

PYLE MICHAEL R
Form 4
March 21, 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 *
PYLE MICHAEL R

(Last) (First) (Middle)

C/O PEGASYSTEMS INC., 101
MAIN STREET

(Street)

CAMBRIDGE, MA 02142

(City) (State) (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)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Senior VP, Engineering

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| Common Stock | | | | (A) or (D) | 7,089 | D | |

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) | Amount 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⁾ ⁽⁴⁾ | Common Stock | 2,363 |
| Restricted Stock Units ⁽²⁾ | \$ 0 | 03/17/2011 | | A | 2,245 | 03/09/2012 ⁽⁵⁾ ⁽⁴⁾ | Common Stock | 2,245 |

Reporting Owners

| Reporting Owner Name / Address | Relationships |
|--|--|
| PYLE MICHAEL R C/O PEGASYSTEMS INC. 101 MAIN STREET CAMBRIDGE, MA 02142 | Director 10% Owner Officer Other 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.

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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.
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