KINDRED HEALTHCARE, INC
Form 424B5
November 17, 2014
**Table of Contents**

**Filed Pursuant to Rule 424(b)(5)**
**SEC File No. 333-196804**

**This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED NOVEMBER 17, 2014**

**PRELIMINARY PROSPECTUS SUPPLEMENT**

**(To Prospectus Dated November 17, 2014)**

# 5,000,000 Shares

# Kindred Healthcare, Inc.

# Common Stock

We are offering 5,000,000 shares of our common stock, par value $0.25 per share ( Common Stock ).

We have also granted the underwriters an option to purchase up to an additional 750,000 shares of our Common Stock from us at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus supplement, solely to cover over-allotments, if any.

Concurrently with this offering of Common Stock, pursuant to a separate prospectus supplement, we are offering 150,000 % tangible equity units (the Units ) for a total price to public of approximately $ million (or 172,500 Units, for a total price to public of approximately $ million, if the underwriters exercise their over-allotment option to purchase up to an additional 22,500 Units in full) ( Units Offering ). Each Unit is comprised of a prepaid stock purchase contract issued by the Company (a Purchase Contract ) and one share of Mandatory Redeemable Preferred Stock, Series A of the Company (the Mandatory Redeemable Preferred Stock ) having a final preferred stock installment payment date (as defined in the prospectus supplement for the concurrent Units Offering) of December 1, 2017 and an initial liquidation preference of $ per share of Mandatory Redeemable Preferred Stock. The completion of this offering is not contingent on the completion of the concurrent Units Offering, and the completion of the concurrent Units Offering is not contingent on the completion of this offering. This offering is not contingent on completion of the Merger (as defined herein) or completion of the other Financing Transactions (as defined herein). For more information, see The Transactions in this prospectus supplement.

*Investing in our Common Stock involves risks that are described in the Risk Factors section on page S-24 of this prospectus supplement and the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the nine months ended September 30, 2014, as such discussion may be amended or updated in other reports filed by us with the Securities and Exchange Commission (the SEC ), which are incorporated by reference herein.*

**Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

| | Public Offering Price | Underwriting Discounts and Commissions | Proceeds, Before Expenses, to Us |
|---|---|---|---|
| Per Share | $ | $ | $ |
| Total | $ | $ | $ |

Our Common Stock trades on the New York Stock Exchange (the NYSE ) under the symbol KND. On November 14, 2014, the last sale price of our Common Stock as reported on the NYSE was $19.92 per share.

The underwriters expect to deliver the shares of Common Stock to purchasers on or about , 2014 through the book-entry facilities of The Depository Trust Company ( DTC ).

*Book-Running Managers*

**Citigroup** | **J. P. Morgan**
**Guggenheim Securities** | **Morgan Stanley**

*Co-Managers*

**BMO Capital Markets** | **Deutsche Bank Securities** | **SunTrust Robinson Humphrey**

, 2014

Table of Contents

**We are responsible for the information contained and incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus we prepare or authorize. We have not and the underwriters have not authorized anyone to give you any other information, and neither we nor the underwriter take responsibility for any other information that others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus supplement in any jurisdiction where action for that purpose is required. The securities offered by this prospectus supplement may not be offered or sold, directly or indirectly, nor may this prospectus supplement, the accompanying prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. You should not assume that the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any related free writing prospectus we prepare or authorize is accurate as of any date other than the date of the document containing the information.**

Table of Contents

## TABLE OF CONTENTS

### Prospectus Supplement



### Prospectus

Table of Contents

## ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which describes more general information, some of which may not apply to this offering. It is important for you to read and consider all information contained in this prospectus supplement and in the accompanying prospectus, including the documents incorporated by reference herein and therein, in making your investment decision. You should also read and consider the information in the documents to which we have referred you in the sections entitled Where You Can Find More Information and Documents Incorporated by Reference in this prospectus supplement and in the accompanying prospectus.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. The information we have included in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement or the accompanying prospectus, and any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since any such dates.

In this prospectus supplement, unless otherwise specified or the context requires otherwise:

References to we, us, our, the Company and Kindred are references to Kindred Healthcare, Inc. and its consolidated subsidiaries as the date hereof;

References to Gentiva are references to Gentiva Health Services, Inc. and its consolidated subsidiaries as of the date hereof;

References to the Merger are references to the merger of Kindred Healthcare Development 2, Inc. (the Merger Sub ), a wholly owned subsidiary of the Company, with and into Gentiva, with Gentiva surviving the merger as a wholly owned subsidiary of Kindred;

References to the combined company are references to Kindred Healthcare, Inc. and its consolidated subsidiaries (including Gentiva and its consolidated subsidiaries) after the completion of the Transactions (as defined herein), including the Merger, and assume that the Merger is completed; and

References to pro forma are references to the pro forma information as defined in Unaudited Pro Forma Condensed Combined Financial Information in this prospectus supplement.

**Although Kindred s acquisition of Gentiva has not yet occurred, the pro forma information in this prospectus supplement gives pro forma effect to the Merger and the related Financing Transactions (as defined herein) as of September 30, 2014, in the case of balance sheet data, and as of January 1, 2013, in the case of statement of operations data, unless otherwise specified. The pro forma statement of**

**operations in this prospectus supplement also gives effect of Gentiva s acquisition of Harden Healthcare Holdings, Inc. ( Harden ) in October 2013, the effect of Kindred s refinancing of certain debt obligations in April 2014 and Kindred s Common Stock offering in June 2014. The pro forma information is for illustrative purposes only, is based on various adjustments and assumptions, and is not necessarily an indication of the financial condition or the results of operations of Kindred that would have been achieved had the Merger and the Financing Transactions been completed as of the dates indicated or that may be achieved in the future. See Risk Factors Risks Relating to the Merger and Unaudited Pro Forma Condensed Combined Financial Information.**

Table of Contents

**This offering is not contingent on completion of the Merger. If the Merger is not completed, none of the transactions described under The Transactions, other than this offering and the concurrent Units Offering, if completed, will occur, the other pieces of our current capital structure will remain in place as described herein or in the documents incorporated by reference herein and we will use the net proceeds from this offering as described under Use of Proceeds. See Risk Factors Risks Relating to the Merger.**

In connection with the Merger, we plan to file a registration statement on Form S-4 (the Merger S-4 ) to register shares of our Common Stock to be issued as the Stock Consideration (as defined herein) at the closing of the Merger. The Merger S-4 will include certain information related to the Merger and Kindred and Gentiva s businesses that is substantially similar to the information included in or incorporated by reference into this prospectus supplement. The Merger S-4 is subject to SEC review, and as a result, we may receive comments from the SEC that require us to make changes, modifications or additions to the Merger S-4. Any such changes, modifications or additions to the Merger S-4 could be significant and may be different from the information included or incorporated by reference in this prospectus supplement.

Unless otherwise indicated, all information in this prospectus supplement assumes no full or partial exercise by the underwriters of their right to purchase up to 750,000 additional shares of Common Stock from us.

Market data and other statistical information used in this prospectus supplement or the accompanying prospectus or incorporated by reference into this prospectus supplement or the accompanying prospectus are based on independent industry publications, government publications, reports by market research firms and other published independent sources. Some data is also based on our good faith estimates, which we derive from our review of internal surveys and independent sources. Although we believe these sources are reliable, we have not independently verified the information. We neither guarantee their accuracy nor undertake a duty to provide or update such data in the future.

This prospectus supplement, the accompanying prospectus or the documents incorporated by reference into this prospectus supplement or the accompanying prospectus may include trademarks, service marks and trade names owned by us or other companies. All trademarks, service marks and trade names included or incorporated by reference in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference into this prospectus supplement or the accompanying prospectus are the property of their respective owners.

Table of Contents

**NON-GAAP FINANCIAL MEASURES**

The SEC has adopted rules to regulate the use in filings with the SEC and in public disclosures of non-GAAP financial measures, such as EBITDA, EBITDAR, Adjusted EBITDA, Adjusted EBITDAR, Acquisition Adjusted EBITDA and Acquisition Adjusted EBITDAR.

We define EBITDA of Kindred ( Kindred EBITDA ) as earnings before interest, income taxes, depreciation and amortization and EBITDAR of Kindred ( Kindred EBITDAR ) as earnings before interest, income taxes, depreciation, amortization and rent. Adjusted EBITDA of Kindred ( Kindred Adjusted EBITDA ) and Adjusted EBITDAR of Kindred ( Kindred Adjusted EBITDAR ) exclude the effects of impairment charges, litigation costs, one-time bonus costs, facility closing costs, customer bankruptcy costs, severance and retirement costs, acquisition-related expenses and certain other items. Kindred Adjusted EBITDA also excludes the effect of lease cancellation charges.

We define EBITDA of Gentiva ( Gentiva EBITDA ) as earnings before interest, income taxes, depreciation and amortization and EBITDAR of Gentiva ( Gentiva EBITDAR ) as earnings before interest, income taxes, depreciation, amortization and rent. Adjusted EBITDA of Gentiva ( Gentiva Adjusted EBITDA ) and Adjusted EBITDAR of Gentiva ( Gentiva Adjusted EBITDAR ) exclude the effects of impairment charges, legal settlements, cost savings initiatives and other restructuring costs, gain on sale of business, dividend income, acquisition, merger and integration costs, and the impact of closed locations.

We define Acquisition Adjusted EBITDA as Kindred Adjusted EBITDA and Gentiva Adjusted EBITDA for the relevant period, combined, without further adjustment. We define Acquisition Adjusted EBITDAR as Kindred Adjusted EBITDAR and Gentiva Adjusted EBITDAR for the relevant period, combined, without further adjustment.

We believe that the presentation of these measurements included in this prospectus supplement provides useful information to investors with which to analyze Kindred s and Gentiva s operating trends and performance and ability to service and incur debt. Further, we believe these measurements facilitate company-to-company operating performance comparisons by backing out potential differences caused by variations in capital structures, taxation and the age and depreciation of property and equipment, which may vary for different companies for reasons unrelated to operating performance. In addition, we believe that these measurements are frequently used by securities analysts, investors and other interested parties in their evaluation of companies. These measurements are not measurements of financial performance under accounting principles generally accepted in the United States ( GAAP ) and should not be considered as an alternative to net income as a measure of performance or to net cash flows provided by (used in) operations as a measure of liquidity. In addition, other companies may define these measurements differently and, as a result, our measures may not be directly comparable. Furthermore, these measurements have limitations as an analytical tool and you should not consider them in isolation, or as a substitute for analysis of Kindred or Gentiva s results as reported under GAAP. Some of these limitations are:

- EBITDA and EBITDAR do not reflect Kindred or Gentiva s cash expenditures, or future requirements, for capital expenditures or contractual commitments;

- EBITDA and EBITDAR do not reflect changes in, or cash requirements for, Kindred or Gentiva s working capital needs;

- EBITDAR and Adjusted EBITDAR do not reflect rent expense or cash requirements necessary to make rent payments;

EBITDA and EBITDAR do not reflect the significant interest expense on Kindred or Gentiva s debts, or the cash requirements necessary to service interest or principal payments;

EBITDA and EBITDAR do not reflect a provision for income taxes, which may vary significantly from period to period;

Table of Contents

EBITDA and EBITDAR do not reflect a provision for (earnings) loss attributable to noncontrolling interests, which may vary significantly from period to period;

although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and EBITDAR do not reflect any cash requirements for such replacements; and

other companies in Kindred or Gentiva s industry may calculate EBITDA and EBITDAR differently than Kindred or Gentiva does, limiting its usefulness as a comparative measure.

You should compensate for these limitations by relying primarily on Kindred or Gentiva s GAAP results, such as income (loss) from continuing operations and net income (loss), and using EBITDA and EBITDAR only supplementally.

You are encouraged to evaluate each adjustment to Adjusted EBITDA and Adjusted EBITDAR and the reasons we consider them appropriate for supplemental analysis. As an analytical tool, Adjusted EBITDA and Adjusted EBITDAR are subject to all of the limitations applicable to EBITDA and EBITDAR, so you should rely primarily on Kindred or Gentiva s GAAP results and use Adjusted EBITDA and Adjusted EBITDAR only supplementally. In addition, in evaluating Adjusted EBITDA and Adjusted EBITDAR, you should be aware that in the future we may incur expenses similar to the adjustments we use in deriving Adjusted EBITDA or Adjusted EBITDAR and Kindred or Gentiva s presentation of Adjusted EBITDA or Adjusted EBITDAR should not be construed as an inference that Kindred or Gentiva s future results will be unaffected by unusual or nonrecurring items.

Investors should be aware that Gentiva EBITDA, Gentiva EBITDAR, Gentiva Adjusted EBITDA and Gentiva Adjusted EBITDAR may not be entirely comparable to Kindred EBITDA, Kindred EBITDAR, Kindred Adjusted EBITDA and Kindred Adjusted EBITDAR. Neither Acquisition Adjusted EBITDA nor Acquisition Adjusted EBITDAR has been prepared in accordance with the requirements of Regulation S-X or any other securities laws relating to the presentation of pro forma financial information and does not include pro forma information as defined in Unaudited Pro Forma Condensed Combined Financial Information. Acquisition Adjusted EBITDA and Acquisition Adjusted EBITDAR are presented for information purposes only and do not purport to represent what our actual financial position or results of operations would have been if the pending acquisition of Gentiva had been completed as of an earlier date or that may be achieved in the future.

See Summary Summary Historical Consolidated Financial Information Kindred Healthcare, Inc. in this prospectus supplement for descriptions of Kindred EBITDA, Kindred EBITDAR, Kindred Adjusted EBITDA, Kindred Adjusted EBITDAR, Acquisition Adjusted EBITDA and Acquisition Adjusted EBITDAR and a reconciliation of these measures to Kindred s directly comparable GAAP measures. See Summary Summary Historical Consolidated Financial Information Gentiva Health Services, Inc. in this prospectus supplement for descriptions of Gentiva EBITDA, Gentiva EBITDAR, Gentiva Adjusted EBITDA and Gentiva Adjusted EBITDAR and a reconciliation of these measures to Gentiva s directly comparable GAAP measures.

Table of Contents

## SUMMARY

*The following information supplements, and should be read together with, the information contained or incorporated by reference in other parts of this prospectus supplement or the accompanying prospectus. This summary highlights selected information from this prospectus supplement. As a result, it does not contain all of the information you should consider before investing in our Common Stock. You should carefully read the entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, which are described under Where You Can Find More Information and Documents Incorporated by Reference, before deciding whether to invest in our Common Stock. You should pay special attention to the Risk Factors section of this prospectus supplement and the Risk Factors sections of our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the nine months ended September 30, 2014 to determine whether to invest in our Common Stock.*

*In this prospectus supplement, unless otherwise specified or the context requires otherwise: (i) references to we, us, our, the Company and Kindred are references to Kindred Healthcare, Inc. and its consolidated subsidiaries as of the date hereof; (ii) references to Gentiva are references to Gentiva Health Services, Inc. and its consolidated subsidiaries as of the date hereof; (iii) references to the combined company are references to Kindred Healthcare, Inc. and its consolidated subsidiaries (including Gentiva and its consolidated subsidiaries) after the completion of the Transactions, including the Merger (each as defined herein), and assume that the Merger is completed; and (iv) references to pro forma are references to the pro forma information as defined in Unaudited Pro Forma Condensed Combined Financial Information.*

## Our Company

***General***

Kindred is one of the largest diversified post-acute healthcare providers in the United States. At September 30, 2014, Kindred, through its subsidiaries, provided healthcare services in 2,376 locations across 47 states.

We have organized our business into four operating divisions:

***Hospital Division*** Our hospital division provides long-term acute care ( LTAC ) services to medically complex patients through the operation of a national network of 97 transitional care ( TC ) hospitals with 7,145 licensed beds and five inpatient rehabilitation hospitals ( IRFs ) with 215 licensed beds in 22 states as of September 30, 2014. We operate the second largest network of TC hospitals and IRFs in the United States based upon number of facilities.

***Nursing Center Division*** Our nursing center division provides quality, cost-effective care through the operation of a national network of 99 nursing centers (12,478 licensed beds) and six assisted living facilities (341 beds) located in 21 states as of September 30, 2014. Through our nursing centers, we provide short stay patients and long stay residents with a full range of medical, nursing, rehabilitative, pharmacy and routine services, including daily dietary, social and recreational services.

***Rehabilitation Division*** Our rehabilitation division provides rehabilitation services, including physical and occupational therapies and speech pathology services, to residents and patients of nursing centers, acute and LTAC hospitals, outpatient clinics, home health agencies and assisted living facilities under the name RehabCare. Within our rehabilitation division, we are organized into two reportable operating segments: skilled nursing rehabilitation services ( SRS ) and hospital rehabilitation services ( HRS ). Our SRS operations provide contract therapy services primarily to freestanding nursing centers, school districts and hospice providers. As of September 30, 2014, our SRS segment provided rehabilitative services to 1,896 nursing centers in 45 states. Our HRS operations provide program management and therapy services on an inpatient basis in hospital-based inpatient rehabilitation units, LTAC hospitals, sub-acute (or skilled nursing) units, as well as on an outpatient basis to hospital-based and other satellite programs. As of September 30, 2014, our HRS segment operated 102 hospital-based inpatient rehabilitation units and provided rehabilitation services in 117 LTAC hospitals, 10 sub-acute (or skilled nursing) units and 139 outpatient clinics.

***Care Management Division*** Our care management division primarily provides home health, hospice and private duty services, under the name Kindred at Home, to patients in a variety of settings, including homes, nursing centers and other residential settings. As of September 30, 2014, we operated 152 Kindred at Home hospice, home health and non-medical home care locations in 13 states. While minor in scope at this time, our care management division is also developing (1) physician coverage across sites of service, (2) care managers to improve care transitions, (3) information sharing and technology connectivity, (4) patient placement tools, and (5) condition-specific clinical programs and outcome measures.

We believe that the independent focus of each of our divisions on the unique aspects of its business enhances its ability to improve the quality of its operations and achieve operating efficiencies.

For the nine months ended September 30, 2014 and year ended December 31, 2013, Kindred generated net operating revenue of approximately $3.8 billion and $4.8 billion, respectively, and Kindred Adjusted EBITDAR of approximately $518 million and $658 million, respectively. For a reconciliation of Kindred Adjusted EBITDAR to income (loss) from continuing operations for Kindred, see Summary Historical Consolidated Financial Information Kindred Healthcare, Inc.

***Recent Developments***

On November 11, 2014, we entered into a definitive agreement (the Centerre Merger Agreement ) to acquire Centerre Healthcare Corporation ( Centerre ), a national company that operates IRFs in partnership with leading acute care hospitals and health systems, for a purchase price of approximately $195 million in cash (the Centerre Acquisition ). Centerre currently operates 11 IRFs with a total of 612 beds in joint ventures with acute-care hospital systems in eight states. Centerre has two additional hospitals with a total of 90 beds under construction and scheduled to open in 2015, and additional potential hospitals in various stages of development. The Centerre Acquisition is subject to several conditions to closing, including, among others, approval of the merger agreement by the requisite vote of Centerre s stockholders, regulatory approvals, consents from certain joint venture partners and certain other customary conditions to closing, including the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act ). The Centerre Acquisition is expected to close in the first quarter of 2015.

On November 5, 2014, we announced that upon closing of our acquisition of Gentiva, which is expected in the first quarter of 2015, David A. Causby will become the President of the combined Kindred at Home business. Mr. Causby, currently Gentiva s President and Chief Operating Officer, will be responsible for the combined company s home health, hospice, palliative, and community care offerings. Mr. Causby will serve on the Company s Executive Committee and will report to Benjamin A. Breier, Kindred s President and Chief Operating Officer.

On October 30, 2014, we announced that Benjamin A. Breier will become Chief Executive Officer on March 31, 2015, succeeding Paul J. Diaz who will become Executive Vice Chairman of Kindred s board of directors. Mr. Breier will also become a member of Kindred s board of directors, effective March 31, 2015.

On October 9, 2014, we entered into a definitive agreement to acquire Gentiva, a leading national provider of home health, hospice and community care services in the United States, for a total consideration of approximately $1.8 billion. For additional information, see Acquisition of Gentiva Health Services.

Table of Contents

*Competitive Strengths*

We believe that there are several competitive strengths supporting Kindred s and, after the completion of the Merger, the combined company s business strategy, including:

***Diversified service offerings allow us to Continue the Care® across the post-acute continuum***. We have a diversified portfolio of service offerings including TC hospitals, IRFs, nursing centers, contract rehabilitation services, home health and hospice operations. We have designated 23 markets across the United States as current or potential Integrated Care Markets. We focus on developing our diverse services in these Integrated Care Markets, which allows us to coordinate and manage the continuum of care for our patients, reduce lengths of stay, implement physician services strategies, prevent avoidable re-hospitalizations and reduce costs. This array of services across our four operating divisions creates multiple earnings streams and avenues for growth and development. Our acquisition of Gentiva, if completed, will enhance our ability to offer a diverse array of services.

***Well positioned for bundled or episodic payment environment.*** As healthcare reform continues to be implemented, we believe that healthcare providers that can operate with scale across the continuum of care will have a competitive advantage in an episodic payment environment. Our diversified service offerings across our four operating divisions enable us to do this effectively and to participate with other healthcare providers in determining the most appropriate setting for patients as they continue their care throughout a post-acute episode. Our acquisition of Gentiva, if completed, will significantly expand our home health and hospice operations. As a leading provider in four critical segments of the post-acute continuum, we are well positioned to deliver the right care at the right site of service. We also are positioned to become a valuable partner to short-term acute care hospitals and managed care organizations, which are seeking to increase care coordination, reduce re-hospitalizations, reduce lengths of stay, more effectively manage healthcare costs and develop new care delivery and payment models.

***Strong asset base including owned real estate.*** We have been focused on adding high quality assets to our balance sheet through opportunistic acquisitions and the development of TC hospitals and transitional care centers (licensed as nursing centers). We own the real estate of 17 TC hospitals, one IRF, 28 nursing centers and two assisted living facilities as of September 30, 2014, a significant increase from the 16 facilities we owned in 2006. We also have taken steps to reduce our lease portfolio and exit 114 leased nursing centers through transactions with Ventas, Inc. ( Ventas ). We believe that over time increased facility ownership and reduced lease obligations will improve our future growth and profitability.

***Strong cash flow generation.*** We have demonstrated the ability to generate strong operating cash flows in a highly regulated environment. We believe our acquisition of Gentiva, if completed, will further strengthen our operating cash flows. Our operating cash flows offer opportunities to fund our acquisition and development strategies, as well as reduce our leverage over time. In addition, we initiated a quarterly cash dividend to our shareholders in 2013, which reflects confidence in our ability to generate meaningful and sustainable free cash flows.

*Business Strategy*

We are one of the largest diversified post-acute healthcare providers in the United States, and accordingly, we believe that we are well-positioned to grow and succeed in what will be an increasingly integrated healthcare delivery system. Our core strategy is to provide superior clinical outcomes and quality care with an approach that is patient-centered and focused on lowering costs by reducing lengths of stay in short-term acute care hospitals and transitioning patients to their homes at the highest possible level of function, thereby preventing avoidable re-hospitalizations.

Table of Contents

The key elements of our business strategy include:

***Providing quality, clinical-based care with a focus on operating efficiency.*** We are committed to succeeding in the core by maintaining and improving the quality of our patient care by dedicating appropriate resources at each site of service and continuing to refine our clinical initiatives and objectives. We are implementing technology enhancements and clinical protocols that will promote best practices and improve the operating efficiency of our caregivers. We are continuing our Company-wide program to re-engineer processes, improve efficiencies and focus on the provision of shared services across our divisions that will help us reduce costs while maintaining quality patient care.

***Aggressively grow Kindred at Home and RehabCare.*** We continue to expand our presence in the home health and hospice business, and provide services in 152 locations in 13 states as of September 30, 2014. In October 2014, we announced our entrance into a definitive agreement to acquire Gentiva. If we complete the acquisition of Gentiva, Kindred at Home will have approximately 650 locations in 41 states and will be one of the largest home health and hospice companies in the United States based on revenues. In addition, we have committed significant resources to develop a senior management team for these growing operations, which will enable and support future growth. We intend to continue expanding our home health and hospice operations through additional acquisitions, joint ventures and de novo site development, particularly in our Integrated Care Markets.

***Develop care management capabilities.*** In August 2013, we announced the creation of a new care management division to improve care transitions and patient outcomes by further developing capabilities to deliver integrated care across various care settings. Our care management division is expected to develop programs that will enable us and our partners to better manage episodes of care, create more seamless transitions between care settings and improve patient satisfaction, thereby reducing lengths of stay and re-hospitalizations at a lower cost to Medicare and other payors. Our care management division includes our home health and hospice business, and if our acquisition of Gentiva is completed, will include the operations of Gentiva. In addition to expanding the home health and hospice business, the care management division is responsible for leveraging our service offerings as we develop and support care models, including medical homes and accountable care organizations that meet consumer preference and support integrated care delivery. We believe that the new division will grow our home health and hospice business, test new delivery and payment models and develop capabilities to support our Integrated Care Markets and Continue the Care® strategies. These capabilities are expected to include (1) physician coverage across sites of service, (2) care managers to improve care transitions, (3) information sharing and technology connectivity, (4) patient placement tools and (5) condition-specific clinical programs and outcome measures.

***Advance Integrated Care Market strategy.*** Our operating divisions are increasingly focused on enabling our patients to Continue the Care® during an episode of care at a Kindred facility or site of service in markets where we operate multiple facilities or sites of service. Our Integrated Care Markets allow our caregivers to coordinate and manage the continuum of care for our patients, as well as implement physician services strategies. The Integrated Care Markets provide opportunities to improve quality and patient satisfaction, lower hospital re-admissions, increase volumes and lower costs.

During the last few years, we have focused our development activities on expanding our Integrated Care Markets. In addition to the significant planned expansion of our home health and hospice operations discussed above, we continue to grow our transitional care centers and hospital-based sub-acute units. During 2014, we opened a new 100-bed transitional care center in Indianapolis, Indiana. During 2013, we began construction of a new 120-bed transitional care center in Phoenix, Arizona and a 160-bed transitional care center in Las Vegas, Nevada, each of which should open in the second half of 2015. Also during 2013, we opened a TC hospital that is co-located within a host hospital (a HIH ) in St. Louis, Missouri with 54 beds. In 2012, we opened a 30 bed co-located sub-acute unit in our Seattle TC hospital, completed the construction of a new freestanding IRF with 46

Table of Contents

licensed beds in Humble, Texas and opened a newly constructed, freestanding replacement IRF with 50 licensed beds in Austin, Texas. In addition, the Centerre Acquisition, if completed, will add seven of its 13 operational or in development IRFs to our Integrated Care Markets.

***Improve capital structure and enhance shareholder returns.*** We seek to improve our capital structure by owning more of our operating facilities, which lowers our lease obligations and allows us to dispose of non-strategic or underperforming assets. During 2014, we completed the previously announced acquisition of two leased nursing centers for $22 million. Seven additional nursing centers, associated with this acquisition, were acquired in the fourth quarter of 2013 for $61 million. In addition, since initiating a quarterly dividend of $0.12 per share in the third quarter of 2013, we have declared six regular quarterly cash dividends to shareholders, which reflects and reaffirms confidence in our ability to generate meaningful and sustainable free cash flows. If completed, we believe that the acquisition of Gentiva will be significantly accretive to earnings and cash flows, exclusive of transaction and integration costs, and enhance shareholder value.

## Corporate Information

Kindred Healthcare, Inc. is headquartered in Louisville, Kentucky and was incorporated in 1998. Our principal office is located at 680 South Fourth Street, Louisville, Kentucky 40202, and our telephone number is (502) 596-7300. Our website is www.kindredhealthcare.com. The information on, or accessible through, our website is not part of this prospectus supplement or the accompanying prospectus and should not be relied upon in connection with making any investment decision with respect to the securities offered by this prospectus supplement and the accompanying prospectus.

## Acquisition of Gentiva Health Services

### *Acquisition Overview*

On October 9, 2014, Kindred and Gentiva jointly announced their entry into the Agreement and Plan of Merger, dated as of October 9, 2014 (the Merger Agreement ), under which Kindred will acquire Gentiva and its subsidiaries for (i) $14.50 in cash (the Cash Consideration ), without interest, and (ii) 0.257 shares of a validly issued, fully paid and nonassessable share of our Common Stock (the Stock Consideration and, together with the Cash Consideration, the Merger Consideration ) per share of Gentiva s common stock, $0.10 par value (each a Gentiva Share ). The Merger Agreement provides for the merger of the Merger Sub, a wholly owned subsidiary of the Company, with and into Gentiva, with Gentiva surviving the Merger as a wholly owned subsidiary of the Company. See The Transactions Merger Agreement.

We cannot assure you that we will complete the Merger. The completion of this offering is not contingent upon the completion of the Merger, and the completion of the Merger is not contingent upon the completion of this offering. Nothing in this prospectus supplement or the accompanying prospectus should be construed as an offer to purchase any of the Gentiva Shares, the Units or the Senior Notes (as defined below).

The combination of Kindred and Gentiva will create a nation-wide integrated care delivery system. The transaction combines two market leaders in complementary specialties and creates a combined company with significantly increased diversity and scale. Further, the transaction will enhance Kindred s leading position in the post-acute and rehabilitation services market in the United States and will make Kindred at Home one of the largest and most geographically diversified home health and hospice providers in the United States. By combining two market leaders, we believe that the Merger will advance the development of our integrated approach to patient care, creating significant value for both companies patients, employees and shareholders. The combined company will operate across 47 states with more than 2,860 locations.

Table of Contents

If the Merger is completed, we intend to use the net proceeds of this offering, combined with proceeds from the other Financing Transactions (as defined below), to fund the Cash Consideration for the Merger, to repay Gentiva s existing debt and to pay related fees and expenses. If the Merger is not completed, we may use the net proceeds of this offering for general corporate purposes, which may include the financing of potential acquisitions or paying down our existing indebtedness. Pending use, the net proceeds may be invested temporarily in short-term marketable securities or applied to repay short-term debt. Our management will have broad discretion in the application of the net proceeds, and the purposes for which the net proceeds are used may change from those described above. See Use of Proceeds. See Risk Factors Risks Relating to the Offering Our management will have broad discretion over the use of the net proceeds from this offering.

For the nine months ended September 30, 2014 and the year ended December 31, 2013, the combined company would have generated pro forma revenue of approximately $5.3 billion and $6.9 billion, respectively, and pro forma income attributable to Kindred from continuing operations of $54 million and pro forma loss attributable from Kindred from continuing operations of $626 million, respectively. See Unaudited Pro Forma Condensed Combined Financial Statements. For the twelve months ended September 30, 2014, Acquisition Adjusted EBITDA was $518 million and Acquisition Adjusted EBITDAR was $885 million. For a reconciliation of Kindred Adjusted EBITDA, Kindred Adjusted EBITDAR, Acquisition Adjusted EBITDA and Acquisition Adjusted EBITDAR to income (loss) from continuing operations for Kindred and a reconciliation of Gentiva Adjusted EBITDA and Gentiva Adjusted EBITDAR to net income (loss) from continuing operations for Gentiva, see Summary Historical Consolidated Financial Information.

***Gentiva Overview***

Gentiva Health Services, Inc. is a leading provider of home health services, hospice services and community care services serving patients through approximately 493 locations in 40 states as of September 30, 2014. Gentiva provides a single source for skilled nursing; physical, occupational, speech and neuro-rehabilitation services; hospice services; social work; nutrition; disease management education; help with daily living activities; and other therapies and services. Gentiva s revenues are generated predominantly from federal and state government programs and, to a minor extent, commercial insurance and individual consumers.

Gentiva organizes its business into three operating segments:

- *Home Health Segment* provides direct home nursing and therapy services operations, including specialty programs, through approximately 294 locations located in 38 states as of September 30, 2014;

- *Hospice Segment* serves terminally ill patients and their families through approximately 165 locations operating in 30 states as of September 30, 2014; and

- *Community Care Segment* serves patients who have chronic or long-term disabilities who need help with routine personal care through approximately 34 locations in four states as of September 30, 2014. These services include help with personal needs, such as bathing and dressing, and household activities, such as laundry and shopping, all of which help enable the patient to remain at home.

On October 18, 2013, Gentiva completed the acquisition of certain assets relating to the home health, hospice and community care businesses of Harden pursuant to an agreement and plan of merger dated as of September 18, 2013 for a total consideration of $426.8 million, exclusive of transaction costs, in a combination of cash and stock.

During 2013, Gentiva undertook a corporate restructuring initiative, referred to as One Gentiva, to better align its home health, hospice and community care businesses under a common regional management structure. In addition, it undertook a branch rationalization initiative to review under-performing branches. As a result of this review, Gentiva has closed or consolidated 94 branches through the first half of 2014.

Table of Contents

For the nine months ended September 30, 2014, and the year ended December 31, 2013, Gentiva generated net operating revenue of approximately $1.5 billion and $1.7 billion, respectively, and Gentiva Adjusted EBITDA of approximately $142 million and $135 million, respectively. For a reconciliation of Gentiva Adjusted EBITDA to net income (loss) from continuing operations for Gentiva, see Summary Historical Consolidated Financial Information Gentiva Health Services, Inc.

***Strategic Rationale***

***Build on Kindred s industry leadership.*** We believe the combination of Kindred and Gentiva will advance Kindred s leadership in integrated post-acute care, and will create one of the largest and most geographically diversified home health and hospice organizations in the United States.

***Significantly diversifies our service offerings and transforms our business mix.*** The combination with Gentiva uniquely positions Kindred as one of the leading and most diversified healthcare providers in the United States across a broad spectrum of critical services, including long-term acute care, rehabilitation services, skilled nursing, home health and hospice care. The following charts illustrate the percentage of revenue for the twelve months ended September 30, 2014 for each of Kindred, Gentiva and the combined company by division:

***Expand our presence in home health and hospice business, furthering Kindred s position as one of the leading post-acute care service providers.*** We expect that the acquisition of Gentiva would continue to expand our care management division, and further establish Kindred as a leader within the home health and hospice industry. As of September 30, 2014, we provided home health and hospice services in 152 locations in 13 states. The Merger would also allow us to solidify and extend our leadership in post-acute care, with a diverse array of services operating in 47 states supported by more than 109,000 employees. By leveraging Gentiva s home health and hospice capabilities, we believe we are building a service platform that will facilitate seamless transitions between care settings from hospital to outpatient facility to the patient s home and improve patient satisfaction, thereby reducing lengths of stay and avoidable re-hospitalizations at a lower cost to Medicare and other payors.

***Expand our presence and density in Integrated Care Markets and further advance our Continue the Care® strategy.*** During the last few years, we have focused our development activities on expanding our Integrated Care Markets. Integrating Gentiva s home health, hospice and community care services would expand and enhance our presence in our Integrated Care Markets, deepening Kindred s leadership in coordinating and delivering high-quality care at a lower cost. The acquisition of Gentiva would allow us to provide greater access to more efficient, cost-effective patient care. Our operating divisions are also increasingly focused on enabling our patients to Continue the Care® during an episode of care at a Kindred facility or site of service in markets

Table of Contents

where we operate multiple facilities or sites of service. We believe the proposed acquisition of Gentiva represents an important strategic initiative to advance and accelerate our Continue the Care® strategy.

***Financially attractive and accretive acquisition.*** We expect the enhanced scale and capabilities of the combined company to deliver revenue and cost synergies that will be accretive to Kindred s earnings and operating cash flows, exclusive of transaction and integration costs. Kindred expects the majority of cost synergies to be achieved through combining information technology functions, merging supply chains and eliminating redundant public company expenses. In addition, we believe we can realize revenue synergies by improving patient care transitions and choice, and drive volume growth as a result of our expanded service offerings across the combined company. Kindred has a history of successfully integrating acquisitions and achieving cost synergies. See Risk Factors Risks Relating to Acquisitions Generally. We believe Gentiva represents another opportunity to build on this track record of success. See Risk Factors Risks Relating to the Merger The Merger may not achieve its intended results, including anticipated synergies.

***Well-positioned to take advantage of current trends in the American healthcare system.*** We believe the Gentiva acquisition would enhance and diversify our business, strengthen our operations and position us to benefit from a healthcare delivery model that is trending towards a more patient-centered, outcome-based approach, with an emphasis on post-acute care services. The combination of our two companies would also allow us to further implement our strategy to create value and risk-based payment models, and become an even better partner with accountable care organizations and managed care organizations around the country. Together, we anticipate accelerating value-based care through our combined national platform as well as the adoption of best practices in innovation and clinical care in more local communities. We believe that the combined company would be well-positioned to grow and succeed in what will be an increasingly integrated healthcare delivery system in a favorable demographic environment.

***Greater employee opportunity.*** The acquisition of Gentiva would create a stronger workforce by uniting the talented employees of Kindred and Gentiva, who share a commitment to high-quality and compassionate patient care. We believe Kindred and Gentiva employees would benefit from being part of a stronger, larger company with greater career and professional development opportunities created by the Merger.

See Risk Factors Risks Relating to the Merger and Note Regarding Forward-Looking Statements for risks, uncertainties and other factors that may influence the outcome of our acquisition of Gentiva.

***Financing Transactions***

As described in more detail below, the following transactions (collectively, the Financing Transactions ) are expected to occur in connection with the Merger:

- we plan to issue approximately 5,000,000 shares of Common Stock in this offering;
- we plan to issue 150,000 Units in the concurrent Units Offering;
- we plan to amend the Credit Facilities and borrow approximately $193 million under the ABL Facility (each, as defined below); and

we plan to issue between $1.3 billion and $1.4 billion aggregate principal amount of the Senior Notes (as defined below).

***Credit Facilities Amendments***

We have entered into an amendment and restatement agreement dated as of October 31, 2014 (the ABL Amendment ) to our ABL Credit Agreement dated as of June 1, 2011, as previously amended and restated from time to time (as amended, the ABL Facility ), to, among other items, modify certain provisions to permit the issuance of Senior Notes (as defined below) into an escrow account. Upon the completion of the Merger and the satisfaction of certain other conditions, the ABL Amendment provides for a further amendment and restatement of the ABL Facility to, among other items, modify certain provisions related to the incurrence of debt and the making of acquisitions, investments and restricted payments.

Concurrently with or following the offering of the Units, we also intend to enter into an amendment and restatement agreement (the Term Loan Amendment ) to our Term Loan Credit Agreement dated as of June 1, 2011, as previously amended and restated from time to time (as amended, the Term Loan Facility and, together with the ABL Facility, the Credit Facilities ), to, among other items, modify certain provisions to permit the issuance of Senior Notes (as defined below) into an escrow account, increase the applicable margin on the term loans, temporarily increase the maximum total leverage ratio permitted under the financial maintenance covenants and modify certain provisions related to the incurrence of debt and the making of acquisitions, investments and restricted payments. As the final terms of the Term Loan Amendment have not been agreed upon, they may differ from those set forth herein.

The amendments to the Credit Facilities as contemplated by the ABL Amendment and the Term Loan Amendment are referred to in this prospectus supplement as the Credit Facilities Amendments.

***Concurrent Units Offering***

Concurrently with this offering, pursuant to a separate prospectus supplement, we are offering to sell 150,000 Units (or 172,500 Units, if the underwriters exercise their over-allotment option to purchase up to an additional 22,500 Units in full) for cash. We estimate that the net proceeds of the concurrent Units Offering, after deducting the underwriting discount and estimated offering expenses, will be approximately $ (or approximately $ if the underwriters exercise their option to purchase additional Units with respect to such offering in full), although there can be no assurance that the concurrent Units Offering will be completed. The completion of this offering is not contingent on the completion of the concurrent Units Offering, and the concurrent Units Offering is not contingent on the completion of this offering.

***Senior Notes Offering***

Prior to the completion of the Merger and subject to market and other conditions, we plan to offer between $1.3 billion and $1.4 billion aggregate principal amount of senior unsecured notes (the Senior Notes ) in a private placement (the Senior Notes Offering ). We expect the Senior Notes to be issued initially by a wholly owned subsidiary of Kindred (the Escrow Issuer ), and we plan to deposit the net proceeds from the Senior Notes Offering, together with any additional amount sufficient to fund the redemption price and any accrued interest, in an escrow account until the Merger is completed. If the Merger is completed, the Escrow Issuer will be merged into Kindred, and as a result we will assume the Escrow Issuer s obligations under the Senior Notes and the Senior Notes will be guaranteed on a senior unsecured basis by each of our domestic 100% owned restricted subsidiaries that guarantee the Credit Facilities. If the Merger is not completed, the Escrow Issuer will redeem all of the Senior Notes at a redemption price to be specified in the indenture governing the Senior Notes. The indenture governing the Senior Notes is expected to contain customary covenants, including, among others, covenants that restrict our ability and our subsidiaries ability to pay dividends, make distributions or redeem or repurchase our capital stock.

The foregoing description and any other information regarding the Senior Notes Offering is included herein solely for informational purposes. There can be no assurance that we will commence or complete the Senior Notes Offering. If commenced, the Senior Notes Offering will not be registered with the SEC, and the Senior Notes will be sold privately by means of a confidential offering memorandum and not by means of this or any other prospectus supplement. The Senior Notes will not be registered under the Securities Act of 1933, as