PYLE MICHAEL R Form 4

March 21, 2011

FORM 4

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

OMB Number:

Check this box if no longer subject to Section 16. Form 4 or Form 5

obligations

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

may continue. See Instruction

1(b).

(Last)

(City)

Common

Stock

MAIN STREET

(Print or Type Responses)

1. Name and Address of Reporting Person * PYLE MICHAEL R

(First)

(Street)

(State)

C/O PEGASYSTEMS INC., 101

(Middle)

(Zip)

2. Issuer Name and Ticker or Trading Symbol

PEGASYSTEMS INC [PEGA]

3. Date of Earliest Transaction

(Month/Day/Year)

03/17/2011

4. If Amendment, Date Original

Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to

Issuer

(Check all applicable)

OMB APPROVAL

Expires:

response...

Estimated average

burden hours per

3235-0287

January 31,

2005

0.5

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

Senior VP, Engineering

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

CAMBRIDGE, MA 02142

1.Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year) Execution Date, if (Instr. 3)

Code (Month/Day/Year) (Instr. 8)

3. 4. Securities TransactionAcquired (A) or Disposed of (D) (Instr. 3, 4 and 5) 5. Amount of Securities Beneficially Owned Following Reported

Form: Direct (D) or Indirect (I) (Instr. 4)

6. Ownership 7. Nature of Indirect Beneficial Ownership (Instr. 4)

(9-02)

(A) Transaction(s) or (Instr. 3 and 4)

Code V Amount (D) Price

7,089

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)

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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 out 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	Amoun or Number of Shares
Stock Option - Right to Acquire	\$ 32.04	03/17/2011		A	6,225	03/17/2012(1)	03/17/2021	Common Stock	6,225
Restricted Stock Units (2)	\$ 0	03/17/2011		A	2,363	03/17/2012(3)	<u>(4)</u>	Common Stock	2,363
Restricted Stock Units (2)	\$ 0	03/17/2011		A	2,245	03/09/2012(5)	<u>(4)</u>	Common Stock	2,245

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

PYLE MICHAEL R C/O PEGASYSTEMS INC. 101 MAIN STREET CAMBRIDGE, MA 02142

Senior VP, Engineering

Signatures

/s/ Shawn Hoyt, Esq., as Attorney-In-Fact for Michael R. Pyle

03/21/2011

**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) All options vest 20% on March 17, 2012, and the remaining 80% vest in equal quarterly installments over the remaining four years.
- (2) Each restricted stock unit represents the right to receive, following vesting, one share of Pegasystems Inc.'s common stock.
- (3) All RSUs vest 20% on March 17, 2012, and the remaining 80% vest in equal quarterly installments over the remaining four years.
- (4) Once vested, the shares of common stock are not subject to expiration.
- (5) Represents election by individual, as part of the Company's Corporate Incentive Compensation Plan, to receive half of his annual bonus in RSUs, based upon the Company's stock price as of March 17, 2011. All RSUs fully vest on March 9, 2012.

Reporting Owners 2

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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.