

Nash Duane  
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  
Number: 3235-0287  
Expires: January 31,  
2005  
Estimated average  
burden hours per  
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Nash Duane

(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 \_\_\_\_ Other (specify  
below) below)

President

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)
				(A) or (D)			
			Code	V	Amount		Price

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

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information contained in this form are not  
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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 Underlying Se
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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
Stock Option (right to buy)	\$ 0.4284	01/11/2019	D		93,377	02/08/2016 03/31/2022	Common Stock
Stock Option (right to buy)	\$ 0.4284	01/11/2019	D		23,344	04/25/2016 04/24/2022	Common Stock
Stock Option (right to buy)	\$ 8	01/11/2019	D		241,670	09/13/2016 09/25/2022	Common Stock
Stock Option (right to buy)	\$ 8.28	01/11/2019	D		85,000	<u>(2)</u> 05/12/2026	Common Stock
Stock Option (right to buy)	\$ 3.2	01/11/2019	D		85,000	<u>(3)</u> 06/09/2027	Common Stock
Common Stock	\$ 5	01/11/2019	D		85,000	<u>(4)</u> 06/08/2028	Common Stock
Restricted Stock Units	<u>(5)</u>	01/11/2019	A		886,316	<u>(6)</u> <u>(6)</u>	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Nash Duane C/O VITAL THERAPIES, INC. 15222-B AVENUE OF SCIENCE SAN DIEGO, CA 92128			President	

## 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) 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 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).

- (2) 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 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).

- (3) 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 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).

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

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