker because these proposals are not routine. If you do not provide your broker with instructions, your broker will not be authorized to vote with respect to adopting the merger agreement or the other non-routine proposals, and a broker non-vote will occur. This will have the same effect as a vote **AGAINST** the adoption of the merger agreement. A broker non-vote will have no effect on the other non-routine proposals. Broker non-votes will be counted for purposes of determining whether a quorum is present at the Kindred annual meeting.

RehabCare stockholders

If you wish to vote on the proposal to adopt the merger agreement, you must provide instructions to your broker because this proposal is not routine. If you do not provide your broker with instructions, your broker will not be authorized to vote with respect to the adoption of the merger agreement, and a broker non-vote

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will occur. This will have the same effect as a vote **AGAINST** the adoption of the merger agreement. A broker non-vote will have no effect on the adjournment or postponement proposal. Broker non-votes will be counted for purposes of determining whether a quorum is present at the RehabCare special meeting.

Q: What if I abstain from voting?

A: Your abstention from voting will have the following effect:

Kindred stockholders

Abstentions will be counted in determining whether a quorum is present at the Kindred annual meeting. If you abstain from voting with respect to the proposal to adopt the merger agreement, it will have the same effect as a vote **AGAINST** the adoption of the merger agreement. With respect to the other proposals listed in the notice of Kindred's annual meeting, abstentions will have the same effect as a vote **AGAINST** these proposals, except with respect to the proposal regarding the advisory vote on the frequency of advisory votes on Kindred's executive compensation program, for which your abstention will have no effect.

RehabCare stockholders

Abstentions will be counted in determining whether a quorum is present at the RehabCare special meeting. If you abstain from voting with respect to the proposal to adopt the merger agreement, it will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement. With respect to the proposal to adjourn or postpone the RehabCare special meeting, if necessary or appropriate, to solicit further proxies in connection with the merger agreement adoption proposal, abstentions will have the same effect as a vote **AGAINST** the proposal to adjourn or postpone the RehabCare special meeting.

Q: What does it mean if I receive multiple proxy cards?

A: Your shares may be registered in more than one account, such as brokerage accounts and 401(k) accounts. It is important that you complete, sign, date and return each proxy card or voting instruction form you receive or vote using the telephone or over the internet as described in the instructions included with your proxy card(s) or voting instruction form(s).

Q: Where can I find more information about Kindred and RehabCare?

A: You can find more information about Kindred and RehabCare from various sources described under "Where You Can Find More Information" beginning on page [].

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SUMMARY

This summary highlights material information from this joint proxy statement/prospectus. It may not contain all of the information that is important to you. You should read carefully this entire joint proxy statement/prospectus and the other documents to which this joint proxy statement/prospectus refers to understand fully the merger and the related transactions. See *Where You Can Find More Information* beginning on page []. Most items in this summary include a page reference directing you to a more complete description of those items.

Information About Kindred (page [])

Kindred is a healthcare services company that through its subsidiaries operates hospitals, nursing and rehabilitation centers, assisted living facilities and a contract rehabilitation services business across the United States. As of December 31, 2010, Kindred's hospital division operated 89 long-term acute care (which we refer to as LTAC) hospitals (6,887 licensed beds) in 24 states and Kindred's nursing center division operated 226 nursing and rehabilitation centers and seven assisted living facilities (27,905 licensed beds) in 28 states. Kindred also operated a contract rehabilitation services business that provides rehabilitative services primarily in long-term care settings.

Kindred is headquartered in Louisville, Kentucky and was incorporated in 1998. Kindred's principal offices are located at 680 South Fourth Street, Louisville, Kentucky 40202 and its telephone number is (502) 596-7300. Kindred's website is www.kindredhealthcare.com. Kindred common stock is listed on the NYSE and trades under the symbol KND. Additional information about Kindred is included in documents incorporated by reference into this joint proxy statement/prospectus. See the section entitled *Where You Can Find More Information* beginning on page [].

Information About RehabCare (page [])

RehabCare is a leading provider of rehabilitation program management services in more than 1,250 hospitals, skilled nursing facilities, outpatient facilities and other long-term care facilities located in 42 states and Puerto Rico. RehabCare also owns and operates 29 LTAC hospitals and five rehabilitation hospitals. These hospitals provide total medical care to patients with medically complex diagnoses and to patients in need of rehabilitation.

RehabCare is headquartered in St. Louis, Missouri and was incorporated in 1982. RehabCare's principal offices are located at 7733 Forsyth Boulevard, Suite 2300, St. Louis, Missouri 63105 and its telephone number is (800) 677-1238. RehabCare's website is www.rehabcare.com. RehabCare common stock is listed on the NYSE and trades under the symbol RHB. Additional information about RehabCare is included in documents incorporated by reference into this joint proxy statement/prospectus. See the section entitled *Where You Can Find More Information* beginning on page [].

Information About Merger Subsidiary (page [])

Kindred Healthcare Development, Inc., a wholly owned indirect subsidiary of Kindred, is a Delaware corporation formed on January 31, 2011 for the purpose of effecting the merger in case either party elects to change the method of effecting the transaction by providing for a merger of merger subsidiary with and into RehabCare, which we refer to as the subsidiary merger election. If either party makes the subsidiary merger election, then merger subsidiary will merge with and into RehabCare at the effective time with RehabCare continuing as the surviving corporation and a wholly owned subsidiary of Kindred.

The Merger (page [])

Upon the terms and subject to the conditions of the merger agreement, and in accordance with Delaware law, at the effective time, RehabCare will merge with and into Kindred. The separate corporate existence of

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RehabCare will cease and Kindred will continue as the surviving corporation after the merger. However, the merger agreement provides that either Kindred or RehabCare may make the subsidiary merger election to effect the merger by providing for merger subsidiary to merge with and into RehabCare with RehabCare continuing as the surviving corporation. We refer to the surviving corporation in this joint proxy statement/prospectus as Kindred, or in the case of a subsidiary merger election, the surviving corporation.

We encourage you to read the merger agreement, which governs the merger and is attached as Annex A to this joint proxy statement/prospectus, because it sets forth the terms of the merger.

***Merger Consideration* (page [])**

Kindred Stockholders. Each share of Kindred common stock outstanding immediately prior to the effective time will remain outstanding and will not be altered by the merger.

RehabCare Stockholders. At the effective time, each share of RehabCare common stock outstanding immediately prior to the effective time will be converted into the right to receive 0.471 shares of Kindred common stock (which we refer to as the exchange ratio) and \$26.00 in cash, without interest (collectively, we refer to this as the merger consideration).

No fractional shares of Kindred common stock will be issued in the merger. Instead, holders of RehabCare common stock who would otherwise be entitled to receive a fractional share of Kindred common stock will receive an amount in cash (rounded up to the nearest whole cent and without interest) determined by multiplying the fractional share interest by the volume-weighted average price (rounded to the nearest one-tenth of a cent) of one share of Kindred common stock on the NYSE for the five trading days immediately prior to the closing date of the merger.

The exchange ratio is a fixed ratio. Therefore, the number of shares of Kindred common stock to be received by holders of RehabCare common stock as a result of the merger will not change between now and the time the merger is completed to reflect changes to the trading price of Kindred common stock.

Ownership of Kindred After the Merger. Upon completion of the merger, former RehabCare stockholders will own approximately 23% of Kindred's outstanding common stock, based upon the number of shares of Kindred and RehabCare common stock issued and outstanding as of February 7, 2011.

***Effect of the Merger on RehabCare's Equity Awards* (page [])**

Upon completion of the merger, each outstanding option to purchase RehabCare common stock will be canceled in exchange for the right to receive an amount of cash equal to \$26.00 plus the value of the stock portion of the merger consideration for a share of RehabCare common stock, less the exercise price of the option. Any options with an exercise price greater than the value of the merger consideration will be canceled without consideration as of the effective time.

Each RehabCare restricted share that is outstanding immediately prior to the merger and is subject solely to time-based vesting will fully vest and the holder will be entitled to receive the merger consideration for each such restricted share. With respect to RehabCare restricted shares that are outstanding immediately prior to the merger and are subject to performance-based vesting, the number of restricted shares that would vest upon attainment of target performance will vest and the holder will be entitled to receive the merger consideration for those vested shares. Any RehabCare restricted shares that do not vest as of the effective time will be canceled without consideration as of the effective time.

Participants in the RehabCare Employee Stock Purchase Plan, or ESPP, will be entitled to receive the merger consideration for shares of RehabCare common stock purchased through the ESPP prior to the effective time. No new offering periods under the ESPP will commence after the date of the merger agreement.

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Financing Relating to the Merger (page [])

Funds needed to complete the merger include funds to:

pay RehabCare stockholders (and holders of RehabCare's equity-based interests and any payable cash awards) amounts due to them under the merger agreement, which based upon the shares (and RehabCare's other equity-based interests) outstanding as of February 7, 2011 would total approximately \$653 million;

refinance RehabCare's and Kindred's outstanding indebtedness, which, as of February 28, 2011, was approximately \$826 million; and

pay fees and expenses related to the merger and the debt financing, will be funded through a combination of:

receipts from the debt financing in an aggregate principal amount of approximately \$1.600 billion; and

existing cash balances of Kindred and RehabCare.

Kindred's obligation to consummate the merger is subject to receipt of the proceeds from the debt financing on the terms and conditions set forth in the debt commitment letter from J.P. Morgan Securities LLC, which we refer to as JPMorgan, JPMorgan Chase Bank, N.A., which we refer to as JPMorgan Chase Bank, Citigroup Global Markets Inc., which we refer to as CGMI, and, together with Citibank, N.A., Citicorp North America, Inc. and/or any of their affiliates, which we refer to as Citi, and Morgan Stanley Senior Funding, Inc., which we refer to as MSSF, and collectively, the debt commitment parties. The financing commitments are in an aggregate amount of \$1.850 billion and are subject to certain conditions, as further described under The Merger Financing Relating to Merger beginning on page []. Kindred has agreed under the merger agreement to use its reasonable best efforts to obtain the financing and RehabCare has agreed under the merger agreement to cooperate with Kindred's efforts to secure the financing.

Kindred's Reasons for the Merger (page [])

In evaluating the merger, the Kindred board of directors consulted with Kindred's management, as well as Kindred's legal and financial advisors and, in reaching its decision to approve the merger agreement and the transactions contemplated thereby and to recommend that Kindred stockholders adopt the merger agreement, the Kindred board of directors considered a number of factors, including those listed in The Merger Kindred's Reasons for the Merger and Recommendation of Kindred's Board of Directors beginning on page [].

RehabCare's Reasons for the Merger (page [])

In evaluating the merger, the RehabCare board of directors consulted with RehabCare's management, as well as RehabCare's legal and financial advisors and, in reaching its decision to approve the merger agreement and the transactions contemplated thereby and to recommend that RehabCare stockholders adopt the merger agreement, the RehabCare board of directors considered a number of factors, including those listed in The Merger RehabCare's Reasons for the Merger and Recommendation of RehabCare's Board of Directors beginning on page [].

Recommendations of the Boards of Directors to Kindred Stockholders and RehabCare Stockholders (page [] for Kindred Stockholders and page [] for RehabCare Stockholders)

Kindred Stockholders. The Kindred board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and

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fair to, and in the best interests of, Kindred and its stockholders and has unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. The Kindred board of directors has resolved to recommend that Kindred stockholders vote **FOR** the adoption of the merger agreement. Approval of the adoption of the merger agreement by Kindred stockholders will also constitute approval of the issuance of Kindred common stock to RehabCare stockholders in the merger. The Kindred board of directors also has resolved to recommend that Kindred stockholders vote on the other proposals to be discussed at the Kindred annual meeting in the manner indicated below in *The Kindred Annual Meeting Purposes of the Kindred Annual Meeting* beginning on page [].

RehabCare Stockholders. The RehabCare board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and fair to, and in the best interests of, RehabCare and its stockholders and has unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. The RehabCare board of directors has resolved to recommend that RehabCare stockholders vote **FOR** the adoption of the merger agreement.

Opinions of Financial Advisors (page [] for Kindred's financial advisor and page [] for RehabCare's financial advisors)

Opinion of Kindred's Financial Advisor

Morgan Stanley & Co. Incorporated, which we refer to as Morgan Stanley, was retained by the Kindred board of directors to provide it with financial advisory services and a financial opinion in connection with the proposed transaction. The Kindred board of directors selected Morgan Stanley to act as its financial advisor based upon Morgan Stanley's qualifications, expertise and reputation and its knowledge of the business and affairs of Kindred. On February 6, 2011, Morgan Stanley rendered its oral opinion to the Kindred board of directors, subsequently confirmed in writing, that, as of February 7, 2011, and based upon and subject to the assumptions made, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley as set forth in its opinion, the merger consideration to be paid by Kindred pursuant to the merger agreement was fair from a financial point of view to Kindred.

The full text of Morgan Stanley's written opinion, dated February 7, 2011, is attached as Annex D to this joint proxy statement/prospectus. You should read the opinion in its entirety for a discussion of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Morgan Stanley in rendering the opinion. This summary is qualified in its entirety by reference to the full text of such opinion. Morgan Stanley's opinion is directed to the Kindred board of directors and addresses only the fairness from a financial point of view of the merger consideration pursuant to the merger agreement to Kindred as of the date of the opinion. It does not address any other aspects of the merger and does not constitute a recommendation to any stockholder of Kindred or RehabCare on how to vote at any stockholders' meeting related to the merger or take any other action with respect to the proposed transaction. See *The Merger Opinion of Kindred's Financial Advisor* beginning on page [].

Opinions of RehabCare's Financial Advisors

Opinion of CGMI. In connection with the merger, RehabCare retained CGMI to render an opinion to the RehabCare board of directors as to the fairness, from a financial point of view, of the merger consideration to be received in the merger by holders of RehabCare common stock. On February 7, 2011, at a meeting of the RehabCare board of directors, CGMI rendered to the RehabCare board of directors an oral opinion, which was confirmed by delivery of a written opinion dated February 7, 2011, to the effect that, as of that date and based upon and subject to the factors, assumptions and limitations described in its opinion, the merger consideration was fair, from a financial point of view, to the holders of RehabCare common stock (other than shares of RehabCare common stock owned by RehabCare, Kindred or their wholly owned subsidiaries, or as to which dissenters' rights are perfected).

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The full text of CGMI's written opinion, which is attached to this joint proxy statement/prospectus as Annex B, sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken. The summary of CGMI's opinion in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of its written opinion. CGMI's opinion was provided to the RehabCare board of directors in connection with its evaluation of the merger consideration from a financial point of view. CGMI's opinion does not address any other aspects or implications of the merger and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matters relating to the proposed merger. CGMI's opinion does not address the underlying business decision of RehabCare to effect the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for RehabCare or the effect of any other transaction in which RehabCare may engage. See The Merger Opinion of RehabCare's Financial Advisor CGMI beginning on page [].

Opinion of RBC. On February 7, 2011, RBC Capital Markets, LLC (which we refer to as RBC