# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
### Washington D.C., 20549

# FORM 8-K

### CURRENT REPORT
### Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**Date of Report (Date of earliest event reported): September 22, 2009**

# Progress Software Corporation
**(Exact name of registrant as specified in its charter)**

**Commission file number: 0-19417**

| | |
|---|---|
| **Massachusetts** | **04-2746201** |
| **(State or other jurisdiction of** | **(I.R.S. employer** |
| **incorporation or organization)** | **identification no.)** |

**14 Oak Park**
**Bedford, Massachusetts 01730**
**(Address of principal executive offices, including zip code)**

**(781) 280-4000**
**(Registrant's telephone number, including area code)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Section 2 – Financial Information**

*Item 2.02 Results of Operations and Financial Condition*

On September 22, 2009, Progress Software Corporation issued a press release announcing financial results for its third fiscal quarter ended August 31, 2009. A copy of this press release is furnished as Exhibit 99.1 to this report. This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the company, whether made before or after the date of this report, regardless of any general incorporation language in the filing.

**Section 9 – Financial Statements and Exhibits**

*Item 9.01 Financial Statements and Exhibits*

(c) Exhibits

99.1 Press Release dated September 22, 2009

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 22, 2009

Progress Software Corporation

By: /s/ Norman R. Robertson

Senior Vice President, Finance and
Administration and Chief
Financial Officer

**Exhibit 99.1**

PROGRESS
SOFTWARE

## PRESS ANNOUNCEMENT

John Stewart                                          Claire Rowberry
Progress Software Corporation                         Lewis PR
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### PROGRESS SOFTWARE REPORTS 2009 THIRD QUARTER RESULTS

**BEDFORD, Mass., September 22, 2009—**Progress Software Corporation (NASDAQ: PRGS), a leading software provider that enables enterprises to be operationally responsive announced today results for its third quarter ended August 31, 2009. On a generally accepted accounting principles (GAAP) basis, revenue for the quarter was $119.4 million, down 6 percent (flat at constant currency) from $126.6 million in the third quarter of fiscal 2008. On a non-GAAP basis, revenue totaled $119.7 million, down 5 percent (flat at constant currency) from the year ago period. The non-GAAP adjustment to revenue was to add back the purchase accounting adjustment for the reduction in deferred maintenance revenue related to the acquisition of IONA Technologies. Software license revenue decreased 15 percent (down 11 percent at constant currency) to $39.2 million from $46.0 million in the same quarter last year.

On a GAAP basis, operating income decreased 50 percent to $9.1 million from $18.1 million in the third quarter of fiscal 2008. Net income decreased 56 percent to $5.5 million from $12.5 million in the same quarter last year. Diluted earnings per share decreased 57 percent to 13 cents from 30 cents in the third quarter of fiscal 2008.

On a non-GAAP basis, operating income decreased 8 percent to $24.9 million from $27.2 million in the same quarter last year. Non-GAAP net income decreased 13 percent to $16.5 million from $19.0 million in the same quarter last year and non-GAAP diluted earnings per share decreased 11 percent to 40 cents per share from 45 cents in the third quarter of fiscal 2008.

Non-GAAP amounts primarily exclude the amortization of acquired intangibles, stock-based compensation, restructuring and acquisition-related costs and purchase accounting adjustments for deferred revenue.

The non-GAAP results noted above and the non-GAAP financial outlook for 2009 discussed below represent non-GAAP financial measures. A reconciliation of these measures to the appropriate GAAP measures for the three months ended August 31, 2009 and August 31, 2008, and the 2009 outlook, as well as further information regarding these measures, is included in the condensed financial information provided with this release.

Progress Software's cash and short-term investments at the end of the third quarter totaled $186.5 million. Progress Software repurchased approximately 67,000 shares at a cost of $1.4 million in the third quarter of fiscal 2009. The existing re-purchase authorization, under which approximately 9.6 million shares remain available for repurchase, expires on September 30, 2009.

Rick Reidy, president and chief executive officer of Progress Software, stated: "Our financial results reflect the difficult economic environment and unfavorable year-over-year currency rates present during this third quarter. However, we continue to be well positioned with our emerging products and have received strong validation and top ratings from independent analyst firms."

**Quarterly Highlights**

- The Federal Aviation Administration (FAA) selected Progress® FUSE™ products to provide the open source integration underpinnings for their System Wide Information Management (SWIM) Program. The selection of FUSE open source products allows the SWIM program to interoperate with many other existing vendor technologies already in use by the FAA. (http://tinyurl.com/Progress-FAA)

- UniCredit has deployed the Progress® Apama® FX Aggregation Accelerator for its FX desks. UniCredit's FX traders are now using the Progress Apama platform along with its customized dashboards to connect to a number of liquidity venues and gain an aggregated view of liquidity in the FX market. In addition to using the Apama FX Aggregator to get a single unified view of the fragmented global FX market place, UniCredit's FX traders are harnessing the power of the FX Aggregation Accelerator to publish FX prices to its eFX downstream channels. (http://tinyurl.com/unicredit-and-progress)

- Foxwoods Resort Casino is now using Progress DataDirect Connect® for ODBC database drivers within its Hospitality Systems' applications to connect business analytics data on UNIX to Windows-based data sources. With secure, reliable and stable access to heterogeneous data sources, Foxwoods has gained immediate visibility into the non-gaming activity of its guests to aid with marketing efforts, special events and promotions. (http://tinyurl.com/Progress-Foxwoods)

- BondDesk Group, a leading fixed income trading platform and one of the largest market destinations for trading odd-lot fixed income in the U.S., will use the industry-leading Progress® Apama® Complex Event Processing (CEP) platform within the BondDesk™ Alternative Trading System (ATS). The BondDesk ATS provides 2,000 broker-dealers with access to 35,000 live and executable offerings from 120 premier fixed income dealers. BondDesk delivers analytics and decision-support to traders' desktops more quickly and efficiently than ever before using the Apama CEP platform. (http://tinyurl.com/BondDesk-Progress)

- Progress Software announced the appointment of Christopher Larsen as the company's Senior Vice President, Global Field Operations. His appointment in this new executive role is part of Progress' goal to provide a single integrated and customer focused enterprise level sales, services, and support organization globally. Reporting to Rick Reidy, president and chief executive officer, Larsen will be responsible for all company-wide sales, pre-sales, alliance, technical support and consulting services. (http://tinyurl.com/Christopher-Larsen)

- The company announced the general availability of version 3.3 of its Progress® DataDirect Connect® for ADO.NET data providers featuring Entity Framework support for Oracle. (http://tinyurl.com/Progress-Oracle-Connectivity)

- Progress released the latest version of its popular Apama Market Surveillance and Monitoring Accelerator. This release adds new abuse pattern detection capabilities and enhances current real-time monitoring and alerting features with new market operational controls. In addition, the Apama Market Surveillance and Monitoring Accelerator includes enhanced dashboards and a more sophisticated underlying data infrastructure that reduces time to market for a broad range of surveillance use cases. (http://tinyurl.com/Apama-market-surveillance)

Forrester Research, Inc. named the Progress® Apama® complex event processing (CEP) platform as a standout leader in "The Forrester Wave™: Complex Event Processing Platforms, Q3 2009"(August 2009) Report. In this detailed review of products, the Progress® Apama® platform

received the top score in current offering and market presence. According to the report: "Progress Apama earned high marks for its event processing features, its development tools, and its business end-user tools, propelling it into its position as a leader." (http://tinyurl.com/Forrester-Progress)

Additional highlights can be found at: http://web.progress.com/inthenews/pressreleases.html.

**Business Outlook**

Progress Software is providing the following guidance for the fiscal year ending November 30, 2009:

- GAAP revenue is expected to be in the range of $487 million to $490 million.

- On a non-GAAP basis, revenue is expected to be in the range of $490 million to $493 million.

- GAAP diluted earnings per share are expected to be in the range of 69 cents to 71 cents.

- On a non-GAAP basis, diluted earnings per share are expected to be in the range of $1.72 to $1.74.

Progress Software is providing the following guidance for the fourth fiscal quarter ending November 30, 2009:

- On both a GAAP and non-GAAP basis, revenue is expected to be in the range of $130 million to $133 million.

- GAAP diluted earnings per share are expected to be in the range of 33 cents to 35 cents.

- On a non-GAAP basis, diluted earnings per share are expected to be in the range of 54 cents to 56 cents.

The outlook for the non-GAAP amounts excludes the amortization of acquired intangibles, stock-based compensation, purchase accounting adjustments for deferred revenue, restructuring expenses and acquisition-related expenses.

**Legal Notice Regarding Non-GAAP Financial Information**

Progress Software provides non-GAAP revenue, operating income, net income and earnings per share as additional information for investors. These measures are not in accordance with, or an alternative to, generally accepted accounting principles in the United States (GAAP). Such measures are intended to supplement GAAP and may be different from non-GAAP measures used by other companies. Progress Software believes that the non-GAAP results described in this release are useful for an understanding of its ongoing operations and provide additional detail and an alternative method of assessing its operating results. Management uses these non-GAAP results to compare the company's performance to that of prior periods for analysis of trends and for budget and planning purposes. A reconciliation of non-GAAP adjustments to the company's GAAP financial results is included in the tables below.

**Conference Call**

The Progress Software conference call to discuss its fiscal third quarter 2009 results and business outlook will be Webcast live today at 9:00 a.m. Eastern Daylight Time on the company's Web

site, located at www.progress.com/investors. The call will also be Webcast live via Yahoo (www.yahoo.com), Motley Fool (www.fool.com), Streetevents (www.streetevents.com), TD Waterhouse (www.tdwaterhouse.com) and Fidelity.com (www.fidelity.com). An archived version of the conference call will be available for replay on the Progress website (www.progress.com), together with the slide presentation for the call, under the investor relations page.

**Progress Software Corporation**

Progress Software Corporation (NASDAQ: PRGS) is a global software company that enables enterprises to be operationally responsive to changing conditions and customer interactions as they occur — to capitalize on new opportunities, drive greater efficiencies and reduce risk. The company offers a comprehensive portfolio of best-in-class infrastructure software spanning event-driven visibility and real-time response, open integration, data access and integration, and application development and deployment — all supporting on-premises and SaaS/Cloud deployments. Progress maximizes the benefits of operational responsiveness while minimizing IT complexity and total cost of ownership. Progress can be reached at www.progress.com or +1-781-280-4000.

**Safe Harbor Statement**

Except for the historical information and discussions contained herein, statements contained in this release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which include statements regarding Progress Software's business outlook and competitive position, involve a number of risks, uncertainties and other factors that could cause actual results to differ materially, including but not limited to the following: the receipt and shipment of new orders; the timely release of enhancements to our products; the growth rates of certain market segments; the positioning of our products in those market segments; variations in the demand for professional services and technical support; pricing pressures and the competitive environment in the software industry; the continuing weakness in the U.S. and international economies, which could result in fewer sales of our products and may otherwise harm our business; business and consumer use of the Internet; the company's ability to complete and integrate acquisitions; the company's ability to realize the expected benefits and anticipated synergies from acquired businesses; the company's ability to penetrate international markets and manage its international operations; and changes in exchange rates. The company undertakes no obligation to update information contained in this release. For further information regarding risks and uncertainties associated with the company's business, please refer to the company's filings with the Securities and Exchange Commission.

Actional, Apama, DataDirect, DataDirect Connect, DataXtend, FUSE, OpenEdge, Progress, Sonic, and Sonic ESB are trademarks or registered trademarks of Progress Software Corporation or one of its subsidiaries or affiliates in the U.S. and other countries. Any other trademarks contained herein are the property of their respective owners.

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**Progress Software Corporation**
**GAAP Condensed Consolidated Statements of Income**

| | Three Months Ended | | |
| | August 31, 2009 | August 31, 2008 | Percent Change |
|---|---|---|---|
| *(In thousands except per share data)* | | | |
| Revenue: | | | |
| Software licenses | $ 39,173 | $ 45,998 | (15)% |
| Maintenance and services | 80,260 | 80,622 | 0% |
| Total revenue | 119,433 | 126,620 | (6)% |
| Costs of revenue: | | | |
| Cost of software licenses | 1,758 | 3,219 | (45)% |
| Cost of maintenance and services | 15,957 | 16,558 | (4)% |
| Amortization of purchased technology | 4,811 | 2,958 | 63% |
| Total costs of revenue | 22,526 | 22,735 | (1)% |
| Gross profit | 96,907 | 103,885 | (7)% |
| Operating expenses: | | | |
| Sales and marketing | 45,511 | 48,367 | (6)% |
| Product development | 22,378 | 21,076 | 6% |
| General and administrative | 17,717 | 14,966 | 18% |
| Amortization of other acquired intangibles | 2,310 | 1,369 | 69% |
| Acquisition-related expenses | 110 | — | |
| Restructuring expense | (211) | — | |
| Total operating expenses | 87,815 | 85,778 | 2% |
| Income from operations | 9,092 | 18,107 | (50)% |
| Other income (expense), net | (187) | 2,640 | (107)% |
| Income before provision for income taxes | 8,905 | 20,747 | (57)% |
| Provision for income taxes | 3,384 | 8,210 | (59)% |
| Net income | $ 5,521 | $ 12,537 | (56)% |
| Earnings per share: | | | |
| Basic | $ 0.14 | $ 0.31 | (55)% |
| Diluted | $ 0.13 | $ 0.30 | (57)% |
| Weighted average shares outstanding: | | | |
| Basic | 40,117 | 40,528 | (1)% |
| Diluted | 41,261 | 42,156 | (2)% |

| | Nine Months Ended | | |
| | August 31, 2009 | August 31, 2008 | Percent Change |
|---|---|---|---|
| Revenue: | | | |
| Software licenses | $123,538 | $136,115 | (9)% |
| Maintenance and services | 233,802 | 240,014 | (3)% |
| Total revenue | 357,340 | 376,129 | (5)% |
| Costs of revenue: | | | |
| Cost of software licenses | 5,602 | 7,679 | (27)% |
| Cost of maintenance and services | 49,287 | 51,914 | (5)% |
| Amortization of purchased technology | 14,609 | 8,448 | 73% |
| Total costs of revenue | 69,498 | 68,041 | 2% |
| Gross profit | 287,842 | 308,088 | (7)% |
| Operating expenses: | | | |
| Sales and marketing | 133,331 | 142,366 | (6)% |
| Product development | 70,320 | 62,299 | 13% |
| General and administrative | 46,123 | 43,472 | 6% |
| Amortization of other acquired intangibles | 7,149 | 4,092 | 75% |
| Acquisition-related expenses | 330 | — | |
| Restructuring expense | 5,237 | — | |
| Total operating expenses | 262,490 | 252,229 | 4% |
| Income from operations | 25,352 | 55,859 | (55)% |
| Other income, net | 582 | 7,892 | (93)% |
| Income before provision for income taxes | 25,934 | 63,751 | (59)% |
| Provision for income taxes | 9,855 | 23,907 | (59)% |
| Net income | $ 16,079 | $ 39,844 | (60)% |
| Earnings per share: | | | |
| Basic | $ 0.40 | $ 0.96 | (58)% |
| Diluted | $ 0.39 | $ 0.92 | (58)% |
| Weighted average shares outstanding: | | | |
| Basic | 40,018 | 41,416 | (3)% |
| Diluted | 40,826 | 43,189 | (5)% |

**Progress Software Corporation**
**Reconciliation of GAAP to Non-GAAP Financial Measures**

| (In thousands except per share data) | Three Months Ended August 31, 2009 | | | Three Months Ended August 31, 2008 | | | Percent Change |
| --- | --- | --- | --- | --- | --- | --- | --- |
| | As Reported | Adjustments | Non-GAAP | As Reported | Adjustments | Non-GAAP | |
| Total revenue | $119,433 | $ 286 | $ 119,719 | $126,620 | $ — | $126,620 | (5)% |
| Purchase accounting adjustments for deferred revenue (1) | (286) | 286 | | — | — | | |
| Income from operations | $ 9,092 | $ 15,834 | $ 24,926 | $ 18,107 | $ 9,129 | $ 27,236 | (8)% |
| Purchase accounting adjustments for deferred revenue (1) | (286) | 286 | | — | — | | |
| Amortization of acquired intangibles | (7,121) | 7,121 | — | (4,327) | 4,327 | — | |
| Acquisition-related expenses | (110) | 110 | | — | — | | |
| Restructuring expense | 211 | (211) | | — | — | | |
| Stock option investigation (2) | 321 | (321) | — | (1,270) | 1,270 | — | |
| Stock-based compensation (3) | (8,849) | 8,849 | — | (3,532) | 3,532 | — | |
| Operating margin percentage | 7.6% | | 20.8% | 14.3% | | 21.5% | |
| Other income (expense), net | $ (187) | $ — | $ (187) | $ 2,640 | $ — | $ 2,640 | (107)% |
| Provision for income taxes (4) | $ 3,384 | $ 4,903 | $ 8,287 | $ 8,210 | $ 2,695 | $ 10,905 | (24)% |
| Net income | $ 5,521 | $ 10,931 | $ 16,452 | $ 12,537 | $ 6,434 | $ 18,971 | (13)% |
| Earnings per share - diluted | $ 0.13 | | $ 0.40 | $ 0.30 | | $ 0.45 | (11)% |
| Weighted average shares outstanding - diluted | 41,261 | | 41,261 | 42,156 | | 42,156 | (2)% |

| | Nine Months Ended August 31, 2009 | | | Nine Months Ended August 31, 2008 | | | Percent Change |
| --- | --- | --- | --- | --- | --- | --- | --- |
| | As Reported | Adjustments | Non-GAAP | As Reported | Adjustments | Non-GAAP | |
| Total revenue | $357,340 | $ 2,529 | $ 359,869 | $376,129 | — | $376,129 | (4)% |
| Purchase accounting adjustments for deferred revenue (1) | (2,529) | 2,529 | | — | — | | |
| Income from operations | $ 25,352 | $ 46,648 | $ 72,000 | $ 55,859 | $ 26,018 | $ 81,877 | (12)% |
| Purchase accounting adjustments for deferred revenue (1) | (2,529) | 2,529 | | — | — | | |
| Amortization of acquired intangibles | (21,758) | 21,758 | — | (12,540) | 12,540 | — | |
| Acquisition-related expenses | (330) | 330 | | — | — | | |
| Restructuring expense | (5,237) | 5,237 | | — | — | | |
| Stock option investigation (2) | 120 | (120) | — | (1,866) | 1,866 | — | |
| Stock-based compensation (3) | (16,914) | 16,914 | — | (11,612) | 11,612 | — | |
| Operating margin percentage | 7.1% | | 20.0% | 14.9% | | 21.8% | (8)% |
| Other income, net | $ 582 | $ — | $ 582 | $ 7,892 | $ — | $ 7,892 | (93)% |
| Provision for income taxes (4) | $ 9,855 | $ 14,459 | $ 24,314 | $ 23,907 | $ 7,961 | $ 31,868 | (24)% |
| Net income | $ 16,079 | $ 32,189 | $ 48,268 | $ 39,844 | $ 18,057 | $ 57,901 | (17)% |
| Earnings per share - diluted | $ 0.39 | | $ 1.18 | $ 0.92 | | $ 1.34 | (12)% |
| Weighted average shares outstanding - diluted | 40,826 | | 40,826 | 43,189 | | 43,189 | (5)% |

(1) The purchase accounting adjustment for deferred revenue is included within maintenance and services revenue and represents the write-down to fair value of the deferred maintenance revenue of Iona Technologies at the date of the acquisition.

(2) Stock option investigation expenses are included within general and administrative expenses and primarily represent professional services fees associated with the SEC's investigation and shareholder derivative lawsuits related to the company's historical stock option grant practices. The credit amount in the third quarter of fiscal 2009 relates to insurance reimbursements in excess of previously estimated amounts.

(3) Stock-based compensation expense, representing the fair value of equity awards under SFAS 123R, is included in the following GAAP operating expenses:

| | Three Months Ended August 31, 2009 | | | Three Months Ended August 31, 2008 | | |
|---|---|---|---|---|---|---|
| | GAAP | Adjustments | Non-GAAP | GAAP | Adjustments | Non-GAAP |
| Cost of software licenses | $ 8 | $ (8) | $ — | $ 12 | $ (12) | $ — |
| Cost of maintenance and services | 238 | (238) | — | 212 | (212) | — |
| Sales and marketing | 1,445 | (1,445) | — | 1,335 | (1,335) | — |
| Product development | 1,037 | (1,037) | — | 881 | (881) | — |
| General and administrative | 6,121 | (6,121) | — | 1,092 | (1,092) | — |
| | $ 8,849 | $ (8,849) | $ — | $ 3,532 | $ (3,532) | $ — |

| | Nine Months Ended August 31, 2009 | | | Nine Months Ended August 31, 2008 | | |
|---|---|---|---|---|---|---|
| | GAAP | Adjustments | Non-GAAP | GAAP | Adjustments | Non-GAAP |
| Cost of software licenses | $ 28 | $ (28) | $ — | $ 48 | $ (48) | $ — |
| Cost of maintenance and services | 706 | (706) | — | 705 | (705) | — |
| Sales and marketing | 4,331 | (4,331) | — | 4,184 | (4,184) | — |
| Product development | 2,984 | (2,984) | — | 2,737 | (2,737) | — |
| General and administrative | 8,865 | (8,865) | — | 3,938 | (3,938) | — |
| | $ 16,914 | $ (16,914) | $ — | $ 11,612 | $ (11,612) | $ — |

(4)  The non-GAAP provision for income taxes was calculated reflecting an effective rate of 33.5% for the three months and nine months ended August 31, 2009, and 36.5% and 35.5% for the three and nine months ended August 31, 2008, respectively. The difference between the effective tax rate under GAAP and the effective tax rate utilized in the preparation of non-GAAP financial measures primarily relates to the tax effects of stock-based compensation expense and amortization of acquired intangibles, which are excluded from the determination of non-GAAP net income.

**Progress Software Corporation**
**Condensed Consolidated Balance Sheets**

| (In thousands) | August 31, 2009 | November 30, 2008 |
|---|---|---|
| Assets | | |
| Cash and short-term investments | $186,517 | $118,529 |
| Accounts receivable, net | 83,819 | 94,795 |
| Other current assets | 38,434 | 32,928 |
| Total current assets | 308,770 | 246,252 |
| Property and equipment, net | 61,166 | 63,147 |
| Goodwill and intangible assets, net | 312,698 | 342,254 |
| Investments in auction-rate securities | 40,459 | 65,214 |
| Other assets | 40,957 | 35,503 |
| Total | $764,050 | $752,370 |
| | | |
| Liabilities and shareholders' equity | | |
| Accounts payable and other current liabilities | $ 81,978 | $105,599 |
| Short-term deferred revenue | 138,277 | 135,786 |
| Total current liabilities | 220,255 | 241,385 |
| Long-term deferred revenue | 5,289 | 7,957 |
| Other liabilities | 13,881 | 21,576 |
| Shareholders' equity: | | |
| Common stock and additional paid-in capital | 235,285 | 216,261 |
| Retained earnings | 289,340 | 265,191 |
| Total shareholders' equity | 524,625 | 481,452 |
| Total | $764,050 | $752,370 |

**Condensed Consolidated Statements of Cash Flows**

| | Nine Months Ended | |
|---|---|---|
| (In thousands ) | August 31, 2009 | August 31, 2008 |
| Cash flows from operations: | | |
| Net income | $ 16,079 | $ 39,844 |
| Depreciation, amortization and other noncash items | 47,465 | 31,997 |
| Other changes in operating assets and liabilities | (27,822) | (11,404) |
| Net cash flows from operations | 35,722 | 60,437 |
| Capital expenditures | (6,061) | (6,024) |
| Investments in auction-rate securities | 24,925 | (54,400) |
| Acquisitions, net of cash acquired | — | (11,758) |
| Share issuances (repurchases), net | 2,262 | (86,605) |
| Other | 11,140 | (9,712) |
| Net change in cash and short-term investments | 67,988 | (108,062) |
| Cash and short-term investments, beginning of period | 118,529 | 339,525 |
| Cash and short-term investments, end of period | $186,517 | $ 231,463 |

**Progress Software Corporation**
**Reconciliation of Forward-Looking Guidance**

**Diluted Earnings Per Share Range**

| | Three Months Ended November 30, 2009 | | |
|---|---|---|---|
| GAAP expectation | $ 0.33 | — | $ 0.35 |
| | | | |
| Adjustment to exclude stock-based compensation | $ 0.09 | — | $ 0.09 |
| Adjustment to exclude amortization of acquired intangibles | $ 0.12 | — | $ 0.12 |
| Adjustment to exclude purchase accounting adjustments for deferred revenue | $ 0.00 | — | $ 0.00 |
| Adjustment to exclude acquisition-related expenses | $ 0.00 | — | $ 0.00 |
| | | | |
| Non-GAAP expectation | $ 0.54 | — | $ 0.56 |

| | Twelve Months Ended November 30, 2009 | | |
|---|---|---|---|
| GAAP expectation | $ 0.69 | — | $ 0.71 |
| | | | |
| Adjustment to exclude stock-based compensation | $ 0.43 | — | $ 0.43 |
| Adjustment to exclude amortization of acquired intangibles | $ 0.47 | — | $ 0.47 |
| Adjustment to exclude purchase accounting adjustments for deferred revenue | $ 0.04 | — | $ 0.04 |
| Adjustment to exclude restructuring expenses | $ 0.08 | | $ 0.08 |
| Adjustment to exclude acquisition-related expenses | $ 0.01 | — | $ 0.01 |
| | | | |
| Non-GAAP expectation | $ 1.72 | — | $ 1.74 |

*PROGRESS*
S O F T W A R E