

DUNN JOHN MICHAEL

Form 4

January 14, 2019

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 *
DUNN JOHN MICHAEL

(Last) (First) (Middle)

C/O VITAL THERAPIES,
INC., 15222-B AVENUE OF
SCIENCE

(Street)

SAN DIEGO, CA 92128

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading
Symbol

VITAL THERAPIES INC [VTL]

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

01/11/2019

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)

General Counsel and Secretary

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	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date	7. Title and Amount Underlying Securities
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)		(Instr. 3 and 4)			
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Am Nu Sha
Stock Option (right to buy)	\$ 19.03	01/11/2019	D			50,000	<u>(1)</u>	11/16/2024	Common Stock	50
Stock Option (right to buy)	\$ 8.28	01/11/2019	D			45,000	<u>(3)</u>	05/12/2026	Common Stock	45
Stock Option (right to buy)	\$ 3.2	01/11/2019	D			45,000	<u>(4)</u>	06/09/2027	Common Stock	45
Stock Option (right to buy)	\$ 5	01/11/2019	D			45,000	<u>(5)</u>	06/08/2028	Common Stock	45
Restricted Stock Units	<u>(6)</u>	01/11/2019	A		724,848		<u>(7)</u>	<u>(7)</u>	Common Stock	724

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
DUNN JOHN MICHAEL C/O VITAL THERAPIES, INC. 15222-B AVENUE OF SCIENCE SAN DIEGO, CA 92128	General Counsel and Secretary

Signatures

/s/ Michael V. Swanson, by power of
attorney

01/14/2019

 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) Subject to the reporting person continuing to be a Service Provider (as defined in the 2014 Equity Incentive Plan (the "Plan")), one forty-eighth (1/48th) of the shares subject to the option vested and became exercisable one month after the vesting commencement date of November 17, 2014, and an additional one forty-eighth (1/48th) of the shares vest and become exercisable at the end of each monthly

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period thereafter. One hundred percent (100%) of the unvested portion of the option, if any, shall vest in the event of a termination without cause following a Change in Control (as defined in the Plan).

- (2) The option was cancelled by mutual agreement of the reporting person and Vital Therapies, Inc. The reporting person received a restricted stock unit award as reported in this Form 4 as consideration for this cancellation.

Subject to the reporting person continuing to be a Service Provider (as defined in the 2014 Equity Incentive Plan (the "Plan")), one forty-eighth (1/48th) of the shares subject to the option vested and became exercisable one month after the vesting commencement date of

- (3) April 16, 2016, and an additional one forty-eighth (1/48th) of the shares vest and become exercisable at the end of each monthly period thereafter. One hundred percent (100%) of the unvested portion of the option, if any, shall vest in the event of a termination without cause following a Change in Control (as defined in the Plan).

Subject to the reporting person continuing to be a Service Provider (as defined in the 2014 Equity Incentive Plan (the "Plan")), one forty-eighth (1/48th) of the shares subject to the option vested and became exercisable one month after the vesting commencement date of

- (4) June 10, 2017, and an additional one forty-eighth (1/48th) of the shares vest and become exercisable at the end of each monthly period thereafter. One hundred percent (100%) of the unvested portion of the option, if any, shall vest in the event of a termination without cause following a Change in Control (as defined in the Plan).

Subject to the reporting person continuing to be a Service Provider (as defined in the 2014 Equity Incentive Plan (the "Plan")), one forty-eighth (1/48th) of the shares subject to the option vested and became exercisable one month after the vesting commencement date of

- (5) June 9, 2018, and an additional one forty-eighth (1/48th) of the shares vest and become exercisable at the end of each monthly period thereafter. One hundred percent (100%) of the unvested portion of the option, if any, shall vest in the event of a termination without cause following a Change in Control (as defined in the Plan).

- (6) Each restricted stock unit ("RSU") represents a contingent right to receive one share of Vital Therapies, Inc. Common Stock.

Subject to the reporting person continuing to be a Service Provider (as defined in the 2014 Equity Incentive Plan), twenty five percent

- (7) (25%) of the RSUs vest annually after the vesting commencement date of January 11, 2019. One hundred percent (100%) of the unvested portion of the RSUs, if any, shall vest in the event of a Termination without Cause or Resignation for Good Reason (each as defined in the reporting person's Change of Control and Severance Agreement).

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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