

RIMAGE CORP  
Form 4  
May 18, 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 \*  
Hotchkiss Philip D

(Last) (First) (Middle)  
1800 MOUNT CURVE AVENUE  
(Street)

MINNEAPOLIS, MN 55403

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
RIMAGE CORP [RIMG]

3. Date of Earliest Transaction  
(Month/Day/Year)  
05/17/2005

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| Common Stock                    |                                      |  |                                | (A) or (D) Price  | 0   | D  |                                   |

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)**

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| 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) |              |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title        | Amount or Number of Shares |
| Stock Option (Right to Buy)                | \$ 20.59   | 05/17/2005                           |  | A                              | 15,000  | 11/17/2005   | 05/17/2005  | Common Stock | 15,000                     |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| Hotchkiss Philip D<br>1800 MOUNT CURVE AVENUE<br>MINNEAPOLIS, MN 55403 |               | X         |         |       |

## Signatures

By April Hamlin, Attorney-In-Fact for Philip D. Hotchkiss 05/18/2005

\_\_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).

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. 4%; BACKGROUND-COLOR: #daeef3">

Principal Amount:

\$1,000 per Note

\* The hypothetical Initial Stock Price of \$100 used in the examples below has been chosen for illustrative purposes only and does not represent the actual Initial Stock Price of any Reference Stock. The actual Initial Stock Price for each Reference Stock is set forth on the cover page of this pricing supplement. We make no representation or warranty as to which of the Reference Stocks will be the Lesser Performing Reference Stock. It is possible that the Final Stock Price of each Reference Stock will be less than its Initial Stock Price.

Hypothetical Final Stock Prices are shown in the first column on the left. The second column shows the Payment at Maturity for a range of Final Stock Prices on the Valuation Date. The third column shows the amount of cash to be paid on the Notes per \$1,000 in principal amount. If the Notes are called prior to maturity, the hypothetical examples below will not be relevant, and you will receive on the applicable Coupon Payment Date, for each \$1,000 principal amount, \$1,000 plus the Contingent Coupon otherwise due on the Notes.

|                                   |                        |                         |
|-----------------------------------|------------------------|-------------------------|
| Hypothetical Final Stock Price of | Payment at Maturity as | Cash Payment Amount per |
|-----------------------------------|------------------------|-------------------------|

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| the Lesser Performing Reference Stock | Percentage of Principal Amount | \$1,000 in Principal Amount |
|---------------------------------------|--------------------------------|-----------------------------|
| \$180.00                              | 101.775%*                      | \$1,017.75*                 |
| \$170.00                              | 101.775%*                      | \$1,017.75*                 |
| \$160.00                              | 101.775%*                      | \$1,017.75*                 |
| \$150.00                              | 101.775%*                      | \$1,017.75*                 |
| \$140.00                              | 101.775%*                      | \$1,017.75*                 |
| \$125.00                              | 101.775%*                      | \$1,017.75*                 |
| \$120.00                              | 101.775%*                      | \$1,017.75*                 |
| \$110.00                              | 101.775%*                      | \$1,017.75*                 |
| \$100.00                              | 101.775%*                      | \$1,017.75*                 |
| \$90.00                               | 101.775%*                      | \$1,017.75*                 |
| \$80.00                               | 101.775%*                      | \$1,017.75*                 |
| \$70.00                               | 101.775%*                      | \$1,017.75*                 |
| \$60.00                               | 101.775%*                      | \$1,017.75*                 |
| \$59.99                               | 59.99%                         | \$599.90                    |
| \$55.00                               | 55.00%                         | \$550.00                    |
| \$50.00                               | 50.00%                         | \$500.00                    |
| \$40.00                               | 40.00%                         | \$400.00                    |
| \$30.00                               | 30.00%                         | \$300.00                    |
| \$20.00                               | 20.00%                         | \$200.00                    |
| \$10.00                               | 10.00%                         | \$100.00                    |
| \$0.00                                | 0%                             | \$0.00                      |

\*Including the final Contingent Coupon, if payable.

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Auto-Callable Contingent Coupon Barrier Notes  
Linked to the Lesser Performing of Two  
Exchange Traded Funds, Due August 26, 2020  
Royal Bank of Canada

Hypothetical Examples of Amounts Payable at Maturity

The following hypothetical examples illustrate how the payments at maturity set forth in the table above are calculated, assuming the Notes have not been called.

Example 1: The price of the Lesser Performing Reference Stock increases by 25% from the Initial Stock Price of \$100.00 to its Final Stock Price of \$125.00. Because the Final Stock Price of the Lesser Performing Reference Stock is greater than its Trigger Price and Coupon Barrier of \$60.00, the investor receives at maturity, in addition to the final Contingent Coupon of \$17.75 otherwise due on the Notes, a cash payment of \$1,000 per Note, despite the 25% appreciation in the price of the Lesser Performing Reference Stock.

Example 2: The price of the Lesser Performing Reference Stock decreases by 10% from the Initial Stock Price of \$100.00 to its Final Stock Price of \$90.00. Because the Final Stock Price of the Lesser Performing Reference Stock is greater than its Trigger Price and Coupon Barrier of \$60.00, the investor receives at maturity, in addition to the final Contingent Coupon of \$17.75 otherwise due on the Notes, a cash payment of \$1,000 per Note, despite the 10% decline in the price of the Lesser Performing Reference Stock.

Example 3: The price of the Lesser Performing Reference Stock is \$50.00 on the Valuation Date, which is less than its Trigger Price of \$60.00. Because the Final Stock Price of the Lesser Performing Reference Stock is less than its Trigger Price and its Coupon Barrier, the final Contingent Coupon will not be payable on the Maturity Date, and we will pay only \$500.00 for each \$1,000 in the principal amount of the Notes, calculated as follows:

Principal Amount + (Principal Amount x Reference Stock Return of the Lesser Performing Reference Stock)  
= \$1,000 + (\$1,000 x -50.00%) = \$1,000 - \$500.00 = \$500.00

\* \* \*

The Payments at Maturity shown above are entirely hypothetical; they are based on prices of the Reference Stocks that may not be achieved on the Valuation Date and on assumptions that may prove to be erroneous. The actual market value of your Notes on the Maturity Date or at any other time, including any time you may wish to sell your Notes, may bear little relation to the hypothetical Payments at Maturity shown above, and those amounts should not be viewed as an indication of the financial return on an investment in the Notes or on an investment in the securities included in any Reference Stock.

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Auto-Callable Contingent Coupon Barrier Notes  
Linked to the Lesser Performing of Two  
Exchange Traded Funds, Due August 26, 2020  
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#### SELECTED RISK CONSIDERATIONS

An investment in the Notes involves significant risks. Investing in the Notes is not equivalent to investing directly in the Reference Stocks. These risks are explained in more detail in the section “Risk Factors” in the product prospectus supplement. In addition to the risks described in the prospectus supplement and the product prospectus supplement, you should consider the following:

**Principal at Risk** — Investors in the Notes could lose all or a substantial portion of their principal amount if there is a decline in the trading price of the Lesser Performing Reference Stock between the Trade Date and the Valuation Date. If the Notes are not automatically called and the Final Stock Price of the Lesser Performing Reference Stock on the Valuation Date is less than its Trigger Price, the amount of cash that you receive at maturity will represent a loss of your principal that is proportionate to the decline in the closing price of the Lesser Performing Reference Stock from the Trade Date to the Valuation Date. Any Contingent Coupons received on the Notes prior to the Maturity Date may not be sufficient to compensate for any such loss.

**The Notes Are Subject to an Automatic Call** — If on any Observation Date starting on August 21, 2018 or thereafter, the closing price of each Reference Stock is greater than or equal to its Initial Stock Price, then the Notes will be automatically called. If the Notes are automatically called, then, on the applicable Call Settlement Date, for each \$1,000 in principal amount, you will receive \$1,000 plus the Contingent Coupon otherwise due on the applicable Call Settlement Date. You will not receive any Contingent Coupons after the Call Settlement Date. You may be unable to reinvest your proceeds from the automatic call in an investment with a return that is as high as the return on the Notes would have been if they had not been called.

**You May Not Receive Any Contingent Coupons** — We will not necessarily make any coupon payments on the Notes. If the closing price of either of the Reference Stocks on an Observation Date is less than its Coupon Barrier, we will not pay you the Contingent Coupon applicable to that Observation Date. If the closing price of either of the Reference Stocks is less than its Coupon Barrier on each of the Observation Dates and on the Valuation Date, we will not pay you any Contingent Coupons during the term of, and you will not receive a positive return on your Notes. Generally, this non-payment of the Contingent Coupon coincides with a period of greater risk of principal loss on your Notes. Accordingly, if we do not pay the Contingent Coupon on the Maturity Date, you will also incur a loss of principal, because the Final Stock Price of the Lesser Performing Reference Stock will be less than its Trigger Price. **The Notes Are Linked to the Lesser Performing Reference Stock, Even if the Other Reference Stock Performs Better** — If either of the Reference Stocks has a Final Stock Price that is less than its Trigger Price, your return will be linked to the lesser performing of the two Reference Stocks. Even if the Final Stock Price of the other Reference Stock has increased compared to its Initial Stock Price, or has experienced a decrease that is less than that of the Lesser Performing Reference Stock, your return will only be determined by reference to the performance of the Lesser Performing Reference Stock, regardless of the performance of the other Reference Stock.

**Your Payment on the Notes Will Be Determined by Reference to Each Reference Stock Individually, Not to a Basket, and the Payment at Maturity Will Be Based on the Performance of the Lesser Performing Reference Stock** — The Payment at Maturity will be determined only by reference to the performance of the Lesser Performing Reference Stock, regardless of the performance of the other Reference Stock. The Notes are not linked to a weighted basket, in which the risk may be mitigated and diversified among each of the basket components. For example, in the case of notes linked to a weighted basket, the return would depend on the weighted aggregate performance of the basket components reflected as the basket return. As a result, the depreciation of one basket component could be mitigated by the appreciation of the other basket component, as scaled by the weighting of that basket component. However, in the case of the Notes, the individual performance of each of the Reference Stocks would not be combined, and the depreciation of one Reference Stock would not be mitigated by any appreciation of the other

Reference Stock. Instead, your return will depend solely on the Final Stock Price of the Lesser Performing Reference Stock.

The Call Feature and the Contingent Coupon Feature Limit Your Potential Return — The return potential of the Notes is limited to the pre-specified Contingent Coupon Rate, regardless of the appreciation of the Reference Stocks. In addition, the total return on the Notes will vary based on the number of Observation Dates on which the Contingent Coupon becomes payable prior to maturity or an automatic call. Further, if the Notes are called due to the Call Feature, you will not receive any Contingent Coupons or any other payment in respect of any Observation Dates after the applicable Call Settlement Date. Since the Notes could be called as early as August 2018, the total return on the Notes could be limited to one year of Contingent Coupons, none of which are guaranteed. If the Notes are not called, you may be subject to the full downside performance of

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Auto-Callable Contingent Coupon Barrier Notes  
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the Lesser Performing Reference Stock even though your potential return is limited to the Contingent Coupon Rate. As a result, the return on an investment in the Notes could be less than the return on a direct investment in the Reference Stocks.

**Your Return May Be Lower than the Return on a Conventional Debt Security of Comparable Maturity** — The return that you will receive on the Notes, which could be negative, may be less than the return you could earn on other investments. Even if your return is positive, your return may be less than the return you would earn if you bought a conventional senior interest bearing debt security of Royal Bank.

**Payments on the Notes Are Subject to Our Credit Risk, and Changes in Our Credit Ratings Are Expected to Affect the Market Value of the Notes** — The Notes are Royal Bank's senior unsecured debt securities. As a result, your receipt of any Contingent Coupons, if payable, and the amount due on any relevant payment date is dependent upon Royal Bank's ability to repay its obligations on the applicable payment dates. This will be the case even if the prices of the Reference Stocks increase after the Trade Date. No assurance can be given as to what our financial condition will be during the term of the Notes.

**There May Not Be an Active Trading Market for the Notes-Sales in the Secondary Market May Result in Significant Losses** — There may be little or no secondary market for the Notes. The Notes will not be listed on any securities exchange. RBCCM and other affiliates of Royal Bank may make a market for the Notes; however, they are not required to do so. RBCCM or any other affiliate of Royal Bank may stop any market-making activities at any time. Even if a secondary market for the Notes develops, it may not provide significant liquidity or trade at prices advantageous to you. We expect that transaction costs in any secondary market would be high. As a result, the difference between bid and asked prices for your Notes in any secondary market could be substantial.

**The Initial Estimated Value of the Notes Is Less than the Price to the Public** — The initial estimated value set forth on the cover page of this pricing supplement does not represent a minimum price at which we, RBCCM or any of our affiliates would be willing to purchase the Notes in any secondary market (if any exists) at any time. If you attempt to sell the Notes prior to maturity, their market value may be lower than the price you paid for them and the initial estimated value. This is due to, among other things, changes in the prices of the Reference Stocks, the borrowing rate we pay to issue securities of this kind, and the inclusion in the price to the public of the underwriting discount and the estimated costs relating to our hedging of the Notes. These factors, together with various credit, market and economic factors over the term of the Notes, are expected to reduce the price at which you may be able to sell the Notes in any secondary market and will affect the value of the Notes in complex and unpredictable ways. Assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your Notes prior to maturity may be less than your original purchase price, as any such sale price would not be expected to include the underwriting discount and the hedging costs relating to the Notes. In addition to bid-ask spreads, the value of the Notes determined by RBCCM for any secondary market price is expected to be based on the secondary rate rather than the internal funding rate used to price the Notes and determine the initial estimated value. As a result, the secondary price will be less than if the internal funding rate was used. The Notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Notes to maturity.

**The Initial Estimated Value of the Notes on the Cover Page of this Pricing Supplement Is an Estimate Only, Calculated as of the Time the Terms of the Notes Were Set** — The initial estimated value of the Notes is based on the value of our obligation to make the payments on the Notes, together with the mid-market value of the derivative embedded in the terms of the Notes. See "Structuring the Notes" below. Our estimate is based on a variety of assumptions, including our credit spreads, expectations as to dividends, interest rates and volatility, and the expected term of the Notes. These assumptions are based on certain forecasts about future events, which may prove to be

incorrect. Other entities may value the Notes or similar securities at a price that is significantly different than we do. The value of the Notes at any time after the Trade Date will vary based on many factors, including changes in market conditions, and cannot be predicted with accuracy. As a result, the actual value you would receive if you sold the Notes in any secondary market, if any, should be expected to differ materially from the initial estimated value of your Notes.

Market Disruption Events and Adjustments — The payment at maturity, each Observation Date and the Valuation Date are subject to adjustment as described in the product prospectus supplement. For a description of what constitutes a market disruption event as well as the consequences of that market disruption event, see “General Terms of the Notes—Market Disruption Events” in the product prospectus supplement.

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