

COLLIFLOWER MICHAEL  
Form 4  
June 28, 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 \*  
COLLIFLOWER MICHAEL

(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)  
06/26/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
\_X\_ Officer (give title below) \_\_\_ Other (specify below)  
Senior Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_X\_ 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 Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

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

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(9-02)

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

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative	6. Date Exercisable and Expiration Date	7. Title and Amount Underlying Security
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)		
			Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	(1)	06/26/2006	D		05/08/2007 <sup>(2)</sup>	05/08/2016	Class A-1 Common Stock	8,666
Stock Option	\$ 37	06/26/2006	D		05/08/2007 <sup>(4)</sup>	05/08/2016	Class A-1 Common Stock	8,667
Stock Option	(5)	06/26/2006	A	8,666	06/26/2007 <sup>(6)</sup>	06/26/2016	Class A-1 Common Stock	8,666
Stock Option	\$ 37	06/26/2006	A	8,667	06/26/2007 <sup>(7)</sup>	06/26/2016	Class A-1 Common Stock	8,667

## Reporting Owners

### Reporting Owner Name / Address

### Relationships

Director    10% Owner    Officer    Other

COLLIFLOWER MICHAEL  
9151 BOULEVARD 26  
NORTH RICHLAND HILLS, TX 76180

Senior Vice President

## Signatures

Michael A. Colliflower By Peggy G. Simpson,  
POA

06/28/2006

\*\*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)

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The reporting person agreed to the cancellation of an employee option granted to him on May 8, 2006 in exchange for a new employee option.

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

The initial exercise price of the option is \$37.00. The exercise price of the option will accrete by 10% per year, starting on June 26, 2008.

- (5) If the optionee exercises the option prior to June 26, 2008, the exercise price will be \$37.00. If the optionee exercises the option on or after June 26, 2008 but prior to June 26, 2009, the exercise price will be \$40.70. If the optionee exercises the option on or after June 26, 2009 but prior to June 26, 2010, the exercise price will be \$44.77. If the optionee exercises the option on or after June 26, 2010 but prior to June 26, 2011, the exercise price will be \$49.25. If the optionee exercises the option on or after June 26, 2011, the exercise price will be \$54.17.

The options vest in different increments on each of the first five anniversaries of June 26, 2006. Twenty-five percent of the option vests

- (6) on June 26, 2007. Twenty-five percent of the option vests on June 26, 2008. Seventeen percent of the option vests on June 26, 2009. Seventeen percent of the option vests on June 26, 2010. The remaining 16% of the option vests on June 26, 2011.

- (7) The options vest in 20% increments on each of the first, second, third, fourth and fifth anniversaries of June 26, 2006

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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