

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  
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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 \*  
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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(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	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	
Stock Option (Right to Buy)	\$ 3.45	05/12/2006		M	6,017	10/16/2001 <sup>(1)</sup>	07/16/2011	Common Stock	75,000
Stock Option (Right to Buy)	\$ 3.45	05/15/2006		M	6,983	10/16/2001 <sup>(1)</sup>	07/16/2011	Common Stock	75,000
Stock Option (Right to Buy)	\$ 4.11	05/15/2006		M	11,717	07/18/2003 <sup>(2)</sup>	04/18/2013	Common Stock	50,000
Stock Option (Right to Buy)	\$ 4.11	05/16/2006		M	18,283	07/18/2003 <sup>(2)</sup>	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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