

Bridgeline Software, Inc.
 Form 4
 October 28, 2008

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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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 *
 Galaznik Kenneth

(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
 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 Beneficial Ownership (Instr. 4)	
				(A) or (D)	Price			
				Code	V	Amount	(D)	Price

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)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities Acquired	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount Underlying Securities (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8) Code	(A) or Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title	Amount or Number of Shares
				(A)	(D)				
Stock Option (right to buy)	\$ 0.9	10/24/2008	A	45,000		<u>(1)</u>	10/09/2018	Common Stock	45,000
Stock Option (right to buy)	\$ 1.76	10/24/2008	D		10,000	<u>(3)</u>	08/19/2018	Common Stock	10,000
Stock Option (right to buy)	\$ 3.69	10/24/2008	D		10,000	<u>(4)</u>	10/26/2017	Common Stock	10,000
Stock Option (right to buy)	\$ 3.75	10/24/2008	D		25,000	<u>(5)</u>	09/29/2016	Common Stock	25,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Galaznik Kenneth C/O BRIDGELINE SOFTWARE 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 will become 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 September 29, 2006, 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.

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- (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 September 29, 2007, September 29, 2008 and September 29, 2009.

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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