

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 *
Cebula Gary M

(Last) (First) (Middle)

C/O BRIDGELINE SOFTWARE, 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
____X____ Officer (give title ____ Other (specify
below) below)

Exec. V.P., Treasurer and CFO

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 Indirect Beneficial Ownership (Instr. 4)
Common Stock				(A) or (D)	107,666	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 Security (Instr. 3 and 4)	8. Amount Owned After Transaction (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Am Nun Sha
Stock Option (right to buy)	\$ 0.9	10/24/2008		A		180,000		<u>(1)</u>	10/19/2018	Common Stock	18
Stock Option (right to buy)	\$ 1.76	10/24/2008		D			20,000	<u>(3)</u>	08/19/2018	Common Stock	20
Stock Option (right to buy)	\$ 3.69	10/24/2008		D			10,000	<u>(4)</u>	10/26/2017	Common Stock	10
Stock Option (right to buy)	\$ 3.75	10/24/2008		D			25,000	<u>(5)</u>	04/23/2017	Common Stock	25
Stock Option (right to buy)	\$ 3.75	10/24/2008		D			100,000	<u>(6)</u>	06/01/2015	Common Stock	10
Stock Option (right to buy)	\$ 3	10/24/2008		D			25,000	<u>(6)</u>	02/01/2013	Common Stock	25

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
Cebula Gary M C/O BRIDGELINE SOFTWARE 10 SIXTH ROAD WOBURN, MA 01801	Exec. V.P., Treasurer and CFO

Signatures

/s/ Gary Cebula 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 February 1, 2003, June 1, 2005, April 23, 2007, 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.
- (5) This option became exercisable with respect to 1/3 of the underlying shares on each of April 23, 2008, April 23, 2009 and April 23, 2010.
- (6) This option was immediately exercisable in full.

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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