

ALTIGEN COMMUNICATIONS INC  
 Form 4  
 September 15, 2009

**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 \*  
 MCDERMOTT PHILIP M

2. Issuer Name and Ticker or Trading Symbol  
 ALTIGEN COMMUNICATIONS INC [ATGN]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
 410 EAST PLUMERIA DRIVE  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 07/21/2009

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Chief Financial Officer (CFO)

SAN JOSE, CA 95134

(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	07/21/2009		A	10,000 (1)	\$ 0 39,693 (2)	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 Security (Instr. 3 and 4)	
						Date Exercisable	Expiration Date	Title	Am Nu Sha
				Code	V (A) (D)				
Employee Stock Option (right to buy)	\$ 11.375	09/01/2009		D	40,000	(3)	11/01/2009	Common Stock	40
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009		A	3	(4)	09/01/2019	Common Stock	
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009		A	39,997	(4)	09/01/2019	Common Stock	39
Employee Stock Option (right to buy)	\$ 11.6876	09/01/2009		D	71,871	(5)	06/02/2009	Common Stock	71
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009		A	71,871	(6)	09/01/2019	Common Stock	71
Employee Stock Option (right to buy)	\$ 8	09/01/2009		D	20,000	(7)	04/17/2010	Common Stock	20
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009		A	670	(8)	09/01/2019	Common Stock	
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009		A	19,330	(8)	09/01/2019	Common Stock	19

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buy)									
Employee Stock Option (right to buy)	\$ 2.125	09/01/2009	D	34,000	<u>(9)</u>	11/16/2010	Common Stock	34,000	
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009	A	13,628	<u>(10)</u>	09/01/2019	Common Stock	13,628	
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009	A	20,372	<u>(10)</u>	09/01/2019	Common Stock	20,372	
Employee Stock Option (right to buy)	\$ 3.82	09/01/2009	D	60,000	<u>(11)</u>	01/05/2014	Common Stock	60,000	
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009	A	48,620	<u>(12)</u>	09/01/2019	Common Stock	48,620	
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009	A	11,380	<u>(12)</u>	09/01/2019	Common Stock	11,380	
Employee Stock Option (right to buy)	\$ 2.98	09/01/2009	D	60,000	<u>(13)</u>	11/12/2014	Common Stock	60,000	
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009	A	54,521	<u>(14)</u>	09/01/2019	Common Stock	54,521	
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009	A	5,479	<u>(14)</u>	09/01/2019	Common Stock	5,479	

Employee Stock Option (right to buy)	\$ 1.3	09/01/2009	D	100,000	(15)	11/15/2017	Common Stock	10
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009	A	83,705	(16)	09/01/2019	Common Stock	8
Employee Stock Option (right to buy)	\$ 0.86	09/01/2009	A	16,295	(16)	09/01/2019	Common Stock	10

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MCDERMOTT PHILIP M 410 EAST PLUMERIA DRIVE SAN JOSE, CA 95134			Chief Financial Officer (CFO)	

## Signatures

/s/ Philip  
McDermott 09/15/2009

\*\*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) Grant of restricted stock award. 100% of shares granted vest on date of grant.
- (2) Includes 5,989 shares acquired under the ATGN employee stock purchase plan on May 1, 2009.
- (3) The option provided for vesting as follows: 25% on 11/1/2000 then one 48th each month through 11/1/2003.  
On September 1, 2009, the Issuer cancelled, pursuant to the Issuer's option exchange program, an option granted to the Reporting Person on November 1, 1999. In exchange, the reporting person received a replacement option, for 3 shares, having an exercise price of \$0.86 per share, which vested 100% on November 1, 2003 and 39,997 shares having an exercise price of \$0.86 per share, which vest if and when the closing price of our common stock equals or exceeds \$2.50 per share.
- (5) The option provided for vesting as follows: 25% on 6/2/2000 then one 48th each month through 6/2/2003.  
On September 1, 2009, the Issuer cancelled, pursuant to the Issuer's option exchange program, an option granted to the Reporting Person on June 2, 1999. In exchange, the reporting person received a replacement option, for 71,871 shares having an exercise price of \$0.86 per share, which vest if and when the closing price of our common stock equals or exceeds \$2.50 per share.
- (7) The option provided for vesting as follows: 25% on 4/17/2001 then one 48th each month through 4/17/2004.
- (8)

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On September 1, 2009, the Issuer cancelled, pursuant to the Issuer's option exchange program, an option granted to the Reporting Person on April 17, 2000. In exchange, the reporting person received a replacement option, for 670 shares, having an exercise price of \$0.86 per share, which vested 100% on April 17, 2004 and 19,330 shares having an exercise price of \$0.86 per share, which vest if and when the closing price of our common stock equals or exceeds \$2.50 per share.

- (9) The option provided for vesting as follows: 50% on 11/16/2001 and 50% on 11/16/2002.

On September 1, 2009, the Issuer cancelled, pursuant to the Issuer's option exchange program, an option granted to the Reporting Person on November 16, 2000. In exchange, the reporting person received a replacement option, for 13,628 shares, having an exercise price of \$0.86 per share, which vested 100% on November 16, 2002 and 20,372 shares having an exercise price of \$0.86 per share, which vest if and when the closing price of our common stock equals or exceeds \$2.50 per share.

- (10) The option provided for vesting as follows: 25% on 11/12/2004 then one 48th each month through 11/12/2007.

On September 1, 2009, the Issuer cancelled, pursuant to the Issuer's option exchange program, an option granted to the Reporting Person on January 5, 2004. In exchange, the reporting person received a replacement option, for 48,620 shares, having an exercise price of \$0.86 per share, which vested 100% on November 12, 2007 and 11,380 shares having an exercise price of \$0.86 per share, which vest if and when the closing price of our common stock equals or exceeds \$2.50 per share.

- (11) The option provided for vesting as follows: 25% on 11/12/2005 then one 48th each month through 11/12/2008.

On September 1, 2009, the Issuer cancelled, pursuant to the Issuer's option exchange program, an option granted to the Reporting Person on November 12, 2004. In exchange, the reporting person received a replacement option, for 54,521 shares, having an exercise price of \$0.86 per share, which vested 100% on November 12, 2008 and 5,479 shares having an exercise price of \$0.86 per share, which vests if and when the closing price of our common stock equals or exceeds \$2.50 per share.

- (12) The option provided for vesting as follows: 25% on 11/15/2008 then one 48th each month through 11/15/2011.

On September 1, 2009, the Issuer cancelled, pursuant to the Issuer's option exchange program, an option granted to the Reporting Person on November 15, 2007. In exchange, the reporting person received a replacement option, for 83,705 shares, having an exercise price of \$0.86 per share, which vests 100% on November 15, 2011 and 16,295 shares having an exercise price of \$0.86 per share, which vest if and when the closing price of our common stock equals or exceeds \$2.50 per share.

- (13) 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.