

SMART ONLINE INC  
Form 4  
July 26, 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 \*  
Whitaker Scott

(Last) (First) (Middle)  
2530 MERIDAN PARKWAY  
(Street)

DURHAM, NC 27713

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
SMART ONLINE INC [SOLN]

3. Date of Earliest Transaction  
(Month/Day/Year)  
07/22/2005

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

Chief Financial Officer

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_X\_ 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)<br>or<br>(D)  | 25,000  | D  |                                   |

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

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**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. Price of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|
| Stock Option                               | \$ 3.5   |                                      |  |                                |   | 04/01/2005 04/01/2014                                    | Common Stock  | 5,000  |
| Stock Option <u>(1)</u>                    | \$ 3.5   |                                      |  |                                |   | 04/01/2006 04/01/2014                                    | Common Stock  | 5,000  |
| Stock Option <u>(2)</u>                    | \$ 3.5   |                                      |  |                                |   | 04/01/2007 04/01/2014                                    | Common Stock  | 5,000  |
| Stock Option <u>(3)</u>                    | \$ 3.5   |                                      |  |                                |   | 04/01/2008 04/01/2014                                    | Common Stock  | 5,000  |
| Stock Option <u>(4)</u>                    | \$ 3.5   |                                      |  |                                |   | 04/01/2009 04/01/2014                                    | Common Stock  | 5,000  |
| Stock Option                               | \$ 8.61  |                                      |  |                                |   | 07/22/2006 07/22/2015                                    | Common Stock  | 20,000   |

## Reporting Owners

| Reporting Owner Name / Address                             | Relationships |           |                         |       |
|--|---------------|-----------|-------------------------|-------|
|  | Director      | 10% Owner | Officer                 | Other |
| Whitaker Scott<br>2530 MERIDAN PARKWAY<br>DURHAM, NC 27713 |               |           | Chief Financial Officer |       |

## Signatures

Scott Whitaker                      07/26/2005  
 \*\*Signature of                      Date  
 Reporting Person

## 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) Partial vesting of 416.67 options monthly, starting 05/01/2005
- (2) Partial vesting of 416.67 options monthly, starting 05/01/2006
- (3) Partial vesting of 416.67 options monthly, starting 05/01/2007
- (4) Partial vesting of 416.67 options monthly, starting 05/01/2008

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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