

PEGASYSTEMS INC  
Form 4  
May 31, 2007

**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 \*  
Reilly James T

(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)  
05/29/2007

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)  
Chief Accounting Officer

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	05/29/2007		M		6,992	A	\$ 10.48
Common Stock	05/29/2007		S		28,008	D	\$ 10.48
Common Stock	05/30/2007		M		28,008	A	\$ 10.48
Common Stock	05/30/2007		S		28,008	D	\$ 10.48
Common Stock	05/30/2007		M		5,000	A	\$ 10.48

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Common Stock	05/30/2007		S	5,000	D	\$ 10.48	12,898		D
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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)		
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						Code	V	(A)	(D)
Stock Option-Right to Acquire	\$ 4.48	05/29/2007		M	6,992	(1)	09/05/2010	Common Stock	6,992
Stock Option-Right to Acquire	\$ 4.48	05/30/2007		M	28,008	(1)	09/05/2010	Common Stock	28,008
Stock Option-Right to Acquire	\$ 4.383	05/30/2007		M	5,000	(1)	03/08/2011	Common Stock	5,000

## Reporting Owners

<b>Reporting Owner Name / Address</b>  Reilly James T C/O PEGASYSTEMS INC. 101 MAIN STREET CAMBRIDGE, MA 02142	<b>Relationships</b>  Director    10% Owner    Officer  Chief Accounting Officer
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## Signatures

Shawn Hoyt, Esq. as Attorney-In-Fact for James T.  
Reilly

05/31/2007

\_\_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 are exercisable.

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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