

PEGASYSTEMS INC
Form 4
May 16, 2006

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

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 *
SULLIVAN CHRISTOPHER R

(Last) (First) (Middle)
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)
05/12/2006

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)
C.F.O. & S.V.P. of Finance

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	05/12/2006		M		6,017	A	\$ 3.45
Common Stock	05/12/2006		S		6,017	D	\$ 7.54
Common Stock	05/15/2006		M		6,983	A	\$ 3.45
Common Stock	05/15/2006		S		6,983	D	\$ 7.01
Common Stock	05/15/2006		M		11,717	A	\$ 4.11

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Common Stock	05/15/2006	S	11,717	D	\$ 7.01	0	D
Common Stock	05/16/2006	M	18,283	A	\$ 4.11	18,283	D
Common Stock	05/16/2006	S	18,283	D	\$ 7.01	0	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)

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 Buy)	\$ 3.45	05/12/2006		M	6,017	10/16/2001 ⁽¹⁾	07/16/2011	Common Stock	75,000
Stock Option (Right to Buy)	\$ 3.45	05/15/2006		M	6,983	10/16/2001 ⁽¹⁾	07/16/2011	Common Stock	75,000
Stock Option (Right to Buy)	\$ 4.11	05/15/2006		M	11,717	07/18/2003 ⁽²⁾	04/18/2013	Common Stock	50,000
Stock Option (Right to Buy)	\$ 4.11	05/16/2006		M	18,283	07/18/2003 ⁽²⁾	04/18/2013	Common Stock	50,000

Reporting Owners

Reporting Owner Name / Address

Relationships

Reporting Owners

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Director 10% Owner Officer Other

SULLIVAN CHRISTOPHER R
101 MAIN STREET
CAMBRIDGE, MA 02142

C.F.O. & S.V.P. of Finance

Signatures

/s/ Shawn Hoyt, as
Attorney-in-Fact

05/16/2006

__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) Option vests in quarterly installments over a 4 year period.
 - (2) Option vests in quarterly installments over a 5 year period.

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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