

VITAL IMAGES INC  
Form 4  
September 07, 2006

**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 \*  
SMITH PHILIP IRVING

(Last) (First) (Middle)  
5850 OPUS PARKWAY, SUITE 300  
(Street)

MINNETONKA, MN 55343

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
VITAL IMAGES INC [VTAL]

3. Date of Earliest Transaction (Month/Day/Year)  
09/05/2006

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)  
Exec VP - Corp Dev

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 <u>(1)</u>         | 09/05/2006                           |  | M                              |   | 500 A \$ 9.95   | 19,745   | D   |
| Common Stock <u>(1)</u>         | 09/05/2006                           |  | S                              |   | 500 D \$ 29.3264  | 19,245   | D   |
| Common Stock <u>(1)</u>         | 09/05/2006                           |  | M                              |   | 4,390 A \$ 18.55  | 23,635   | D   |
| Common Stock <u>(1)</u>         | 09/05/2006                           |  | S                              |   | 4,390 D \$ 29.3264  | 19,245   | D   |
| Common Stock <u>(1)</u>         | 09/05/2006                           |  | M                              |   | 400 A \$ 12.599   | 19,645   | D   |

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|                         |            |   |     |   |            |        |   |
|-------------------------|------------|---|-----|---|------------|--------|---|
| Common Stock <u>(1)</u> | 09/05/2006 | S | 400 | D | \$ 29.3264 | 19,245 | D |
| Common Stock <u>(1)</u> | 09/05/2006 | M | 400 | A | \$ 15.4    | 19,645 | D |
| Common Stock <u>(1)</u> | 09/05/2006 | S | 400 | D | \$ 29.3264 | 19,245 | D |
| Common Stock <u>(1)</u> | 09/05/2006 | M | 770 | A | \$ 18.55   | 20,015 | D |

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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Employee stock option (right to buy)       | \$ 9.95  | 09/05/2006                           |  | M                              | 500   | <u>(2)</u> 02/28/2011                                    | Common Stock  | 500                           |
| Employee stock option (right to buy)       | \$ 12.599  | 09/05/2006                           |  | M                              | 400   | <u>(3)</u> 02/05/2012                                    | Common Stock  | 400                           |
| Employee stock option (right to buy)       | \$ 18.55   | 09/05/2006                           |  | M                              | 5,160   | <u>(4)</u> 08/07/2011                                    | Common Stock  | 5,160                         |
| Employee stock                             | \$ 15.4  | 09/05/2006                           |  | M                              | 400   | <u>(5)</u> 02/15/2013                                    | Common Stock  | 400                           |

option  
(right to  
buy)

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |                    |       |
|---|---------------|-----------|--------------------|-------|
|   | Director      | 10% Owner | Officer            | Other |
| SMITH PHILIP IRVING<br>5850 OPUS PARKWAY<br>SUITE 300<br>MINNETONKA, MN 55343 |               |           | Exec VP - Corp Dev |       |

## Signatures

/s/ Philip I. Smith                      09/07/2006

        Signature of                      Date  
Reporting Person

## 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) Transaction made pursuant to plan adopted under Rule 10b5-1.
- (2) Original grant of 25,000 vested as to 28% on February 28, 2004, and 2% per month until fully vested.
- (3) Original grant of 20,000 vested as to 28% on February 5, 2005, and 2% per month until fully vested.
- (4) Original grant of 25,000 vested as to 28% on August 7, 2004, and 2% per month until fully vested.
- (5) Original grant of 20,000 vested as to 28% on February 15, 2006, and 2% per month until fully vested.
- (6) In addition, Mr. Smith has other options outstanding of 55,000 at various prices and expiration dates.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.