

HEALTHWAYS, INC  
Form 4  
July 18, 2007

**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 \*  
TAYLOR DONALD B

(Last) (First) (Middle)

3841 GREEN HILLS VILLAGE DR

(Street)

NASHVILLE, TN 37215

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
HEALTHWAYS, INC [HWAY]

3. Date of Earliest Transaction  
(Month/Day/Year)  
07/16/2007

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)

EVP Sales and Marketing

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)
			Code	V	Amount	(D)	Price
Common Stock	07/16/2007		M		40,000	A	\$ 7.24
Common Stock	07/16/2007		M		100,000	A	\$ 12.57
Common Stock	07/16/2007		M		37,500	A	\$ 17.51
Common Stock	07/16/2007		M		50,000	A	\$ 20.91
Common Stock	07/16/2007		S		50,000	D	\$ 47.95

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Common Stock	07/16/2007	S	100,000	D	\$ 47.96	77,500	D	
Common Stock	07/16/2007	S	77,500	D	\$ 47.97	0	D	
Common Stock						362	I	Held in 401(k) Plan

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)**

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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount Number of Shares
Option to Buy	\$ 7.24	07/16/2007		M	40,000	08/27/2003 <sup>(1)</sup>	08/27/2012	Common Stock	40,000
Option to Buy	\$ 17.51	07/16/2007		M	37,500	08/27/2004 <sup>(2)</sup>	08/27/2013	Common Stock	37,500
Option to Buy	\$ 12.57	07/16/2007		M	100,000	02/11/2003 <sup>(3)</sup>	02/11/2012	Common Stock	100,000
Option to Buy	\$ 20.91	07/16/2007		M	50,000	11/17/2004 <sup>(4)</sup>	11/17/2013	Common Stock	50,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
TAYLOR DONALD B 3841 GREEN HILLS VILLAGE DR NASHVILLE, TN 37215			EVP Sales and Marketing	

## Signatures

/s/ Donald B.  
Taylor

07/18/2007

\_\_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).
- (1) Options vest 25% beginning on 8/27/2003.
- (2) Options vest 25% beginning on 8/27/2004.
- (3) Options vest 25% beginning on 2/11/2003.
- (4) Options vest 25% beginning on 11/17/2004.
- (5) Information in this column is left blank because the transaction represents the conversion of a security.

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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