

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re UICI SECURITIES LITIGATION	§	Master File No. 3-04-CV-1149-P
_____	§	
	§	<u>CLASS ACTION</u>
This Document Relates To:	§	
	§	
ALL ACTIONS.	§	
_____	§	

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS WHO PURCHASED OR ACQUIRED UICI COMMON STOCK ON THE OPEN MARKET FROM FEBRUARY 7, 2002 THROUGH JULY 21, 2003, INCLUSIVE

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE POSTMARKED ON OR BEFORE JANUARY 24, 2008.

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Northern District of Texas, Dallas Division (the "Court"). The purpose of this Notice is to inform you of the proposed settlement of this class action litigation and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the settlement. The proposed settlement would resolve the class action litigation pending in the Court as more fully described in Section III, below. This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Litigation or the merits of the claims or defenses asserted. This Notice describes the rights you may have in connection with the settlement and what steps you may take in relation to the settlement and this Litigation.

The proposed settlement creates a fund in the amount of \$6,900,000 (the "Settlement Fund") and will include interest that accrues on the Settlement Fund prior to distribution. Based solely on Lead Plaintiffs' estimate of the number of shares entitled to participate in the settlement, if claims are filed for 100% of the eligible UICI shares (which Plaintiffs do not expect to occur) the average distribution per share would be approximately \$0.36 before deduction of Court-approved fees and expenses. (Defendants contest all liability and damages and have not participated in the foregoing calculations.) However, your actual recovery from this fund will depend on a number of variables, including the number of Claimants, the number of shares you or they purchased or acquired or sold, the expense of administering the claims process, and the timing of your purchases, acquisitions and sales, if any.

Lead Plaintiffs and Defendants do not agree on issues of liability or the average amount of damages per share that would be recoverable if Lead Plaintiffs were to have prevailed on each claim asserted. The issues on which the parties disagree include, for example: (1) the appropriate economic model for determining the amount by which Lead Plaintiffs contend UICI common stock was allegedly artificially inflated (if at all) during the Class Period; (2) whether, and if so, the amount by which UICI common stock was allegedly artificially inflated (if at all) during the Class Period; (3) the effect of various market forces influencing the trading price of UICI common stock at various times during the Class Period; (4) the extent to which external factors, such as general market conditions, influenced the trading price of UICI common stock at various times during the Class Period; (5) the extent to which the various matters that Lead Plaintiffs allege (and that Defendants dispute) were materially false or misleading influenced (if at all) the trading price of UICI common stock at various times during the Class Period; (6) the extent to which the various allegedly adverse material facts that Lead Plaintiffs alleged were omitted influenced (if at all) the trading price of UICI common stock at various times during the Class Period; and (7) whether the statements made or facts allegedly omitted were false, material, made with scienter, or were otherwise actionable, or subject to defenses, under state law or the federal securities laws.

The Lead Plaintiffs believe that the proposed settlement is a good recovery and is fair, reasonable and adequate to, and in the best interests of the Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that Lead Plaintiffs would not have prevailed on any of their claims, in which case the Class would receive nothing. In addition, the amount of damages recoverable by the Class was and is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Litigation gone to trial,

Defendants intended to assert that all or most of the losses of Class Members were caused by non-actionable market, industry or general economic factors. Defendants would also assert that throughout the Class Period the uncertainties and risks associated with UICI's business and financial condition were fully and adequately disclosed and that Defendants acted properly and in good faith without any intent to defraud.

Lead Counsel have not received any payment for their services in conducting this Litigation on behalf of the Lead Plaintiffs and the Members of the Class, nor have they been paid for their expenses. If the settlement is approved by the Court, Lead Counsel will apply to the Court for attorneys' fees of 30% of the settlement proceeds, plus expenses not to exceed \$275,000, all to be paid from the settlement proceeds. If the amount requested by counsel is approved by the Court, the average cost per share would be \$0.12.

For further information regarding this settlement you may contact: Rick Nelson, Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, California 92101-3301, Telephone: 1-800-449-4900. Please do not call any representative of UICI or HealthMarkets.

I. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A settlement hearing will be held on January 23, 2008, at 3:00 p.m., before the Honorable Jorge A. Solis, United States District Judge, at the United States Courthouse, 1100 Commerce Street, Dallas, Texas 75242-1003 (the "Settlement Hearing"). The purpose of the Settlement Hearing will be to determine: (1) whether the settlement, including Defendants' payment to the Class of \$6.9 million in cash (plus accrued interest, thereon) should be approved as fair, just, reasonable and adequate to the parties and the Class; (2) whether the Lead Plaintiffs' proposed plan to distribute the settlement proceeds (the "Plan of Allocation") is fair, just, reasonable, and adequate; (3) whether the application by Lead Counsel for an award of attorneys' fees and expenses should be approved; and (4) whether the Litigation should be dismissed with prejudice and the Released Claims of the Lead Plaintiffs and the Class against the named Defendants and others should be released and discharged, and further litigation thereon barred. The Court may adjourn or continue the Settlement Hearing without further notice to the Class.

II. DEFINITIONS USED IN THIS NOTICE

1. "Class" means all Persons who purchased or acquired UICI common stock on the open market from February 7, 2002 through July 21, 2003, inclusive, and including any Person, as defined in the Stipulation and in paragraph 5 herein, or entity acting for or on behalf of, or claiming under or through, any of them, excluding Defendants, members of their families, Persons or entities in which any of them has a controlling interest or which are related to or affiliated with any such Person, and the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any such excluded party. Also excluded are those Persons who timely and validly request exclusion from the Class pursuant to the terms and provisions of this Notice.

2. "Defendants" means HealthMarkets, Inc. (f/k/a UICI) ("HealthMarkets"); Academic Management Services Corp. ("AMS"); Lloyd Alcorn; Gregory T. Mutz; and Mark D. Hauptman.

3. "Lead Counsel" means Douglas R. Britton and Jeffrey D. Light of Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, California 92101; and Steven J. Toll and Daniel S. Sommers of Cohen, Milstein, Hausfeld & Toll, P.L.L.C., 1100 New York Avenue, N.W., Suite 500, West Tower, Washington, DC 20005.

4. "Lead Plaintiffs" means Charles Patterson and Josh Millet.

5. "Person" means an individual, natural person, corporation, partnership, limited partnership, limited liability company, association, joint stock company, joint venture, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, any business or legal entity and their spouses, family members, heirs, predecessors, successors, representatives or assigns, shareholders, members, managing members, parents, subsidiaries, trustees, executors, administrators, estates, transferees, immediate and remote, affiliates, and agents.

6. "Plaintiffs' Counsel" means all counsel who have appeared for any of the Plaintiffs in the Litigation, including, but not limited to, Lead Counsel.

7. "Released Claims" shall collectively mean any and all manner of claims (including Unknown Claims as defined in paragraph 9 herein), debts, damages, demands, rights, liabilities, suits, matters, issues and causes of action of every nature and description whatsoever, known or unknown, whether or not concealed or hidden, asserted or that might have been asserted, including, without limitation, claims for negligence, gross negligence, breach of duty of care and/or breach of duty of loyalty, fraud, misrepresentation, nondisclosure, breach of fiduciary duty or violations of any local, state, or federal or foreign statutes, rules or regulations or common law, including, but not limited to, all claims under the Securities Exchange Act of 1934 (the "Exchange Act"), as amended by the Private Securities Litigation Reform Act of 1995 (inclusive of claims under Sections 10(b) and 20(a) (15 U.S.C. §§ 78j(b) and 78t(a)), Rule 10b-5 as promulgated by the Securities and Exchange Commission (17

C.F.R. § 240.10b-5)) and the Securities Act of 1933, by any of the Lead Plaintiffs and/or Class Members against any of the Released Persons arising out of, based upon or related to the purchase and/or acquisition of UICI common stock on the open market by the Lead Plaintiffs and/or by any Class Member during the Class Period and any of the facts, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act which were, or could have been alleged, in the Litigation.

8. "Released Persons" means (i) each of the Defendants, (ii) any person or entity which is, was or will be related to or affiliated with any or all of the Defendants or in which any or all of the Defendants has, had or will have a controlling interest, and (iii) as to each and all of the foregoing parties listed in this paragraph 8(i) and (ii), each of their past or present directors, officers, employees, partners, controlling shareholders, auditors, banks or investment banks, personal or legal representatives, spouses, heirs, their respective past, present or future family members, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, related or affiliated entities, any members of Defendants' immediate families or any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or their respective foundations, agents, present and former employees, assigns, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, entities formed by them, corporations, parents, subsidiaries, divisions, assigns, affiliates, portfolio companies, associates, associated entities, present and former shareholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors and predecessors-in-interest, successors and successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, investment funds, underwriters, lenders, commercial bankers, personal or legal representatives, accountants, attorneys, insurers, co-insurers, reinsurers, and associates, whether or not such persons or entities were named, served with process or appeared in the Complaint.

9. "Unknown Claims" means any Released Claims which any of the Lead Plaintiffs and/or Class Members do not know or suspect to exist in his, her or its favor at the time of the Stipulation and the release of the Released Persons which, if known by him, her or it, might have affected his, her or its decision to enter into the Stipulation (and its terms and conditions of settlement) with and release of the Released Persons, or might have affected his, her or its decision not to object to the Stipulation and this settlement or not to exclude himself, herself or itself from the Class. With respect to any and all Released Claims, the Lead Plaintiffs and Defendants stipulate and agree that, upon the Effective Date, the Lead Plaintiffs shall expressly, and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights and benefits of California Civil Code §1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Upon the Effective Date, the Lead Plaintiffs and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or any other principle of federal or common law or international or foreign law, which is similar, comparable or equivalent to California Civil Code §1542. The Lead Plaintiffs and Class Members may hereafter discover facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of the Released Claims, but the Lead Plaintiffs shall expressly and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally and forever settled and released any and all Released Claims (including Unknown Claims), known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts against any and all Released Persons. The Lead Plaintiffs acknowledge, and the Class Members shall be deemed to have acknowledged, and by operation of the Judgment shall have acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

III. THE LITIGATION

On and after May 26, 2004, the following actions were filed in the Court, as securities class actions on behalf of Persons who purchased and/or acquired UICI securities on and between February 7, 2002 and July 21, 2003:

1. *Miele v. UICI, et al.*, Civil Action No. 3:04-CV-1149-P;
2. *Johnston v. UICI, et al.*, Civil Action No. 3:04-CV-1963-P;
3. *Chaudry v. UICI, et al.*, Civil Action No. 3:04-CV-1964-P; and

4. *Antosko v. UICI, et al.*, Civil Action No. 3:04-CV-1575-P.

On October 18, 2004, the Court consolidated the four actions under the following title and number: *In re UICI Securities Litigation*, 3:04-CV-1149-P (N.D. Tex.) (the "Litigation"). The operative complaint (the "Complaint") is the First Amended Consolidated Complaint for Violation of the Federal Securities Laws dated May 27, 2005. The Complaint alleges claims for violations of §§10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder.

On November 16, 2004, the Court issued an order appointing Charles Patterson and Josh Millet as Lead Plaintiffs under §21D(a)(3)(B) of the Exchange Act and approved Lead Plaintiffs' selection of Coughlin Stoia Geller Rudman & Robbins LLP and Cohen, Milstein, Hausfeld & Toll, P.L.L.C. as co-lead counsel pursuant to §21D(a)(3)(B)(v) of the Exchange Act and Provost & Umphrey Law Firm, LLP and Lawson, Fields & Calhoun, P.C. as liaison counsel.

On July 11, 2005, Defendants filed motions to dismiss the Complaint. On September 29, 2006, the Court denied Defendants' motions to dismiss. Thereafter, Lead Counsel served written discovery requests. On or about November 8, 2006, the settling parties agreed to participate in mediation and exchange discovery in connection therewith. On January 10, 2007, the Lead Plaintiffs and Defendants participated in mediation with the Honorable Daniel Weinstein (Ret.). Although the Lead Plaintiffs and Defendants made progress at the mediation, a settlement was not reached. Thereafter, the Lead Plaintiffs and Defendants continued to litigate while also conducting settlement negotiations with the assistance of Judge Weinstein. On or about March 29, 2007, the Lead Plaintiffs and Defendants reached an agreement-in-principle to settle the Litigation. On or about May 1, 2007, the Lead Plaintiffs and Defendants executed a memorandum of understanding setting forth the principal terms of the settlement. The terms of the Stipulation are the product of arm's-length settlement negotiations.

IV. CLAIMS OF THE LEAD PLAINTIFFS AND BENEFITS OF SETTLEMENT

The Lead Plaintiffs believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims. However, Lead Plaintiffs and counsel for the Lead Plaintiffs recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against the Defendants through trial and appeals. Lead Plaintiffs and counsel for the Lead Plaintiffs also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Litigation, as well as the difficulties and delays inherent in such litigation. Lead Plaintiffs and counsel for the Lead Plaintiffs also are mindful of the inherent problems of proof and possible defenses to the claims asserted in the Litigation and the fact that there exists a possibility that the Class could receive nothing, or less than the settlement amount, even if they were to prevail at trial. Lead Plaintiffs and counsel for the Lead Plaintiffs believe that the settlement set forth in the Stipulation confers substantial benefits upon the Class.

Based on their evaluation, counsel for the Lead Plaintiffs have determined that the settlement set forth in the Stipulation is fair, reasonable and in the best interests of the Lead Plaintiffs and the Class.

V. DEFENDANTS NON-ADMISSION OF WRONGDOING AND LIABILITY

The Defendants have denied and continue to deny each and all of the claims and contentions made by the Lead Plaintiffs in the Litigation and maintain that they have meritorious defenses. The Defendants believe that no evidence has been developed to date to support the claims and contentions made by the Lead Plaintiffs in this Litigation. The Defendants have expressly denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. The Defendants also have denied and continue to deny, *inter alia*, the allegations that the Lead Plaintiffs or the Class have suffered damages, that the price of UICI's securities was artificially inflated by reason of alleged misrepresentations, non-disclosures or otherwise, or that the Lead Plaintiffs or the Class were harmed by the conduct alleged in the Litigation. Pursuant to the terms set forth below, the Stipulation shall in no event be construed as or deemed to be evidence or an admission or concession by Defendants with respect to any claim of any fault or liability or wrongdoing or damage whatsoever.

Nonetheless, the Defendants have concluded that further conduct of the Litigation would be protracted, burdensome and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. The Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Litigation. The Defendants have, therefore, determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in the Stipulation.

VI. TERMS OF THE PROPOSED SETTLEMENT

Defendants have paid or caused to be paid into an escrow account, pursuant to the terms of the Stipulation of Settlement dated as of October 4, 2007 (the "Stipulation"), cash in the amount of \$6.9 million which has been earning and will continue to earn interest for the benefit of the Class.

A portion of the settlement proceeds will be used for certain administrative expenses, including costs of printing and mailing this Notice, the cost of publishing a newspaper notice, payment of any taxes assessed against the Settlement Fund and costs associated with the processing of claims submitted. In addition, as explained below, a portion of the Settlement Fund may be awarded by the Court to Lead Counsel as attorneys' fees and expenses. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed according to the Plan of Allocation described below to Class Members who submit valid and timely Proof of Claim and Release forms.

VII. PLAN OF ALLOCATION

The Net Settlement Fund will be distributed to Class Members who submit valid, timely Proof of Claim and Release forms ("Authorized Claimants") under the Plan of Allocation proposed by Lead Plaintiffs and described below. For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Lead Counsel have consulted with their damage consultants and they have developed the Plan of Allocation, which they believe reflects an assessment of the damages that they believe could have been recovered had Lead Plaintiffs prevailed at trial, as well as Lead Counsel's assessment of the likelihood of establishing damages for various periods of the Class. Defendants have had, and shall have no involvement or responsibility for the terms or application of the Plan of Allocation described herein. The Court may approve the settlement and Stipulation, even if it does not approve the Plan of Allocation of the settlement proceeds.

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim under the Plan of Allocation, as defined below. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

A claim will be calculated as follows:

1. For UICI shares of common stock purchased or acquired from February 7, 2002 through July 18, 2003, inclusive, and
 - (a) sold prior to July 21, 2003, the claim per share is \$0;
 - (b) sold on July 21, 2003, the claim per share is the lesser of (i) the purchase price less \$13.36, or (ii) \$4.85;
 - (c) retained at the end of July 21, 2003, the claim per share is the lesser of (i) the purchase price less \$13.36, or (ii) \$5.05.
2. For UICI shares of common stock purchased or acquired on July 21, 2003, and
 - (a) sold on July 21, 2003, the claim per share is \$0;
 - (b) retained at the end of July 21, 2003, the claim per share is the lesser of (i) the purchase price less \$13.36, or (ii) \$0.20.

The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date. The determination of the price paid per share and the price received per share, shall be exclusive of all commissions, taxes, fees and charges.

For Class Members who held shares at the beginning of the Class Period, or who made multiple purchases, acquisitions or sales during the Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases and sales for purposes of calculating a claim. Under the FIFO method, shares sold during the Class Period will be matched first against shares held at the beginning of the Class Period. The sale of any remaining shares during the Class Period will then be matched in chronological order against shares purchased during the Class Period.

A Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net loss, after all profits from transactions in UICI common stock during the Class Period are subtracted from all losses. However, the proceeds from sales of shares which have been matched against shares held at the beginning of the Class Period will not be used in the calculation of such net loss.

VIII. ORDER CERTIFYING A CLASS FOR PURPOSES OF SETTLEMENT

On October 11, 2007, the Court certified a class for settlement purposes only, as defined above. The Judgment, defined in Section XI below, will finally certify the Class.

IX. PARTICIPATION IN THE CLASS

If you fall within the definition of the Class, you will be bound by any judgment entered with respect to the settlement in the Litigation and any release of your claims pursuant thereto, whether or not you file a Proof of Claim and Release. If you choose, you may enter an appearance individually or through your own counsel at your own expense.

TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN THE PROOF OF CLAIM AND RELEASE FORM THAT ACCOMPANIES THIS NOTICE. The Proof of Claim and Release must be postmarked on or before January 24, 2008, and delivered to the Claims Administrator at the address below. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim and Release, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulation and the Judgment, including the release of claims.

X. EXCLUSION FROM THE CLASS

You may request to be excluded from the Class. To do so, you must mail a written request to:

UICI Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

The request for exclusion must state: (1) your name, address, and telephone number; (2) all of your purchases, acquisitions and sales of UICI common stock made during the Class Period, including the dates of purchase, acquisition or sale, the number of UICI shares and price paid or received per share for each such purchase, acquisition or sale; and (3) that you wish to be excluded from the Class. **TO BE VALID, A REQUEST FOR EXCLUSION MUST STATE ALL OF THE FOREGOING INFORMATION; AND YOUR EXCLUSION REQUEST MUST BE POSTMARKED ON OR BEFORE NOVEMBER 26, 2007.** If you submit a valid and timely request for exclusion, you shall have no rights under the settlement, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation or the Judgment.

XI. DISMISSAL AND RELEASES

If the proposed settlement is approved, the Court will enter a Final Judgment and Order of Dismissal with Prejudice (“Judgment”). The Judgment will dismiss the Released Claims with prejudice as to all Defendants.

The Judgment will provide that all Class Members who do not validly and timely request to be excluded from the Class shall be deemed to have released and forever discharged, and be barred from prosecuting, all Released Claims (to the extent Members of the Class have such claims) against all Released Persons.

The Court may approve the settlement with such modifications as may be agreed to by the settling parties, if appropriate, without further notice to the Class.

XII. APPLICATION FOR FEES, EXPENSES AND AWARDS

At the Settlement Hearing, Lead Counsel will request the Court to award attorneys’ fees of 30% of the Settlement Fund, plus expenses not to exceed \$275,000, which were incurred in connection with the Litigation, plus interest thereon. Class Members are not personally liable for any such fees, expenses or compensation.

To date, Lead Counsel have not received any payment for the time and services in conducting this Litigation on behalf of Lead Plaintiffs and the Members of the Class, nor have counsel been paid for their expenses. The fee to be awarded by the Court to Lead Counsel would compensate counsel for their efforts in achieving the Settlement Fund for the benefit of the Class, and for their risk in undertaking this representation on a contingency basis. Lead Counsel believe the fee requested is within the range of fees awarded to plaintiffs’ counsel under similar circumstances in litigation of this type.

XIII. CONDITIONS FOR SETTLEMENT

The settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Stipulation; and (2) expiration of the time to appeal from or alter or amend the Judgment, or affirmance of the Judgment upon any such appeal. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated by any of the parties; and, if terminated, the Stipulation will become null and void, and the parties to the Stipulation will be restored, without prejudice, to their respective positions as of May 1, 2007.

XIV. THE RIGHT TO BE HEARD AT THE HEARING

Any Class Member who has not validly and timely requested to be excluded from the Class, and who objects to any aspect of the settlement, the Plan of Allocation, or the application for attorneys’ fees and expenses, may appear and be heard at the Settlement Hearing. Any such person must submit a written notice of objection such that it is received on or before December 3, 2007, by each of the following:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION
United States Courthouse
1100 Commerce Street, Room 1452
Dallas, TX 75242

Counsel for Plaintiffs:

COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
JEFFREY D. LIGHT
655 West Broadway, Suite 1900
San Diego, CA 92101-3301

COHEN, MILSTEIN, HAUSFELD
& TOLL, P.L.L.C.
DANIEL S. SOMMERS
1100 New York Avenue, N.W.
Suite 500, West Tower
Washington, DC 20005

Counsel for Defendants:

WEIL, GOTSHAL & MANGES LLP
RALPH I. MILLER
ANGELA C. ZAMBRANO
200 Crescent Court, Suite 300
Dallas, TX 75201

The notice of objection must demonstrate the objecting person's membership in the Class, including the number of shares of UICI common stock purchased or acquired on the open market and sold during the Class Period, and contain a statement of the reasons for objection and the name of any counsel who may be representing such person. Only Members of the Class who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

XV. SPECIAL NOTICE TO NOMINEES

If you hold or held any UICI common stock purchased or acquired on the open market during the Class Period as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice and the Proof of Claim and Release by first class mail to all such persons; or (2) provide a list of the names and addresses of such persons to the Claims Administrator:

UICI Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

If you choose to mail the Notice and Proof of Claim and Release yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for, or advancement of, reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and Proof of Claim and Release and which would not have been incurred but for the obligation to forward the Notice and Proof of Claim and Release, upon submission of appropriate documentation to the Claims Administrator.

XVI. EXAMINATION OF PAPERS

This Notice is a summary and does not describe all of the details of the Stipulation or the Litigation. For full details of the matters discussed in this Notice, you may review the Stipulation filed with the Court and the record of the Litigation, which may be inspected during business hours, at the office of the Clerk of the Court, United States Courthouse, Northern District of Texas, Dallas Division, 1100 Commerce Street, Dallas, Texas.

If you have any questions about the settlement of the Litigation, you may contact Lead Counsel:

Rick Nelson
COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
655 West Broadway, Suite 1900
San Diego, CA 92101-3301
1-800-449-4900

PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

DATED: October 11, 2007

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION