

PROGRESS SOFTWARE CORP /MA  
Form DEFC14A  
April 20, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**Information Required in Proxy Statement**

**Schedule 14A Information**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**PROGRESS SOFTWARE CORPORATION**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**PROGRESS SOFTWARE CORPORATION**

**14 Oak Park**

**Bedford, Massachusetts 01730**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Progress Software Corporation will be held on May 31, 2012, commencing at 9:00 a.m., local time, at the offices of Goodwin Procter LLP, Exchange Place, 53 State Street, Boston, Massachusetts 02109, for the following purposes:

- (1) To elect eight directors to serve until the annual meeting of shareholders held in 2013 and until their respective successors are elected and qualified;
- (2) To approve an amendment to the Progress Software Corporation 1991 Employee Stock Purchase Plan, as amended, to increase the maximum number of shares that may be issued under that plan by 1,300,000 shares;
- (3) To hold an advisory vote on the compensation of our named executive officers;
- (4) To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2012; and
- (5) To transact any other business as may properly come before the annual meeting and any adjournment or postponement of that meeting.

Our Board of Directors has fixed the close of business on March 23, 2012 as the record date for determination of the shareholders entitled to receive notice of and to vote at the annual meeting and any adjournment or postponement of the meeting.

If you have any questions, please contact our proxy solicitor, MacKenzie Partners at the phone numbers listed below.

105 Madison Avenue

New York, NY 10016

proxy@mackenziepartners.com

(212) 929-5500 (Call Collect)

Or

TOLL-FREE (800) 322-2885

By Order of the Board of Directors,

Craig Newfield  
*Secretary*

Bedford, Massachusetts

April 20, 2012

**YOUR VOTE IS IMPORTANT**

**YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SIGN AND RETURN THE ENCLOSED GOLD PROXY CARD AS SOON AS POSSIBLE. A POSTAGE-PAID ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE.**

**PROGRESS SOFTWARE CORPORATION**

**14 Oak Park**

**Bedford, Massachusetts 01730**

**PROXY STATEMENT**

This proxy statement and the accompanying GOLD proxy card are being furnished in connection with the solicitation by the Board of Directors of Progress Software Corporation of proxies for use at the 2012 Annual Meeting of Shareholders to be held on May 31, 2012, at 9:00 a.m., local time, at the offices of Goodwin Procter LLP, Exchange Place, 53 State Street, Boston, Massachusetts 02109. Directions to the 2012 Annual Meeting are provided on page 64 of this proxy statement. We anticipate that this proxy statement and the accompanying GOLD proxy card will first be mailed to shareholders on or about April 20, 2012.

**Important Notice Regarding the Availability of Proxy Materials for the Annual**

**Meeting of Shareholders to Be Held on May 31, 2012:**

**This proxy statement and our 2011 Annual Report to shareholders are available at:**

**<http://materials.proxyvote.com/743312>**

At the annual meeting, shareholders will be asked to consider and vote upon the following proposals:

- (1) To elect eight directors to serve until the annual meeting of shareholders held in 2013 and until their respective successors are elected and qualified;
- (2) To approve an amendment to the Progress Software Corporation 1991 Employee Stock Purchase Plan, as amended, to increase the maximum number of shares that may be issued under that plan by 1,300,000 shares;
- (3) To hold an advisory vote on the compensation of our named executive officers;
- (4) To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2012; and
- (5) To transact any other business as may properly come before the annual meeting and any adjournment or postponement of the meeting.

We have received a notice from Starboard Value LP and certain of its affiliates for the nomination of four individuals to our Board of Directors at the annual meeting. Any candidates nominated by Starboard have NOT been endorsed by our Board of Directors. **OUR BOARD URGES YOU NOT TO SIGN ANY PROXY CARDS SENT TO YOU BY STARBOARD OR ITS AFFILIATES. IF YOU HAVE PREVIOUSLY SIGNED A PROXY CARD SENT TO YOU BY STARBOARD OR ITS AFFILIATES, YOU CAN REVOKE IT BY SIGNING,**

**DATING AND MAILING THE ENCLOSED GOLD PROXY CARD IN THE ENVELOPE PROVIDED.**

**ABOUT THE MEETING AND VOTING**

**What is the purpose of the annual meeting?**

At our annual meeting, shareholders will act upon the matters outlined in the meeting notice provided with this proxy statement. If you attend the annual meeting, you may vote your shares directly. Whether or not you attend, you may vote by proxy, by which you direct another person to vote your shares at the meeting on your behalf. Our Board of Directors is soliciting your proxy to encourage your participation in voting at the meeting and to obtain your support for the proposals presented. This proxy statement explains the proposals to be voted on at the annual meeting.

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**Who can attend the meeting?**

All shareholders as of the close of business on March 23, 2012, the record date, or their duly appointed proxies, may attend the meeting. If you plan to attend the meeting, please note that you will need to bring your GOLD proxy card or voting instruction card and valid picture identification, such as a driver's license or passport. Cameras, recording devices and other electronic devices will not be permitted at the meeting and all mobile phones must be silenced during the meeting.

Please also note that if you hold your shares through a broker or other nominee, you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date.

**Who is entitled to vote at the meeting?**

Only shareholders of record at the close of business on March 23, 2012, the record date for the meeting, are entitled to receive notice of and to participate in the annual meeting. If you were a shareholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the meeting, or any postponements or adjournments of the meeting. There were 62,791,424 shares of our common stock outstanding on the record date.

**What are the voting rights of the holders of the company's common stock?**

Each share of our common stock outstanding on the record date will be entitled to one vote on each matter considered at the meeting.

**What is the difference between holding shares as a shareholder of record and a beneficial owner?**

If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered the shareholder of record with respect to those shares, and these proxy materials are being sent directly to you by us. As the shareholder of record, you have the right to grant your voting proxy directly to us by completing, signing, dating and returning a proxy card, or to vote in person at the annual meeting.

Many of our shareholders hold their shares through a broker, bank or other nominee rather than directly in their own name. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of your shares. We have sent these proxy materials to your broker or bank. As the beneficial owner, you have the right to direct your broker, bank or nominee on how to vote and you are also invited to attend the annual meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the annual meeting unless you request and obtain a proxy from your broker, bank or nominee. Your broker, bank or nominee will provide a voting instruction card for you to use in directing the broker, bank or nominee regarding how to vote your shares.

**What is a quorum?**

A quorum is the minimum number of our shares of common stock that must be represented at a duly called meeting in person or by proxy in order to legally conduct business at the meeting. For the annual meeting, the presence, in person or by proxy, of the holders of at least 31,395,713 shares, which is a simple majority of the 62,791,424 shares outstanding as of the record date, will be considered a quorum allowing votes to be taken and counted for the matters before the shareholders.

If you are a shareholder of record, you must deliver your vote by mail or attend the annual meeting in person and vote in order to be counted in the determination of a quorum.

Abstentions and broker non-votes will be counted as present or represented at the annual meeting for purposes of determining the presence or absence of a quorum. A broker non-vote occurs when a broker or other nominee who holds shares for a beneficial owner withholds its vote on a particular proposal with respect to which it does not have discretionary voting power or instructions from the beneficial owner.

**What is the difference between a routine matter and a non-routine matter?**

Brokers cannot vote on their customers' behalf on non-routine proposals such as Proposal 1, the election of directors, Proposal 2, the amendment to our employee stock purchase plan, and Proposal 3, the advisory vote on executive compensation. Because brokers require their customers' direction to vote on such non-routine matters, it is critical that shareholders provide their brokers with voting instructions. If Starboard provides proxy materials in opposition to our board of directors to your broker to forward to you on its behalf, Proposal 4, ratification of the appointment of our independent registered public accounting firm, will be a non-routine matter. On the other hand, in the absence of Starboard providing proxy materials in opposition to our board to your broker to forward to you on its behalf, Proposal 4, ratification of the appointment of our independent registered public accounting firm, will be a routine matter for which your broker does not need your voting instruction in order to vote your shares.

**How do I vote?**

If you are a shareholder of record, you have the option of submitting your GOLD proxy card by mail or attending the meeting and delivering the GOLD proxy card. The designated proxy will vote according to your instructions. You may also attend the meeting and personally vote by ballot.

If you are a beneficial owner of shares, in order to vote at the meeting, you will need to obtain a signed proxy from the broker or nominee that holds your shares. If you have the broker's proxy, you may vote by ballot or you may complete and deliver another proxy card in person at the meeting.

When you vote, you are giving your proxy to the individuals we have designated to vote your shares at the meeting as you direct. If you return the GOLD proxy card but do not make specific choices, they will vote your shares to:

elect the eight directors nominated by our Board of Directors;

approve an amendment to the Progress Software Corporation 1991 Employee Stock Purchase Plan, as amended, to increase the maximum number of shares that may be issued under that plan by 1,300,000 shares;

approve the compensation of our named executive officers; and

approve the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2012.

If any matter not listed in the Notice of Meeting is properly presented at the meeting, the proxies will vote your shares in accordance with their best judgment. As of the date of this proxy statement, we knew of no matters that needed to be acted on at the meeting other than as discussed in this proxy statement.

**How does the Board of Directors recommend that I vote?**

**FOR** proposal one elect our eight nominees to the Board of Directors.

**FOR** proposal two approve the amendment to our 1991 Employee Stock Purchase Plan.

**FOR** proposal three approve the advisory vote on the compensation of our named executive officers.



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**FOR** proposal four ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2012.

**OUR BOARD URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD SENT TO YOU BY STARBOARD OR ITS AFFILIATES.**

**Can I change or revoke my vote?**

You may revoke your vote at any time before the proxy is exercised by filing with our secretary a written notice of revocation or by signing and duly delivering a proxy bearing a later date. At the meeting, you may revoke or change your vote by submitting a proxy to the inspector of elections or voting by ballot. Your attendance at the meeting will not by itself revoke your vote.

**What vote is required to approve each proposal?**

The directors elected at the meeting will be the eight directors receiving the highest number of votes.

The approval of the amendment to our 1991 Employee Stock Purchase Plan to increase the maximum number of shares that may be issued under that plan by 1,300,000 shares may be approved by the affirmative vote of a majority of the votes cast.

The advisory vote on the compensation of our named executive officers may be approved by the affirmative vote of a majority of the votes cast.

The ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2012 may be approved by the affirmative vote of a majority of the votes cast.

If you abstain from voting, it will not count as a vote cast with respect to that proposal.

If Starboard provides proxy materials in opposition to our board of directors to your broker to forward to you on its behalf, brokers will not have discretionary authority to vote on any of the matters to be presented at the annual meeting. Therefore, if you hold your shares in street name through a broker or other nominee, absent voting instructions from you, your shares will not be counted as voting and will have no effect on those proposals requiring approval by a plurality or majority of the votes cast. On the other hand, in the absence of Starboard providing proxy materials in opposition to our board to your broker to forward to you on its behalf, Proposal 4, ratification of the appointment of our independent registered public accounting firm, will be a routine matter for which your broker does not need your voting instruction in order to vote your shares.

**What should I do if I receive a WHITE proxy card from Starboard?**

Starboard has filed a proxy solicitation proposing four alternative director nominees for election at the annual meeting. You may receive proxy solicitation materials from Starboard, including an opposition proxy statement and WHITE proxy card. Our board of directors urges you not to sign or return any proxy card sent to you by Starboard. If you have previously voted using the WHITE proxy card sent to you by Starboard, you have every right to change your vote by executing a later dated GOLD proxy card or by attending the annual meeting and voting in person as described in the answer to the question above captioned "How do I vote?". Only the latest dated proxy you submit will be counted.

**OUR BOARD URGES YOU NOT TO VOTE FOR ANY INDIVIDUALS WHO MAY BE NOMINATED BY STARBOARD OR ITS AFFILIATES.**

**What does it mean if I receive more than one GOLD proxy card from the company?**

If you hold your shares in multiple registrations, or in both registered and street name, you will receive a GOLD proxy card for each account. Please sign, date and return all GOLD proxy cards you receive from us. Only your latest dated proxy for each account will be voted.

If Starboard proceeds with its previously announced proxy solicitation, you may also receive an opposition proxy statement and WHITE proxy card from Starboard. In this event, to ensure shareholders have our latest proxy information and materials to vote, we will conduct multiple mailings prior to the annual meeting date. We will send you a new GOLD proxy card with each mailing, regardless of whether you have previously voted. The latest dated proxy you submit will be counted.

To vote as our board of directors recommends, shareholders must use the GOLD proxy card or attend the annual meeting and vote in person as described in the answer to the question above captioned "How do I vote?". Voting against any Starboard nominees on the WHITE proxy card will not be counted as a vote for our board's nominees and will result in the revocation of any previous vote you may have cast on the GOLD proxy card. If you wish to vote pursuant to the recommendation of our board of directors, you should disregard any proxy card you receive other than the GOLD proxy card. If you have previously voted using the WHITE proxy

card sent to you by Starboard, you have every right to change your vote by executing the GOLD proxy card or by attending the annual meeting and voting in person as described in the answer to the question above captioned "How do I vote?". Only the latest dated proxy you submit will be counted.

**Who will pay for the cost of this proxy solicitation?**

We will pay the cost of preparing, mailing and soliciting proxies, including preparation, assembly, printing and mailing of this proxy statement and any additional information furnished to shareholders. We may reimburse banks, brokerage houses, fiduciaries and custodians for their out-of-pocket expenses for forwarding solicitation materials to beneficial owners. We have hired MacKenzie Partners, Inc. to solicit proxies. We will pay MacKenzie Partners, Inc. a fee, plus reasonable expenses, for these services as described below under the heading "Expenses of Solicitation". Annex A to this proxy statement sets forth certain information relating to our directors, nominees, executive officers and other employees who may be soliciting proxies on our behalf.

**What is householding of proxy materials?**

In some cases, shareholders holding their shares in a brokerage or bank account who share the same surname and address and have not given contrary instructions received only one copy of the proxy materials. This practice is designed to reduce duplicate mailings and save printing and postage costs. If you would like to have a separate copy of our annual report and/or proxy statement mailed to you or to receive separate copies of future mailings, please submit your request to the address or phone number that appears on your proxy card. We will deliver such additional copies promptly upon receipt of such request.

In other cases, shareholders receiving multiple copies at the same address may wish to receive only one. If you now receive more than one copy, and would like to receive only one copy, please submit your request to the address or phone number that appears on your proxy card.

**Who will count the votes and where can I find the voting results?**

American Stock Transfer & Trust Company will tabulate the voting results. We will announce the voting results at the annual meeting and we will publish the results by filing a Current Report on Form 8-K with the Securities and Exchange Commission within four business days of the annual meeting.

**If I have additional questions, who can I contact?**

If you have any questions, require assistance with voting your GOLD proxy card, or need additional copies of proxy material, please call MacKenzie Partners at the phone numbers listed below.

105 Madison Avenue  
New York, NY 10016

[proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

(212) 929-5500 (Call Collect)  
Or

TOLL-FREE (800) 322-2885

### BACKGROUND TO THE SOLICITATION

On July 7, 2011, Philip M. Pead was elected to our Board of Directors.

On August 1, 2011, we announced that Richard D. Reidy, our President and Chief Executive Officer, would resign upon appointment of a new President and Chief Executive Officer.

On September 6, 2011, John R. Egan was elected to our Board of Directors.

On September 7, 2011, Thomas Barth, our Vice President, Investor Relations, in conjunction with the Kaufman Brothers Investor Conference in New York City, met briefly with Starboard employees, Gavin Mollineli, Managing Member, and Tom Cusack, Analyst. The meeting was requested by Kaufman Brothers during the day of the conference. During the brief meeting, the Starboard representatives provided background information regarding their firm and requested a meeting with our executive management team to discuss our company and strategy.

On October 3, 2011, Charles F. Wagner, Jr., our former Executive Vice President, Finance & Administration and Chief Financial Officer, and Mr. Barth met with representatives of Starboard to discuss our strategy and business. During the meeting, at Starboard's request, Messrs. Wagner and Barth provided a general corporate overview, including a review of our product portfolio, reporting structure and company performance to date. The Starboard representatives also discussed their firm's investment strategy.

On December 5, 2011, Jay H. Bhatt was appointed our President and Chief Executive Officer.

On January 10, 2012, at a regular quarterly meeting, our Board of Directors reviewed with management the discussions that were scheduled to take place in the near future with certain shareholders of our company, including Starboard, with respect to our outlook and strategy and the composition of our Board of Directors. During this discussion, our Board of Directors reviewed our corporate governance mechanics and deadlines for submitting candidates for election to our Board of Directors at our upcoming annual meeting of shareholders. In accordance with our bylaws and as stated in our proxy statement relating to our 2011 annual meeting of shareholders, the deadline for submitting nominations was January 29, 2012. Management advised our Board of Directors that Starboard might request an extension of the deadline for submitting candidates for election to our Board of Directors. It was the consensus of our Board of Directors as expressed at this meeting that no changes to our corporate governance mechanics and deadlines should be made.

On January 18, 2012, Mr. Bhatt and Mr. Wagner met with representatives of Starboard. The purpose of this meeting was to enable Starboard to meet Mr. Bhatt and to discuss with him our outlook and strategy. At the conclusion of this meeting, the Starboard representatives stated that they had not yet determined the next steps they would take with respect to their investment in our company but indicated that they were familiar with our corporate governance mechanics and deadlines for submitting candidates for election to our Board of Directors at the upcoming annual meeting of shareholders.

On January 24, 2012, we received a letter from Starboard stating, among other things, Starboard's belief that we are undervalued and that this valuation discrepancy is, in part, due to [Issuer's] conglomerate structure. In its letter, Starboard indicated its belief that our current market price does not adequately reflect the sum-of-its-parts. Starboard stated that it hoped to work with Mr. Bhatt and our Board to explore ways to unlock value at our company. Starboard also filed a Schedule 13D with the Securities and Exchange Commission, which included a copy of the letter. According to the Schedule 13D, Starboard, together with certain of its affiliates, beneficially owned 3,235,000 shares of our common stock as of January 24, 2012.

On January 26, 2012, Messrs. Bhatt, Pead and Barth had a telephone conversation with Jeffrey C. Smith, the Managing Member, Chief Executive Officer and Chief Investment Officer of Starboard, to discuss the January 24, 2012 letter and our strategy and business. During the call, Messrs. Bhatt, Pead and Barth discussed with Mr. Smith the current composition of our Board of Directors. At the conclusion of the meeting, Mr. Smith requested that we consider extending the deadline for shareholders to submit nominations for election to our Board at the upcoming annual meeting. Messrs. Bhatt and Pead responded that our Board of Directors was not prepared to extend the deadline given the requirements of our bylaws and our annual meeting timeline, including that nominations were otherwise required to be submitted by January 29, 2012.

On January 27, 2012, we received notice from Starboard of Starboard's nomination of four directors for election at our annual meeting. The notice identified and described the individual proposed nominees listed in the notice.

On January 30, 2012, we received a letter from Starboard stating that Starboard had delivered its January 27, 2012 letter in order to preserve its rights under our bylaws. Starboard also filed an amendment to its Schedule 13D with the Securities and Exchange Commission, which included a copy of the letter.

On January 30, 2012, we delivered a letter to Starboard in which we, among other things, confirmed receipt of the January 27, 2012 letter and stated that our Nominating and Corporate Governance Committee would consider the nominations. We filed a Current Report on Form 8-K with the Securities and Exchange Commission, which included a copy of the letter.

On February 17, 2012, Starboard requested in writing that we provide them with a list of our shareholders and related shareholder information.

On February 29, 2012, Starboard executed a customary confidentiality agreement in connection with its request for a list of our shareholders.

On March 5, 2012, Starboard filed a Schedule 14A with the Securities and Exchange Commission advocating four nominees for election to our Board of Directors at our 2012 annual meeting.

On March 7, 2012, Mr. Bhatt and Mr. Barth met Mr. Smith. We requested this meeting because our Board of Directors and management were in the process of reviewing our operations and strategy and, as part of this process, we solicited input from our largest shareholders regarding our operations and strategy. Mr. Smith provided some insights on Starboard's views on our company and provided more background information on Starboard's nominees for election to our Board of Directors. Messrs. Bhatt, Barth and Smith also discussed the annual meeting and proxy process and the extent to which we and Starboard should have further discussions regarding the annual meeting and proxy process.

On March 9, 2012, we provided our shareholder list to Starboard.

On March 30, 2012, we received a letter from Starboard as a supplement to its January 27, 2012 letter.

On April 3, 2012, Starboard filed an amended Schedule 14A with the Securities and Exchange Commission advocating four nominees for election to our board of directors at our 2012 annual meeting.

On April 12, 2012, Starboard filed an amended Schedule 14A with the Securities and Exchange Commission seeking proxies to elect three of its nominees to our board of directors at our 2012 annual meeting.

**PROPOSAL 1: ELECTION OF DIRECTORS**

Our Board of Directors is currently comprised of eight members. Upon the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has nominated for election as directors Jay H. Bhatt, Barry N. Bycoff, John R. Egan, Ram Gupta, Charles F. Kane, David A. Krall, Michael L. Mark and Philip M. Pead, each of whom is currently a director of our company.

Each director elected at the annual meeting will hold office until the next annual meeting of shareholders or special meeting in lieu of such annual meeting and until his successor has been duly elected and qualified, or until his earlier death, resignation or removal. There are no family relationships among any of our executive officers or directors.

Each of the director nominees named in this proxy statement has agreed to serve as a director if elected, and we have no reason to believe that any nominee will be unable to serve. In the event that before the annual meeting one or more nominees named in this proxy statement should become unable to serve or for good cause will not serve, the persons named in the enclosed proxy will vote the shares represented by any proxy received by our Board of Directors for such other person or persons as may thereafter be nominated for director by the Nominating and Corporate Governance Committee and our Board of Directors.

We have received a notice from Starboard and certain of its affiliates for the nomination of certain individuals to our Board of Directors at the annual meeting. We do not believe this is in your best interest. We believe that a board of directors comprised of the current members of our Board, each of whom has been nominated for re-election at the annual meeting, is best positioned to enhance shareholder value through the execution of our strategic plan. Our Board understands our business and has the depth and breadth of expertise and experience in those areas that we believe are critical to our continued success, including extensive executive-level experience in management, finance, operations and mergers and acquisitions. Included among our directors are current and former public technology company chief executive officers, chief financial officers and chief operating officers. Our Board has been proactive, has recruited two new outside directors and a new executive management team, including our new CEO, and has conducted an extensive evaluation of our business.

In contrast, our Board believes that the Starboard nominees offer no skills that are not already well-represented on our board of directors. Furthermore, we believe that electing the Starboard nominees who are not as familiar with our company and its businesses and assets could interrupt the ongoing implementation of our strategic plan, and they could negatively impact shareholder value. **OUR BOARD URGES YOU NOT TO VOTE FOR ANY INDIVIDUALS WHO MAY BE NOMINATED BY STARBOARD OR ITS AFFILIATES AND TO EXECUTE AND RETURN THE ENCLOSED GOLD PROXY CARD VOTING FOR THE NOMINEES SET FORTH BELOW.**

If a quorum is present at the annual meeting, a plurality of the votes properly cast will be required to elect a nominee to the office of director.

**DIRECTORS**

The following table sets forth the director nominees, their ages, and the positions currently held by each person with our company. In addition, for each person we have included information regarding the business or other experience, qualifications, attributes or skills considered in determining that each person should serve as a director.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Jay H. Bhatt	43	President and Chief Executive Officer and Director
Barry N. Bycoff	62	Director
John R. Egan (1)(3)	53	Director
Ram Gupta (2)	49	Director
Charles F. Kane (1)	54	Director
David A. Krall (3)	51	Director
Michael L. Mark (1)(2)	66	Chairman of the Board
Philip M. Pead (2)(3)	59	Director

- (1) Member of Audit Committee
- (2) Member of Nominating and Corporate Governance Committee
- (3) Member of Compensation Committee

*Mr. Bhatt* became our President and Chief Executive Officer in December 2011. Prior to that time, from February 2004 until November 2011, Mr. Bhatt was Senior Vice President at Autodesk, Inc., a leader in 3D, design, engineering and entertainment software, where he served as Senior Vice President of the global Architecture, Engineering and Construction Solutions Division at Autodesk, Inc. In this role, Mr. Bhatt had responsibility for software development, marketing, product management, product design, business development, finance and human resources. Prior to this role, Mr. Bhatt led Autodesk's Corporate Development, Business Development and Strategy functions, and was responsible for driving mergers and acquisitions, strategic partnerships and corporate strategic planning.

Through his positions with Autodesk extending over ten years, Mr. Bhatt has gained significant leadership, management and operating experience, extensive knowledge of the software industry and significant technical, financial, strategic and marketing expertise. Also, in his role as our President and Chief Executive Officer, Mr. Bhatt can provide unique insight into our markets, products, technology, challenges and opportunities.

*Mr. Bycoff* has been a director since May 2007. Mr. Bycoff was our Executive Chairman from March 2009 until April 2011. From May 2005 to July 2007, Mr. Bycoff was a venture partner of Pequot Ventures, the venture capital arm of Pequot Capital Management, Inc. Mr. Bycoff was previously Executive Chairman of Day Software Holding AG.

As the founder and former Chief Executive Officer of Netegrity, a public technology company, Mr. Bycoff demonstrated leadership, management and strategic experience, as well as significant financial, operational and corporate governance experience. Mr. Bycoff also has significant management experience from working in a variety of software companies. Mr. Bycoff also has valuable experience as a current and former board member of a number of public and private technology-related companies. Mr. Bycoff also brings to the Board of Directors his investing experience from his tenure at Pequot Ventures.

*Mr. Egan* has been a director since September 2011. Mr. Egan is managing partner of Egan-Managed Capital, a Boston based venture capital fund he founded in October 1998 that specializes in technology and early stage investments. From October 1986 until September 1998, Mr. Egan served in a number of executive positions with EMC Corporation, including Executive Vice President, Products and Offerings, Executive Vice President, Sales and Marketing, Executive Vice President, Operations and Executive Vice President, International Sales. Mr. Egan also serves on the Board of Directors for other publicly-traded and privately-held companies. They include: EMC Corporation (NYSE: EMC), where he has served on the Board of Directors for almost twenty years; VMWare, Inc. (NYSE: VMW); and NetScout Systems, Inc. (OTC: NTCT), where he serves as Lead Director. Mr. Egan also serves in a variety of leadership roles within the Board of Directors of several privately-held technology companies, including HighRoads Corporation, Platform Computing Corporation and Healthrageous, Inc.

Mr. Egan brings to our Board of Directors extensive understanding and expertise in the information technology industry as a result of his service on other boards of directors combined with his executive leadership roles at EMC Corp. His broad experience ranges from venture capital investments in early-stage technology companies to extensive sales and marketing experience, to executive leadership and management roles. Mr. Egan brings to the Board business acumen, substantial operational experience, and expertise in corporate strategy development. Mr. Egan also has extensive experience serving as a director of publicly-traded companies.

*Mr. Gupta* has been a director since May 2008. From May 2007 until May 2010, Mr. Gupta was Executive Chairman of CAST Iron Systems, Inc., a leading Software as a Service (SaaS) and cloud application integration provider. Prior to that time, from November 2005 until May 2007, Mr. Gupta was President and Chief Executive Officer of CAST Iron Systems, Inc. Mr. Gupta is also a director of S1 Corp. and was previously a director of Source Forge, Inc. Mr. Gupta also has served in a variety of leadership roles within the Board of Directors of several privately-held technology companies including Platform Computing Corporation, Persistent Systems, Accruent Inc. and Yodlee Inc.

Mr. Gupta has extensive strategic marketing and management expertise at global technology companies, including responsibility for strategy, marketing, development, customer support, alliances and mergers and acquisitions. As a former executive and current board member of several technology-related public companies, Mr. Gupta offers industry specific, public company board experience to our Board of Directors. Mr. Gupta's service as the Chairman of the Board, Executive Chairman and Chairman of Strategic, Compensation, Transaction and Nominating and Corporate Governance committees of publicly-traded and privately-held technology companies brings to our board invaluable operational and governance experience. His extensive experience in the software industry, particularly in the area of strategy and marketing, is also a significant asset to the Board of Directors.

*Mr. Kane* has been a director since November 2006. Mr. Kane is currently a Director and Strategic Advisor of One Laptop Per Child, a non-profit organization that provides computing and internet access for students in the developing world, for whom he served as President and Chief Operating Officer from 2008 until 2009. Mr. Kane served as Executive Vice President and Chief Administrative Officer of Global BPO Services Corp., a special purpose acquisition corporation, from July 2007 until March 2008, and as Chief Financial Officer of Global BPO from August 2007 until March 2008. Prior to joining Global BPO, he served as Chief Financial Officer of RSA Security Inc., a provider of e-security solutions, from May 2006 until RSA was acquired by EMC Corporation in October 2006. From July 2003 until May 2006, he served as Chief Financial Officer of Aspen Technology, Inc., a provider of supply chain management software and professional services. Mr. Kane is currently a director of Demandware, Inc. (NYSE: DWRE), a leading provider of software-as-a-service (SaaS) ecommerce solutions that enable companies to deliver customized shopping experiences to consumers in the digital world, and Carbonite, Inc. (NASDAQ: CARB), a leading provider of online backup solutions for consumers and small and medium sized businesses. Mr. Kane was previously a director of Netezza Corporation, Borland Software Corporation and Applix Inc.

As our Audit Committee financial expert and Chairman of the Audit Committee, Mr. Kane provides a high level of expertise and leadership experience in the areas of finance, accounting, audit oversight and risk analysis derived from his experience as the chief financial officer of publicly-traded technology companies. Mr. Kane also offers substantial public company board experience to our Board of Directors.

*Mr. Krall* has been a director since February 2008. Mr. Krall is currently Chairman of the Board of Directors of Audinate Pty Ltd, a leader in IP audio-visual media network solutions. Mr. Krall also serves on the Board of Directors of Quantum Corp. (NYSE: QTM) and Universal Audio, a privately-held leading manufacturer of professional audio recording hardware and production software. Mr. Krall also currently serves as a Strategic Advisor to Roku, Inc., a position he assumed in January 2011. Mr. Krall joined Roku, Inc. in February 2010 as President and Chief Operating Officer. Prior to that time, Mr. Krall was President and Chief Executive Officer and a member of the Board of Directors of QSecure, Inc. From 2000 to 2007, Mr. Krall was President, Chief Executive Officer and a member of the Board of Directors of Avid Technology, Inc.

Mr. Krall has significant leadership, management and operational experience through his service in a broad range of executive positions within the software and technology industries. From working in companies ranging from small startups to public companies with thousands of employees serving worldwide marketplaces, Mr. Krall brings experience in the areas of new product development, integration of complex software and hardware solutions, strategy formation, and general management. Mr. Krall also offers substantial public and private company board experience to our Board of Directors.

*Mr. Mark* was appointed Chairman of the Board in April 2011. Prior to that time, from March 2009 until April 2011, Mr. Mark served as our Lead Independent Director. From December 2006 until March 2009, Mr. Mark was Chairman of our Board. Mr. Mark has been a director since July 1987. Mr. Mark is a private investor and member of Walnut Venture Associates, an investment group seeking opportunities in early-stage and emerging high-tech companies in New England. Mr. Mark has been a founder and investor in numerous early-stage companies and serves on several private boards of directors, including Pixability, Inc., PlayRific, Code-On and Third Solutions.



Mr. Mark has served on our Board of Directors for almost twenty-five years, spanning the entire time that we have been a public company. As a result, Mr. Mark provides our Board of Directors with critical historical knowledge and insights on our business and the software industry generally. Mr. Mark also has extensive experience as a director of public and private companies.

*Mr. Pead* has been a director since July 2011. Mr. Pead is currently Chairman of the Board of Directors of Allscripts Health Solutions (NASDAQ: MDRX), a leading health care information technology company. Mr. Pead was formerly the President and Chief Executive Officer of Eclipsys Corporation, a leading provider of enterprise clinical and financial software for hospitals, which was merged with Allscripts in August 2010. From March 2007 to May 2009, Mr. Pead served as the Managing Partner of Beacon Point Partners LLC, a healthcare consulting firm. Mr. Pead served as President and Chief Executive Officer of Per-Se Technologies Inc., a provider of healthcare information technology services, from November 2000 until its acquisition by McKesson Corporation in January 2007.

Mr. Pead provides our Board of Directors with industry insight and knowledge as a result of his over twenty-five years experience in the software industry, working in executive roles in several publicly- and privately-held companies, including Per-Se Technologies, Dun & Bradstreet Corporation and Attachmate Corporation. In addition to Progress Software Corporation and Allscripts Health Solutions, Mr. Pead previously served on the board of directors of publicly-traded Emdeon Inc. (NYSE: EM).

***OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE FOLLOWING EIGHT INDIVIDUALS AS DIRECTORS: JAY H. BHATT, BARRY N. BYCOFF, JOHN R. EGAN, RAM GUPTA, CHARLES F. KANE, DAVID A. KRALL, MICHAEL L. MARK AND PHILIP M. PEAD.***

#### **THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD**

##### **Board of Directors**

Our Board of Directors met twelve times during the fiscal year ended November 30, 2011. Each of our directors attended at least 75% of the aggregate of the total number of meetings of our Board of Directors and the total number of meetings of all committees of our Board of Directors on which he served during fiscal year 2011. Our Board of Directors has standing Audit, Compensation, and Nominating and Corporate Governance Committees.

##### **Audit Committee**

The Audit Committee of our Board of Directors during fiscal 2011 consisted of Messrs. Egan (from October 2011), Gupta (until October 2011), Kane and Mark, with Mr. Kane serving as Chairman. Our Board of Directors has determined that each member of the Audit Committee meets the independence requirements promulgated by NASDAQ and the SEC, including Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended, or the Exchange Act. In addition, our Board of Directors has determined that each member of the Audit Committee is financially literate and that Mr. Kane qualifies as an audit committee financial expert under the rules of the SEC. The Audit Committee met six times during fiscal 2011.

The Audit Committee operates under a written charter adopted by our Board of Directors, a copy of which can be found on our website at [www.progress.com](http://www.progress.com) under the heading "Corporate Governance" located on the "About Us/Who We Are" page.

The Audit Committee assists our Board of Directors in fulfilling its oversight responsibilities for accounting and financial reporting compliance. The Audit Committee meets with management and with our independent registered public accounting firm to discuss our financial reporting policies and procedures, our internal control over financial reporting, the results of the independent auditor's examinations, our critical accounting policies and the overall quality of our financial reporting, and the Audit Committee reports on these matters to our Board of Directors. The Audit Committee meets with the independent auditor with and without our management present.

For fiscal 2011, among other functions, the Audit Committee:

appointed the independent registered public accounting firm;

reviewed with our independent registered public accounting firm the scope of the audit for the year and the results of the audit when completed;

reviewed the independent registered public accounting firm's fees for services performed;

reviewed with management and the independent registered public accounting firm the annual audited financial statements and the quarterly financial statements, prior to the filing of reports containing those financial statements with the SEC;

reviewed with management our major financial risks and the steps management has taken to monitor and control those risks; and

reviewed with management various matters related to our internal controls.

#### **Compensation Committee**

The Compensation Committee of our Board of Directors during fiscal 2011 consisted of Messrs. Egan (from October 2011), Gupta (until October 2011), Krall, Mark (until October 2011) and Pead (from October 2011), with Mr. Krall serving as Chairman. Our Board of Directors has determined that each member of the Compensation Committee meets the independence requirements promulgated by NASDAQ. The Compensation Committee met sixteen times during fiscal 2011.

The Compensation Committee operates under a written charter adopted by our Board of Directors, a copy of which can be found on our website at [www.progress.com](http://www.progress.com) under the heading "Corporate Governance" located on the "About Us/Who We Are" page.

In accordance with its charter, the Compensation Committee:

oversees our overall compensation structure, policies and programs;

administers our equity-based plans;

reviews, and recommends to our Board of Directors for its approval, the compensation of our Chief Executive Officer;

reviews and determines the compensation of all officers (as defined in Section 16 of the Exchange Act) of our company other than the Chief Executive Officer;

reviews and makes recommendations to our Board of Directors regarding the compensation of our directors; and

is responsible for producing the annual report included in this proxy statement.

**Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee of our Board of Directors during fiscal 2011 consisted of Messrs. Gupta, Kane (until October 2011), Krall (until October 2011), Mark (from October 2011) and Pead (from October 2011), with Mr. Gupta serving as Chairman. The Board of Directors has determined that each member of the Nominating and Corporate Governance Committee meets the independence requirements promulgated by NASDAQ. The Nominating and Corporate Governance Committee met five times during fiscal 2011.

The Nominating and Corporate Governance Committee operates under a written charter adopted by our Board of Directors, a copy of which can be found on our website at [www.progress.com](http://www.progress.com) under the heading Corporate Governance located on the About Us/Who We Are page.

In accordance with its charter, the Nominating and Corporate Governance Committee:

is responsible for identifying qualified candidates for election to our Board of Directors and recommending nominees for election as directors at the annual meeting;

assists in determining the composition of our Board of Directors and its committees;

assists in developing and monitoring a process to assess the effectiveness of our Board of Directors;

assists in developing and reviewing succession plans for our senior management, including the Chief Executive Officer; and

assists in developing and implementing our Corporate Governance Guidelines.

Our Board of Directors has delegated the search for, and recommendation of, director nominees to the Nominating and Corporate Governance Committee. When considering a potential candidate for membership on our Board of Directors, the Nominating and Corporate Governance Committee will consider any criteria it deems appropriate, including, among other things, the experience and qualifications of any particular candidate as well as such candidate's past or anticipated contributions to our Board of Directors and its committees. At a minimum, each nominee is expected to have the highest personal and professional integrity and demonstrated exceptional ability and judgment, and to be effective, with the other directors, in collectively serving the long-term interests of our shareholders. In addition, the Nominating and Corporate Governance Committee has established the following minimum requirements:

at least five years of business experience;

no identified conflicts of interest as a prospective director of our company;

no convictions in a criminal proceeding (aside from traffic violations) during the five years prior to the date of selection; and

willingness to comply with our Code of Conduct and Finance Code of Professional Ethics.

The Board of Directors retains the right to modify these minimum qualifications from time to time, and exceptional candidates who do not meet all of these criteria may still be considered.

In addition to any other standards the Nominating and Corporate Governance Committee may deem appropriate from time to time for the overall structure and composition of our Board of Directors, the Nominating and Corporate Governance Committee may consider the following factors when recommending that our Board of Directors select persons for nomination:

Whether the nominee has direct experience in the software industry or in the markets in which we operate.

Whether the nominee, if elected, assists in achieving a mix of members on our Board of Directors that represents a diversity of background, experience, skills, ages, race and gender.

The Nominating and Corporate Governance Committee may also consider other criteria that it deems appropriate from time to time for the overall composition and structure of our Board of Directors. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no criterion is necessarily applicable to all prospective nominees. Neither the Nominating and Corporate Governance Committee nor our Board of Directors has a specific policy with regard to the consideration of diversity in identifying director nominees, although, as described above, both may consider diversity when identifying and evaluating proposed director candidates.

In the case of incumbent directors, the Nominating and Corporate Governance Committee reviews each incumbent director's overall past service to us, including the number of meetings attended, level of participation, quality of performance, and whether the director continues to meet applicable independence standards. In the case of a new director candidate, the Nominating and Corporate Governance Committee determines whether the candidate meets the applicable independence standards, and the level of the candidate's financial expertise. The candidate will also be interviewed by the Nominating and Corporate Governance Committee.



Generally, the Nominating and Corporate Governance Committee identifies candidates for director nominees in consultation with the other directors and management, through the use of search firms or other advisors, through recommendations submitted by shareholders or through other methods that the Nominating and Corporate Governance Committee deems to be helpful to identify candidates. Once a candidate has been identified, the Nominating and Corporate Governance Committee confirms that the candidate meets all of the minimum qualifications for a director nominee established by the Committee. The Nominating and Corporate Governance Committee then meets to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of our Board of Directors. The same procedures apply to all candidates for director nomination, including candidates submitted by shareholders.

Based on the results of the evaluation process, the Nominating and Corporate Governance Committee recommends candidates for our Board of Directors approval as director nominees for election to our Board of Directors. The Nominating and Corporate Governance Committee also recommends candidates to our Board of Directors for appointment to its committees.

The Nominating and Corporate Governance Committee will consider director nominee candidates who are recommended by shareholders of our company. Recommendations sent by shareholders must provide the following information:

the name and address of record of the shareholder;

a representation that the shareholder is a record holder of our common stock, or if the shareholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) of the Exchange Act;

the name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the proposed director candidate;

a description of the qualifications and background of the proposed director candidate which addresses the minimum qualifications described above;

a description of all arrangements or understandings between the shareholder and the proposed director candidate; and

any other information regarding the proposed director candidate that is required to be included in a proxy statement filed under SEC rules.

The submission must be accompanied by a written consent of the individual to be named in our proxy statement as standing for election if nominated by our Board of Directors and to serve if elected by the shareholders. Shareholder recommendations of candidates for election as directors at an annual meeting of shareholders must be given at least 120 days prior to the date on which our proxy statement was released to shareholders in connection with our previous year's annual meeting.

Shareholders may recommend director candidates for consideration by the Nominating and Corporate Governance Committee by sending a written communication to the Committee at our offices located at 14 Oak Park, Bedford, Massachusetts 01730, c/o Corporate Secretary.

## **CORPORATE GOVERNANCE**

### **Independence of Members of our Board of Directors**

Our Board of Directors has determined that all of our current directors except Mr. Bycoff (who was our Executive Chairman until April 2011) and Mr. Bhatt (our President and Chief Executive Officer) are independent within the meaning of the director independence standards of NASDAQ and the applicable rules of the SEC. In making this determination, our Board solicited information from each of the directors regarding whether that director, or any member of his immediate family, had a direct or indirect material interest in any transactions involving our company, was involved in a debt relationship with our company or received personal benefits



outside the scope of the director's normal compensation. Our Board of Directors considered the responses of the directors, and independently considered the commercial agreements, acquisitions and other material transactions entered into by us during fiscal 2011, and determined that none of our non-employee directors had a material interest in those transactions.

**Non-Executive Chairman**

In April 2011, Mr. Mark was appointed non-executive Chairman of the Board of Directors. In the role of non-executive Chairman, Mr. Mark presides over meetings of our Board of Directors. Mr. Mark also works with the Chief Executive Officer to prepare Board of Directors meeting agendas.

**Executive Sessions of Independent Directors**

Executive sessions of the independent directors are held following regularly scheduled meetings of our Board of Directors. Executive sessions do not include the employee directors of our company, and the Chairman is responsible for chairing the executive sessions.