

Flaherty James E
 Form 4
 February 18, 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 *
 Flaherty James E

2. Issuer Name and Ticker or Trading Symbol
 CARDIOVASCULAR SYSTEMS INC [CSII]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 651 CAMPUS DRIVE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 02/16/2009

___ Director ___ 10% Owner
 ___X___ Officer (give title below) ___X___ Other (specify below)
 Chief Administrative Officer / Mbr of 13(d) grp owng >10%

ST. PAUL, MN 55112

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 ___X___ Form filed by One Reporting Person
 ___ Form filed by More than One Reporting Person

(City) (State) (Zip)

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 (D) Price | | | |
| Common Stock | 02/16/2009 | | M | 20,000 A \$ 6 | 65,500 | 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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option (right to buy) | \$ 6 | 02/16/2009 | | M | 20,000 | <u>(1)</u> 02/16/2009 | Common Stock | 20,000 |
| Stock Option (right to buy) | \$ 6 | | | | | <u>(1)</u> 11/15/2009 | Common Stock | 7,500 |
| Stock Option (right to buy) | \$ 8 | | | | | <u>(1)</u> 06/30/2010 | Common Stock | 25,000 |
| Stock Option (right to buy) | \$ 8 | | | | | <u>(1)</u> 11/07/2010 | Common Stock | 12,000 |
| Stock Option (right to buy) | \$ 5.71 | | | | | <u>(2)</u> 12/18/2016 | Common Stock | 14,500 |
| Stock Option (right to buy) | \$ 5.71 | | | | | <u>(3)</u> 04/17/2017 | Common Stock | 39,000 |
| Stock Option (right to buy) | \$ 5.11 | | | | | <u>(4)</u> 08/06/2017 | Common Stock | 35,000 |
| Stock Option (right to buy) | \$ 7.86 | | | | | <u>(5)</u> 12/11/2017 | Common Stock | 50,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|------------------------------|----------------------------|
| | Director | 10% Owner | Officer | Other |
| Flaherty James E 651 CAMPUS DRIVE ST. PAUL, MN 55112 | | | Chief Administrative Officer | Mbr of 13(d) grp owng >10% |

Signatures

/s/ Carlye S. Landin as Attorney-in-Fact for James E. Flaherty pursuant to Power of Attorney previously filed. 02/18/2009

__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) Fully exercisable.
- (2) Exercisable: 4,833 on 12/19/07 and 12/19/08 and 4,834 on 12/19/09.
- (3) Exercisable: 13,000 on 4/18/08, 4/18/09 and 4/18/10.
- (4) Exercisable: 11,667 on 8/7/08 and 8/7/09 and 11,666 on 8/7/10.
- (5) Exercisable: 25,000 on the first anniversary of the closing of the Company's merger with Replidyne, Inc. and 25,000 on the second anniversary of the merger.

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.