

CHAGNON ANNA M  
Form 4  
December 18, 2006

**FORM 4**

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

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).

**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 \*  
CHAGNON ANNA M

(Last) (First) (Middle)

C/O BITSTREAM INC., 245 FIRST STREET, 17TH FLOOR

(Street)

CAMBRIDGE, MA 02142-1270

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
BITSTREAM INC [BITS]

3. Date of Earliest Transaction (Month/Day/Year)  
09/15/2006

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)

President and CEO

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 Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Class A Common Stock	12/15/2006		X		7,101	A	\$ 1.56
Class A Common Stock	12/15/2006		X		10,000	A	\$ 2.031

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 of Underlying Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Incentive Stock Option	\$ 1.56	12/15/2006		X	7,101	11/06/2001 11/06/2008	Class A Common Stock 7,101
Incentive Stock Option	\$ 2.0312	12/15/2006		X	10,000	11/04/2000 11/04/2009	Class A Common Stock 10,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CHAGNON ANNA M C/O BITSTREAM INC. 245 FIRST STREET, 17TH FLOOR CAMBRIDGE, MA 02142-1270			President and CEO	

## Signatures

Anna M. Chagnon 12/18/2006

\*\*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) The reporting person beneficially owns the following options to purchase Class A Common Stock of the Company (i)an option granted on 11/04/1999 to purchase 40,000 shares at \$2.031 per share, which option expires on 11/04/2009 and is fully vested;(ii) an option granted on 12/11/2000 to purchase 42,899 shares at \$2.0312 per share, which option expires 12/11/2010 and is fully vested;(iii)an option to purchase 40,000 shares at \$3.96 per share, which option expires 11/05/2011 and is fully vested;(iv)an option granted on 02/13/2004 to purchase 100,000 shares at \$3.00 per share, which option expires on 02/13/2014, and of which 66,666 are vested, and 33,334 vest on 02/13/2007;

(2) (v) an option granted on 08/02/2004 to purchase 60,000 shares at \$1.59 per share, which option expires 08/02/2014 and of which 40,000 is vested and 20,000 vest on 08/02/2007; and (vi) an option granted on 08/03/2006 to purchase 50,000 at \$4.45, which option expires on 08/03/2016 and of which 12,500 vest each on 08/03/07, 08/03/08, 08/03/09 and 08/03/10.

(3)

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included is the reporting person's indirect ownership of the following options to purchase Class A Common Stock of the Company (i) an option granted on 01/25/1999 to purchase 750 shares at \$1.59 per share, which option expires on 01/25/2009 and is fully vested; (ii) an option granted on 10/24/2000 to purchase 750 shares at \$2.50 per share, which option expires on 10/24/2010 and is fully vested; (iii) an option granted on 11/05/2001 to purchase 3,000 shares at \$3.960 per share, which option expires on 11/05/2011 and is fully vested; and (iv) an option granted on 11/06/2006 to purchase 2,700 shares at \$7.970 per share, which option expires on 11/06/2016 and of which 675 vest each on 11/06/07, 11/06/08, 11/06/09, and 11/06/10. Indirect ownership of options held of record by Michael Chagnon, an employee of the Company and Ms. Chagnon's spouse.

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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