

KOUNINIS EFSTATHIOS A
 Form 4
 May 13, 2011

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 *
KOUNINIS EFSTATHIOS A

2. Issuer Name and Ticker or Trading Symbol
PEGASYSTEMS INC [PEGA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
C/O PEGASYSTEMS INC., 101 MAIN STREET

3. Date of Earliest Transaction (Month/Day/Year)
05/12/2011

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
VP of Finance; CAO

(Street)
CAMBRIDGE, MA 02142

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

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 | 05/12/2011 | | M | | 4,000 | A | \$ 10.41 <u>(1)</u> |
| Common Stock | 05/12/2011 | | F | | 1,985 | D | \$ 39.83 |
| Common Stock | 05/12/2011 | | S | | 2,015 | D | \$ 39.19 |
| Common Stock | 05/12/2011 | | M | | 436 | A | \$ 11.88 <u>(2)</u> |
| | 05/12/2011 | | F | | 229 | D | 924 |

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| | | | | | | | |
|--------------|------------|---|-----|---|----------|-----|---|
| Common Stock | | | | | \$ 39.83 | | |
| Common Stock | 05/12/2011 | S | 207 | D | \$ 39.19 | 717 | D |
| Common Stock | 05/12/2011 | S | 717 | D | \$ 39.19 | 0 | 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) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Stock Option - Right to Acquire | \$ 10.41 (1) | 05/12/2011 | | M | 4,000 | 04/24/2009(3) | 04/24/2018 | Common Stock | 10,000 |
| Stock Options - Right to Acquire | \$ 11.88 (2) | 05/12/2011 | | M | 436 | 12/11/2009(4) | 12/11/2018 | Common Stock | 970 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-----------------------|-------|
| | Director | 10% Owner | Officer | Other |
| KOUNINIS EFSTATHIOS A C/O PEGASYSTEMS INC. 101 MAIN STREET CAMBRIDGE, MA 02142 | | | VP of Finance; CAO | |

Signatures

/s/ Shawn Hoyt, Esq., as Attorney-In-Fact for Efstathios A.
Kouninis

05/13/2011

__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) Represents the exercise price of the Stock Option referenced in Table II, which was paid by way of the withholding by the Company of shares with a value equal to the exercise price.
- (2) Represents the exercise price of the Stock Option referenced in Table II, which was paid by way of the withholding by the Company of shares with a value equal to the exercise price.
- (3) All options vest 20% on April 24, 2009, and the remaining 80% vest in equal quarterly installments vests over the remaining four years.
- (4) All options vest 20% on December 11, 2009, and the remaining 80% vest in equal quarterly installments vests over the remaining four years.

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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