## MCQUAGGE TROY A

Form 4 June 28, 2006

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

**SECURITIES** 

OMB Number:

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**OMB APPROVAL** 

response...

if no longer subject to Section 16. Form 4 or Form 5

obligations

may continue.

See Instruction

Check this box

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

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person \* MCQUAGGE TROY A

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

Issuer

HealthMarkets, Inc. [N/A]

(Check all applicable)

(Last)

(Middle) (First)

3. Date of Earliest Transaction

Director 10% Owner

536 SILICON DRIVE, SUITE 100

06/26/2006

(Month/Day/Year)

\_\_X\_\_ Other (specify Officer (give title below)

below)

Division Manager

(Street)

4. If Amendment, Date Original

6. Individual or Joint/Group Filing(Check

Applicable Line)

Filed(Month/Day/Year)

\_X\_ Form filed by One Reporting Person Form filed by More than One Reporting

(Instr. 4)

Person

SOUTHLAKE, TX 76092

(City) (State) (Zip)

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

1. Title of Security (Instr. 3)

2. Transaction Date 2A. Deemed (Month/Day/Year)

Execution Date, if

(Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Instr. 8)

5. Amount of Securities Beneficially Owned Following

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership (T)

(Instr. 4)

Reported Transaction(s)

(A) Code V Amount (D) Price

(Instr. 3 and 4)

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

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

1. Title of Derivative Conversion Security or Exercise

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if any

4. 5. Number of **Transaction**Derivative Code Securities Acquired 6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amo Underlying Secu (Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8)	(A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code V	(A)	(D)	Date Exercisable	Expiration Date	Title	An or Nu of
Stock Option	<u>(1)</u>	06/26/2006		D		48,666	05/08/2007(2)	05/08/2016	Class A-1 Common Stock	4
Stock Option	\$ 37	06/26/2006		D		48,667	05/08/2007(4)	05/08/2016	Class A-1 Common Stock	4
Stock Option	<u>(5)</u>	06/26/2006		A	48,666		06/26/2007(6)	06/26/2016	Class A-1 Common Stock	4
Stock Option	\$ 37	06/26/2006		A	48,667		06/26/2007(7)	06/26/2016	Class A-1 Common Stock	4

# **Reporting Owners**

Reporting Owner Name / Address	Relationships						
<b>rg</b>	Director	10% Owner	Officer	Other			
MCQUAGGE TROY A							
536 SILICON DRIVE				Division			
SUITE 100				Manager			
SOUTHLAKE, TX 76092							

## **Signatures**

Troy A. McQuagge By Peggy G. Simpson, 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 May 8, 2007. Twenty-five percent of the option vests on May 8, 2008. Seventeen percent of the option vests on May 8, 2010. The remaining 16% of the option vests on May 8, 2011.
- (3) 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.

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- (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. 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 or 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 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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