

PYLE MICHAEL R
Form 4
March 17, 2009

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 *
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)

03/13/2009

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

| 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 or Price | | |
| Common Stock | 03/13/2009 | | M | | 6,050 (1) | A | \$ 0 17,489 D |
| Common Stock | 03/13/2009 | | F | | 1,921 | D | \$ 16.38 15,568 D |
| Common Stock | 03/13/2009 | | M | | 400 (2) | A | \$ 0 15,968 D |
| Common Stock | 03/13/2009 | | F | | 127 | D | \$ 16.38 15,841 D |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(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) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Restricted Stock Units | \$ 0 | 03/13/2009 | | M | 6,050 ⁽¹⁾ | 03/13/2009 03/13/2018 | Common Stock | 6,050 |
| Restricted Stock Units | \$ 0 | 03/13/2009 | | M | 400 ⁽²⁾ | 03/13/2009 12/13/2017 | Common Stock | 400 |
| Restricted Stock Units | \$ 0 | 03/13/2009 | | A | 3,700 ⁽³⁾ | 03/10/2010 03/13/2019 | Common Stock | 3,700 |

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 03/17/2009

**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)

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All RSUs vested in full on March 13, 2009. Threshold funding under the 2008 Section 16 Corporate Incentive Compensation Plan was attained.

- (2) Represents quarterly vesting of December 13, 2007 RSU grant. Original grant was 8,000 RSUs, with 20% vested on December 13, 2008, and the remaining 80% vesting in equal quarterly installments over the remaining four years.
- (3) 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 13, 2009. All RSUs will fully vest on March 13, 2010.

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.