

Bitstream Inc.
Form 4
October 04, 2011

FORM 4

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

OMB APPROVAL

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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 *
KAGAN JONATHAN H

(Last) (First) (Middle)

C/O BITSTREAM INC., 500
NICKERSON ROAD

(Street)

MARLBOROUGH, MA 01752-4695

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Bitstream Inc. [BITS]

3. Date of Earliest Transaction
(Month/Day/Year)
09/30/2011

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 Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	
Class A Common Stock	09/30/2011		A	2,700	A	\$ 0	41,600 <u>(1)</u> <u>(2)</u> D <u>(3)</u>

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 of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 6)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KAGAN JONATHAN H C/O BITSTREAM INC. 500 NICKERSON ROAD MARLBOROUGH, MA 01752-4695		X		

Signatures

Janathan H. Kagan
10/03/2011

**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) Includes 1,000 shares held by Mr. Kagan's son and Mr. Kagan may be deemed beneficial owner of such shares. Includes 17,500 restricted shares granted on 02/22/2010 which expires on 02/22/2020 and which vests over 5 years in 20 equal amounts of 1,250 shares on each quarterly anniversary date from the date of grant; 3,825 restricted shares granted on 11/12/2010 which expires on 11/12/2020 and which vests over 5 years in 20 equal amounts of 225 shares on each quarterly anniversary date from the date of grant; 4,050 restricted shares granted on 02/24/2011 which expires on 02/24/2021 and which vests over 5 years in 20 equal amounts of 225 shares on each quarterly anniversary date from the date of grant; 3,705 restricted shares granted on 06/30/2011 which expires on 06/30/2021 and which vests over 5 years in 20 equal amounts of 195 shares on each quarterly anniversary date from the date of grant;
 - (2) and 2,700 restricted shares granted on 09/30/2011 which expires on 09/30/2021 and which vests over 5 years in 20 equal amounts of 135 shares on each quarterly anniversary date from the date of grant.
 - (3) Includes 1,000 shares held by Mr. Kagan's son and Mr. Kagan may be deemed beneficial owner of such shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.