

Dynes Craig A  
Form 4  
December 14, 2010

**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 \*  
Dynes Craig 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)

3. Date of Earliest Transaction (Month/Day/Year)  
12/11/2010

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)

C/O PEGASYSTEMS INC., 101 MAIN STREET

CFO and Senior VP

(Street)

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

CAMBRIDGE, MA 02142

(City) (State) (Zip)

**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	12/11/2010		M		294 <sup>(1)</sup> A \$ 0	2,581	D
Common Stock	12/11/2010		F		94 D \$ 35.25	2,487	D
Common Stock	12/13/2010		M		400 <sup>(4)</sup> A \$ 0	2,887	D
Common Stock	12/13/2010		F		127 D \$ 35.25	2,760	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)	8. Amount or Number of Shares
Restricted Stock Units <sup>(2)</sup>	\$ 0	12/11/2010		M	294 <sup>(1)</sup>	12/11/2009 <sup>(1)</sup> <sup>(3)</sup>	Common Stock	294
Restricted Stock Units <sup>(2)</sup>	\$ 0	12/13/2010		M	400 <sup>(4)</sup>	12/13/2008 <sup>(4)</sup> <sup>(3)</sup>	Common Stock	400

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Dynes Craig A C/O PEGASYSTEMS INC. 101 MAIN STREET CAMBRIDGE, MA 02142			CFO and Senior VP	

## Signatures

/s/ Janet Mesrobian, Esq., as Attorney-in-Fact for Craig A. Dynes 12/14/2010

\_\_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 5% quarterly vesting on December 11, 2010. Original grant was 5,870 RSUs, with 20% vested on December 11, 2009, and the remaining 80% vesting in equal quarterly installments over the remaining four years.

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- (2) Each restricted stock unit represents the right to receive, following vesting, one share of Pegasystems Inc.'s common stock.
- (3) Once vested, the shares of common stock are not subject to expiration.
- (4) Represents 5% quarterly vesting on December 13, 2010. 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.

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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