

LESTER JOSEPH P
Form 4
February 24, 2005

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 *
LESTER JOSEPH P

2. Issuer Name and Ticker or Trading Symbol
CRITICARE SYSTEMS INC /DE/ [CMD]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)

(Last) (First) (Middle)

(Street)

(City) (State) (Zip)

3. Date of Earliest Transaction (Month/Day/Year)
02/22/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

____ Director
 Officer (give title below)
____ 10% Owner
____ Other (specify below)
VP and General Manager

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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock, par value \$0.04 per share	02/22/2005		M		7,300	A	\$ 2.25
Common Stock, par value \$0.04 per share	02/22/2005		S		2,190	D	\$ 3.23
Common Stock, par value \$0.04 per share	02/22/2005		S		2,044	D	\$ 3.25

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Common Stock, par value \$0.04 per share	02/22/2005	S	3,066	D	\$ 3.29	0	D
Common Stock, par value \$0.04 per share	02/23/2005	M	14,600	A	\$ 2.25	14,600	D
Common Stock, par value \$0.04 per share	02/23/2005	S	14,313	D	\$ 3.2	287	D
Common Stock, par value \$0.04 per share	02/23/2005	S	287	D	\$ 3.21	0	D

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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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)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Common Stock Option	\$ 2.25	02/22/2005		M	7,300	02/23/2001 ⁽¹⁾	02/24/2005	Common Stock	7,300
Common Stock Option	\$ 2.25	02/23/2005		M	14,600	02/23/2001 ⁽¹⁾	02/24/2005	Common Stock	14,600

Reporting Owners

Reporting Owner Name / Address Relationships

Reporting Owners

Director 10% Owner Officer Other

LESTER JOSEPH P

VP and General Manager

Signatures

Joel D. Knudson, attorney
in fact

02/23/2005

__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 common stock option vested in the following amounts on the following dates: 20,000 shares vested on February 23, 2001; 20,000 shares vested on February 23, 2002; and 10,000 shares vested on February 23, 2003.
- Pursuant to a Qualified Domestic Relations Order ("QDRO") entered into between the reporting person and the reporting person's former spouse, the economic benefits associated with 27% of the shares underlying the common stock option were transferred by the reporting person to his former spouse. The reporting person disclaims beneficial ownership in the shares transferred pursuant to the QDRO.
- (2) Consequently, the amount of the common stock option that was exercised for the benefit of the reporting person was 73% of 10,000 and the amount of the common stock option beneficially owned after the exercise was 73% of 20,000.
- As a result of the QDRO, the amount of the common stock that was exercised for the benefit of the reporting person was 73% of 20,000
- (3) and the amount of the common stock option beneficially owned after the exercise was 0. Additionally, pursuant to the QDRO the reporting person disposed of the portion of this common stock option deemed to be owned by his ex-spouse.

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.