Investor Presentation

Kindred Healthcare, Inc. (NYSE: KND)

February 8, 2011

Dedicated to Hope, Healing and Recovery

Kindred Healthcare

FORWARD-LOOKING STATEMENTS

Additional Information About this Transaction

In connection with the proposed transaction with RehabCare Group, Inc. (“RehabCare”), Kindred Healthcare, Inc. (“Kindred”) will file with the Securities and Exchange Commission (the “SEC”) a Registration Statement on Form S-4 that will include a joint proxy statement of Kindred and RehabCare that also constitutes a prospectus of Kindred. Kindred and RehabCare will mail the definitive proxy statement/prospectus to their respective stockholders. We urge investors and security holders to read the joint proxy statement/prospectus regarding the proposed transaction when it becomes available because it will contain important information. You may obtain a free copy of the joint proxy statement/prospectus (when available) and other related documents filed by Kindred and RehabCare with the SEC at the SEC’s website at www.sec.gov. The joint proxy statement/prospectus (when available) and the other documents filed by Kindred and RehabCare with the SEC may also be obtained for free by accessing Kindred’s website at www.kindredhealthcare.com and clicking on the “Investors” link and then clicking on the link for “SEC Filings” or by accessing RehabCare’s website at www.rehabcare.com and clicking on the “Investor Information” link and then clicking on the link for “SEC Filings”.

Participants in this Transaction

Kindred, RehabCare and their respective directors, executive officers and certain other members of management and employees may be soliciting proxies from their respective stockholders in favor of the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of stockholders in connection with the proposed transaction will be set forth in the joint proxy statement/prospectus when it is filed with the SEC. You can find information about Kindred’s executive officers and directors in Kindred’s definitive proxy statement filed with the SEC on April 1, 2010. You can find information about RehabCare’s executive officers and directors in its definitive proxy statement filed with the SEC on March 23, 2010. You can obtain free copies of these documents from Kindred or RehabCare, respectively, using the contact information above.

Forward-Looking Statements

Information set forth in this presentation contains forward-looking statements, which involve a number of risks and uncertainties. Kindred and RehabCare caution readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Such forward-looking statements include, but are not limited to, statements about the benefits of the business combination transaction involving Kindred and RehabCare, including future financial and operating results, the combined company’s plans, objectives, expectations and intentions and other statements that are not historical facts.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: (a) the receipt of all required licensure and regulatory approvals and the satisfaction of the closing conditions to the acquisition of RehabCare by Kindred, including approval of the pending transaction by the shareholders of the respective companies, and Kindred’s ability to complete the required financing as contemplated by the financing commitment; (b) Kindred’s ability to integrate the operations of the acquired hospitals and rehabilitation services operations and realize the anticipated revenues, economies of scale, cost synergies and productivity gains in connection with the RehabCare acquisition and any other acquisitions that may be undertaken during 2011, as and when planned, including the potential for unanticipated issues, expenses and liabilities associated with those acquisitions and the risk that RehabCare fails to meet its expected financial and operating targets; (c) the potential for diversion of management time and resources in seeking to complete the RehabCare acquisition and integrate its operations; (d) the potential failure to retain key employees of RehabCare; (e) the impact of Kindred’s significantly increased levels of indebtedness as a result of the RehabCare acquisition on Kindred’s funding costs, operating flexibility and ability to fund ongoing operations with additional borrowings, particularly in light of ongoing volatility in the credit and capital markets; (f) the potential for dilution to Kindred stockholders as a result of the RehabCare acquisition; and (g) the ability of the Company to operate pursuant to the terms of its debt obligations, including Kindred’s obligations under financings undertaken to complete the RehabCare acquisition, and the ability of Kindred to operate pursuant to its master lease agreements with Ventas, Inc. (NYSE:VTR). Additional factors that may affect future results are contained in Kindred’s and RehabCare’s filings with the SEC, which are available at the SEC’s web site at www.sec.gov. Many of these factors are beyond the control of Kindred or RehabCare. Kindred and RehabCare disclaim any obligation to update and revise statements contained in these materials based on new information or otherwise.

Company Update

Company Update

- Kindred Healthcare, Inc. ("Kindred") and RehabCare Group, Inc. ("RehabCare") have announced a transaction whereby Kindred will acquire RehabCare for ~$35/share
- Both Companies reported strong Q4 and 2010 clinical and financial results and share a high degree of confidence and visibility in their business plans and estimates for 2011
- The combined Company will have an industry leading position in attractive post-acute business segments and growing local markets
- Kindred will be well positioned for future growth in a changing healthcare landscape with the expansion of the combined service offerings
- The transaction substantially enhances Kindred's growth and margin profile
- The proposed transaction is highly accretive to Kindred's earnings and cash flows and generates strong operating cash flows providing the ability to delever quickly to below current leverage levels

Summary of Q4 and 2010 Results

Both Kindred and RehabCare beat 4Q and 2010 analyst estimates

Kindred ($MM, except EPS Data)	Q4 2010 Consensus[1]	Q4 2010 Actual	Q4 2010 % Surprise	2010 Consensus[1]	2010 Actual	2010 % Surprise
Revenues	1,119.0	1,135.5	1.5%	4,344.1	4,359.7	0.4%
EBITDA	60.8	66.8	9.9%	212.4	217.3	2.3%
EBIT	29.0	35.4	22.2%	91.6	95.7	4.5%
Net Income[2]	16.9	19.8	17.2%	55.3	56.1	1.5%
EPS[2]	$0.43	$0.50	16.3%	$1.41	$1.42	0.7%

RehabCare ($MM, except EPS Data)	Q4 2010 Consensus[1]	Q4 2010 Actual	Q4 2010 % Surprise	2010 Consensus[1]	2010 Actual	2010 % Surprise
Revenues[3]	343.0	339.3	-1.1%	1,347.2	1,329.4	-1.3%
EBITDA	41.5	44.1	6.4%	163.5	164.1	0.4%
EBIT	34.1	36.1	5.9%	133.4	133.6	0.1%
Net Income[4]	14.9	17.1	14.4%	60.6	62.5	3.2%
EPS[4]	$0.60	$0.69	14.9%	$2.45	$2.53	3.3%

1) I/B/E/S consensus as of 2/7/2011.
2) Reflects income from continuing operations.
3) Actual revenues exclude Miami IRF.
4) Includes discontinued operations.

Transaction Overview

Transaction Overview

Transaction	▪ Kindred and RehabCare have announced a transaction whereby Kindred will acquire RehabCare for ~$35/share
Consideration	▪ ~$35 / share total ($26 / share in cash; ~$9 / share in Kindred stock)(1) ▪ $1.3 billion total consideration, including assumption of net debt
Accretion	▪ Substantially accretive to Kindred's earnings and operating cash flows
Synergies	▪ $40 million in identified annual cost and operating synergies ▪ Full run-rate achieved within two years ($25MM achieved first year) – Excluding one time costs
Financing	▪ Committed financing from J.P. Morgan, Morgan Stanley and Citi
Expected Close	▪ On or about June 30, 2011

1) Based on a fixed exchange ratio.

Transaction Overview (Cont'd)

J.P. Morgan, Morgan Stanley and Citi have committed $1.85Bn in debt financing

Sources and Uses (1)
($MM)

Sources		% of Total
New Borrowings	1,600	88%
Equity Consideration(3)	228	12%
Total Sources	**1,828**	**100%**

Uses		% of Total
Purchase RehabCare Equity (~$35/share)	885	48%
Retire RehabCare Debt	399	22%
Retire Kindred Debt	367	20%
Other	179	10%
Total Uses	**1,828**	**100%**

Pro-Forma Capitalization (1)
($MM)

	2010PF(2)	2011E(2)
New Borrowings	1,600	1,600
Total Debt	**1,600**	**1,600**
Revenue	5,846	6,200 – 6,200
EBITDA(4)	444	470 – 487
Rent Expense	414	422 – 422
EBITDAR(4)	857	892 – 909
Total Debt / EBITDA	3.6x	3.4x – 3.3x
Adjusted Debt(5) / EBITDAR	4.8x	4.6x – 4.5x

Key Capital Considerations

- Ability to delever quickly (Pro forma adjusted leverage flat to Kindred standalone)
- Maintain strong balance sheet, liquidity and financial flexibility (approximately $250MM undrawn revolver capacity at close)

1) Sources and Uses is as of 12/31/10. Pro-Forma Capitalization is based on borrowings expected at closing. Figures may not add due to rounding.
2) 2010PF figures reflect full year run rate of 2010 Kindred acquisitions ($157MM in revenue, $44MM in EBITDAR, $7MM in rent and $37MM of EBITDA benefit) and RehabCare. RehabCare 2010 results do not include the results of discontinued operations (inpatient rehabilitation facility in Miami). 2011 figures display low and high end of guidance which reflects the combined business as if the transaction closed on 1/1/11.
3) Based on a fixed exchange ratio.
4) 2010PF and 2011E includes $25MM of run rate synergies.
5) Calculated with 6.0x cap rate.

RehabCare Overview

	Program Management Services		Hospital Division	Total
	Skilled Nursing Rehab Services (SRS)	Hospital Rehab Services (HRS)		
2010A Revenue ($ MM) (1)	$516	$180	$633	$1,329
% Total Revenue	*39%*	*14%*	*48%*	*100%*
2010A EBITDA ($MM) (1)	$45	$35	$84	$164
% Margin	*9%*	*20%*	*13%*	*12%*
Description	• Manages 1,112 skilled nursing facility (SNF) programs in 42 states • Therapy services includes physical and occupational therapy and speech/language pathology skilled nursing facilities • Significant same store revenue and margin growth since completion of Symphony integration in 2007 • Focused on implementing next generation of point-of-care technology and web-based therapy management system • Paid by clients on negotiated per diem rate or negotiated fee schedule based on type of service rendered	• Manages inpatient rehabilitation facilities (IRFs) in 106 ARU hospitals for patients with various diagnoses including stroke, orthopedic conditions, arthritis, spinal cord and traumatic brain injuries • Manages 31 hospital-based and satellite outpatient therapy programs that complement hospitals' occupational medicine initiatives and allow therapy to be continued for patients discharged from IRFs	• Entered rehabilitation and long-term acute care hospital business in 2005 when the Company acquired assets of MeadowBrook Healthcare • In November 2009, RehabCare acquired Triumph HealthCare, which operated 20 LTACHs, more than doubling the size of hospital segment • 34 hospitals include - 23 free-standing LTACHs - 6 HIH LTACHs - 5 IRFs	

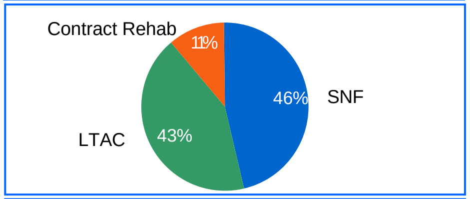
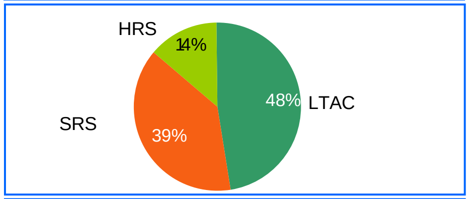
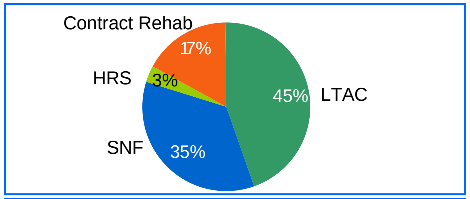
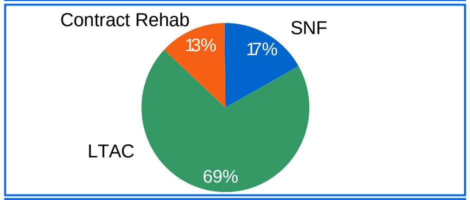
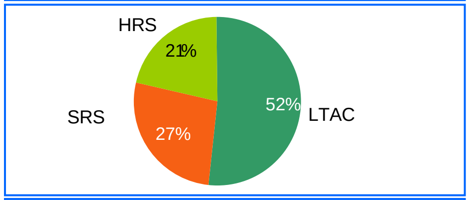
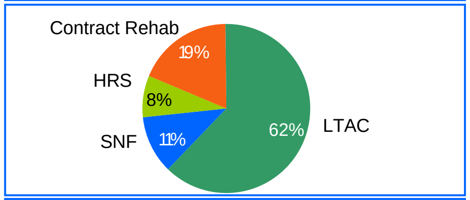
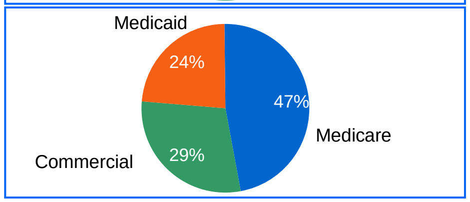
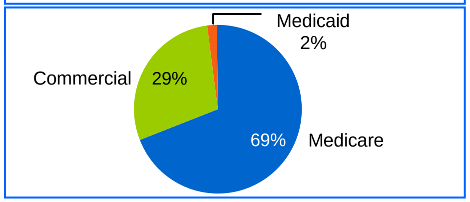
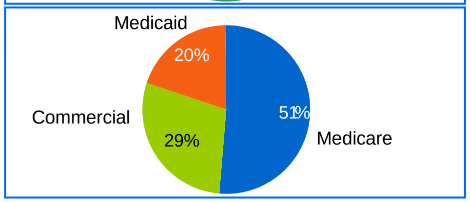
1) RehabCare 2010 results do not include the results of discontinued operations (inpatient rehabilitation facility in Miami).

Combined Company Overview

Together Kindred and RehabCare will be the premier leader in the post-acute market

Post-Acute Continuum of Care

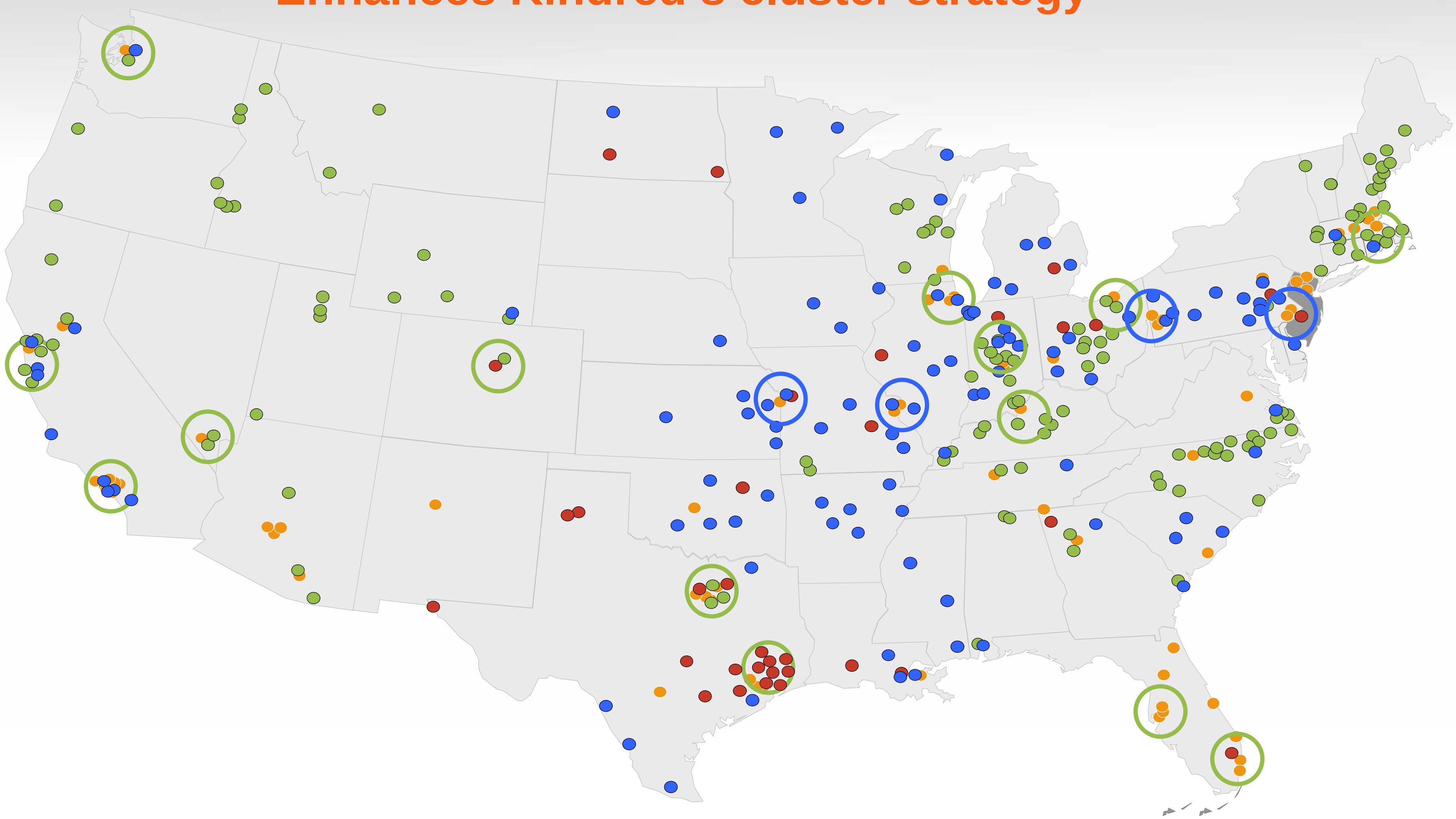
	LTAC	IRF / ARU	SNF	Contract Rehab	ALF	Hospice	Home Health
Kindred							
RehabCare							
Kindred + RehabCare							

Metrics	Kindred	RehabCare	Kindred + RehabCare
Scale[1] • States • Facilities • Beds • 2010 Revenue (Pro Forma) • 2010 EBITDA (Pro Forma)	41 315 34,146 $4,517MM [2] $254MM [2]	42 150 1,788 $1,329MM $164MM	46 465 35,934 $5,846MM [2] $444MM [2][3]
Focus	**SNF, LTAC and Contract Rehab**	**Contract Rehab and LTAC**	**SNF, LTAC and Contract Rehab**
Business Mix: Revenue ('10) [2][4]			
Business Mix: EBITDA ('10) [2]			
Payor Mix ('09)			

(1) RehabCare states and facilities include LTAC and IRF locations. Beds include LTACs + freestanding IRFs.
(2) Includes the full year benefit of all of the acquisitions Kindred has closed in 2010 ($157MM Revenue and $37MM EBITDA benefit). RehabCare 2010 results do not include the results of discontinued operations (inpatient rehabilitation facility in Miami). Figures may not add due to rounding.
(3) Includes $25MM of run rate synergies.
(4) Revenue excludes the effect of Kindred intercompany eliminations. EBITDA includes intercompany eliminations in Kindred segment EBITDA.

RehabCare and Kindred Combined Presence

Enhances Kindred's cluster strategy (1)



Kindred Hospitals   Kindred Nursing Centers   RehabCare Hospitals   Acute Rehabilitation Units   Existing Cluster Market   Potential New Cluster Market

Source: Company website
(1) Circles represent cluster strategy markets.

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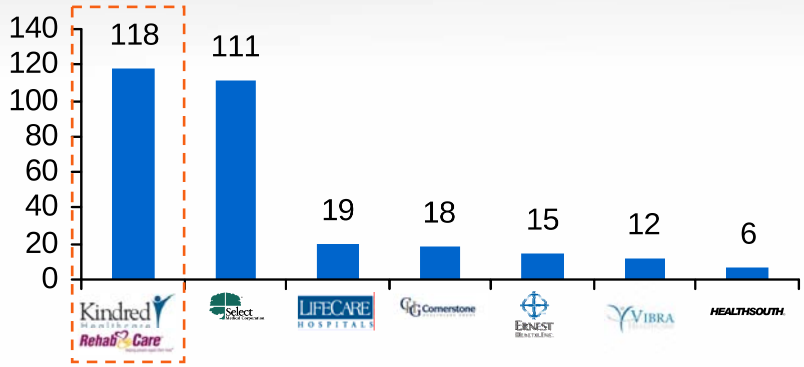
Kindred Healthcare

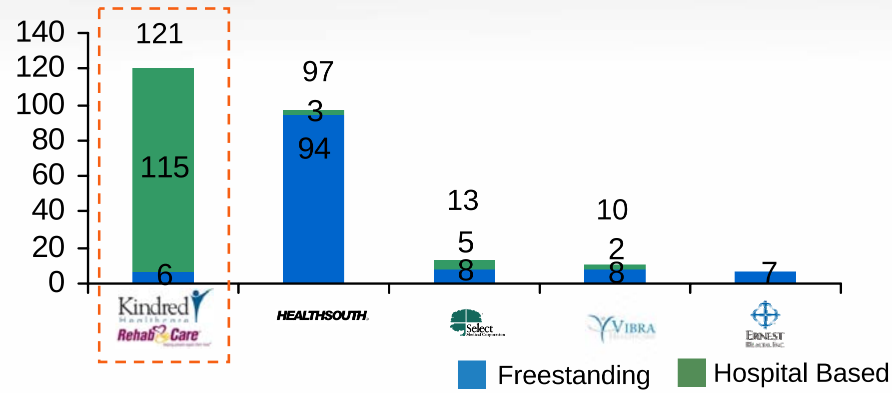
Leading Position in Attractive Growing Businesses

Multiple earnings streams, multiple avenues for growth

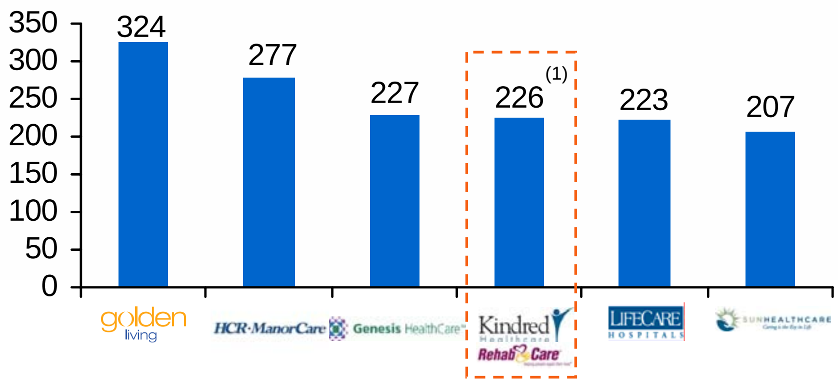
#1 Operator of Long-Term Acute Care Hospitals



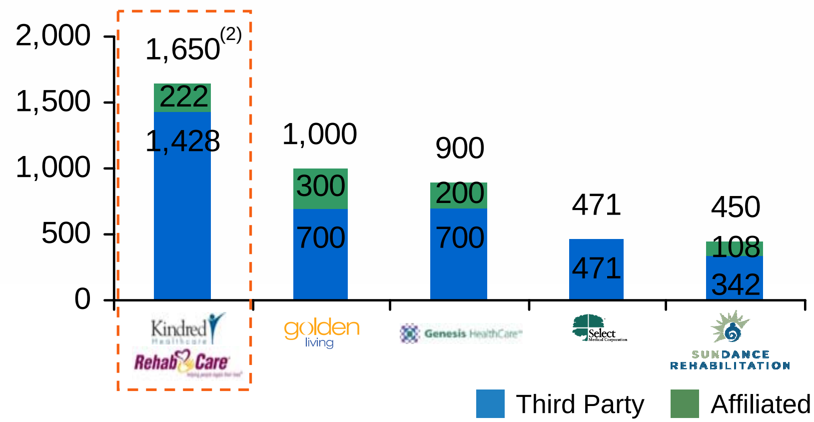
#1 Operator of Hospital Based and Freestanding IRFs



#4 Operator of Skilled Nursing and Rehab Centers



#1 Skilled Nursing Contract Rehab Manager



PF Kindred

(1) Includes 22 HB SNF's.
(2) Includes 1,112 facilities from RehabCare and 538 facilities from Kindred.

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Kindred Healthcare

Diversified Services Offerings

Kindred gains significant scale in both the Skilled Nursing and Hospital Rehab businesses and adds to Kindred's LTAC business

2010 Pro forma $MM	Rehabilitation Services			Hospitals	Nursing	Total(1)
	Nursing Home Based	Hospital Based	Total			
Revenue(1)						
Kindred Healthcare	435	84	519	2,093	2,212	4,517
RehabCare	516	180	696	633	0	1,329
Total	*951*	*264*	*1,215*	*2,726*	*2,212*	*5,846*
EBITDAR(1)						
Kindred Healthcare	24	16	40	336	242	618
RehabCare	45	35	80	134	0	214
Total	*68*	*52*	*120*	*470*	*242*	*832*
% Margin	*7.2%*	*19.5%*	*9.9%*	*17.2%*	*10.9%*	*14.2%*
EBITDA(1)						
Kindred Healthcare	18	16	34	176	44	254
RehabCare	45	35	80	84	0	164
Total	*63*	*51*	*114*	*261*	*44*	*419*
% Margin	*6.6%*	*19.5%*	*9.4%*	*9.6%*	*2.0%*	*7.2%*
(+) Synergies						25
Pro Forma EBITDA						*444*

(1) Segment figures do not sum to totals due to eliminations / corporate expenses. RehabCare figures do not include discontinued operations (Miami IRF).

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Kindred Healthcare

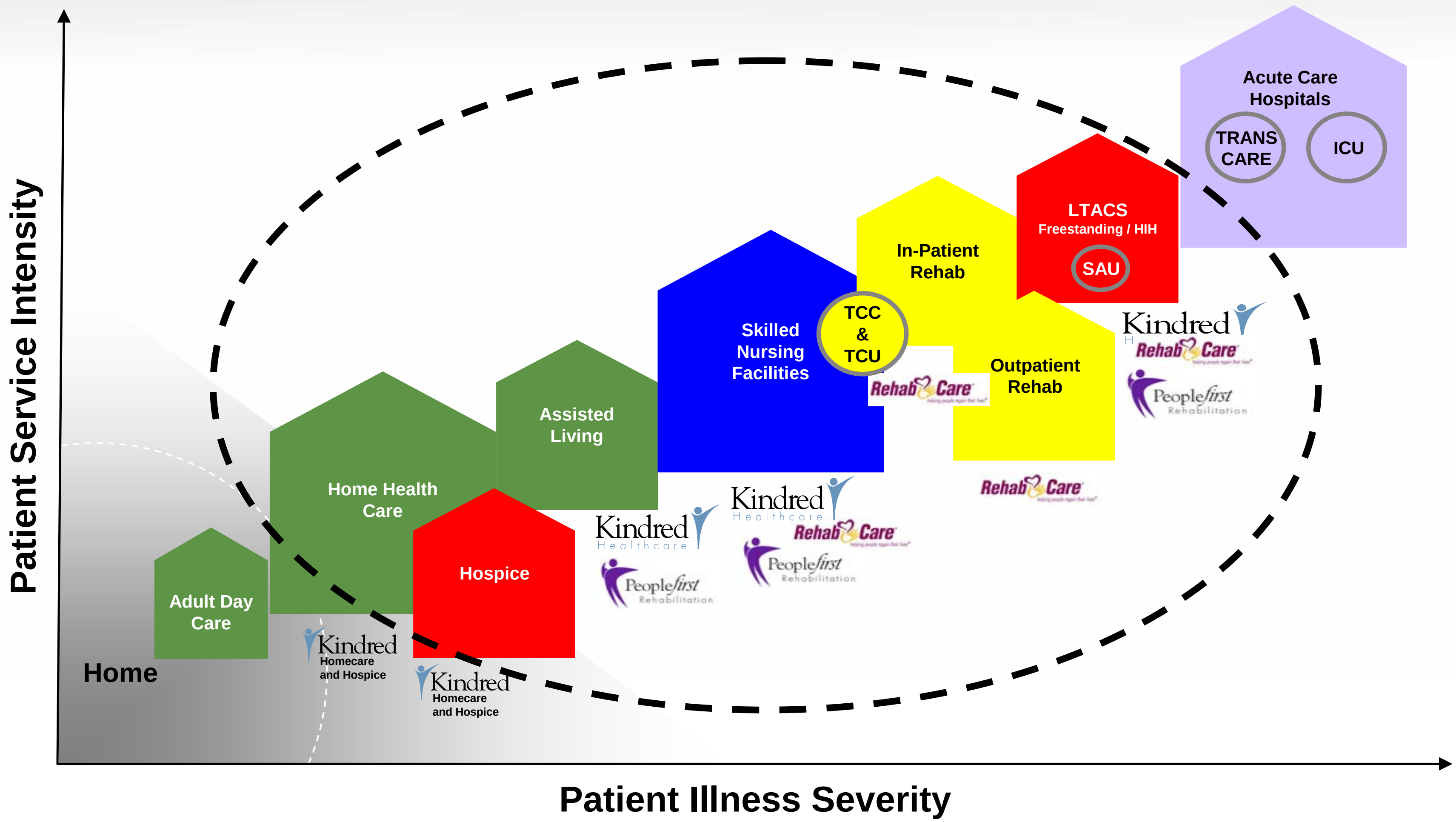
Rapidly Changing Post-Acute Market
Multiple Patient Discharge Destinations

(1) RTI, 2009: Examining Post-Acute Care Relationships in an Integrated Hospital System

Well Positioned to Take Advantage of Changing Healthcare Landscape

Uniquely Positioned For Bundled Or Episodic Payment Environment

"Continue The Care"



KINDRED'S VALUE PROPOSITION
AND OUR "CONTINUE THE CARE" CAMPAIGN

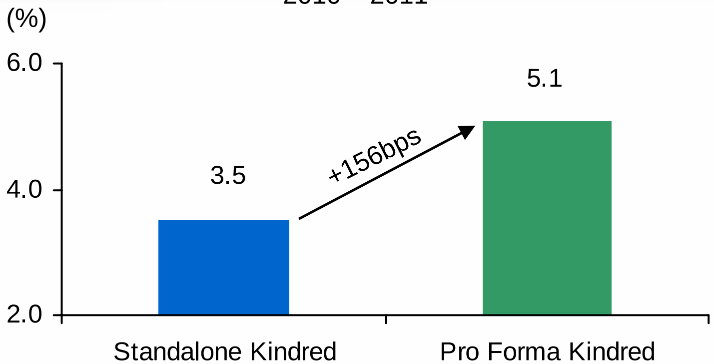
- Provide superior clinical outcomes and quality care with an approach which is patient-centered, disciplined and transparent
- Lower cost by reducing lengths of stay in acute care hospitals and transition patients home at the highest possible level of function
- Reduce re-hospitalization through our integrated and interdisciplinary care management teams and protocols

Enhances Growth Profile

Enhances Kindred's margin and operating profit growth profiles

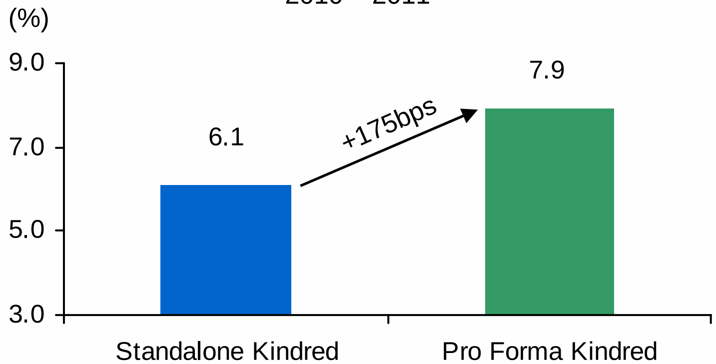
EBITDAR Growth (1)

2010 – 2011



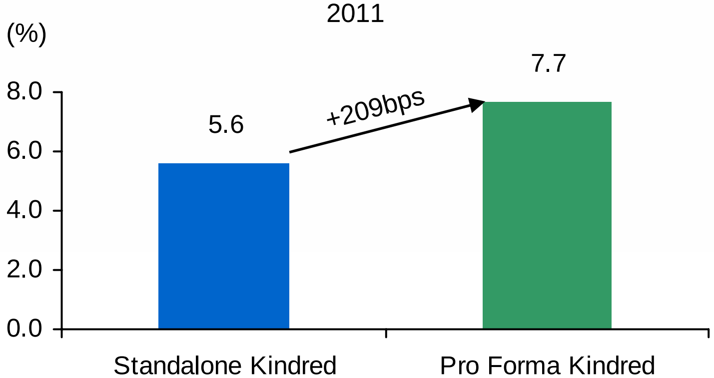
EBITDA Growth (1)

2010 – 2011



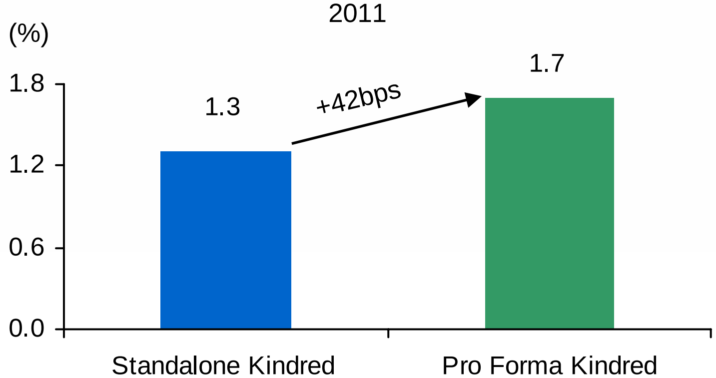
EBITDA Margin (1)

2011



Net Income Margin (1)

2011



(1) Standalone Kindred growth analysis compares 2011 guidance issued on 12/15/10 relative to 2010 standalone performance pro forma full year run rate for all of Kindred's 2010 acquisitions;
Pro forma Kindred growth analysis compares pro forma 2011 guidance relative to 2010 pro forma results, in each case assuming the RehabCare acquisition occurred on the first day of each respective year and includes first year run rate synergies in both 2010 and 2011 figures. 2011 margin figures per guidance midpoint and compares standalone 2011 guidance issued on 12/15/10 relative to pro forma 2011 guidance. 2011 pro forma guidance reflects the combined business as if the transaction closed on 1/1/11 and includes first year run rate synergies.

Declining Rent and Fixed Charge Burden

RehabCare operates an asset-light business model
Pro forma capital intensity of business drives higher return on assets

2011 Operating Leverage
($MM)

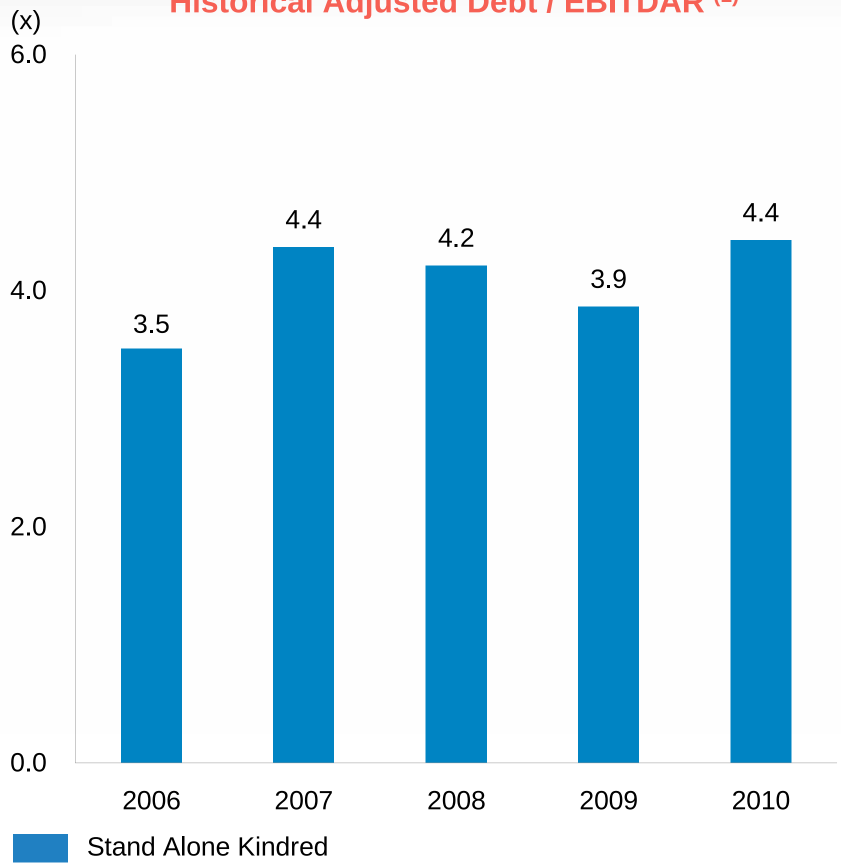
	Kindred[1]	Pro Forma[2]	
Revenue	4,800	6,200	
EBITDAR	640	901	
% Margin	*13.3%*	*14.5%*	
Rent	370	422	
% of Rev.	*7.7%*	*6.8%*	**Declining Rent Burden**
EBITDA	270	479	
% Margin	*5.6%*	*7.7%*	
D&A	140	185	
% Margin	*2.9%*	*3.0%*	
EBIT	130	294	
% Margin	*2.7%*	*4.7%*	**Enhanced Margin Profile**

(1) Midpoint of guidance issued 12/15/10.
(2) Midpoint of pro forma guidance which reflects combined business as if the transaction closed 1/1/11.

Strong Free Cash Flows and Ability to Delever

Kindred has operated comfortably with a levered balance sheet
Routine CapEx declines as a % of revenue, improving free cash flow profile

Historical Adjusted Debt / EBITDAR (1)



Cash Flow Profile

2011 Kindred Guidance

($MM)	Stand Alone(2) Low	Stand Alone(2) High	Pro Forma(3) Low	Pro Forma(3) High
Revenue	4,800	4,800	6,200	6,200
EBITDA	265	275	470	487
(-) Interest	26	26	118	118
(-) Taxes	40	44	66	73
Cash Flow	**199**	**205**	**286**	**296**
Cash Flow Margin	*4.1%*	*4.3%*	*4.6%*	*4.8%*

(1) Calculated with 6.0x cap rate.
(2) Per guidance midpoint, issued 12/15/2010.
(3) 2011 guidance reflects the combined business as if the transaction closed on 1/1/2011.

Significant EPS Accretion

Acquisition is significantly accretive at the contemplated transaction value and financing structure on both an EPS and cash flow basis

		2011 EPS Guidance		2011 EPS Impact	
		Prev (1)	New (2)	$	%
Pro-Forma Impact	Low End of Guidance	$1.45	$1.95	$0.50	34%
	Mid Point	$1.53	$2.05	$0.53	34%
	High End of Guidance	$1.60	$2.15	$0.55	34%

(1) Previous guidance shown is Kindred standalone guidance issued on 12/15/10.
(2) 2011 guidance reflects the combined business as if the transaction closed on 1/1/11.

Transaction Enhances Growth Prospects, is EPS & FCF Accretive and Strengthens Credit Profile

Leading position in attractive growing businesses	▪ Largest provider of post-acute services in US with broadest service offering across post-acute continuum ▪ Multiple avenues for growth, multiple earnings streams ▪ Long-term growth prospects supported by strong demographic trends and significant increase in the incidence of chronic diseases
Well diversified service offering	▪ Diversified across four critical segments in the post-acute continuum with leadership positions in each segment ▪ RehabCare adds IRF and ARU capabilities to Kindred's already strong set of capabilities ▪ Decreased reimbursement risk profile via diversified revenue across multiple segments and payors
Well positioned to take advantage of changing healthcare landscape	• Transaction enhances Kindred's cluster market strategy • Best-positioned to compete in a potentially bundled payment environment given broad service capabilities • Kindred can deliver the right care at the right site at the right time
Enhances growth and margin profile	▪ Enhanced margins throughout income statement; accelerated growth prospects ▪ Scale economies and related combination synergies help to accelerate operating profit and earnings growth of combined company
Declining rent and fixed charge burden	▪ Rent expense declines as a % of revenues; Routine CapEx declines as a % of revenues ▪ Book value of PP&E is approximately $1.0Bn – Significant operating cash flow generated by assets that are unencumbered by leases
Strong operating cash flows and ability to delever	▪ Management intends to delever, but is comfortable at expected leverage levels and has successfully operated business at higher levels in the past ▪ Enhanced operating cash flow provides the ability to significantly delever over time ▪ Strong track record of successfully growing operating cash flow in highly regulated environment
Significant accretion	▪ Significantly accretive to EPS & operating cash flow / share

Appendix

KINDRED Q4 ’10 HIGHLIGHTS

- **Continuing operations income of $0.50 per diluted share tops guidance of $0.43**
- **Q4 2010 continuing operations EPS up 19% over same period last year**
- **Fourth quarter consolidated revenues grew 6% to $1.1 billion**
- **Full year operating cash flows exceed $200 million for second consecutive year**
  - Routine and development capital expenditures were fully funded through internal resources in both years

KINDRED Q4 ’10 HIGHLIGHTS (cont’d)

- **Hospitals report growth from last year’s Q4**
  - Recent acquisitions drove hospital revenues up 5% to $508 million
  - Operating income grew 3% to $96 million
- **Nursing and Rehabilitation Centers successfully transitioned to new Medicare payment system in Q4**
  - Division reports solid 13% growth in operating income
  - Revenue growth of 4% driven by increased acuity and clinical services and 4% growth in admissions
- **People*first* Rehabilitation adds to customer base and adjusts to new Medicare rules in fourth quarter**
  - Revenue growth of 21% primarily driven by new customers

RehabCare Q4 ’10 Financial Results

- Excluding transaction related expenses in the 2009 fourth quarter, net earnings per diluted share increased 86.5% year over year to $0.69
- Hospital division improved EBITDA margin to 15.2% in the fourth quarter from 12.9% in the third quarter
- Impacted by regulatory changes, Skilled Nursing Rehabilitation Services division reported 5.8% operating earnings margin in the quarter, consistent with expectations
- Hospital Rehabilitation Services division delivered near record operating earnings margin of 20.6%
- Cash flow from operations of $103.8 million in 2010 allowed the Company to pay down debt by $65.7 million and lower debt to EBITDA ratio to 2.4