Bridgeline Software, Inc.
Form 4
October 28, 2008

FORM 4

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

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

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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).

(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)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

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)
			Code	V	Amount	(A) or (D)	Price			
Common Stock								93,333	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)

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 Securitie (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amoun or Numbe of Sha
Stock Option (right to buy)	$ 0.9	10/24/2008		A		20,000		(1)	10/09/2018	Common Stock	20,00
Stock Option (right to buy)	$ 1.76	10/24/2008		D			10,000	(3)	08/19/2018	Common Stock	10,00
Stock Option (right to buy)	$ 3.69	10/24/2008		D			10,000	(4)	10/26/2017	Common Stock	10,00

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.

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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Explanation of Responses: