

VITAL IMAGES INC

Form 4

September 07, 2006

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 *
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
X Officer (give title below) ____ Other (specify
below) below)

Exec VP - Corp Dev

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 ⁽¹⁾	09/05/2006		M		500	A	\$ 9.95	19,745	D
Common Stock ⁽¹⁾	09/05/2006		S		500	D	\$ 29.3264	19,245	D
Common Stock ⁽¹⁾	09/05/2006		M		4,390	A	\$ 18.55	23,635	D
Common Stock ⁽¹⁾	09/05/2006		S		4,390	D	\$ 29.3264	19,245	D
Common Stock ⁽¹⁾	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. D	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	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 5850 OPUS PARKWAY SUITE 300 MINNETONKA, MN 55343	Exec VP - Corp Dev

Signatures

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

____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.
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