

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

| <i>(In thousands except per share data)</i>       | <b>Feb 28,<br/>2007</b> | <b>May 31,<br/>2007</b> | <b>Aug 31,<br/>2007</b> | <b>Nov 30,<br/>2007</b> | <b>Feb 29,<br/>2008</b> | <b>May 31,<br/>2008</b> | <b>Aug 31,<br/>2008</b> | <b>Nov 30,<br/>2008</b> | <b>Feb 28,<br/>2009</b> | <b>Fiscal<br/>2006</b> | <b>Fiscal<br/>2007</b> | <b>Fiscal<br/>2008</b> | <b>Fiscal Year-to-Date<br/>2008 2009</b> |           |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------------|------------------------|--|-----------|
| GAAP income from operations                       | \$ 12,353               | \$ 11,289               | \$ 17,803               | \$ 15,771               | \$ 17,148               | \$ 20,604               | \$ 18,107               | \$ 8,524                | \$ 4,719                | \$ 40,943              | \$ 57,216              | \$ 64,383              | \$ 17,148                                | \$ 4,719  |
| Non-GAAP adjustments:                             |                         |                         |                         |                         |                         |                         |                         |                         |                         |                        |                        |                        |  |           |
| Stock-based compensation expense (1)              | 5,015                   | 8,814                   | 4,178                   | 4,926                   | 3,970                   | 4,110                   | 3,532                   | 7,706                   | 3,816                   | 23,068                 | 22,933                 | 19,318                 | 3,970                                    | 3,816     |
| Amortization of purchased intangibles             | 4,471                   | 4,439                   | 4,316                   | 4,169                   | 4,047                   | 4,166                   | 4,327                   | 6,918                   | 7,094                   | 15,508                 | 17,395                 | 19,458                 | 4,047                                    | 7,094     |
| Impairment of goodwill                            | -                       | -                       | -                       | 8,174                   | -                       | -                       | -                       | -                       | -                       | -                      | 8,174                  | -                      | -  | -         |
| Purchase accounting adjustment for deferred reven | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 2,696                   | 1,548                   | -                      | -                      | 2,696                  | -  | 1,548     |
| Stock option investigation-related expenses (2)   | 1,682                   | 755                     | 896                     | 396                     | 329                     | 267                     | 1,270                   | 1,137                   | 31                      | 3,316                  | 3,729                  | 3,003                  | 329                                      | 31        |
| Restructuring and acquisition-related expenses    | -                       | -                       | -                       | -                       | -                       | -                       | -                       | 7,043                   | 5,588                   | 1,849                  | -                      | 7,043                  | -  | 5,588     |
| Non-GAAP income from operations                   | \$ 23,521               | \$ 25,297               | \$ 27,193               | \$ 33,436               | \$ 25,494               | \$ 29,147               | \$ 27,236               | \$ 34,024               | \$ 22,796               | \$ 84,684              | \$ 109,447             | \$ 115,901             | \$ 25,494                                | \$ 22,796 |
| GAAP net income                                   | \$ 8,738                | \$ 8,391                | \$ 13,047               | \$ 12,104               | \$ 12,836               | \$ 14,471               | \$ 12,537               | \$ 6,452                | \$ 3,652                | \$ 29,401              | \$ 42,280              | \$ 46,296              | \$ 12,836                                | \$ 3,652  |
| Non-GAAP adjustments to income from operations    | 11,168                  | 14,008                  | 9,390                   | 17,665                  | 8,346                   | 8,543                   | 9,129                   | 25,500                  | 18,077                  | 43,741                 | 52,231                 | 51,518                 | 8,346                                    | 18,077    |
| Tax impact of the non-GAAP adjustments            | (3,663)                 | (4,633)                 | (2,992)                 | (5,820)                 | (2,618)                 | (2,648)                 | (2,695)                 | (7,962)                 | (5,969)                 | (14,176)               | (17,108)               | (15,923)               | (2,618)                                  | (5,969)   |
| Non-GAAP net income                               | \$ 16,243               | \$ 17,766               | \$ 19,445               | \$ 23,949               | \$ 18,564               | \$ 20,366               | \$ 18,971               | \$ 23,990               | \$ 15,760               | \$ 58,966              | \$ 77,403              | \$ 81,891              | \$ 18,564                                | \$ 15,760 |
| Weighted average shares - diluted                 | 43,437                  | 43,636                  | 44,152                  | 44,544                  | 44,174                  | 43,238                  | 42,156                  | 41,141                  | 40,521                  | 43,271                 | 43,943                 | 42,677                 | 44,174                                   | 40,521    |
| GAAP diluted earnings per share                   | \$0.20                  | \$0.19                  | \$0.30                  | \$0.27                  | \$0.29                  | \$0.33                  | \$0.30                  | \$0.16                  | \$0.09                  | \$0.68                 | \$0.96                 | \$1.08                 | \$0.29                                   | \$0.09    |
| Non-GAAP diluted earnings per share               | \$0.37                  | \$0.41                  | \$0.44                  | \$0.54                  | \$0.42                  | \$0.47                  | \$0.45                  | \$0.58                  | \$0.39                  | \$1.36                 | \$1.76                 | \$1.92                 | \$0.42                                   | \$0.39    |
| (1) Stock-based compensation included within:     |                         |                         |                         |                         |                         |                         |                         |                         |                         |                        |                        |                        |  |           |
| Cost of licenses                                  | \$ 31                   | \$ 43                   | \$ 24                   | \$ 31                   | \$ 22                   | \$ 13                   | \$ 12                   | \$ 24                   | \$ 12                   | \$ 148                 | \$ 129                 | \$ 71                  | \$ 22                                    | \$ 12     |
| Cost of maintenance and services                  | 357                     | 511                     | 286                     | 368                     | 267                     | 226                     | 212                     | 465                     | 237                     | 1,692                  | 1,522                  | 1,170                  | 267                                      | 237       |
| Sales and marketing                               | 1,847                   | 2,678                   | 1,499                   | 1,973                   | 1,431                   | 1,419                   | 1,335                   | 2,798                   | 1,488                   | 8,559                  | 7,997                  | 6,983                  | 1,431                                    | 1,488     |
| Product development                               | 1,151                   | 1,715                   | 960                     | 1,267                   | 919                     | 937                     | 881                     | 1,851                   | 944                     | 5,282                  | 5,093                  | 4,588                  | 919                                      | 944       |
| General and administrative                        | 1,629                   | 3,867                   | 1,409                   | 1,287                   | 1,331                   | 1,515                   | 1,092                   | 2,568                   | 1,135                   | 7,387                  | 8,192                  | 6,506                  | 1,331                                    | 1,135     |
| Total   | \$ 5,015                | \$ 8,814                | \$ 4,178                | \$ 4,926                | \$ 3,970                | \$ 4,110                | \$ 3,532                | \$ 7,706                | \$ 3,816                | \$ 23,068              | \$ 22,933              | \$ 19,318              | \$ 3,970                                 | \$ 3,816  |

(2) Amounts are included in general and administrative expenses in the Company's GAAP consolidated statement of operations