

Fritch Herbert A
 Form 4
 January 06, 2010

FORM 4

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

OMB APPROVAL

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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 *
 Fritch Herbert A

(Last) (First) (Middle)
 9009 CAROTHERS
 PARKWAY, SUITE 501
 (Street)

FRANKLIN, TN 37067

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 HealthSpring, Inc. [HS]

3. Date of Earliest Transaction
 (Month/Day/Year)
 01/04/2010

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)
 Chairman & 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	01/04/2010		S ⁽¹⁾		9,700	D	\$ 17.77
Common Stock	01/04/2010		J ⁽²⁾⁽³⁾⁽⁴⁾		175,000	D	^{(2) (3)} <u>(4)</u>
Common Stock	01/05/2010		J ⁽²⁾⁽⁵⁾⁽⁶⁾		175,000	D	^{(2) (5)} <u>(6)</u>

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 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 Security (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
Forward sale contract (obligation to sell)	(2) (3) (4)	01/04/2010		J(2)(3)(4)	175,000	01/04/2010	01/04/2010	Common Stock
Forward sale contract (obligation to sell)	(2) (5) (6)	01/05/2010		J(2)(5)(6)	175,000	01/05/2010	01/05/2010	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Fritch Herbert A 9009 CAROTHERS PARKWAY SUITE 501 FRANKLIN, TN 37067	X		Chairman & CEO	

Signatures

/s/ Herbert A. Fritch 01/06/2010

**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) The sales reported in this Form 4 entry were effected pursuant to a 10b5-1 trading plan adopted by the reporting person on August 26, 2009.
 - (2) On August 1, 2008, the reporting person entered into a prepaid variable forward sale contract with an unaffiliated third party buyer. The contract obligated the reporting person to deliver to the buyer up to 350,000 shares of HealthSpring, Inc. (the "Company") common stock (or, at the reporting person's election, an equivalent amount of cash based on the market price of Company common stock at that time) on

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the settlement date of the contract. The shares were divided into two groups of 175,000 each, one of which settled on January 4, 2010 and the other of which settled on January 5, 2010. In exchange for assuming this obligation, the reporting person received a cash payment of \$5,745,612.60 as of the date of entering into the contract. The reporting person pledged 350,000 shares of Company common stock (the "Pledged Shares") to secure his obligations under the contract, and retained dividend and voting rights in the Pledged Shares during the term of the pledge.

- The number of shares of Company common stock the reporting person delivered to the buyer on the settlement date was to be determined under the sale contract as follows: (a) if the price of a share of Company common stock on December 29, 2009 (the "Final Price") was less than \$19.5429 (the "Floor Strike Price"), the reporting person was required to deliver to the buyer all of the Pledged Shares; (b) if the Final Price was between the Floor Strike Price and \$26.3829 (the "Cap Strike Price"), the reporting person was required to deliver to the buyer a number of shares of Company common stock having a value (based on the Final Price) equal to \$3,420,007.50; and (c) if the Final Price was greater than the Cap Strike Price, the reporting person was required to deliver to the buyer a number of shares of Company common stock calculated using the following formula: $[(\text{Floor Strike Price}/\text{Final Price}) + ((\text{Final Price} - \text{Cap Strike Price})/\text{Final Price})] \times 175,000$.
- (3) On December 29, 2009, the Final Price was less than \$19.5429. Accordingly, the reporting person transferred 175,000 shares to the buyer.

- The number of shares of Company common stock the reporting person delivered to the buyer on the settlement date was to be determined under the sale contract as follows: (a) if the price of a share of Company common stock on December 30, 2009 (the "Final Price") was less than \$19.5429 (the "Floor Strike Price"), the reporting person was required to deliver to the buyer all of the Pledged Shares; (b) if the Final Price was between the Floor Strike Price and \$26.3829 (the "Cap Strike Price"), the reporting person was required to deliver to the buyer a number of shares of Company common stock having a value (based on the Final Price) equal to \$3,420,007.50; and (c) if the Final Price was greater than the Cap Strike Price, the reporting person was required to deliver to the buyer a number of shares of Company common stock calculated using the following formula: $[(\text{Floor Strike Price}/\text{Final Price}) + ((\text{Final Price} - \text{Cap Strike Price})/\text{Final Price})] \times 175,000$.
- (5) On December 30, 2009, the Final Price was less than \$19.5429. Accordingly, the reporting person transferred 175,000 shares to the buyer.

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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