

Progress Software Corporation Corporate Governance Guidelines

These Corporate Governance Guidelines have been approved and adopted by the Board of Directors (the "Board") of Progress Software Corporation (the "Company"). Together with the charters of the various Board committees, these Guidelines provide the framework for various corporate governance matters at the Company. These Guidelines reflect the Board's current views with respect to the issues discussed. The Board will review these Guidelines as necessary to incorporate any changes the Board considers to be appropriate.

Except where the Guidelines reflect the requirements of law or the listing requirements of the Nasdaq Stock Market, these Guidelines are neither intended to be, nor are they, rigid rules that govern activities or decisions of the Board or its committees. These Guidelines do not modify, nor are they interpretations of, the Company's Articles of Incorporation, Bylaws, or any applicable law, rule or regulation.

Role of Board

The Board is elected by the shareholders. Except for those matters reserved for shareholder approval, the Board is the ultimate decision-making body of the Company. The Board advises and guides senior management and monitors its performance.

The fundamental role of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its shareholders. In fulfilling that responsibility, the directors may rely on the honesty and integrity of the Company's senior management and on legal, accounting, financial and other advisors.

Director Independence

The Board believes that, as a matter of policy and consistent with applicable laws, rules and regulations, a majority of the Board should be "independent directors" as defined by the Nasdaq Stock Market Marketplace Rules.

Director Qualifications

The Nominating and Corporate Governance Committee assists the Board in identifying qualified individuals to become Board members, in determining the composition of the Board of directors and its committees and in developing and monitoring a process to assess board effectiveness.

Limits On Director Outside Activities

Directors must be willing to devote sufficient time to carry out their duties and responsibilities effectively. Each Board member is expected to ensure that other existing and planned future commitments do not conflict with or materially interfere with the member's service as a director. Directors are expected to avoid any action, position or arrangement that conflicts with an interest of the Company, or gives the appearance of a conflict. Directors who also serve as CEOs or in equivalent positions should not serve on more than 2 boards of public companies in addition to the Board, and other directors should not serve on more than 4 other boards of public companies in addition to the Company's board.

Size of Board

The Company's ByLaws provide that the Board will consist of not less than three directors. The size of the Board is currently set at six. The Board reviews from time to time the appropriate size of the Board.

Directors Who Change Job Responsibility; Retirement.

The Board does not believe directors who retire from or change their principal occupation or business association should necessarily leave the Board; however, there should be an opportunity for the Board, through the Nominating and Corporate Governance Committee, to review the continued appropriateness of Board membership under these circumstances. Board members may not stand for reelection after the age of eighty-five.

Board Meetings

Regular and Special Meetings. The Board currently holds regularly scheduled meetings and calls for special meetings as necessary.

Attendance. Directors are expected to attend all meetings of the Board and Committees of the Board on which they serve and, in discharging their duties properly, to spend the time needed and to meet as frequently as necessary. It is understood that, on occasion, circumstances may arise that prevent a director from attending a meeting.

Approval of Agenda. The Chairman of the Nominating and Corporate Governance Committee will approve the agenda for each Board meeting.

Director Requests. Any director may request that an item be included on the agenda.

New Agenda Items. While the agenda is carefully planned, it is flexible enough so that unexpected developments can be discussed at Board meetings.

Advance Materials Distribution. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting are, to the extent practicable, distributed to the directors in advance of the meeting and directors should review these materials prior to the meeting. The Board acknowledges that certain materials are of an extremely sensitive nature and that distribution of materials on these matters prior to Board meetings may not be appropriate.

Executive Sessions of Independent Directors

The independent directors of the Board will meet in Executive Session as required and at least two times each year, typically before or after a regularly scheduled Board meeting, and at any other time requested by any independent director. The Executive Sessions are led by the Chairman of the Nominating and Corporate Governance Committee.

Board Access to Management

The independent members of the Board have unlimited access to Company employees in order to obtain the information necessary to fulfill their duties.

Committees

The Board will have an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The members of the Audit Committee will also satisfy the independence criteria established by law. The Board may from time to time establish additional committees as necessary or appropriate. The Nominating and Corporate Governance Committee will review the qualifications of prospective committee members and make recommendations to the Board. Committee members will be appointed by the Board.

The Chairman of each committee, in consultation with the committee members and senior management, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda and provide reports to the Board as appropriate.

Board Composition: Term Limits

The Board does not believe it should establish term limits.

Direct Stock Ownership

The Company believes that each director and executive officer should acquire and hold a minimum of 1,000 shares of Company common stock.

Retention of Advisors/Consultants

The Board and each committee of the Board shall have the authority to retain outside financial, legal or other advisors as they deem appropriate.

CEO Evaluation

The Compensation Committee conducts a review at least annually of the performance of the CEO. The Compensation Committee shall establish the evaluation process and determines the specific criteria on which the performance of the CEO is evaluated.

Management Succession

In conjunction with the annual evaluation of the CEO, the independent directors of the Board shall work with the CEO to plan for the succession of the CEO and to develop plans for interim succession of the CEO in the event the CEO becomes unable to perform his or her duties.

Revisions to the Guidelines

The Nominating and Corporate Governance Committee will review these corporate governance guidelines periodically and will recommend to the Board such revisions as it deems necessary or appropriate for the Board to discharge its responsibilities more effectively.