

LESTER JOSEPH P
Form 4
May 31, 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)
20925 CROSSROADS CIRCLE,
SUITE 100
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
05/26/2005

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

WAUKESHA, WI 53186

(City) (State) (Zip)

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

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)
				(A) or (D)	Price		
Common Stock, par value \$.04 per share	05/26/2005		M	9,125	A \$ 1.875	9,125	D
Common Stock, par value \$.04 per share	05/26/2005		S	9,125	D \$ 4.29	0	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)
Common Stock Option	\$ 1.875	05/26/2005		M	9,125 (2)	12/20/2001 ⁽¹⁾ 12/20/2005	Common Stock 9,125 (2)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LESTER JOSEPH P 20925 CROSSROADS CIRCLE, SUITE 100 WAUKESHA, WI 53186			VP and General Manager	

Signatures

Joseph P. Lester 05/31/2005

**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: 12,500 shares vested on each of December 20, 2001; December 20, 2002; December 20, 2003; and December 20, 2004.
- 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 12,500 and the amount of the common stock option beneficially owned after the exercise was 0. The reporting person's former spouse is deemed to beneficially own the remaining portion of the option exercised (3,375 option shares).

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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