

Bridgeline Software, Inc.

Form 4

October 28, 2008

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
CAVALIER JOHN C

(Last) (First) (Middle)

C/O BRIDGELINE SOFTWARE,
INC., 10 SIXTH ROAD

(Street)

WOBURN, MA 01801

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol

Bridgeline Software, Inc. [BLSW]

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

10/24/2008

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 Indirect Beneficial Ownership (Instr. 4)
Common Stock				(A) or (D)	93,333	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 Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
				Code V (A) (D)		Date Exercisable Expiration Date	Title	
Stock Option (right to buy)	\$ 0.9	10/24/2008		A	20,000	(1) 10/09/2018	Common Stock	20,000
Stock Option (right to buy)	\$ 1.76	10/24/2008		D	10,000	(3) 08/19/2018	Common Stock	10,000
Stock Option (right to buy)	\$ 3.69	10/24/2008		D	10,000	(4) 10/26/2017	Common Stock	10,000

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
CAVALIER JOHN C C/O BRIDGELINE SOFTWARE, INC. 10 SIXTH ROAD WOBURN, MA 01801	X

Signatures

/s/ Gary Cebula, as
attorney-in-fact 10/28/2008

__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) This option becomes exercisable with respect to 1/3 of the underlying shares on each of October 9, 2009, October 9, 2010 and October 9, 2011.
- (2) The reporting person agreed to cancellation of options granted to him on each of October 26, 2007 and August 19, 2008, in exchange for a new option to purchase the same number of shares having a lower exercise price.
- (3) This option would have become exercisable with respect to 1/3 of the underlying shares on each of August 19, 2009, August 19, 2010 and August 19, 2011.
- (4) This option would have become exercisable with respect to 1/3 of the underlying shares on each of October 26, 2008, October 26, 2009 and October 26, 2010.

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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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