

HEALTHWAYS, INC

Form 4

July 18, 2007

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

OMB
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(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
____X____ Officer (give title below) ____ Other (specify below)

EVP Sales and Marketing

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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price	
Common Stock	07/16/2007		M		40,000	A	\$ 7.24	40,000 D
Common Stock	07/16/2007		M		100,000	A	\$ 12.57	140,000 D
Common Stock	07/16/2007		M		37,500	A	\$ 17.51	177,500 D
Common Stock	07/16/2007		M		50,000	A	\$ 20.91	227,500 D
Common Stock	07/16/2007		S		50,000	D	\$ 47.95	177,500 D

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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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(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 ⁽¹⁾	08/27/2012	Common Stock	40,000
Option to Buy	\$ 17.51	07/16/2007		M		37,500		08/27/2004 ⁽²⁾	08/27/2013	Common Stock	37,500
Option to Buy	\$ 12.57	07/16/2007		M		100,000		02/11/2003 ⁽³⁾	02/11/2012	Common Stock	100,000
Option to Buy	\$ 20.91	07/16/2007		M		50,000		11/17/2004 ⁽⁴⁾	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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