

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
---	---	--

Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☒ a multiple-employer plan; or ☐ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>KINDRED 401 (K) PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1986</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>01/01/1986</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>01/01/1986</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>KINDRED HEALTHCARE INC.</u> <u>680 SOUTH FOURTH ST</u> <u>LOUISVILLE, KY 40202</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>61-1323993</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>502-596-7300</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>623000</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>61-1323993</u>	2c Sponsor's telephone number <u>502-596-7300</u>	2d Business code (see instructions) <u>623000</u>	
2b Employer Identification Number (EIN) <u>61-1323993</u>					
2c Sponsor's telephone number <u>502-596-7300</u>					
2d Business code (see instructions) <u>623000</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature. Signature of plan administrator	09/09/2013 Date	ANDREA ROMISHER Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature. Signature of employer/plan sponsor	09/09/2013 Date	ANDREA ROMISHER Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 68409
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	57170
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	5820
d Subtotal. Add lines 6a , 6b , and 6c	6d	62990
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	46
f Total. Add lines 6d and 6e	6f	63036
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	23500
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	804
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 3H		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan KINDRED 401 (K) PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 KINDRED HEALTHCARE INC.	D Employer Identification Number (EIN) 61-1323993

Part I	Service Provider Information (see instructions)
---------------	--

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
--

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FROST BROWN TODD, LLC

61-0722001

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
29 50	NONE	39502	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

T ROWE PRICE

52-1714114

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 21 25 28 38 49 50 52 59 62 64 65	NONE	575	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

PIMCO FUNDS

840 NEWPORT CENTER DR
STE 300
NEWPORT BEACH, CA 92660

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 59	NONE	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

THORNBURG INVESTMENT MANAGEMENT

2300 N RIDGETOP RD
SANTA FE, NM 87506

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 59	NONE	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

LORD ABBETT & COMPANY

90 HUDSON ST
JERSEY CITY, NJ 07302

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 59	NONE	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

COLUMBIA WANGER ASSET MANAGEMENTLLC

04-3519872

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 59	NONE	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

OPPENHEIMER FUNDS INC

TWO WORLD FINANCE CENTER
225 LIBERTY ST 11TH FLOOR
NEW YORK, NY 10281

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 59	NONE	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

BLACKROCK

40 EAST 52ND STREET
NEW YORK, NY 10022

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 59	NONE	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
T ROWE PRICE	15 21 25 28 38 49 50 52 59 62 64 65	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
THORNBURG INTERNATIONAL VALUE, R5 300 N RIDGETOP RD SANTA FE, NM 87506	SHAREHOLDER SERVICING FEE BASED ON 0.35%	
(a) Enter service provider name as it appears on line 2		(b) Service Codes (see instructions)
THORNBURG INVESTMENT MANAGEMENT	28 59	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
THORNBURG INTERNATIONAL VALUE, R5 2300 N RIDGETOP RD SANTA FE, NM 87506	INVESTMENT MANAGEMENT FEE BASED ON 1.06%	
(a) Enter service provider name as it appears on line 2		(b) Service Codes (see instructions)
T ROWE PRICE	15 21 25 28 38 49 50 52 59 62 64 65	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
LORD ABBETT & CO DEV GROWTH FUND 90 HUDSON ST JERSEY CITY, NJ 07302	SHAREHOLDER SERVICING FEE BASED ON 0.10%	

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
LORD ABBETT & COMPANY	28 59	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
LORD ABBETT & CO DEV GROWTH FUND	90 HUDSON ST JERSEY CITY, NJ 07302	INVESTMENT MANAGEMENT FEE BASED ON 0.77%
(a) Enter service provider name as it appears on line 2		(c) Enter amount of indirect compensation
PIMCO FUNDS	28 59	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIMCO TOTAL RETURN, INSTITUTIONAL	840 NEWPORT CENTER DR SUITE 300 NEWPORT BEACH, CA 92660	INVESTMENT MANAGEMENT FEE BASED ON 0.46%
(a) Enter service provider name as it appears on line 2		(c) Enter amount of indirect compensation
T ROWE PRICE	15 21 25 28 38 49 50 52 59 62 64 65	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
COLUMBIA WANGER ASSET MANAGEMENTLLC	227 W MONROW ST SUITE 3000 CHICAGO, IL 60606	SHAREHOLDER SERVICING FEE BASED ON 0.25%

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
COLUMBIA WANGER ASSET MANAGEMENTLLC	28 59	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
COLUMBIA ACORN INTERNATIONAL, Z 227 W MONROW ST SUITE 3000 CHICAGO, IL 60606	INVESTMENT MANAGEMENT FEE BASED ON 0.95%	
(a) Enter service provider name as it appears on line 2		(c) Enter amount of indirect compensation
T ROWE PRICE	15 21 25 28 38 49 50 52 59 62 64 65	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OPPENHEIMER FUNDS INC TWO WORLD FINANCIAL CENTER 225 LIBERTY ST 11TH FLOOR NEW YORK, NY 10281	SHAREHOLDER SERVICING FEE BASED ON 0.15%	
(a) Enter service provider name as it appears on line 2		(c) Enter amount of indirect compensation
OPPENHEIMER FUNDS INC	28 59	0
(d) Enter name and EIN (address) of source of indirect compensation		(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OPPENHEIMER DEVELOPING MARKETS, Y TWO WORLD FINANCIAL CENTER 225 LIBERTY ST NEW YORK, NY 10281	INVESTMENT MANAGEMENT FEE BASED ON 1.03%	

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
T ROWE PRICE	15 21 25 28 38 49 50 52 59 62 64 65	0
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>BLACKROCK 40 EAST 52ND ST NEW YORK, NY 10022</p> </div> <div style="width: 40%;"> <p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>SHAREHOLDER SERVICING FEE BASED ON 0.15%</p> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>(a) Enter service provider name as it appears on line 2</p> <p>BLACKROCK</p> </div> <div style="width: 20%;"> <p>(b) Service Codes (see instructions)</p> <p>28 59</p> </div> <div style="width: 20%;"> <p>(c) Enter amount of indirect compensation</p> <p style="text-align: right;">0</p> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>(d) Enter name and EIN (address) of source of indirect compensation</p> <p>BLACKROCK HIGH YIELD BOND 40 EAST 52ND ST NEW YORK, NY 10022</p> </div> <div style="width: 40%;"> <p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> <p>INVESTMENT MANAGEMENT FEE BASED ON 0.64%</p> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>(a) Enter service provider name as it appears on line 2</p> </div> <div style="width: 20%;"> <p>(b) Service Codes (see instructions)</p> </div> <div style="width: 20%;"> <p>(c) Enter amount of indirect compensation</p> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>(d) Enter name and EIN (address) of source of indirect compensation</p> </div> <div style="width: 40%;"> <p>(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.</p> </div> </div>		

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>KINDRED 401 (K) PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>KINDRED HEALTHCARE INC.</u>	D Employer Identification Number (EIN) <u>61-1323993</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
---------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE: TRP STABLE VALUE FUND

b Name of sponsor of entity listed in (a): T. ROWE PRICE TRUST COMPANY

c EIN-PN <u>52-1309931-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>116823993</u>
---------------------------------------	-------------------------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE: TRP EQUITY INDEX TRUST FUND

b Name of sponsor of entity listed in (a): T. ROWE PRICE TRUST COMPANY

c EIN-PN <u>52-6559833-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>29037078</u>
---------------------------------------	-------------------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE: TRP EQUITY INCOME TRUST

b Name of sponsor of entity listed in (a): T. ROWE PRICE TRUST COMPANY

c EIN-PN <u>52-6559833-011</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>67478864</u>
---------------------------------------	-------------------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>		
A Name of plan <u>KINDRED 401 (K) PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>KINDRED HEALTHCARE INC.</u>	D Employer Identification Number (EIN) <u>61-1323993</u>	

	Part I Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1	Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	1662007	0
	(2) Participant contributions	1b(2)	730333	946137
	(3) Other	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		1903483
	(8) Participant loans	1c(8)		
	(9) Value of interest in common/collective trusts	1c(9)	156756686	213339936
	(10) Value of interest in pooled separate accounts	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	359747849	560621430
	(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	518896875	776810986

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	518896875	776810986
---	-----------	-----------	-----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	4365761	
(B) Participants	2a(1)(B)	72998291	
(C) Others (including rollovers)	2a(1)(C)	4135499	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		81499551
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	114200	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		114200
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	19685263	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		19685263
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		15333858
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		53275515
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		169908387

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	80722789	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		80722789
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	43142	
(2) Contract administrator fees	2i(2)	575	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		43717
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		80766506

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		89141881
l Transfers of assets:			
(1) To this plan.....	2l(1)		168772230
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: PRICEWATERHOUSECOOPERS LLP

(2) EIN: 13-4008324

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		50000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

REHABCARE GROUP INC 401(K) EMPLOYEE SAVINGS PLAN

PROFESSIONAL HEALTHCARE AT HOME 401(K) PROFIT SHARING PLAN & TRUST

5b(2) EIN(s)	5b(3) PN(s)
51-0265872	001
26-0519402	001

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2012</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan KINDRED 401 (K) PLAN		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 KINDRED HEALTHCARE INC.		D Employer Identification Number (EIN) 61-1323993
Part I	Distributions	
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 52-1481931		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3 5654
Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)	
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☐ No ☐ N/A		
If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____		
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☐ N/A		
Part III	Amendments	
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.	
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		
Schedule R (Form 5500) 2012 v. 120126		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Kindred 401(k) Plan

EIN #61-1323993 Plan #001

**Report on Audits of Financial Statements
for the years ended December 31, 2012 and 2011**

**And Supplemental Schedule
as of December 31, 2012**

Kindred 401(k) Plan
Report on Audits of Financial Statements
for the years ended December 31, 2012 and 2011
and Supplemental Schedule
as of December 31, 2012

INDEX

Independent Auditor's Report.....	2
Financial Statements:	
Statement of Net Assets Available for Benefits, December 31, 2012 and 2011.....	4
Statement of Changes in Net Assets Available for Benefits for the years ended December 31, 2012 and 2011.....	5
Notes to Financial Statements.....	6
Supplemental Schedule: *	
Schedule H, line 4i – Schedule of Assets (Held at End of Year), December 31, 2012.....	18

* Other schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.



Independent Auditor's Report

To the Participants and Administrator of the Kindred 401(k) Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Kindred 401(k) Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011 and the related statement of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 6, which was certified by T. Rowe Price Retirement Plan Services, Inc. the trustee of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2012 and 2011 and for the years then ended, that the information provided to the plan administrator by the trustee is complete and accurate.

**Disclaimer of Opinion**

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Other Matter

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2012 is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Prüferfirma (open LLP)

August 30, 2013

Kindred 401(k) Plan**Statement of Changes in Net Assets Available for Benefits***for the years ended December 31, 2012 and 2011*

	2012	2011
Investments, at fair value:		
Mutual funds	\$560,621,430	\$359,747,849
Collective trusts	213,339,936	156,756,686
Total investments at fair value	773,961,366	516,504,535
Contributions receivable:		
Participants	946,137	730,333
Employer	-	1,662,007
Total contributions receivable	946,137	2,392,340
Notes receivable from participants	1,903,483	-
Net assets available for benefits at fair value	776,810,986	518,896,875
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(4,815,256)	(3,384,301)
Net assets available for benefits at contract value	\$771,995,730	\$515,512,574

The accompanying notes are an integral part of these financial statements.

Kindred 401(k) Plan**Statement of Changes in Net Assets Available for Benefits***for the years ended December 31, 2012 and 2011*

	2012	2011
Additions to net assets attributed to:		
Investment income (loss):		
Interest and dividend income	\$ 19,685,263	\$ 14,903,652
Net appreciation (depreciation) in fair value of investments	67,178,418	(16,892,549)
	<u>86,863,681</u>	<u>(1,988,897)</u>
Contributions:		
Participants	72,998,291	52,328,240
Employer (net of forfeitures)	4,365,761	1,711,399
Rollovers	4,135,499	4,463,417
	<u>81,499,551</u>	<u>58,503,056</u>
Interest on notes receivable from participants	<u>114,200</u>	<u>-</u>
Plan mergers	<u>168,772,230</u>	<u>-</u>
Total additions	<u>337,249,662</u>	<u>56,514,159</u>
Deductions from net assets attributed to:		
Benefits paid to participants	80,722,789	54,073,310
Administrative expense	43,717	42,792
Total deductions	<u>80,766,506</u>	<u>54,116,102</u>
Increase in net assets available for benefits	256,483,156	2,398,057
Net assets available for benefits at contract value:		
Beginning of year	<u>515,512,574</u>	<u>513,114,517</u>
End of year	<u>\$ 771,995,730</u>	<u>\$ 515,512,574</u>

The accompanying notes are an integral part of these financial statements.

Kindred 401(k) Plan

Notes to Financial Statements

1. Description of the Plan

The following description of the Kindred 401(k) Plan (the “Plan”) provides only general information. Detailed descriptions of the Plan’s benefits and provisions are contained in the Summary Plan Description which can be obtained from Kindred Healthcare, Inc. (the “Company”).

General

The Plan was established January 1, 1986 and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”). The Plan is a defined contribution plan which provides retirement and disability benefits to qualified employees of the Company. The Company is the sponsor and a committee appointed by the Company’s Board of Directors is the administrator of the Plan (“Plan Administrator”). The Company appointed T. Rowe Price as the record keeper and trustee of the Plan (the “Trustee”). The Plan is funded with contributions from participants and the Company.

Eligibility

Employees are eligible to participate in the Plan the first of the month following or coincident with one month of service with no age requirements. Participants are eligible for employer matching contributions the first of the month following or coincident with one year of service.

Contributions

The Plan provides a savings feature allowed under Section 401(a) of the Internal Revenue Code (the “Code”). Participants can contribute through payroll deductions an amount not less than 1% or more than 50% of their compensation as defined in the Plan document, not to exceed the Code annual limitation of \$17,000 in 2012 and \$16,500 in 2011. The Plan also allows participants age 50 and older to make catch-up contributions up to \$5,500 in both 2012 and 2011. The employer matching contribution of 50% of the first 4% of pay up to an annual maximum of \$500 was suspended during 2012 and for the entire 2011 plan year. Employer matching contributions and catch-up contributions are invested according to the participant’s contribution investment elections. Catch-up contributions are not eligible for employer matching contributions.

In addition to the regular employer matching contributions described above, the Company may make supplemental matching contributions to the Plan if certain financial targets are achieved by the Company. No supplemental matching contribution was made for the 2012 plan year. The 2011 plan year supplemental matching contribution of \$1,800,000 was allocated to eligible participants, as defined in the Plan document, based upon each participant’s imputed regular employer matching contribution in relation to the total imputed regular employer matching contribution of all eligible participants in the respective year.

Kindred 401(k) Plan

Notes to Financial Statements, continued

1. Description of the Plan, continued

Contributions, continued

The Company may also make, as determined by its Board of Directors, profit sharing contributions to the Plan. The profit sharing contribution is allocated to eligible participants, as defined in the Plan document, based upon each participant's compensation in relation to the total compensation of all eligible participants. No profit sharing contributions were made for 2012 or 2011.

The Plan accepts rollovers of pre-tax distributions in cash from most qualified retirement plans, 403(b) plans, governmental 457 plans, and Individual Retirement Accounts. Participants may take in-service withdrawals of these funds at any time.

Plan Mergers

In June 2011, the Company acquired the operations and employees of RehabCare Group, Inc. ("RehabCare"). Former RehabCare employees continued to participate in the RehabCare qualified 401(k) plan through December 31, 2011. The Company merged the RehabCare 401(k) plan into the Plan in January 2012.

In September 2011, the Company acquired the operations and employees of Professional Healthcare, LLC ("Professional Healthcare"). Former Professional Healthcare employees continued to participate in the Professional Healthcare qualified 401(k) plan through December 31, 2011. The Company merged the Professional Healthcare 401(k) plan into the Plan in March 2012.

Investment Options

The Plan offered 21 mutual funds and three collective trusts as investment options for participants in 2012 and 18 mutual funds and three collective trusts as investment options for participants in 2011. Participants may change their investment of existing account balances and future contributions daily. In accordance with Code section 404(c), participants are responsible for investment decisions in all accounts, including participant funded and employer funded accounts.

Participant Accounts

Each participant's account is credited with the participant's contributions, employer matching contributions (as applicable), and allocations of Plan earnings or losses. Participant accounts are also charged with an allocation of administrative expenses. Allocations are based upon participant earnings or account balances as defined in the Plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Kindred 401(k) Plan

Notes to Financial Statements, continued

1. Description of the Plan, continued

Vesting

Participants are vested immediately in their contributions and earnings thereon. Vesting in employer matching contributions (as applicable) is based upon the participant's years of service with the Company. A participant becomes fully vested following four years of service. A participant vests in employer matching contributions as follows:

Participant Years of Service	Vesting Percentage
Less than one	0%
One but less than two	25%
Two but less than three	50%
Three but less than four	75%
Four or more	100%

Forfeitures

Forfeiture of employer matching contributions by participants who withdraw from the Plan prior to full vesting reduces future matching contributions by the employer in accordance with the Plan document. Forfeited account balances applied to reduce employer contributions in 2012 and 2011 totaled \$247,299 and \$287,875, respectively. Forfeited account balances not yet applied to reduce future employer contributions totaled \$163,218 and \$137,993 at December 31, 2012 and 2011, respectively.

Payment of Benefits

Upon termination of service due to retirement, death, or disability, a participant or participant's beneficiary may receive a lump-sum distribution equal to the vested balance of their account, or if the account balance exceeds \$5,000, the participant may defer payment until April 1 following the attainment of age 70 ½. In the event of financial hardship, as defined in the Plan document, a participant may withdraw all or any part of their contributed amounts, regardless of age. Participants are limited to two hardship withdrawal distributions per calendar year.

Employees age 59 ½ or older may request an in-service withdrawal of all or any part of their contributed or vested employer contributed amounts. All profit sharing amounts are eligible for in-service withdrawal, regardless of age.

Kindred 401(k) Plan

Notes to Financial Statements, continued

1. Description of the Plan, continued

Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in net appreciation of fair value of investments.

Notes Receivable from Participants

Although the Plan does not contain a provision that allows participants to take loans from the plan, it does allow for repayment of loans acquired through plan mergers.

Outstanding RehabCare 401(k) participant loans were transferred to the Plan in January 2012 and outstanding Professional Healthcare 401(k) participant loans were transferred in March 2012, as part of the respective plan mergers.

Principal and interest are paid ratably through payroll deductions. The interest rate charged to participants is a fixed rate equal to the Prime Rate, as stated in the Wall Street Journal as of the day the loan is initiated, plus 1%. Outstanding loans become due and payable in full upon the loan's maturity date or for terminated participants, the end of the calendar quarter following calendar quarter in which a participant terminates. The loans are secured by the balance in the participant's account and bear interest rates ranging from 3.3% to 9.7% as of December 31, 2012.

No new 401(k) participant loans will be issued under the Kindred 401(k) Plan.

Plan Termination

Although the Company expects to continue the Plan, it reserves the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. Should the Company elect to terminate the Plan, participants would become fully vested in their employer matching contribution balances.

2. Accounting Policies

Basis of Accounting

The financial statements and supplemental schedule have been prepared on the accrual basis in accordance with generally accepted accounting principles in the United States of America and may include amounts based upon the estimates and judgments of the Plan's management. Actual amounts may differ from those estimates.

Kindred 401(k) Plan

Notes to Financial Statements, continued

2. Accounting Policies, continued

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Mutual funds are stated at fair value as determined by quoted market prices, which represents the net asset value of shares held by the Plan. The Plan's interests in collective trusts are based upon the fair value of the collective trusts' units held by the Plan, which is based upon information reported by the Trustee using the audited financial statements of the collective trusts. There are no restrictions on participant redemptions and there are no unfunded commitments for investments in collective trusts. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidation will be carried out in an orderly business manner.

As described in the authoritative guidance related to reporting of fully benefit-responsive investment contracts, the investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in fully benefit-responsive investment contracts through a collective trust. Contract value for this collective trust is based upon the net asset value of the fund as reported by the Trustee. As required, the Statement of Net Assets Available for Benefits presents the fair value of the investment in the collective trust as well as the adjustment from fair value to contract value related to the fully benefit-responsive investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

At December 31, 2012 and 2011, all Plan investments were held by the Trustee.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized gains or losses on the sale of investments, together with unrealized appreciation or depreciation in investments, are presented as net appreciation or depreciation in fair value of investments in the accompanying Statement of Changes in Net Assets Available for Benefits.

The average yield earned by the Stable Value Fund (which may differ from the interest rate credited to Participants in the Stable Value Fund) was 2.36% for 2012 and 2.69% for 2011. This average yield was calculated by dividing the annualized earnings of all investments in the Stable Value Fund (irrespective of the interest rate credited to Participants in the Stable Value Fund) by the fair value of all investments in the Stable Value Fund.

The average yield credited to Participants in the Stable Value Fund was 2.45% for 2012 and 2.97% for 2011. This average yield was calculated by dividing the annualized earnings credited to Participants for all investments in the stable Value Fund (irrespective of the actual earnings of the investments in the stable Value Fund) by the fair value of all investments in the Stable Value Fund.

Kindred 401(k) Plan

Notes to Financial Statements, continued

2. Accounting Policies, continued

Payment of Benefits

Benefits are recorded when paid.

Valuation of Notes Receivable from Participants

Notes receivable from participants are recorded at amortized cost, unpaid principal plus accrued interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2012. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loans to be in default, the participant's notes receivable balance is reduced and a benefit payment is recorded.

Recently Issued Accounting Requirements

In May 2011, the Financial Accounting Standards Board issued authoritative guidance related to fair value measurements. The provisions of the guidance results in applying common fair value measurement and disclosure requirements in both United States generally accepted accounting principles and International Financial Reporting Standards. The amendments primarily change the wording used to describe many of the requirements in generally accepted accounting principles for measuring and disclosing information about fair value measurements. The guidance is effective for all interim and annual reporting periods beginning after December 15, 2011. The adoption of the guidance did not have a material impact on the Company's business, financial position, results of operations or liquidity.

Kindred 401(k) Plan

Notes to Financial Statements, continued

3. Investments

The fair value of investments at December 31, 2012 and 2011 were as follows:

	2012		2011	
	# Shares or Units	Fair Value	# Shares or Units	Fair Value
Mutual funds:				
PIMCO Total Return Fund	5,733,576	\$ 64,445,397 *	3,502,373	\$ 38,070,795 *
Thornburg International Value Fund	893,260	25,047,013	634,488	15,570,328
Columbia Acorn International Fund	293,801	11,998,841	-	-
Lord Abbett Developing Growth Fund	506,216	10,868,447	294,040	6,171,900
Blackrock High Yield Bond Inst	239,047	1,933,893	-	-
Oppenheimer Develop Markets Fund	25,489	889,046	-	-
T. Rowe Price:				
Mid Cap Fund	1,270,974	71,771,877 *	1,042,332	54,962,165 *
Growth Fund	1,402,685	52,993,422 *	812,316	25,856,033
Small Cap Value Fund	458,805	17,971,399	178,999	6,171,883
Money Market Fund	8,402	8,402	35,224	35,224
Retirement Fund	500,292	6,979,073	291,799	3,778,802
Retirement Fund 2005	204,985	2,488,519	240,597	2,689,879
Retirement Fund 2010	750,546	12,361,499	821,699	12,341,921
Retirement Fund 2015	2,425,134	31,235,731	2,352,205	27,238,533 *
Retirement Fund 2020	3,689,781	65,973,292 *	2,953,083	46,983,548 *
Retirement Fund 2025	3,298,381	43,274,758 *	2,987,179	34,591,531 *
Retirement Fund 2030	2,880,089	54,491,285 *	1,966,358	32,523,557 *
Retirement Fund 2035	2,178,832	29,152,768	1,928,955	22,491,615
Retirement Fund 2040	1,863,582	35,575,781	1,053,433	17,455,380
Retirement Fund 2045	990,073	12,583,824	826,523	9,116,554
Retirement Fund 2050	689,477	7,349,822	326,787	3,022,776
Retirement Fund 2055	116,446	1,227,341	73,898	675,425
		<u>560,621,430</u>		<u>359,747,849</u>
Collective trusts:				
T. Rowe Price:				
Stable Value Fund	112,008,737	116,823,993 *	93,657,481	97,041,782 *
Equity Income Trust	5,446,236	67,478,865 *	4,946,792	52,139,184 *
Equity Index Trust	1,856,591	29,037,078	561,580	7,575,720
		<u>213,339,936</u>		<u>156,756,686</u>
Total investments		<u>\$ 773,961,366</u>		<u>\$ 516,504,535</u>

*Represents 5% or more of net assets available for benefits at fair value at December 31 of the respective year.

Kindred 401(k) Plan

Notes to Financial Statements, continued

3. Investments, continued

The Plan invests in mutual funds and collective trusts, some of which are managed by the Trustee. Retirement funds are mutual funds in which the asset allocation changes over time based upon the age of the participant in relation to the targeted retirement age of the participant.

The Plan's net appreciation (depreciation) in fair value of investments in 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Net appreciation (depreciation) in fair value of investments		
Mutual funds	\$ 53,275,515	\$ (14,044,230)
Collective trusts	13,902,903	(2,848,319)
Total	<u>\$ 67,178,418</u>	<u>\$ (16,892,549)</u>

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The authoritative guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity that are significant to the fair value of the assets or liabilities. Fair value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Kindred 401(k) Plan

Notes to Financial Statements, continued

3. Investments, continued

The Plan's financial assets measured at fair value on a recurring basis at December 31, 2012 and 2011 are summarized below:

December 31, 2012				
	Fair value measurements			Assets at fair value
	Level 1	Level 2	Level 3	
Assets:				
Mutual funds:				
Retirement funds	\$ 302,693,693	\$ -	\$ -	\$ 302,693,693
Mid cap fund	71,771,877	-	-	71,771,877
Bond fund	66,379,290	-	-	66,379,290
Growth fund	52,993,422	-	-	52,993,422
International fund	37,934,900	-	-	37,934,900
Small cap growth fund	10,868,447	-	-	10,868,447
Small cap value fund	17,971,399	-	-	17,971,399
Money market fund	8,402	-	-	8,402
Collective trusts:				
Stable Value Fund	-	116,823,993	-	116,823,993
Equity Income Trust	-	67,478,865	-	67,478,865
Equity Index Trust	-	29,037,078	-	29,037,078
	<u>\$ 560,621,430</u>	<u>\$ 213,339,936</u>	<u>\$ -</u>	<u>\$ 773,961,366</u>
December 31, 2011				
	Fair value measurements			Assets at fair value
	Level 1	Level 2	Level 3	
Assets:				
Mutual funds:				
Retirement funds	\$ 212,909,521	\$ -	\$ -	\$ 212,909,521
Mid cap fund	54,962,165	-	-	54,962,165
Bond fund	38,070,795	-	-	38,070,795
Growth fund	25,856,033	-	-	25,856,033
International fund	15,570,328	-	-	15,570,328
Small cap growth fund	6,171,900	-	-	6,171,900
Small cap value fund	6,171,883	-	-	6,171,883
Money market fund	35,224	-	-	35,224
Collective trusts:				
Stable Value Fund	-	97,041,782	-	97,041,782
Equity Income Trust	-	52,139,184	-	52,139,184
Equity Index Trust	-	7,575,720	-	7,575,720
	<u>\$ 359,747,849</u>	<u>\$ 156,756,686</u>	<u>\$ -</u>	<u>\$ 516,504,535</u>

There were no significant transfers between level 1 and level 2 investments during 2012 or 2011.

Kindred 401(k) Plan

Notes to Financial Statements, continued

4. Risks and Uncertainties

The Plan provides various investment options in registered investment companies and collective trusts which invest in stocks, bonds, fixed income securities, and other investment securities. These investments are subject to various risks, including interest rate, market and credit risks. Due to the risks associated with certain investments, it is possible that changes in the value of these investments could impact participants' account balances and the amounts reported in the accompanying Statement of Net Assets Available for Benefits and Statement of Changes in Net Assets Available for Benefits.

5. Related-Party Transactions

Certain Plan investments are mutual funds and collective trusts managed by the Trustee. Transactions in these investments qualify as party-in-interest transactions. Fees incurred by the investment management services are included in net appreciation in fair value of the investments, as they are paid through revenue sharing, rather than direct payments. These balances totaled \$658,778,729 and \$456,691,512 at December 31, 2012 and 2011, respectively.

The Plan made no direct payment to the third party administrator. The Plan Sponsor pays directly any other fees related to the plan's operations.

The Plan is not charged for administrative services performed by the Company. These administrative services qualify as party-in interest transactions.

Kindred 401(k) Plan

Notes to Financial Statements, continued

6. Information Certified by the Trustee

The Plan Administrator has elected the method of annual reporting permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Trustee has certified that investments and investment income and loss as set forth below and included in the accompanying financial statements are complete and accurate.

	<u>2012</u>	<u>2011</u>
Investments:		
Mutual funds	\$ 560,621,430	\$ 359,747,849
Collective trusts	213,339,936	156,756,686
Total investments at fair value	773,961,366	516,504,535
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>(4,815,256)</u>	<u>(3,384,301)</u>
Total investments at contract value	\$ 769,146,110	\$ 513,120,234
Notes receivable from participants	1,903,483	-
Total assets at contract value	<u>\$ 771,049,593</u>	<u>\$ 513,120,234</u>
Investment income (loss):		
Interest and dividend income	\$ 19,685,263	\$ 14,903,652
Net appreciation (depreciation) in fair value of investments	67,178,418	(16,892,549)
Interest on notes receivable from participants	114,200	-
Total investment income (loss)	<u>\$ 86,977,881</u>	<u>\$ (1,988,897)</u>

7. Reconciliation to Form 5500

The following is a reconciliation of net assets available for benefits per the Form 5500 to the financial statements at December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Net assets available for benefits at fair value per the Form 5500	\$ 776,810,986	\$ 518,896,875
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>(4,815,256)</u>	<u>(3,384,301)</u>
Net assets available for benefits at contract value per the financial statements	<u>\$ 771,995,730</u>	<u>\$ 515,512,574</u>

Kindred 401(k) Plan

Notes to Financial Statements, continued

7. Reconciliation to Form 5500, continued

The following is a reconciliation of net appreciation (depreciation) in fair value of investments per the Form 5500 to the financial statements for the years ending December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Net appreciation (depreciation) in fair value of investments per the Form 5500	\$68,609,373	(\$16,780,645)
Adjustment from fair value to contract value for fully benefit-responsive investment contracts:		
Prior year	3,384,301	3,272,397
Current year	<u>(4,815,256)</u>	<u>(3,384,301)</u>
Net appreciation (depreciation) in fair value of investments per the financial statements	<u>\$67,178,418</u>	<u>(\$16,892,549)</u>

8. Income Tax Status

The Plan Administrator received a favorable tax determination letter from the Internal Revenue Service ("IRS") dated August 13, 2009. The Plan Administrator believes the Plan, as amended, continues to qualify and operate in accordance with the applicable provisions of the Code. Accounting principles generally accepted in the United States of America require plan management to evaluate tax provisions taken by the Plan and recognize a tax liability or asset if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2012 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however,

There are currently no audits in progress for any tax periods. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2009.

9. Subsequent Events

The Plan Administrator has performed an evaluation of subsequent events through August 30, 2013, the date on which the financial statements were available for issuance. Nothing came to the Plan Administrator's attention that was deemed necessary for disclosure.

Kindred 401(k) Plan**Plan Sponsor: Kindred Healthcare, Inc.****EIN #61-1323993 Plan #001****Schedule H, Line 4i – Schedule of Assets (Held at End of Year)***December 31, 2012*

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	# Shares or Units	Current Value
PIMCO Total Return Fund	Mutual fund	5,733,576	\$ 64,445,397
Thornburg International Value Fund	Mutual fund	893,260	25,047,013
Columbia Acorn International Fund	Mutual fund	293,801	11,998,841
Lord Abbett Developing Growth Fund	Mutual fund	506,216	10,868,447
Blackrock High Yield Bond Inst	Mutual fund	239,047	1,933,893
Oppenheimer Develop Markets Fund	Mutual fund	25,489	889,046
T. Rowe Price:			
* Mid Cap Fund	Mutual fund	1,270,974	71,771,877
* Growth Fund	Mutual fund	1,402,685	52,993,422
* Small Cap Value Fund	Mutual fund	458,805	17,971,399
* Money Market Fund	Money market fund	8,402	8,402
* Retirement Fund	Mutual fund	500,292	6,979,073
* Retirement Fund 2005	Mutual fund	204,985	2,488,519
* Retirement Fund 2010	Mutual fund	750,546	12,361,499
* Retirement Fund 2015	Mutual fund	2,425,134	31,235,731
* Retirement Fund 2020	Mutual fund	3,689,781	65,973,292
* Retirement Fund 2025	Mutual fund	3,298,381	43,274,758
* Retirement Fund 2030	Mutual fund	2,880,089	54,491,285
* Retirement Fund 2035	Mutual fund	2,178,832	29,152,768
* Retirement Fund 2040	Mutual fund	1,863,582	35,575,781
* Retirement Fund 2045	Mutual fund	990,073	12,583,824
* Retirement Fund 2050	Mutual fund	689,477	7,349,822
* Retirement Fund 2055	Mutual fund	116,446	1,227,341
* Stable Value Fund	Collective trust	112,008,737	116,823,993
* Equity Income Trust	Collective trust	5,446,236	67,478,865
* Equity Index Trust	Collective trust	1,856,591	29,037,078
Other assets:			
* Notes receivable from Participants, interest rate: 3.3% - 9.7%; maturity dates 2013 - 2020			1,903,483
Total Assets at Fair Value			\$775,864,849

*Party-in-interest

This information has been certified as complete and accurate by T. Rowe Price Company.

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Kindred 401 (k) Plan

EIN: 61-1323993

Plan Sponsor's Name Kindred Healthcare Inc.

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	PIMCO Total Return Fund	Mutual Fund	63,596,083	64,445,397
	Thornburg International Value Fund	Mutual Fund	21,459,335	25,047,013
	Lord Abbett Developing Growth	Mutual Fund	10,814,041	10,868,447
*	TRP Mid Cap Growth Fund	Mutual Fund	61,874,807	71,771,877
*	TRP Growth Stock Fund	Mutual Fund	42,114,983	52,993,422
*	TRP Small-Cap Value Fund	Mutual Fund	16,363,478	17,971,399
*	TRP Prime Reserve Fund	Money Market Fund	8,402	8,402

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Kindred 401 (k) Plan

EIN: 61-1323993

Plan Sponsor's Name Kindred Healthcare Inc.

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
*	TRP Retirement Income Fund	Mutual Fund	6,414,812	6,979,073
*	TRP Retirement Fund 2005	Mutual Fund	2,216,249	2,488,519
*	TRP Retirement Fund 2010	Mutual Fund	10,916,901	12,361,499
*	TRP Retirement Fund 2015	Mutual Fund	27,246,193	31,235,731
*	TRP Retirement Fund 2020	Mutual Fund	57,156,319	65,973,292
*	TRP Retirement Fund 2025	Mutual Fund	36,893,253	43,274,758
*	TRP Retirement Fund 2030	Mutual Fund	47,247,163	54,491,285

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Kindred 401 (k) Plan

EIN: 61-1323993

Plan Sponsor's Name Kindred Healthcare Inc.

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
*	TRP Retirement Fund 2035	Mutual Fund	24,754,336	29,152,768
*	TRP Retirement Fund 2040	Mutual Fund	30,996,930	35,575,781
*	TRP Retirement Fund 2045	Mutual Fund	10,772,640	12,583,824
*	TRP Retirement Fund 2050	Mutual Fund	6,575,463	7,349,822
*	TRP Retirement Fund 2055	Mutual Fund	1,091,732	1,227,341
	Oppenheimer Develop Markets Y	Mutual Fund	837,281	889,046
	Columbia Acorn Intl Z	Mutual Fund	10,460,695	11,998,841

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Kindred 401 (k) Plan

EIN: 61-1323993

Plan Sponsor's Name Kindred Healthcare Inc.

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Blackrock High Yield Bond Inst	Mutual Fund	1,868,524	1,933,893
*	TRP Equity Index Trust C	Collective Trust	26,054,825	29,037,078
*	TRP Equity Income Trust A	Collective Trust	60,403,108	67,478,864
	TRP Stable Value Fund N	GIC	112,008,737	112,008,737
	Participant Loan	Loan	0	1,903,483

Attachment to 2012 Form 5500
Schedule H, line 4j - Schedule of Reportable Transactions

Plan Name Kindred 401 (k) Plan

EIN: 61-1323993

Plan Sponsor's Name Kindred Healthcare Inc.

PN: 001

(a) Identity of party involved	(b) Description of asset (include interest rate and maturity in case of a loan)	(c) Purchase price	(d) Selling price	(e) Lease rental	(f) Expense incurred with transaction	(g) Cost of asset	(h) Current value of asset on transaction date	(i) Net gain or (loss)
T Rowe Price Stable Value N	GIC	118,208,419	0	0	0	118,208,419	118,208,419	0
T Rowe Price Stable Value N	GIC	(6,185,197)	(6,185,197)	0	0	(6,185,197)	(6,185,197)	0
T Rowe Price Stable Val SchA	Common Trust	14,772,854	0	0	0	14,772,854	14,772,854	0
T Rowe Price Stable Val SchA	Common Trust	(108,430,911)	(108,430,911)	0	0	(108,430,911)	(108,430,911)	0
PIMCO Total Return Instl	Mutual Fund	30,364,785	0	0	0	30,364,785	30,364,785	0
PIMCO Total Return Instl	Mutual Fund	(5,662,814)	(5,791,598)	0	0	(5,662,814)	(5,791,598)	128,783
TRP Growth Stock Fund	Mutual Fund	23,993,251	0	0	0	23,993,251	23,993,251	0

Plan Name	Kindred 401 (k) Plan
Plan Sponsor's Name	Kindred Healthcare Inc.

[illegible]