

GEDWED WILLIAM J  
Form 4  
June 15, 2006

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
GEDWED WILLIAM J

(Last) (First) (Middle)  
9151 BOULEVARD 26  
(Street)

NORTH RICHLAND  
HILLS, TX 76180

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
HealthMarkets, Inc. [N/A]

3. Date of Earliest Transaction  
(Month/Day/Year)  
06/14/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
President & CEO

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
Class A-1 Common Stock	06/14/2006		M	448 A	\$ 9 56,224.32	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Option	\$ 9	06/14/2006		M	448	05/17/2002 06/16/2006	Class A-1 Common Stock	448
Stock Option	\$ 0 <sup>(1)</sup>					05/08/2007 <sup>(2)</sup> 05/08/2016	Class A-1 Common Stock	69,534
Stock Option	\$ 37					05/08/2007 <sup>(3)</sup> 05/08/2016	Class A-1 Common Stock	69,533
Stock Option	\$ 9.25 <sup>(4)</sup>					05/03/2003 06/02/2007	Class A-1 Common Stock	69 <sup>(4)</sup>
Stock Option	\$ 9.25 <sup>(5)</sup>					08/03/2002 09/02/2006	Class A-1 Common Stock	123 <sup>(5)</sup>
Stock Option	\$ 9.25 <sup>(6)</sup>					11/02/2002 12/02/2006	Class A-1 Common Stock	118 <sup>(6)</sup>
Stock Option	\$ 9.25 <sup>(7)</sup>					02/08/2003 03/10/2007	Class A-1 Common Stock	135 <sup>(7)</sup>
Stock Option	\$ 9.25 <sup>(8)</sup>					03/16/2006 06/14/2010	Class A-1 Common Stock	22,523 <sup>(8)</sup>

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GEDWED WILLIAM J 9151 BOULEVARD 26 NORTH RICHLAND HILLS, TX 76180	X		President & CEO	

## Signatures

William J. Gedwed By: /s/ Peggy G. Simpson,  
POA

06/15/2006

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The initial exercise price of the option is \$37.00. The exercise price of the option will accrete by 10% per year, starting on May 8, 2008. If the optionee exercises the option prior to May 8, 2008, the exercise price will be \$37.00. If the optionee exercises the option on or after

(1) May 8, 2008 but prior to May 8, 2009, the exercise price will be \$40.70. If the optionee exercises the option on or after May 8, 2009 but prior to May 8, 2010, the exercise price will be \$44.77. If the optionee exercises the option on or after May 8, 2010 but prior to May 8, 2011, the exercise price will be \$49.25. If the optionee exercises the option on or after May 8, 2011, the exercise price will be \$54.17.

The option vests in different increments on each of the first five anniversaries of May 8, 2006. Twenty-five percent of the option vests on

(2) May 8, 2007. Twenty-five percent of the option vests on May 8, 2008. Seventeen percent of the option vests on May 8, 2009. Seventeen percent of the option vests on May 8, 2010. The remaining 16% of the option vests on May 8, 2011.

(3) The options vest in 20% increments on each of the first, second, third, fourth and fifth anniversaries of May 8, 2006

In connection with the merger consummated on April 5, 2006, the options vested in full (i.e., became fully exercisable). The exercise price per Class A-1 share (\$20.10) and the number of Class A-1 shares issuable upon exercise (114) were adjusted in a manner that preserves the aggregate "in the money" value of the option. The options otherwise remain subject in all respects to the terms of the 1987 Restated and Amended Stock Option Plan.

(4)

In connection with the merger consummated on April 5, 2006, the options vested in full (i.e., became fully exercisable). The exercise price per Class A-1 share (\$14.85) and the number of Class A-1 shares issuable upon exercise (154) were adjusted in a manner that preserves the aggregate "in the money" value of the option. The options otherwise remain subject in all respects to the terms of the 1987 Restated and Amended Stock Option Plan.

(5)

In connection with the merger consummated on April 5, 2006, the options vested in full (i.e., became fully exercisable). The exercise price per Class A-1 share (\$15.19) and the number of Class A-1 shares issuable upon exercise (150) were adjusted in a manner that preserves the aggregate "in the money" value of the option. The options otherwise remain subject in all respects to the terms of the 1987 Restated and Amended Stock Option Plan.

(6)

In connection with the merger consummated on April 5, 2006, the options vested in full (i.e., became fully exercisable). The exercise price per Class A-1 share (\$14.19) and the number of Class A-1 shares issuable upon exercise (164) were adjusted in a manner that preserves the aggregate "in the money" value of the option. The options otherwise remain subject in all respects to the terms of the 1987 Restated and Amended Stock Option Plan.

(7)

In connection with the merger consummated on April 5, 2006, the options vested in full (i.e., became fully exercisable). The exercise price per Class A-1 share (\$30.75) and the number of Class A-1 shares issuable upon exercise (100,000) were adjusted in a manner that preserves the aggregate "in the money" value of the option. The options otherwise remain subject in all respects to the terms of the 1987 Restated and Amended Stock Option Plan.

(8)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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