

Progress Software

Presentation to Investors

BUSINESS
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PROGRESS™

Jay Bhatt
President & Chief Executive Officer
April 25, 2012



Forward Looking Statements

This presentation contains statements that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Progress has identified some of these forward-looking statements with words like “believe,” “may,” “could,” “would,” “might,” “should,” “expect,” “intend,” “plan,” “target,” “anticipate” and “continue,” the negative of these words, other terms of similar meaning or the use of future dates. Forward-looking statements in this presentation include, but are not limited to, statements regarding Progress’s strategic plan and the expected timing for completion; the components of that plan including operational restructuring, product divestitures and return of capital to shareholders; acquisitions; future revenue growth, operating margin and cost savings; product development, strategic partnering and marketing initiatives; the growth rates of certain markets; and other statements regarding the future operation, direction and success of Progress’s business. There are a number of factors that could cause actual results or future events to differ materially from those anticipated by the forward-looking statements, including, without limitation: (1) Progress’s ability to realize the expected benefits and cost savings from its strategic plan; (2) market acceptance of Progress’s strategic plan and product development initiatives; (3) disruption caused by implementation of the strategic plan and related restructuring and divestitures on relationships with employees, customers, vendors and other business partners; (4) pricing pressures and the competitive environment in the software industry and Platform-as-a-Service market; (5) Progress’s ability to complete the proposed product divestitures in a timely manner, at favorable prices or at all; (6) Progress’s ability to make technology acquisitions and to realize the expected benefits and anticipated synergies from such acquisitions; (7) the continuing weakness in the U.S. and international economies, which could result in fewer sales of Progress’s products and/or delays in the implementation of Progress’s strategic plan and may otherwise harm Progress’s business; (8) business and consumer use of the Internet and the continuing adoption of Cloud technologies; (9) the receipt and shipment of new orders; (10) Progress’s ability to expand its relationships with channel partners and to manage the interaction of channel partners with its direct sales force; (11) the timely release of enhancements to Progress’s products and customer acceptance of new products; (12) the positioning of Progress’s products in its existing and new markets; (13) variations in the demand for professional services and technical support; (14) Progress’s ability to penetrate international markets and manage its international operations; and (15) changes in exchange rates.

For further information regarding risks and uncertainties associated with Progress’s business, please refer to Progress’s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended November 30, 2011, as amended and its Quarterly Report on Form 10-Q for the fiscal quarter ended February 29, 2012. Progress undertakes no obligation to update any forward-looking statements, which speak only as of the date of this presentation.

This presentation is not a commitment to deliver any specified code or functionality and should not be relied upon in making purchasing decisions. The development, release and timing of features or functionality described for our products remains at the sole discretion of Progress.

Important Shareholder Information

Progress will hold its 2012 Annual Meeting of Shareholders on May 31, 2012. Progress has filed with the Securities and Exchange Commission and mailed to its shareholders a definitive proxy statement in connection with the Annual Meeting. The proxy statement contains important information about Progress, the Annual Meeting and related matters.

INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT SOLICITATION MATERIALS WHEN THEY BECOME AVAILABLE BECAUSE THESE DOCUMENTS CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION.

The proxy statement and other relevant solicitation materials (when they become available), and any and all documents filed by Progress with the SEC, may be obtained by investors and security holders free of charge at the SEC's web site at www.sec.gov. In addition, Progress's filings with the SEC, including the proxy statement and other relevant solicitation materials (when they become available), may be obtained, without charge, from Progress by directing a request to Progress at 14 Oak Park, Bedford, Massachusetts 01730, c/o Corporate Secretary.

Progress and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Progress in connection with the Annual Meeting. Information regarding Progress's directors and executive officers is contained in Progress's annual report on Form 10-K filed with the SEC on January 30, 2012, as amended, and definitive proxy statement filed with the SEC on April 20, 2012.

What We Are Announcing Today

New Strategic Plan

- Phase 1: Focus on core DNA: application development & deployment platform
- Phase 2: Capitalize on long-term opportunity: Cloud/aPaaS

Divest 10 Non-Core Products by Middle to End of FY13

- Actional, Artix, DataXtend, FuseSource, ObjectStore, Orbacus, Orbix, Savvion, Shadow, Sonic

Cost Reduction Program

- Achieve gross \$55M (net \$40M) in run-rate cost savings by end of FY12

Growth and Margin Improvements in Core Business

- 5% revenue growth in FY13; 7%+ in FY14 and beyond
- High-growth aPaaS market creates upside potential in FY14 and beyond
- 35% operating margin post divestitures

Return Capital to Shareholders Through Share Repurchase

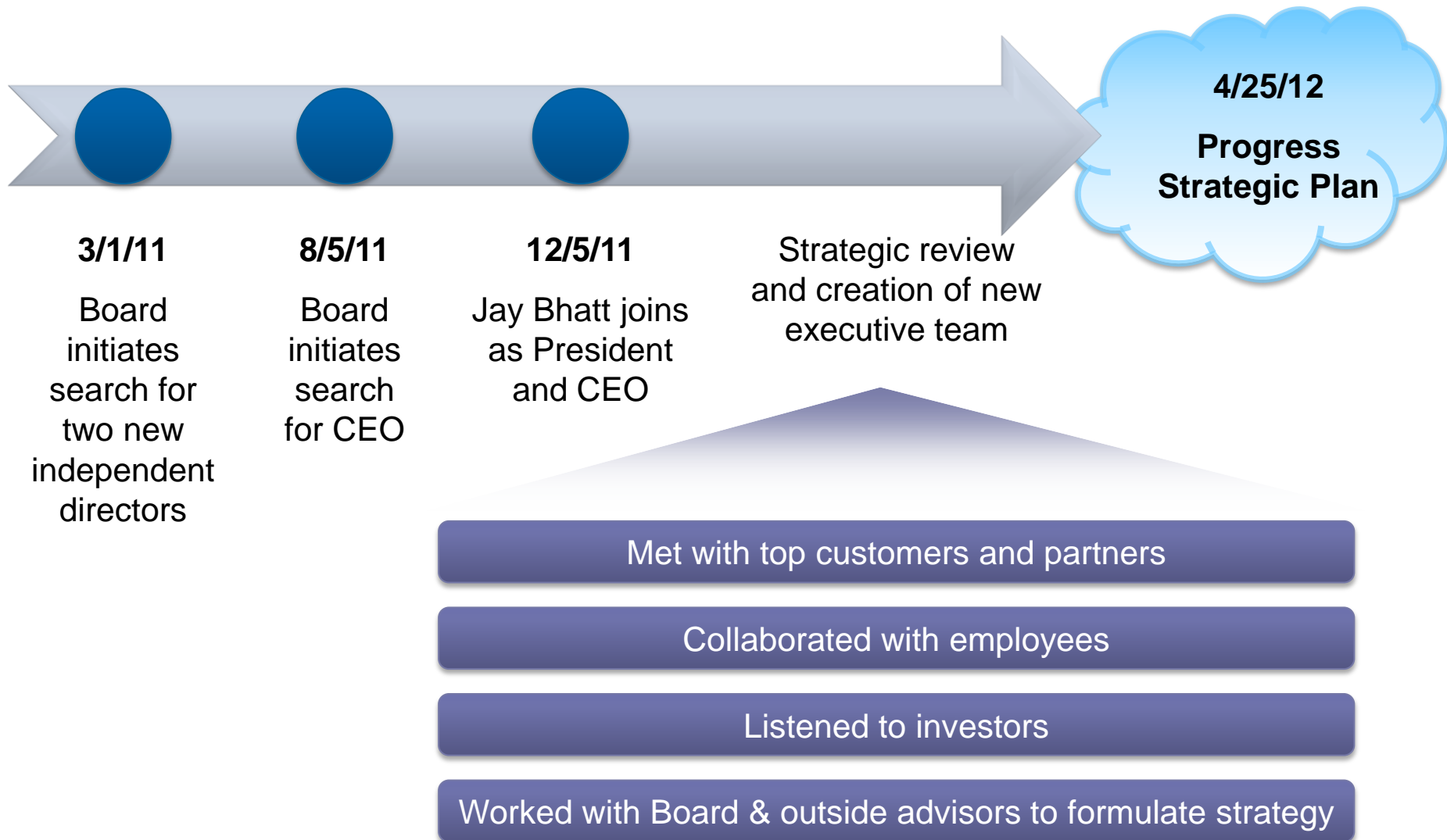
- Total of \$350M+: \$150M in FY12, at least \$200M in FY13

Operating Philosophy

- Customer focus and innovation
- Growth better than market rates
- Continuous improvement in operating margins
- Prudent and responsible investment
- Operational excellence
- Accountability

Commitment to driving shareholder value

Recent Events



Progress Strategic Advantage

We Have a Strong Foundation

- 30 years of profitable history
- Global ecosystem
- Strong customer base
 - 1,400 APs
 - 350 OEMs
 - 3,500 direct end users
 - 400,000 indirect end users
 - 95% renewal rate
- Strong presence within SMB and departmental presence within enterprise

We Have Valuable Assets

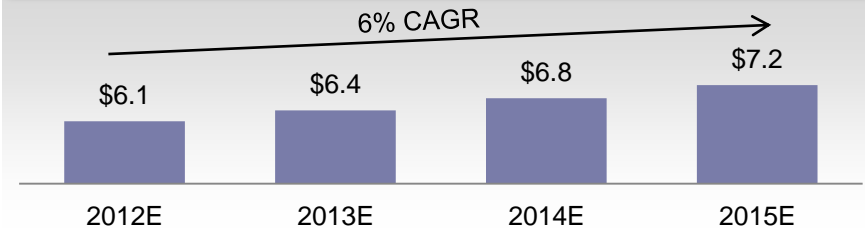
- **OpenEdge:** Multi-tenant, multi-language on-premise and Cloud development and deployment environment
- **DataDirect Connect:** Market leading position in data connectivity
- **Apama Analytics and Decisions:** Market leading platform for fast, scalable real-time analytics

Our Core Products Address Large, Growing Markets

- Healthy growth across core markets
- Core products have leading positions in each market
- Foundation for a unified application development and deployment platform

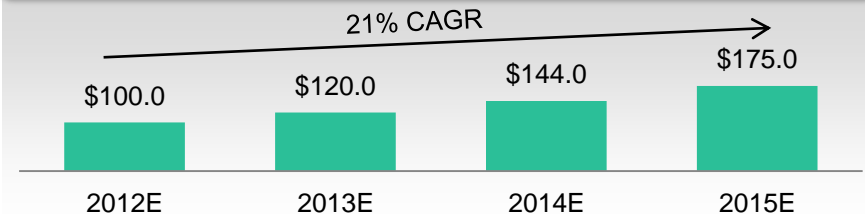
Market Sizes and Growth Rates

Application Development Software (\$B)



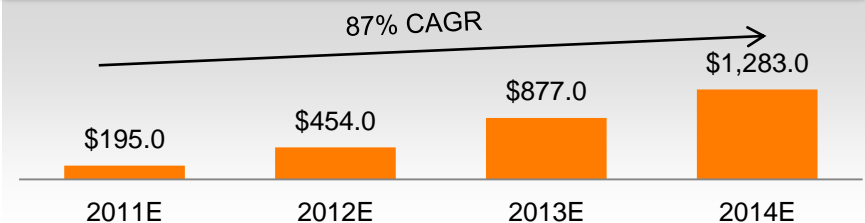
Source: IDC, Worldwide Application Development Software 2011- 2015 Forecast

Data Connectivity Software (\$M)



Source: IDC, Worldwide Data Integration and Access Software

Real-Time Analytics (\$M)



Source: Gartner, Worldwide IBO Market

Progress Software will be a leading independent application development and deployment platform in the Cloud (Progress aPaaS) ...

...in order to reach our goal, we will invest in our core strengths and build on our foundation to achieve annual revenue growth of 7%+ with 35% operating margins

Two-Phase Execution Plan



Phase 1:
Focus and Strengthen Our Core Business

Phase 2:
Strengthen Cloud Application Platform

Phase 1 – Business Roadmap



FY12

Application Development and Deployment

- Expand formal partner program via technical & business enablement
- Accelerate partners' adoption of SaaS business model
- Build brand awareness of platform

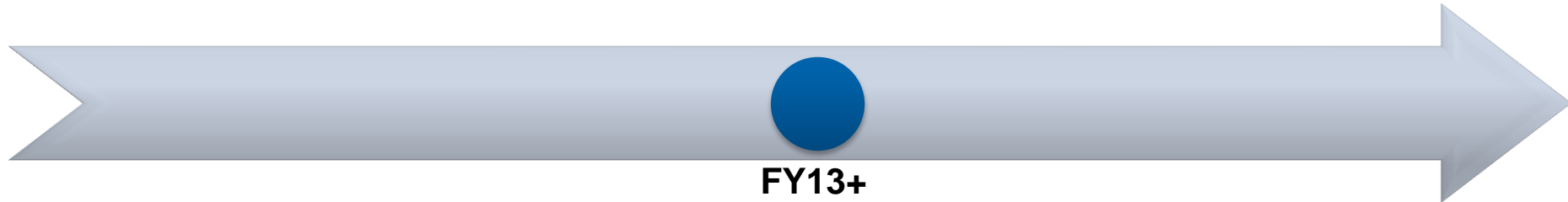
Data Access

- Improve web marketing and lead generation
- Focus on sales enablement
- Expand further in EMEA and APJ

Real-Time Analytics

- Refocus and expand leadership in capital markets
- Expand early success in other horizontal use cases that can be translated to the Cloud

Phase 1 – Business Roadmap



Application Development and Deployment

- Drive up-sell opportunities with direct customers through add-on module and other product offerings
- Focus on application modernization by partnering with and/or acquiring service organizations with core competencies

Data Access

- Expand OEM contracts to include new SaaS connectivity
- Partner with and/or acquire companies that expand data source and Big Data footprint

Real-Time Analytics

- Expand horizontal use cases in the Cloud and scale through systems integrators

Phase 1 – Product Roadmap



FY12

- **Application Development and Deployment:** Management and monitoring of Cloud-based applications; mobility framework
- **Data Access:** Build data connectivity to leading SaaS applications; standards-based access for Big Data, Hadoop; acquire additional APIs
- **Real-Time Analytics:** Cloud-ready UI; elastic caching; extend lead in analytic performance; support new capital markets use cases

FY13+

- **Application Development and Deployment:** Expand multi-tenancy, Cloud deployment, mobile platform
- **Data Access:** Pilot Cloud connector; continue expansion of data sources; further enable Big Data with support of streaming sources
- **Real-Time Analytics:** Launch real-time analytics in the Cloud; build or acquire predictive analytics and social media analytics; create business user rules interface

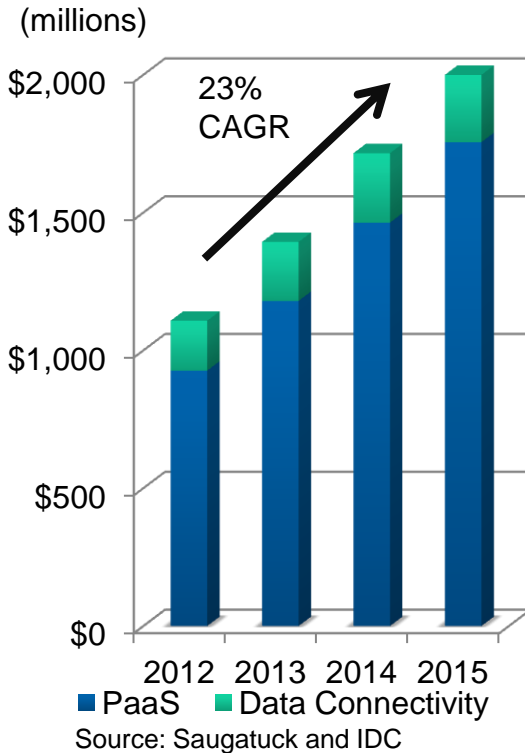
Two-Phase Execution Plan



Phase 1:
Focus and Strengthen Our Core Business

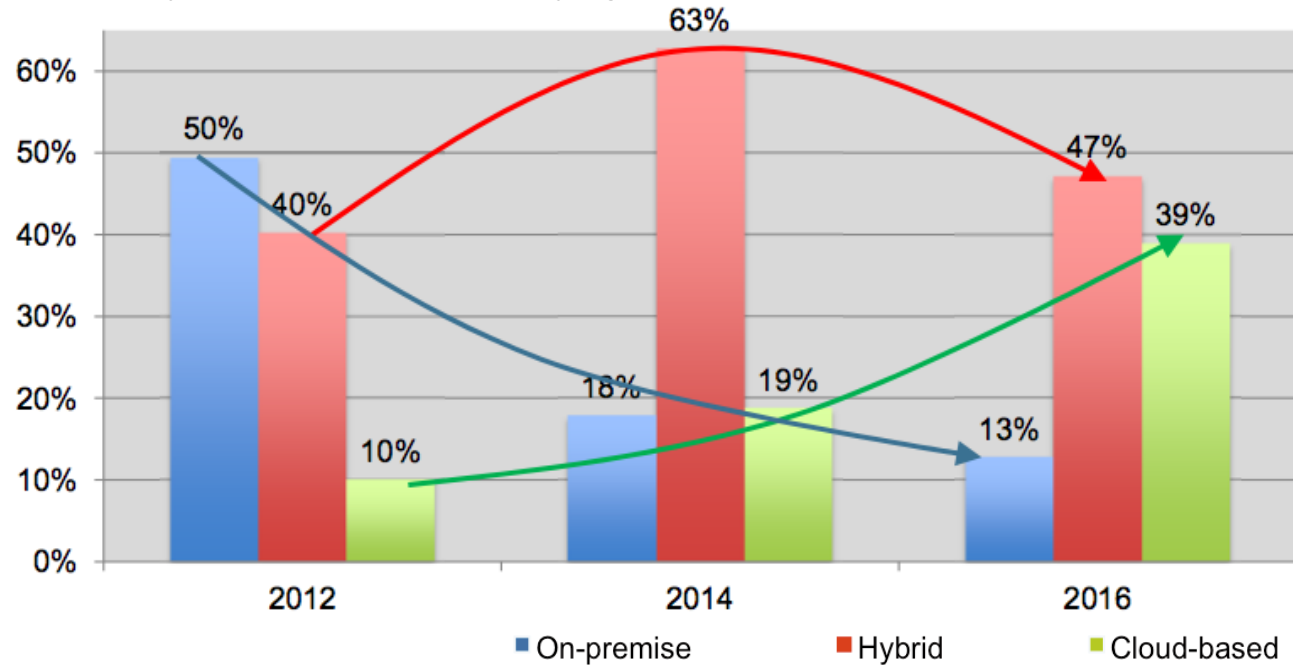
**Phase 2:
Strengthen Cloud Application Platform**

Phase 2 – Emerging Cloud Market Opportunity



Saugatuck's 2012 Global Cloud Business Software Survey

Company's preference for deploying new business software



Progress is on-premise, already hybrid and moving to the Cloud

Phase 2 – Challenges of Moving to the Cloud

- 
- Security and privacy
 - Data and analytics
 - Integrating Cloud solutions with existing enterprise applications
 - Integrating Cloud-based data with existing enterprise data
 - Data/transaction integrity using industry standards
 - Ability to customize solution to unique business requirements – flexibility
 - Ease of deployment
 - Regulatory compliance

Phase 2 – Strengthen Cloud Application Platform

Migrate to and Expand Cloud Presence of Existing Assets

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Progress aPaaS

Multi-Tenant, Multi-Language Business App Development

Developer Studio



Runtime



Database



Real-time Analytics and Decisions

Business Rules



Event Correlation



Dashboards & Reports



Cloud Hosting & Management

Data Connectivity



database.com



SUGARCRM.
THE CLOUD IS OPEN

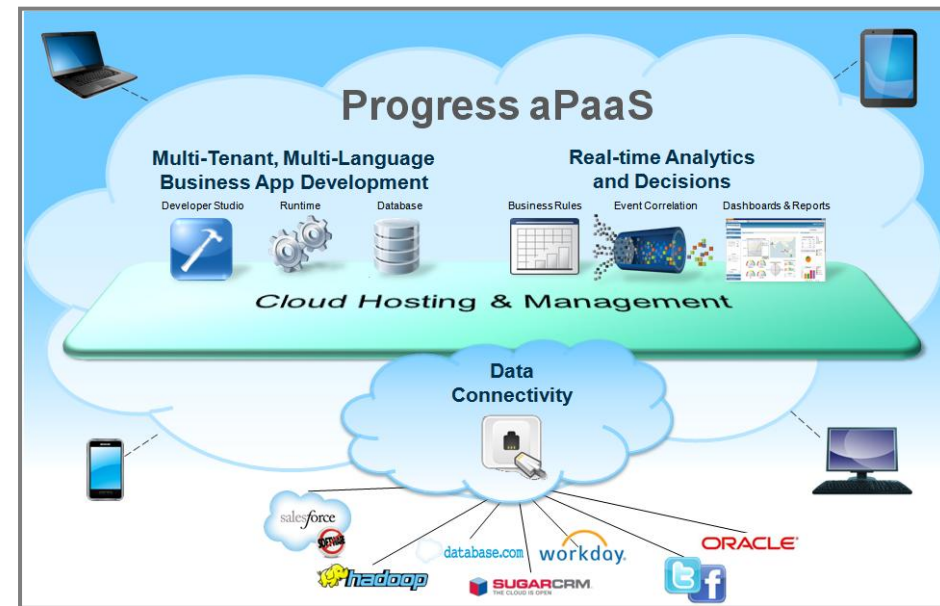


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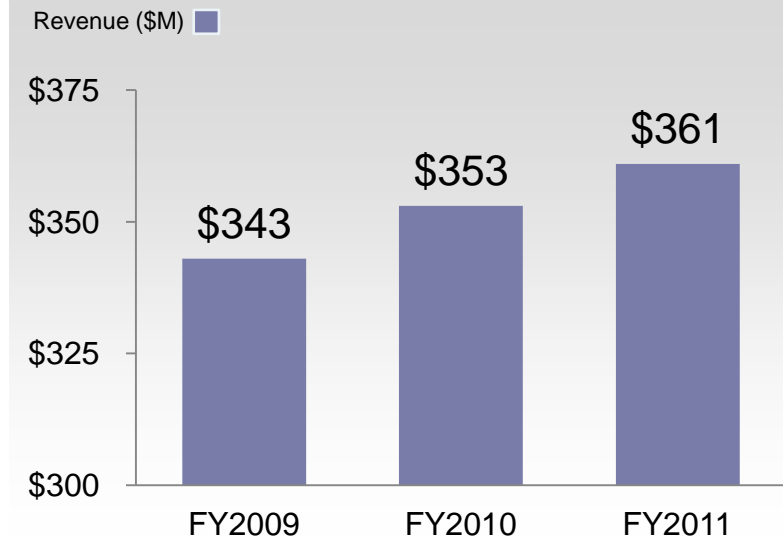
Progress' Ability to Be a Leader in aPaaS

- Core products are the foundation of the Progress aPaaS platform
- ~400,000 end-user customers are driving demand for Cloud applications
- 600 applications running in the Cloud today – the third-largest aPaaS ISV application base in the world
- Only 15% of our 1,400 ISVs have moved to the Cloud

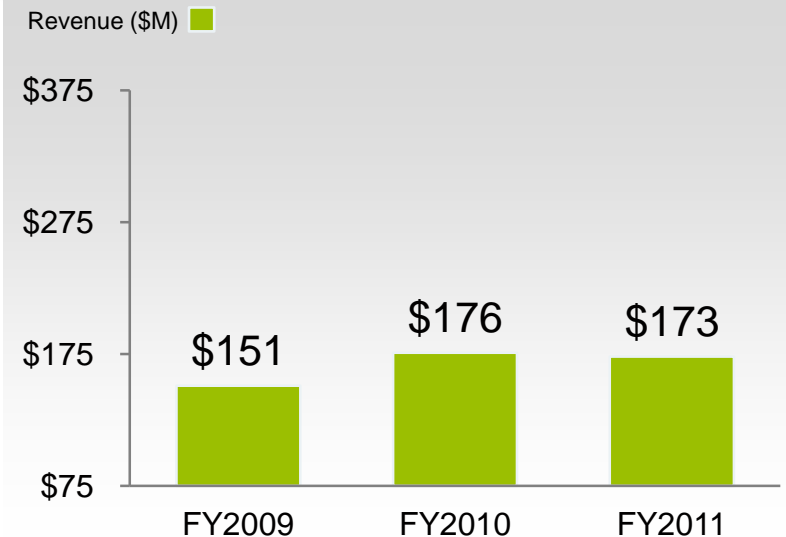


How We Will Report Our Business

Core Portfolio Historical Revenues



Non-core Portfolio Historical Revenues



- Intend to report by “Core” and “Non-core” product portfolios
- Updated financial reporting and business outlook expected by next earnings release
- Divestitures expected to be completed by mid to end FY13

Three-Year Targets and Milestones

	FY12	FY13	FY14+
Product Portfolio	<ul style="list-style-type: none"> Start migration of on-premise platform to Progress aPaaS 	<ul style="list-style-type: none"> Migrate remaining components to Progress aPaaS 	<ul style="list-style-type: none"> Unified Cloud-based product development and deployment platform (Progress aPaaS)
Operations	<ul style="list-style-type: none"> Begin divestiture program Complete \$55M cost reduction Revised financial reporting 	<ul style="list-style-type: none"> Complete divestiture program 5% revenue growth on core 35% operating margin 	<ul style="list-style-type: none"> 7%+ revenue growth on core 35%+ operating margin
Return of Capital	<ul style="list-style-type: none"> \$150M share repurchase 	<ul style="list-style-type: none"> At least \$200M share repurchase 	<ul style="list-style-type: none"> Continued return of capital

High-growth aPaaS market creates upside potential in FY14 and beyond

Why Invest in Progress

Strong Core Application Development and Deployment Business

- More than 47,000 businesses run on Progress platform
- Extensive and loyal channel driving a global ecosystem
- Profitable, predictable financial model
- Immediately divest 10 products that do not contribute to the core mission

Growth, Margins and Share Repurchase Will Drive Shareholder Value

- Revenue growth in core products of 5% in FY13 and then 7%+ in future years; upside in late FY14 from Cloud/aPaaS
- Operating margins at 35%+
- Return \$350M+ to shareholders over next two years through share repurchase

Strategy for Long-Term Success: Move to the Cloud

- Deliver Progress application development and deployment platform for the Cloud
- Leverage core competencies and third-largest aPaaS ISV application base in the world
- Differentiate with platform neutrality, best-in-class data access and analytics
- High-growth aPaaS market creates upside potential in FY14 and beyond

Solid, Experienced and Accountable Team

- Experienced, new CEO in place who is building a strong management team
- Strong Board with strategy, execution and turnaround experience



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