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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): October 1, 2015

Progress Software Corporation

(Exact name of registrant as specified in its charter)

Commission file number: 0-19417

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

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

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

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

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

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

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

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

Section 2 – Financial Information

Item 2.02 Results of Operations and Financial Condition.

On October 1, 2015, Progress Software Corporation issued a press release announcing its financial results for the fiscal third quarter ended August 31, 2015. A copy of the press release is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

This information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not deemed incorporated by reference into any other filing of the company, whether made before or after the date of this report, regardless of any general incorporation language in the filing.

Non-GAAP Financial Measures - We disclosed non-GAAP financial measures in the press release. These non-GAAP measures include revenue, expenses, income from operations, net income, earnings per share and operating margin. We also provide guidance on free cash flow, which is equal to cash flows from operating activities less purchases of property and equipment and capitalized software development costs. We provide non-GAAP financial measures to enhance the overall understanding of our current financial performance and prospects for the future as well as to enable investors to evaluate our performance in the same way that management does.

We use these non-GAAP measures, and we believe that they assist our investors, to make period-to-period comparisons of our operational performance because they provide a more transparent view of our core operating results. Management uses these same non-GAAP financial measures to evaluate performance, allocate resources, and determine compensation. These non-GAAP financial measures are also utilized by analysts to calculate consensus estimates. However, non-GAAP information should not be construed as an alternative to GAAP information as management uses, and investors should consider, non-GAAP measures in conjunction with our GAAP results.

In the noted fiscal periods, we adjusted for the following items from our GAAP financial results to arrive at our non-GAAP financial measures:

- *Acquisition-related revenue* - In our results for the three and nine months ended August 31, 2015 and our fiscal year 2015 and fiscal fourth quarter guidance, we include acquisition-related revenue, which constitutes revenue reflected as pre-acquisition deferred revenue by Telerik AD ("Telerik") that would otherwise have been recognized but for the purchase accounting treatment of the acquisition of Telerik. We acquired Telerik on December 2, 2014. Since GAAP accounting requires the elimination of this revenue, GAAP results alone do not fully capture all of our economic activities. We believe these adjustments are useful to management and investors as a measure of the ongoing performance of the business because, although we cannot be certain that customers will renew their contracts, we (and Telerik) have historically experienced high renewal rates on maintenance and support agreements and other customer contracts. Additionally, although acquisition-related revenue adjustments are non-recurring with respect to past acquisitions, we expect to incur these adjustments in connection with any future acquisitions.
- *Amortization of acquired intangibles* - In all periods presented, we exclude amortization of acquired intangibles because such expenses are unrelated to our core operating performance and the intangible assets acquired vary significantly based on the timing and magnitude of our acquisition transactions and the maturities of the businesses acquired.
- *Stock-based compensation* - In all periods presented, we exclude stock-based compensation to be consistent with the way management and the financial community evaluates our performance and the methods used by analysts to calculate consensus estimates. The expense related to stock-based awards is generally not controllable in the short-term and can vary significantly based on the timing, size and nature of awards granted. As such, we do not include such charges in operating plans. Stock-based compensation will continue in future periods.
- *Restructuring expenses* - In all periods presented, we exclude restructuring expenses incurred because such expenses distort trends and are not part of our core operating results.
- *Acquisition-related and transition expenses* - In all periods presented, we exclude acquisition-related expenses because such expenses distort trends and are not part of our core operating results. In recent years, we have completed a number of acquisitions, which result in our incurring operating expenses which would not otherwise have been incurred. By excluding certain transition, integration and other acquisition-related expense items in connection with acquisitions, this provides more meaningful comparisons of the financial results to our historical operations and forward looking guidance and the financial results of less acquisitive peer companies. We consider these types of costs and adjustments, to a great extent, to be unpredictable and dependent on a significant number of factors that are outside of our control. Furthermore, we do not consider these acquisition-related costs and adjustments to be related to the organic continuing operations of the acquired businesses and are generally not relevant to assessing or estimating

the long-term performance of the acquired assets. In addition, the size, complexity and/or volume of past acquisitions, which often drives the magnitude of acquisition related costs, may not be indicative of the size, complexity and/or volume of future acquisitions.

- *Income tax adjustment* - In all periods presented, we adjust our income tax provision by excluding the tax impact of the non-GAAP adjustments discussed above.

Constant Currency – Revenue from our international operations has historically represented approximately half of our total revenue. As a result, our revenue results have been impacted, and we expect will continue to be impacted, by fluctuations in foreign currency exchange rates. For example, if the local currencies of our foreign subsidiaries weaken, our consolidated results stated in U.S. dollars are negatively impacted.

As exchange rates are an important factor in understanding period to period comparisons, we believe the presentation of revenue growth rates on a constant currency basis helps improve the ability to understand our revenue results and evaluate our performance in comparison to prior periods. The constant currency information presented is calculated by translating current period results using prior period weighted average foreign currency exchange rates. These results should be considered in addition to, not as a substitute for, results reported in accordance with GAAP.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	Description
99.1	Press release issued by Progress Software Corporation dated October 1, 2015

SIGNATURES

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

Date:	October 1, 2015		Progress Software Corporation	
			By:	/s/ CHRIS E. PERKINS
				Chris E. Perkins
				Senior Vice President, Finance and Administration and Chief Financial Officer

Exhibit 99.1

PRESS ANNOUNCEMENT

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Progress Reports 2015 Fiscal Third Quarter Results

BEDFORD, MA, October 1, 2015 (BUSINESSWIRE) — Progress (NASDAQ: PRGS), a global software company that simplifies and enables the development, deployment and management of business applications, today announced results for its fiscal third quarter ended August 31, 2015.

Revenue in the quarter was $94.6 million compared to $79.3 million in the same quarter last year, a year over year increase of 19% on an actual currency basis and 29% on a constant currency basis. On a non-GAAP basis, revenue was $100.7 million compared to $79.3 million in the same quarter last year.

Additional financial highlights included:

On a GAAP basis in the fiscal third quarter of 2015:

- Revenue was $94.6 million compared to $79.3 million in the same quarter in fiscal year 2014;
- Income from operations was $8.6 million compared to $19.4 million in the same quarter last year;
- Net loss was $4.1 million compared to net income of $11.1 million in the same quarter last year; and
- Diluted loss per share was $0.08 compared to diluted earnings per share of $0.22 in the same quarter last year.

On a non-GAAP basis in the fiscal third quarter of 2015:

- Revenue was $100.7 million compared to $79.3 million in the same quarter last year;
- Income from operations was $31.7 million compared to $29.6 million in the same quarter last year;
- Operating margin was 31% compared to 37% in the same quarter last year;
- Net income was $20.0 million, unchanged from the same quarter last year;
- Diluted earnings per share was $0.39, unchanged from the same quarter last year; and
- Free cash flow was $17.3 million compared to $23.8 million in the same quarter last year.

“We achieved continued positive momentum in key areas of our business in the third quarter," said Phil Pead, President and CEO of Progress. “OpenEdge continued to grow, with significant strength in enterprise sales. We achieved growth in our data business, and several of our Telerik solutions achieved record bookings for the quarter.”

Other fiscal third quarter 2015 metrics and recent results included:

- Cash, cash equivalents and short-term investments were $218.3 million;
- Cash flows from operations were $19.3 million compared to $25.9 million in the same quarter in fiscal year 2014; and
- DSO was 54 days, compared to 50 days in the fiscal second quarter of 2015.

Business Outlook

Progress's fiscal 2015 financial guidance includes the impact of the significant strengthening of the US dollar that began in late 2014 and is based on current exchange rates. The negative currency translation impact on Progress's 2015 business outlook compared to 2014 exchange rates is $25 - $26 million on non-GAAP revenue and $0.14 - $0.15 on non-GAAP earnings per share. To the extent that there are further changes in exchange rates versus the current environment, this may have an additional impact on Progress's business outlook.

Progress provides the following revised guidance for the fiscal year ending November 30, 2015:

- Non-GAAP revenue is expected to be between $410 million and $415 million (previously $415-$425 million);
- Non-GAAP earnings per share is expected to be between $1.51 and $1.55 (previously $1.45-$1.52);
- Non-GAAP operating margin is expected to be approximately 29% (previously 28%);
- Free cash flow is expected to be between $92 million and $95 million (unchanged); and
- Non-GAAP effective tax rate is expected to be approximately 33% (unchanged).

Progress provides the following guidance for the fiscal fourth quarter ending November 30, 2015:

- Non-GAAP revenue is expected to be between $113 million and $118 million; and
- Non-GAAP earnings per share is expected to be between $0.47 and $0.51.

Share Repurchase Program

Progress also announced today that its Board of Directors has authorized a new $100 million share repurchase program. The timing and amount of any shares repurchased will be determined by management based on its evaluation of market conditions and other factors, and the Board of Directors may choose to suspend, expand or discontinue the repurchase program at any time.

Conference Call

The Progress quarterly investor conference call to review its fiscal third quarter of 2015 will be broadcast live at 5:00 p.m. ET on Thursday, October 1, 2015 and can be accessed on the investor relations section of the company's website, located at www.progress.com. Additionally, you can listen to the call by telephone by dialing 1-888-401-4669, pass code 2038969. The conference call will include brief comments followed by questions and answers. An archived version of the conference call and supporting materials will be available on the Progress website within the investor relations section after the live conference call.

Legal Notice Regarding Non-GAAP Financial Information

Progress provides non-GAAP financial information as additional information for investors. These non-GAAP measures are not in accordance with, or an alternative to, generally accepted accounting principles in the United States (GAAP). Progress believes that the non-GAAP results described in this release are useful for an understanding of its ongoing operations and provide additional detail and an alternative method of assessing its operating results. Management uses these non-GAAP results to compare the company's performance to that of prior periods for analysis of trends and for budget and planning purposes. A reconciliation of non-GAAP adjustments to the company's GAAP financial results is included in the tables below. Additional information regarding the company's non-GAAP financial information is contained in the company's Current Report on Form 8-K furnished to the Securities and Exchange Commission in connection with this press release, which is available on the Progress website at www.progress.com within the investor relations section.

Note Regarding Forward-Looking Statements

This press release 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 press release include, but are not limited to, statements regarding Progress's business outlook and financial guidance. 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) Market acceptance of Progress's strategy and product development initiatives; (2) pricing pressures and the competitive environment in the software industry and Platform-as-a-Service market; (3) Progress's ability to successfully manage transitions to new business models and markets, including an increased emphasis on a cloud and subscription strategy; (4) uncertainties relating to Progress' acquisition of Telerik, including whether Progress will be able to realize expected benefits and anticipated synergies of the acquisition and whether Telerik's business will be successfully integrated with Progress Software's business; (5) Progress's ability to make acquisitions and to realize the expected benefits and anticipated synergies from such acquisitions; (6) the continuing uncertainty in the U.S. and international economies, which could result in fewer sales of Progress's products and may otherwise harm Progress's business; (7) business and consumer use of the Internet and the continuing adoption of Cloud technologies; (8) Progress's ability to expand its relationships with channel partners; (9) the timely release of enhancements to Progress's products and customer acceptance of new products; (10) the positioning of Progress's products in its existing and new markets; (11) variations in the demand for professional services and technical support; (12) Progress's ability to penetrate international markets and manage its international operations; and (13) 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, 2014. Progress undertakes no obligation to update any forward-looking statements, which speak only as of the date of this press release.

Progress Software Corporation

Progress Software Corporation (NASDAQ: PRGS) is a global software company that simplifies the development, deployment and management of business applications on-premise or in the cloud, on any platform or device, to any data source, with enhanced performance, minimal IT complexity and low total cost of ownership. Progress can be reached at www.progress.com or 1-781-280-4000.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)	Three Months Ended August 31, 2015	Three Months Ended August 31, 2014	*% Change*	Nine Months Ended August 31, 2015	Nine Months Ended August 31, 2014	*% Change*
Revenue:						
Software licenses	$ 31,840	$ 26,393	*21 %*	$ 85,794	$ 76,645	*12 %*
Maintenance and services	62,797	52,881	*19 %*	179,042	157,994	*13 %*
Total revenue	94,637	79,274	*19 %*	264,836	234,639	*13 %*
Costs of revenue:						
Cost of software licenses	1,441	1,805	*(20)%*	4,526	4,951	*(9)%*
Cost of maintenance and services	9,612	5,222	*84 %*	31,174	16,276	*92 %*
Amortization of acquired intangibles	4,079	834	*389 %*	12,805	1,893	*576 %*
Total costs of revenue	15,132	7,861	*92 %*	48,505	23,120	*110 %*
Gross profit	79,505	71,413	*11 %*	216,331	211,519	*2 %*
Operating expenses:						
Sales and marketing	30,004	22,477	*33 %*	92,607	71,425	*30 %*
Product development	20,422	14,975	*36 %*	65,533	45,568	*44 %*
General and administrative	14,076	12,162	*16 %*	42,065	35,236	*19 %*
Amortization of acquired intangibles	3,186	116	*2,647 %*	9,559	428	*2,133 %*
Restructuring expenses	2,561	1,680	*52 %*	8,715	2,001	*336 %*
Acquisition-related expenses	662	572	*16 %*	3,180	3,148	*1 %*
Total operating expenses	70,911	51,982	*36 %*	221,659	157,806	*40 %*
Income (loss) from operations	8,594	19,431	*(56)%*	(5,328)	53,713	*(110)%*
Other (expense) income, net	(1,165)	(2,457)	*(53)%*	(1,258)	(2,581)	*(51)%*
Income (loss) before income taxes	7,429	16,974	*(56)%*	(6,586)	51,132	*(113)%*
Provision (benefit) for income taxes	11,555	5,879	*97 %*	(7,256)	16,138	*(145)%*
Net (loss) income	(4,126)	11,095	*(137)%*	670	34,994	*(98)%*
Earnings per share:						
Basic	$ (0.08)	$ 0.22	*(136)%*	$ 0.01	$ 0.69	*(99)%*
Diluted	$ (0.08)	$ 0.22	*(136)%*	$ 0.01	$ 0.68	*(99)%*
Weighted average shares outstanding:						
Basic	50,120	50,383	*(1)%*	50,377	50,975	*(1)%*
Diluted	50,120	50,931	*(2)%*	51,117	51,590	*(1)%*

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)	August 31, 2015	November 30, 2014
Assets		
Current assets:		
Cash, cash equivalents and short-term investments	$ 218,304	$ 283,268
Accounts receivable, net	60,335	68,311
Other current assets	51,728	34,094
Total current assets	330,367	385,673
Property and equipment, net	56,825	59,351
Goodwill and intangible assets, net	491,788	253,414
Other assets	7,654	4,623
Total assets	$ 886,634	$ 703,061
Liabilities and shareholders’ equity		
Current liabilities:		
Accounts payable and other current liabilities	$ 65,606	$ 60,746
Current portion of long-term debt	7,500	—
Short-term deferred revenue	124,285	92,557
Total current liabilities	197,391	153,303
Long-term deferred revenue	6,711	3,683
Long-term debt	136,875	—
Other long-term liabilities	15,915	2,830
Shareholders’ equity:		
Common stock and additional paid-in capital	223,299	209,778
Retained earnings	306,443	333,467
Total shareholders’ equity	529,742	543,245
Total liabilities and shareholders’ equity	$ 886,634	$ 703,061

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Three Months Ended August 31, 2015	Three Months Ended August 31, 2014	Nine Months Ended August 31, 2015	Nine Months Ended August 31, 2014
Cash flows from operating activities:				
Net (loss) income	$ (4,128)	$ 11,095	$ 670	$ 34,994
Depreciation and amortization	10,115	3,938	31,610	10,985
Stock-based compensation	6,537	6,940	18,812	18,194
Other non-cash adjustments	5,608	1,856	(19,800)	2,232
Changes in operating assets and liabilities	1,125	2,099	45,896	2,064
Net cash flows from operating activities	19,257	25,928	77,188	68,469
Capital expenditures	(1,952)	(2,154)	(7,740)	(10,191)
Issuances of common stock, net of repurchases	4,103	(13,795)	(22,409)	(41,890)
Payments for acquisitions	—	—	(246,275)	(12,493)
Proceeds from the issuance of debt, net of payments of principle and debt issuance costs	(1,955)	—	142,588	—
Proceeds from divestitures, net	—	—	4,500	3,300
Other	(270)	24,737	(12,816)	22,657
Net change in cash, cash equivalents and short-term investments	19,183	34,716	(64,964)	29,852
Cash, cash equivalents and short-term investments, beginning of period	199,121	226,576	283,268	231,440
Cash, cash equivalents and short-term investments, end of period	$ 218,304	$ 261,292	$ 218,304	$ 261,292

RESULTS OF OPERATIONS BY SEGMENT

(In thousands)	Three Months Ended August 31, 2015	Three Months Ended August 31, 2014	*% Change*	Nine Months Ended August 31, 2015	Nine Months Ended August 31, 2014	% Change
Segment revenue:						
OpenEdge	$ 73,398	$ 71,847	*2 %*	$ 214,775	$ 211,773	*1 %*
Data Connectivity and Integration	8,281	7,175	*15 %*	22,669	22,221	*2 %*
Application Development and Deployment	12,958	252	*5,042 %*	27,392	645	*4,147 %*
Total revenue	94,637	79,274	*19 %*	264,836	234,639	*13 %*
Segment costs of revenue and operating expenses:						
OpenEdge	18,550	15,524	*19 %*	56,529	48,770	*16 %*
Data Connectivity and Integration	3,180	2,515	*26 %*	9,563	7,913	*21 %*
Application Development and Deployment	9,933	2,446	*306 %*	30,169	5,762	*424 %*
Total costs of revenue and operating expenses	31,663	20,485	*55 %*	96,261	62,445	*54 %*
Segment contribution:						
OpenEdge	54,848	56,323	*(3)%*	158,246	163,003	*(3)%*
Data Connectivity and Integration	5,101	4,660	*9 %*	13,106	14,308	*(8)%*
Application Development and Deployment	3,025	(2,194)	*238 %*	(2,777)	(5,117)	*46 %*
Total contribution	62,974	58,789	*7 %*	168,575	172,194	*(2)%*
Other unallocated expenses (1)	54,380	39,358	*38 %*	173,903	118,481	*47 %*
Income (loss) from operations	8,594	19,431	*(56)%*	(5,328)	53,713	*(110)%*
Other (expense) income, net	(1,165)	(2,457)	*(53)%*	(1,258)	(2,581)	*(51)%*
Income (loss) before provision for income taxes	7,429	16,974	*(56)%*	(6,586)	51,132	*(113)%*

(1) The following expenses are not allocated to our segments as we manage and report our business in these functional areas on a consolidated basis only: product development, corporate marketing, administration, amortization of acquired intangibles, stock-based compensation, restructuring, and acquisition related expenses.

SUPPLEMENTAL INFORMATION

Revenue by Type

(In thousands)	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
License	$ 26,393	$ 41,154	$ 25,231	$ 28,722	$ 31,840
Maintenance	50,746	51,268	49,239	52,656	55,365
Services	2,135	5,472	6,911	7,439	7,432
Total revenue	$ 79,274	$ 97,894	$ 81,381	$ 88,817	$ 94,637

Revenue by Region

(In thousands)	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
North America	$ 35,654	$ 43,654	$ 42,125	$ 47,520	$ 49,810
EMEA	32,995	35,327	27,863	31,146	30,656
Latin America	5,695	8,406	4,967	4,388	4,621
Asia Pacific	4,930	10,507	6,426	5,763	9,550
Total revenue	$ 79,274	$ 97,894	$ 81,381	$ 88,817	$ 94,637

Revenue by Segment

(In thousands)	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
OpenEdge	$ 71,847	$ 84,948	$ 69,471	$ 71,906	$ 73,398
Data Connectivity and Integration	7,175	12,551	7,113	7,275	8,281
Application Development and Deployment	252	395	4,797	9,636	12,958
Total revenue	$ 79,274	$ 97,894	$ 81,381	$ 88,817	$ 94,637

RECONCILIATIONS OF GAAP TO NON-GAAP SELECTED FINANCIAL MEASURES - QTD

	Three Months Ended August 31,						% Change
	2015			2014			
(In thousands, except per share data)	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP	*Non-GAAP*
TOTAL REVENUE	$ 94,637	$ 6,086	$ 100,723	$ 79,274	$ —	$ 79,274	*27 %*
Software licenses (1)	31,840	1,418	33,258	26,393	—	26,393	*26 %*
Maintenance and services (1)	62,797	4,668	67,465	52,881	—	52,881	*28 %*
TOTAL COSTS OF REVENUE	$ 15,132	$ (4,223)	$ 10,909	$ 7,861	$ (975)	$ 6,886	*58 %*
Amortization of acquired intangibles	4,079	(4,079)	—	834	(834)	—	
Stock-based compensation (2)	144	(144)	—	141	(141)	—	
GROSS MARGIN %	84%		89%	90%		91%	*(2)%*
TOTAL OPERATING EXPENSES	$ 70,911	$ (12,803)	$ 58,108	$ 51,982	$ (9,167)	$ 42,815	*36 %*
Amortization of acquired intangibles	3,186	(3,186)	—	116	(116)	—	
Restructuring expenses	2,561	(2,561)	—	1,680	(1,680)	—	
Acquisition-related expenses	662	(662)	—	572	(572)	—	
Stock-based compensation (2)	6,394	(6,394)	—	6,799	(6,799)	—	
INCOME FROM OPERATIONS	$ 8,594	$ 23,112	$ 31,706	$ 19,431	$ 10,142	$ 29,573	*7 %*
OPERATING MARGIN	9%		31%	25%		37%	*(7)%*
TOTAL OTHER (EXPENSE) INCOME, NET	$ (1,165)	$ —	$ (1,165)	$ (2,457)	$ 2,554	$ 97	*1,301 %*
PROVISION FOR INCOME TAXES	$ 11,555	$ (1,034)	$ 10,521	$ 5,879	$ 3,748	$ 9,627	*9 %*
NET (LOSS) INCOME	$ (4,126)	$ 24,146	$ 20,020	$ 11,095	$ 8,948	$ 20,043	*— %*
DILUTED EARNINGS PER SHARE	$ (0.08)	$ 0.47	$ 0.39	$ 0.22	$ 0.17	$ 0.39	*— %*
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED	50,120	784	50,904	50,931	—	50,931	*— %*

(1) Adjustments to revenue relate to acquisition-related revenue, which constitutes revenue reflected as pre-acquisition deferred revenue by Telerik that would otherwise have been recognized but for the purchase accounting treatment of the acquisition of Telerik. Since GAAP accounting requires the elimination of this revenue, GAAP results alone do not fully capture all of our economic activities. Note that acquisition-related revenue adjustments entirely relate to Progress' Application Development and Deployment business unit.

(2) Stock-based compensation is included in the GAAP statements of income, as follows:

	2015	2014
Cost of revenue	144	141
Sales and marketing	1,604	1,546
Product development	912	1,407
General and administrative	3,878	3,846
Total	$ 6,538	$ 6,940

RECONCILIATIONS OF GAAP TO NON-GAAP SELECTED FINANCIAL MEASURES - YTD

	Nine Months Ended August 31,						% Change
	2015			2014			
(In thousands, except per share data)	GAAP	Adj.	Non-GAAP	GAAP	Adj.	Non-GAAP	*Non-GAAP*
TOTAL REVENUE	$ 264,836	$ 32,193	$ 297,029	$ 234,639	$ —	$ 234,639	*27 %*
Software licenses (1)	85,794	8,181	93,975	76,645	—	76,645	*23 %*
Maintenance and services (1)	179,042	24,012	203,054	157,994	—	157,994	*29 %*
TOTAL COSTS OF REVENUE	$ 48,505	$ (13,267)	$ 35,238	$ 23,120	$ (2,332)	$ 20,788	*70 %*
Amortization of acquired intangibles	12,805	(12,805)	—	1,893	(1,893)	—	
Stock-based compensation (2)	462	(462)	—	439	(439)	—	
GROSS MARGIN %	82 %		88%	90%		91%	*(3)%*
TOTAL OPERATING EXPENSES	$ 221,659	$ (39,804)	$ 181,855	$ 157,806	$ (23,332)	$ 134,474	*35 %*
Amortization of acquired intangibles	9,559	(9,559)	—	428	(428)	—	
Restructuring expenses	8,715	(8,715)	—	2,001	(2,001)	—	
Acquisition-related expenses	3,180	(3,180)	—	3,148	(3,148)	—	
Stock-based compensation (2)	18,350	(18,350)	—	17,755	(17,755)	—	
(LOSS) INCOME FROM OPERATIONS	$ (5,328)	$ 85,264	$ 79,936	$ 53,713	$ 25,664	$ 79,377	*1 %*
OPERATING MARGIN	(2)%		27%	23%		34%	*(7)%*
TOTAL OTHER (EXPENSE) INCOME, NET (3)	$ (1,258)	$ 266	$ (992)	$ (2,581)	$ 2,554	$ (27)	*(3,574)%*
(BENEFIT) PROVISION FOR INCOME TAXES	$ (7,256)	$ 32,916	$ 25,660	$ 16,138	$ 9,387	$ 25,525	*1 %*
NET INCOME	$ 670	$ 52,614	$ 53,284	$ 34,994	$ 18,831	$ 53,825	*(1)%*
DILUTED EARNINGS PER SHARE	$ 0.01	$ 1.03	$ 1.04	$ 0.68	$ 0.36	$ 1.04	*— %*
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED	51,117	—	51,117	51,590	—	51,590	*(1)%*

(1) Adjustments to revenue relate to acquisition-related revenue, which constitutes revenue reflected as pre-acquisition deferred revenue by Telerik that would otherwise have been recognized but for the purchase accounting treatment of the acquisition of Telerik. Since GAAP accounting requires the elimination of this revenue, GAAP results alone do not fully capture all of our economic activities. Note that acquisition-related revenue adjustments entirely relate to Progress' Application Development and Deployment business unit.

(2) Stock-based compensation is included in the GAAP statements of income, as follows:

	2015	2014
Cost of revenue	462	439
Sales and marketing	4,328	3,736
Product development	3,476	4,186
General and administrative	10,546	9,833
Total	$ 18,812	$ 18,194

(3) Adjustment to other income (expense), net relates to the termination of Progress' prior revolving credit facility with JPMorgan Chase Bank, N.A. and the other lenders party to the credit facility in connection with entering into the new credit facility, which was used to partially fund the acquisition of Telerik. Upon termination, the outstanding debt issuance costs related to the prior revolving credit facility were written off to other income (expense) in the GAAP statements of income.

OTHER NON-GAAP FINANCIAL MEASURES - QTD

Revenue by Type

(In thousands)	Q3 2015	Non-GAAP Adjustment (1)	Non-GAAP Revenue
License	$ 31,840	$ 1,418	$ 33,258
Maintenance	55,365	4,668	60,033
Services	7,432	—	7,432
Total revenue	$ 94,637	$ 6,086	$ 100,723

Revenue by Region

(In thousands)	Q3 2015	Non-GAAP Adjustment (1)	Non-GAAP Revenue
North America	$ 49,810	$ 5,775	$ 55,585
EMEA	30,656	246	30,902
Latin America	4,621	8	4,629
Asia Pacific	9,550	57	9,607
Total revenue	$ 94,637	$ 6,086	$ 100,723

Revenue by Segment

(In thousands)	Q3 2015	Non-GAAP Adjustment (1)	Non-GAAP Revenue
OpenEdge	$ 73,398	$ —	$ 73,398
Data Connectivity and Integration	$ 8,281	$ —	$ 8,281
Application Development and Deployment	$ 12,958	$ 6,086	$ 19,044
Total revenue	$ 94,637	$ 6,086	$ 100,723

(1) Adjustments to revenue relate to acquisition-related revenue, which constitutes revenue reflected as pre-acquisition deferred revenue by Telerik that would otherwise have been recognized but for the purchase accounting treatment of the acquisition of Telerik. Since GAAP accounting requires the elimination of this revenue, GAAP results alone do not fully capture all of our economic activities. Note that acquisition-related revenue adjustments entirely relate to Progress' Application Development and Deployment business unit.

Free Cash Flow

(In thousands)	Q3 2015	Q3 2014	*% Change*
Cash flows from operations	$ 19,257	$ 25,928	*(26)%*
Purchases of property and equipment	$ (1,673)	$ (1,084)	*(54)%*
Capitalized software development costs	$ (279)	$ (1,070)	*74 %*
Free cash flow	$ 17,305	$ 23,774	*(27)%*

OTHER NON-GAAP FINANCIAL MEASURES - YTD

Revenue by Type

(In thousands)	YTD 2015	Non-GAAP Adjustment (1)	Non-GAAP Revenue
License	$ 85,794	$ 8,181	$ 93,975
Maintenance	157,259	24,012	181,271
Services	21,783	—	21,783
Total revenue	$ 264,836	$ 32,193	$ 297,029

Revenue by Region

(In thousands)	YTD 2015	Non-GAAP Adjustment (1)	Non-GAAP Revenue
North America	$ 139,454	$ 27,795	$ 167,249
EMEA	89,667	3,275	92,942
Latin America	13,977	195	14,172
Asia Pacific	21,738	928	22,666
Total revenue	$ 264,836	$ 32,193	$ 297,029

Revenue by Segment

(In thousands)	YTD 2015	Non-GAAP Adjustment (1)	Non-GAAP Revenue
OpenEdge	$ 214,775	$ —	$ 214,775
Data Connectivity and Integration	$ 22,669	$ —	$ 22,669
Application Development and Deployment	$ 27,392	$ 32,193	$ 59,585
Total revenue	$ 264,836	$ 32,193	$ 297,029

(1) Adjustments to revenue relate to acquisition-related revenue, which constitutes revenue reflected as pre-acquisition deferred revenue by Telerik that would otherwise have been recognized but for the purchase accounting treatment of the acquisition of Telerik. Since GAAP accounting requires the elimination of this revenue, GAAP results alone do not fully capture all of our economic activities. Note that acquisition-related revenue adjustments entirely relate to Progress' Application Development and Deployment business unit.

Free Cash Flow

(In thousands)	YTD 2015	YTD Q3 2014	*% Change*
Cash flows from operations	$ 77,188	$ 68,469	*13%*
Purchases of property and equipment	$ (6,079)	$ (7,183)	*15%*
Capitalized software development costs	$ (1,661)	$ (3,008)	*45%*
Free cash flow	$ 69,448	$ 58,278	*19%*

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR FISCAL YEAR 2015 GUIDANCE
(Unaudited)

Fiscal Year 2015 Revenue Growth Guidance

	Fiscal Year Ended November 30, 2014	Fiscal Year Ending November 30, 2015			
(In millions)		Low	% Change	High	% Change
GAAP revenue	$ 332.5	$ 375.0	13%	$ 380.0	14%
Acquisition-related adjustments - revenue (1)	$ —	$ 35.0	100%	$ 35.0	100%
Non-GAAP revenue	$ 332.5	$ 410.0	23%	$ 415.0	25%

(1) Acquisition-related revenue constitutes revenue reflected as pre-acquisition deferred revenue by Telerik that would otherwise have been recognized but for the purchase accounting treatment of the acquisition of Telerik. Since GAAP accounting requires the elimination of this revenue, GAAP results alone do not fully capture all of our economic activities.

Fiscal Year 2015 Non-GAAP Operating Margin Guidance

	Fiscal Year Ending November 30, 2015	
(In millions)	Low	High
GAAP income from operations	$ 12.4	$ 14.7
GAAP operating margins	*3%*	*4%*
Acquisition-related revenue	35.0	35.0
Restructuring expense	11.2	11.2
Stock-based compensation	25.9	25.9
Acquisition related expense	4.0	4.0
Amortization of intangibles	29.6	29.6
Total adjustments	105.7	105.7
Non-GAAP income from operations	$ 118.1	$ 120.4
Non-GAAP operating margin	*29%*	*29%*

Fiscal Year 2015 Non-GAAP Earnings per Share and Effective Tax Rate Guidance

	Fiscal Year Ending November 30, 2015	
(In millions, except per share data)	Low	High
GAAP net income	$ 6.4	$ 7.9
Adjustments (from previous table)	105.7	105.7
Income tax adjustment (2)	(34.7)	(34.0)
Non-GAAP net income	$ 77.4	$ 79.6
GAAP diluted earnings per share	$ 0.13	$ 0.15
Non-GAAP diluted earnings per share	$ 1.51	$ 1.55
Diluted weighted average shares outstanding	51.4	51.4

(2) Tax adjustment is based on a non-GAAP effective tax rate of 33% for both Low and High, calculated as follows:		
Non-GAAP income from operations	$ 118.1	$ 120.4
Other income (expense)	(2.2)	(2.2)
Non-GAAP income from continuing operations before income taxes	115.9	118.2
Non-GAAP net income	77.4	79.6
Tax provision	$ 38.5	$ 38.6
Non-GAAP tax rate	33%	33%

RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q4 2015 GUIDANCE
(Unaudited)

Q4 2015 Revenue Growth Guidance

	Three Months Ended November 30, 2014	Three Months Ending November 30, 2015			
(In millions)		Low	% Change	High	% Change
GAAP revenue	$ 97.9	$ 110.0	12%	$ 115.0	17%
Acquisition-related adjustments - revenue (1)	$ —	$ 3.0	100%	$ 3.0	100%
Non-GAAP revenue	$ 97.9	$ 113.0	15%	$ 118.0	21%

(1) Acquisition-related revenue constitutes revenue reflected as pre-acquisition deferred revenue by Telerik that would otherwise have been recognized but for the purchase accounting treatment of the acquisition of Telerik. Since GAAP accounting requires the elimination of this revenue, GAAP results alone do not fully capture all of our economic activities.

Q4 2015 Non-GAAP Earnings per Share Guidance

	Three Months Ending November 30, 2015	
	Low	High
GAAP diluted earnings per share	$ (0.20)	$ (0.16)
Acquisition-related revenue	0.05	0.05
Restructuring expense	0.05	0.05
Stock-based compensation	0.14	0.14
Acquisition related expense	0.01	0.01
Amortization of intangibles	0.14	0.14
Total adjustments	0.39	0.39
Income tax adjustment	$ 0.28	$ 0.28
Non-GAAP diluted earnings per share	$ 0.47	$ 0.51