UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 12, 2003

KINDRED HEALTHCARE, INC.

(Exact name of registrant as specified in its charter)

Delaware	**001-14057**	**61-1323993**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(IRS Employer Identification No.)**

680 South Fourth Street

Louisville, Kentucky

(Address of principal executive offices)

40202-2412

(Zip Code)

Registrant s telephone number, including area code: (502) 596-7300

Not Applicable

(Former name or former address, if changed since last report)

Item 9. Regulation FD Disclosure.

On August 12, 2003, the Company issued a press release announcing its financial results for the second quarter ended June 30, 2003. The press release, dated August 12, 2003, is attached as Annex A to this Item 9. On August 12, 2003, the Company also included the press release on its website at www.kindredhealthcare.com.

Annex A is incorporated herein by reference and has been furnished, not filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized.

KINDRED HEALTHCARE, INC.

Date: August 12, 2003	By:	/s/ Richard A. Lechleiter
		Richard A. Lechleiter
		Senior Vice President, Chief Financial
		Officer and Treasurer

Annex A

[Kindred Logo appears here]

Contact: Richard A. Lechleiter
Senior Vice President, Chief

Financial Officer and Treasurer

(502) 596-7734

KINDRED HEALTHCARE ANNOUNCES SECOND QUARTER RESULTS

Quarterly earnings from continuing operations totaled $0.56 per diluted share

Company appoints Eddy J. Rogers, Jr. to Board of Directors

LOUISVILLE, Ky. (August 12, 2003) Kindred Healthcare, Inc. (the Company) (NASDAQ: KIND) today announced its operating results for the second quarter ended June 30, 2003. As a result of the Company s divestiture of all of its Florida and Texas nursing centers (the Florida and Texas Divestiture) on June 30, 2003, the consolidated results of operations of these facilities for all historical accounting periods and the loss related to the divestiture have been classified as discontinued operations.

Consolidated Results

For the second quarter of 2003, the Company reported a consolidated net loss of $43 million or $2.49 per diluted share. The net loss included income from continuing operations of $10 million or $0.56 per diluted share. The net loss also included a loss from discontinued operations of $17 million or $0.98 per diluted share and a loss from the Florida and Texas Divestiture aggregating $36 million or $2.07 per diluted share. For the three months ended June 30, 2002, the Company reported consolidated net income of $24 million or $1.21 per diluted share. Operating results for the second quarter of 2002 included income from continuing operations of $28 million or $1.40 per diluted share. Operating results for the second quarter of 2002 also included a loss from discontinued operations of $4 million or $0.19 per diluted share.

For the six months ended June 30, 2003, the Company reported a consolidated net loss of $56 million or $3.25 per diluted share. The net loss included income from continuing operations of $10 million or $0.55 per diluted share. The net loss also included a loss from discontinued operations of $30 million or $1.73 per diluted share and the previously discussed loss from the Florida and Texas Divestiture of $36 million or $2.07 per diluted share. For the six months ended June 30, 2002, the Company reported consolidated net income of $42 million or $2.16 per diluted share. Operating results for the first six months of 2002 included income from continuing operations of $49 million or $2.51 per diluted share. Operating results for the first six months of 2002 also included a loss from discontinued operations of $7 million or $0.35 per diluted share.

Continuing Operations

Revenues in the second quarter of 2003 increased 4% to $839 million compared to $807 million in the second quarter of 2002. Income from continuing operations for the second quarter of 2003 totaled $10 million or $0.56 per diluted share compared to $28 million or $1.40 per diluted share in the year-earlier period. Operating results for the second quarter of 2003 included a benefit of approximately $2 million or $0.09 per diluted share resulting from a change in estimate of the Company s effective income tax rate for 2003. While each of the Company s business segments reported increased revenues, the decline in income from continuing operations was mostly attributable to the expiration of certain nursing center Medicare reimbursements on October 1, 2002 and increased professional liability costs primarily in the Company s nursing center business.

Provisions of the Balanced Budget Refinement Act (the BBRA) and the Medicare, Medicaid, and State Child Health Insurance Program Benefits Improvement and Protection Act of 2000 (BIPA) that expired in the fourth quarter of 2002 reduced Medicare revenues in the Company s nursing centers by approximately $14 million in the second quarter of 2003 compared to the same period a year ago. Consolidated professional liability costs aggregated $21 million in the second quarter of 2003 compared to $9 million in the second quarter of 2002, of which approximately $16 million and $5 million, respectively, was charged to the Company s nursing center business. Professional liability costs recorded in the first quarter of 2003 approximated $32 million (including a $9 million charge for a change in estimate of prior year costs), of which $25 million were charged to the Company s nursing center business.

Operating results for the second quarter of 2002 included income of approximately $5 million ($3 million net of income taxes) related to changes in estimates of accrued reorganization items and a lease termination charge for an unprofitable hospital.

For the six months ended June 30, 2003, revenues increased 5% to $1.7 billion from $1.6 billion in the first half of 2002. Income from continuing operations totaled $10 million or $0.55 per diluted share for the first six months of 2003 compared to $49 million or $2.51 per diluted share in the same period a year ago. The previously discussed reductions in nursing center Medicare reimbursement and increased professional liability costs primarily contributed to the decline in earnings.

Provisions of the BBRA and BIPA that expired in the fourth quarter of 2002 reduced Medicare revenues in the Company s nursing centers by approximately $28 million for the first six months of 2003 compared to the same period a year ago. Professional liability costs aggregated $53 million for the six months ended June 30, 2003 compared to $17 million in the first six months of 2002, of which approximately $41 million and $10 million, respectively, were charged to the Company s nursing center business.

Discontinued Operations

Net operating losses for the divested Florida and Texas nursing centers increased to $17 million in the second quarter of 2003 from $4 million in the second quarter of 2002. For the six months ended June 30, 2003, net operating losses for the divested Florida and Texas nursing centers increased to $30 million from $7 million during the same period a year ago. The increases in operating losses in both periods were primarily attributable to growth in professional liability costs. Professional liability costs in the second quarter of 2003 approximated $28 million compared to $9 million in the second quarter of 2002. For the six months ended June 30, 2003, professional liability costs totaled $50 million compared to $18 million for the same period a year ago.

In connection with the Florida and Texas Divestiture, the Company recorded a pretax loss of $59 million ($36 million net of income taxes).

Florida and Texas Nursing Center Divestiture

In connection with the Florida and Texas Divestiture, the Company acquired 15 Florida nursing centers and one Texas nursing center from Ventas, Inc. (Ventas) (NYSE: VTR) on June 30, 2003 for approximately $60 million and a $4 million lease termination fee. In addition, the Company amended its master leases with Ventas to: (1) pay incremental rent in varying amounts generally over seven years, the net present value of which approximated $44 million using a discount rate of 11%, (2) provide that all annual escalators under the master leases will be paid in cash at all times, and (3) expand certain cooperation and information sharing provisions of the master leases. The annual rent of approximately $9 million on the acquired facilities terminated upon the closing of the purchase transaction. The Company financed its obligations at the closing of the purchase transaction through the use of existing cash.

For accounting purposes, the $44 million present value rent obligation to Ventas was recorded as long-term debt in the Company s consolidated balance sheet.

The Company completed the divestiture of all of its Florida nursing center operations on June 30, 2003. The Company sold the real estate related to the 15 nursing centers it acquired from Ventas and the two nursing centers previously owned by the Company in Florida. The sale price for the real estate and related personal property associated with all of the Florida nursing center operations aggregated approximately $64 million. The Company s consolidated balance sheet at June 30, 2003 included a $61 million receivable from the sale of the Florida nursing centers because the Company did not receive these proceeds until July 1, 2003.

The Company also completed the sublease of the remaining Florida nursing center previously operated by the Company on June 30, 2003. The rental payments under the sublease approximate the Company s annual rental obligations under the existing lease agreement. The sublease will expire upon the expiration of the primary lease, whereupon the Company s obligation with respect to the primary lease also will terminate.

The Company also sold its accounts receivable relating to the Florida nursing centers.

The Company also completed the divestiture of its two Texas nursing center operations in the second quarter of 2003. The Company terminated the lease with respect to one facility and entered into a lease with a third party to transfer the operations of the other Texas facility acquired from Ventas. The Company also entered into a non-binding letter of intent to sell the remaining leased facility to the same third party.

Debt Reduction

Upon receipt of the sales proceeds from the Florida and Texas Divestiture, the Company completed the previously negotiated $60 million repayment of its senior secured notes on July 1, 2003. After the repayment, the outstanding balance of the senior secured notes approximated $100 million.

Tax Escrow Settlement

In April 2003, the Company received approximately $14 million of previously escrowed tax refunds as a result of the favorable conclusion of certain federal income tax examinations for the 1996, 1997 and 1998 tax years that were shared with Ventas. The receipt of the $14 million had no impact on the Company s second quarter earnings because fresh-start accounting rules adopted in connection with the Company s emergence from bankruptcy required that this transaction be recorded as a reduction of goodwill.

Second Quarter Commentary

During the second quarter, we made solid progress in executing our strategic operating plan, noted Edward L. Kuntz, Chairman and Chief Executive Officer of the Company. We successfully completed the divestiture of the Florida and Texas nursing centers, and our professional liability cost estimates related to the Company s continuing operations remained stable in connection with the regular quarterly independent actuarial review. We also improved our liquidity during the quarter, increasing cash levels to $170 million at the end of the quarter from $100 million at March 31, 2003.

Appointment of Eddy J. Rogers, Jr. as Director

The Company also announced that it has expanded its Board of Directors by appointing Eddy J. Rogers, Jr., a partner with the Houston law firm of Andrews & Kurth, L.L.P., to the Board effective immediately.

We are pleased to have someone with Eddy s depth of experience join our Board. His extensive legal background and affiliation with other healthcare providers will be of significant assistance to the Board, commented Mr. Kuntz. Moreover, the addition of qualified independent directors to the Board further demonstrates our continuing commitment to sound corporate governance.

Mr. Rogers (age 62) has practiced law for over thirty years. He has substantial experience in various corporate matters including mergers and acquisitions, reorganizations, executive compensation, and shareholder disputes. Mr. Rogers received his undergraduate and J.D. degrees from Harvard University.

Mr. Rogers will serve on the Company s Audit and Compliance Committee and the Nominating and Governance Committee.

Forward Looking Statements

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements regarding the Company s expected future financial position, results of operations, cash flows, financing plans, business strategy, budgets, capital expenditures, competitive positions, growth opportunities, plans and objectives of management and statements containing the words such as anticipate, approximate, believe, plan, estimate, expect, project, could, should, will, intend, may and other similar expressions, are forward-looking statements.

Such forward-looking statements are inherently uncertain, and stockholders and other potential investors must recognize that actual results may differ materially from the Company s expectations as a result of a variety of factors, including, without limitation, those discussed below. Such forward-looking statements are based on management s current expectations and include known and unknown risks, uncertainties and other factors, many of which the Company is unable to predict or control, that may cause the Company s actual results or performance to differ materially from any future results or performance expressed or implied by such forward-looking statements. These statements involve risks, uncertainties and other factors detailed from time to time in the Company s filings with the Securities and Exchange Commission.

Factors that may affect the Company s plans or results include, without limitation, (a) the Company s ability to operate pursuant to the terms of its debt obligations and its master lease agreements with Ventas; (b) the Company s ability to meet its rental and debt service obligations; (c) adverse developments with respect to the Company s results of operations or liquidity; (d) the Company s ability to attract and retain key executives and other healthcare personnel; (e) increased operating costs due to shortages in qualified nurses and other healthcare personnel; (f) the effects of healthcare reform and government regulations, interpretation of regulations and changes in the nature and enforcement of regulations governing the healthcare industry; (g) changes in the reimbursement rates or methods of payment from third party payors, including the Medicare and Medicaid programs and the new prospective payment system for long-term acute care hospitals; (h) national and regional economic conditions, including their effect on the availability and cost of labor, materials and other services; (i) the Company s ability to control costs, particularly labor and employee benefit costs; (j) the Company s ability to comply with the terms of its Corporate Integrity Agreement; (k) the Company s ability to integrate operations of acquired facilities; (l) the increase in the costs of defending and insuring against professional liability claims and the Company s ability to predict the estimated costs related to such claims, and (m) the Company s ability to successfully reduce (by divestiture or otherwise) its exposure to professional liability claims. Many of these factors are beyond the Company s control. The Company cautions investors that any forward-looking statements made by the Company are not guarantees of future performance. The Company disclaims any obligation to update any such factors or to announce publicly the results of any revisions to any of the forward-looking statements to reflect future events or developments.

Kindred Healthcare, Inc. is a national provider of long-term healthcare services primarily operating nursing centers, hospitals and institutional pharmacies.

KINDRED HEALTHCARE, INC.

Financial Summary

(Unaudited)

(In thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2003	**2002**	**2003**	**2002**
Revenues	**$ 839,218**	$ 806,544	**$ 1,668,326**	$ 1,586,018
Income from continuing operations	**$ 9,701**	$ 27,391	**$ 9,558**	$ 48,646
Discontinued operations, net of income taxes:				
Loss from operations	**(17,112)**	(3,729)	**(30,093)**	(6,806)
Loss on divestiture of operations	**(36,019)**		**(36,019)**	
Net income (loss)	**$ (43,430)**	$ 23,662	**$ (56,554)**	$ 41,840
Earnings (loss) per common share:				
Basic:				
Income from continuing operations	**$ 0.56**	$ 1.58	**$ 0.55**	$ 2.81
Discontinued operations:				
Loss from operations	**(0.98)**	(0.22)	**(1.73)**	(0.40)
Loss on divestiture of operations	**(2.07)**		**(2.07)**	
Net income (loss)	**$ (2.49)**	$ 1.36	**$ (3.25)**	$ 2.41
Diluted:				
Income from continuing operations	**$ 0.56**	$ 1.40	**$ 0.55**	$ 2.51
Discontinued operations:				
Loss from operations	**(0.98)**	(0.19)	**(1.73)**	(0.35)
Loss on divestiture of operations	**(2.07)**		**(2.07)**	
Net income (loss)	**$ (2.49)**	$ 1.21	**$ (3.25)**	$ 2.16
Shares used in computing earnings (loss) per common share:				
Basic	**17,407**	17,345	**17,392**	17,327
Diluted	**17,414**	19,554	**17,399**	19,332

KINDRED HEALTHCARE, INC.

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2003	**2002**	**2003**	**2002**
Revenues	**$ 839,218**	$ 806,544	**$ 1,668,326**	$ 1,586,018
Salaries, wages and benefits	**480,037**	459,020	**958,828**	907,131
Supplies	**107,918**	103,304	**215,858**	202,514
Rent	**66,586**	64,866	**131,991**	127,596
Other operating expenses	**147,745**	120,691	**301,090**	235,644
Depreciation	**20,358**	17,249	**40,188**	33,790
Interest expense	**2,995**	3,818	**5,883**	7,550
Investment income	**(1,676)**	(3,396)	**(3,311)**	(5,275)
	823,963	765,552	**1,650,527**	1,508,950
Income from continuing operations before reorganization items and income taxes	**15,255**	40,992	**17,799**	77,068
Reorganization items		(5,520)		(5,520)
Income from continuing operations before income taxes	**15,255**	46,512	**17,799**	82,588
Provision for income taxes	**5,554**	19,121	**8,241**	33,942
Income from continuing operations	**9,701**	27,391	**9,558**	48,646
Discontinued operations, net of income taxes:				
Loss from operations	**(17,112)**	(3,729)	**(30,093)**	(6,806)
Loss on divestiture of operations	**(36,019)**		**(36,019)**	
Net income (loss)	$ (43,430)	$ 23,662	$ (56,554)	$ 41,840
Earnings (loss) per common share:				
Basic:				
Income from continuing operations	**$ 0.56**	$ 1.58	**$ 0.55**	$ 2.81
Discontinued operations:				
Loss from operations	**(0.98)**	(0.22)	**(1.73)**	(0.40)
Loss on divestiture of operations	**(2.07)**		**(2.07)**	
Net income (loss)	**$ (2.49)**	$ 1.36		