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KINDRED HEALTHCARE INC
Form SC 13D/A
December 03, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D
UNDER THE SECURITIES EXCHANGE ACT OF 1934
(Amendment No. 10)*

KINDRED HEALTHCARE, INC.

(Name of Issuer)

Common Stock, par value \$0.25 per share

(Title of Class of Securities)

494580 10 3

(CUSIP Number)

Kenneth Maiman, Esq.
Appaloosa Management L.P.
26 Main Street, First Floor
Chatham, NJ 07928
(973) 701-7000

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

December 1, 2003

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this Schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box .

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 (the "Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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SCHEDULE 13D

CUSIP No. 494580 10 3

Page 2 of 10 Pages

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Appaloosa Investment Limited Partnership I

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) []
(b) []

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2(d) OR 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES 7 SOLE VOTING POWER

-0-

BENEFICIALLY 8 SHARED VOTING POWER
OWNED BY

1,309,459

EACH 9 SOLE DISPOSITIVE POWER
REPORTING

-0-

PERSON 10 SHARED DISPOSITIVE POWER
WITH

1,309,459

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11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,309,459

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

6.4%

14 TYPE OF REPORTING PERSON

PN

SCHEDULE 13D

CUSIP No. 494580 10 3

Page 3 of 10 Pages

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Palomino Fund Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) []
(b) []

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

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BRITISH VIRGIN ISLANDS

| | | |
|----------------------------|----|--|
| NUMBER OF SHARES | 7 | SOLE VOTING POWER |
| | | -0- |
| BENEFICIALLY OWNED BY | 8 | SHARED VOTING POWER |
| | | 1,168,685 |
| EACH REPORTING PERSON WITH | 9 | SOLE DISPOSITIVE POWER |
| | | -0- |
| PERSON WITH | 10 | SHARED DISPOSITIVE POWER |
| | | 1,168,685 |
| 11 | | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON |
| | | 1,168,685 |
| 12 | | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/> |
| 13 | | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) |
| | | 5.7% |
| 14 | | TYPE OF REPORTING PERSON |
| | | CO |

SCHEDULE 13D

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1 NAME OF REPORTING PERSON

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S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Appaloosa Management L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) []
(b) []

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2(d) OR 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF SHARES 7 SOLE VOTING POWER
-0-

BENEFICIALLY OWNED BY 8 SHARED VOTING POWER
2,478,144

EACH REPORTING 9 SOLE DISPOSITIVE POWER
-0-

PERSON WITH 10 SHARED DISPOSITIVE POWER
2,478,144

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH\
REPORTING PERSON
2,478,144

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES []

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13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.2%

14 TYPE OF REPORTING PERSON
PN

SCHEDULE 13D

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Page 5 of 10 Pages

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Appaloosa Partners Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) []
(b) []

3 SEC USE ONLY

4 SOURCE OF FUNDS
OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2(d) OR 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION
DELAWARE

NUMBER OF SHARES 7 SOLE VOTING POWER

-0-

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| | | | |
|----------------------------|---|--------------------------|-----|
| BENEFICIALLY OWNED BY | 8 | SHARED VOTING POWER | |
| | | 2,478,144 | |
| ----- | | | |
| EACH REPORTING PERSON WITH | 9 | SOLE DISPOSITIVE POWER | |
| | | -0- | |
| ----- | | | |
| PERSON WITH | 10 | SHARED DISPOSITIVE POWER | |
| | | 2,478,144 | |
| ----- | | | |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON | | |
| | | 2,478,144 | |
| ----- | | | |
| 12 | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES | | [] |
| ----- | | | |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) | | |
| | | 12.2% | |
| ----- | | | |
| 14 | TYPE OF REPORTING PERSON | | |
| | | CO | |
| ----- | | | |

SCHEDULE 13D

| | |
|-----------------------|--------------------|
| ----- | ----- |
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| ----- | ----- |

| | | | |
|-------|---|--|---------|
| 1 | NAME OF REPORTING PERSON | | |
| | S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON | | |
| | David A. Tepper | | |
| ----- | | | |
| 2 | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP | | (a) [] |
| | | | (b) [] |
| ----- | | | |
| 3 | SEC USE ONLY | | |

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4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2(d) OR 2(e)

[]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES 7 SOLE VOTING POWER

-0-

BENEFICIALLY OWNED BY 8 SHARED VOTING POWER

2,478,144

EACH REPORTING 9 SOLE DISPOSITIVE POWER

-0-

PERSON WITH 10 SHARED DISPOSITIVE POWER

2,478,144

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH
REPORTING PERSON

2,478,144

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)
EXCLUDES CERTAIN SHARES

[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

12.2%

14 TYPE OF REPORTING PERSON

IN

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D Under the Securities Exchange Act of 1934

This Amendment No. 10, filed on behalf of Appaloosa Investment Limited Partnership I ("AILP"), Palomino Fund Ltd. ("Palomino"), Appaloosa Management L.P. (the "Manager"), Appaloosa Partners Inc. ("API") and David A. Tepper ("Mr. Tepper" and, together with AILP, Palomino, the Manager and API, the "Reporting Persons"), amends and supplements the Schedule 13D filed on behalf of the Manager, API and Mr. Tepper on April 26, 2001 (as amended by Amendment No. 1 filed on November 15, 2001, Amendment No. 2 filed on October 23, 2002, Amendment No. 3 filed on April 7, 2003, Amendment No. 4 filed on August 19, 2003, Amendment No. 5 filed on August 22, 2003, Amendment No. 6 filed on September 8, 2003, Amendment No. 7 filed on September 18, 2003, Amendment No. 8 filed on September 25, 2003 and Amendment No. 9 filed on October 3, 2003, the "Schedule 13D"), relating to the common stock, par value \$0.25 per share (the "Common Stock"), of Kindred Healthcare, Inc., a Delaware corporation (the "Company"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Schedule 13D. The Schedule 13D is hereby amended and supplemented as follows:

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

Item 5 is hereby amended to reflect that, as of the date hereof:

The percentages set forth in this Item 5 are based on there being 17,923,929 shares of Common Stock outstanding as of October 31, 2003 as disclosed by the Company in its Form 10-Q filed on November 7, 2003 for the fiscal quarter ended September 30, 2003 and are calculated in accordance with Rule 13d-3(d) of the Securities Exchange Act of 1934, as amended.

(a) Upon exercise of the New Warrants, AILP would beneficially own 1,306,584 shares of Common Stock and Palomino would beneficially own 1,165,810 shares of Common Stock. Upon exercise of the vested portion of the non-qualified stock options granted to Mr. Tepper and Mr. Bolin, a former employee of the Manager, pursuant to the Company's 2001 Stock Option Plan for Non-Employee Directors, AILP would beneficially own an additional 2,875 shares of Common Stock and Palomino would beneficially own an additional 2,875 shares of Common Stock. Each of the Manager, API and Mr. Tepper may be deemed to beneficially own an aggregate of 2,478,144 shares of Common Stock. Therefore, as of the date hereof, the beneficial ownership of (i) AILP constitutes approximately 6.4% of the issued and outstanding shares of Common Stock, (ii) Palomino constitutes approximately 5.7% of the issued and outstanding shares of Common Stock and (iii) each of the Manager, API and Mr. Tepper constitutes approximately 12.2% of the issued and outstanding shares of Common Stock.

(b) AILP may be deemed to have shared voting and dispositive power with respect to 1,309,459 shares of Common Stock and Palomino may be deemed to have shared voting and dispositive power with respect to 1,168,685 shares of Common Stock. Each of the Manager, API and Mr. Tepper may be deemed to have shared voting and dispositive power with respect to 2,478,144 shares of Common Stock.

(c) On December 1, 2003, in open market transactions, AILP sold 26,650 New Warrants and Palomino sold 23,350 New Warrants at an average price of approximately \$23.03 per New Warrant. On December 2, 2003, in open market

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transactions, AILP purchased 533 New Warrants and Palomino purchased 467 New Warrants at a price of \$22.95 per New Warrant. Each of the New Warrants purchased by AILP and Palomino on December 2, 2003 is convertible into one share of Common Stock at an exercise price of \$33.33. Upon conversion of the New Warrants purchased on December 2, 2003, AILP and Palomino would beneficially own 533 and 467 shares of Common Stock, respectively.

(d) Not applicable.

(e) Not applicable.

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: December 3, 2003

APPALOOSA INVESTMENT LIMITED
PARTNERSHIP I

By: APPALOOSA MANAGEMENT L.P.,
Its General Partner

By: APPALOOSA PARTNERS INC.,
Its General Partner

By: /s/ David A. Tepper

Name: David A. Tepper
Title: President

PALOMINO FUND LTD.

By: APPALOOSA MANAGEMENT L.P.,
Its Investment Adviser

By: APPALOOSA PARTNERS INC.,
Its General Partner

By: /s/ David A. Tepper

Name: David A. Tepper
Title: President

APPALOOSA MANAGEMENT L.P.

By: APPALOOSA PARTNERS INC.,
Its General Partner

By: /s/ David A. Tepper

Name: David A. Tepper
Title: President

APPALOOSA PARTNERS INC.

By: /s/ David A. Tepper

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Name: David A. Tepper
Title: President

/s/ David A. Tepper

David A. Tepper