

BSQUARE CORP /WA
Form 4
May 18, 2007

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 *
BUTLER CAREY E

2. Issuer Name and Ticker or Trading Symbol
BSQUARE CORP /WA [BSQR]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
110 - 110TH AVENUE, NE, SUITE 200

3. Date of Earliest Transaction (Month/Day/Year)
05/17/2007

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

Vice President, PES

(Street)
BELLEVUE, WA 98004

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V Amount (A) or (D) Price | | | |
| Common Stock | 05/17/2007 | | M | 2,000 A \$ 2.32 | 4,250 | D | |
| Common Stock | 05/17/2007 | | S | 2,000 D \$ 5.5 | 2,250 | D | |
| Common Stock | 05/18/2007 | | M | 3,000 A \$ 2.32 | 5,250 | D | |
| Common Stock | 05/18/2007 | | S | 1,500 D \$ 5.5 | 3,750 | D | |
| Common Stock | 05/18/2007 | | S | 1,500 D \$ 5.38 | 2,250 | D | |

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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 (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. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option (Right to Buy) | \$ 2.32 | 05/17/2007 | | M | 2,000 <u>(1)</u> | <u>(2)</u> 09/21/2014 | Common Stock | 2,000 <u>(1)</u> |
| Stock Option (Right to Buy) | \$ 2.32 | 05/18/2007 | | M | 3,000 <u>(1)</u> | <u>(2)</u> 09/21/2014 | Common Stock | 3,000 <u>(1)</u> |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------------------|-------|
| | Director | 10% Owner | Officer | Other |
| BUTLER CAREY E 110 - 110TH AVENUE, NE SUITE 200 BELLEVUE, WA 98004 | | | Vice President, PES | |

Signatures

Brian T. Crowley for Carey E. Butler by Power of Attorney 05/18/2007

__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) On September 30, 2005, the common stock of BSQUARE Corporation split one-for-four. The indicated stock option was adjusted as to price and number of underlying shares from the amounts previously reported to reflect this stock split.
- (2) The option was vested as to 39,063 as of March 21, 2007 and vests every three months thereafter as to 3,907 shares until it is fully vested. The option will be fully vested as of September 21, 2008.

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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