
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): August 31, 2005

PROGRESS SOFTWARE CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts

0-19427

04-2746201

*(State or other jurisdiction
of incorporation)*

*(Commission
File Number)*

*(IRS Employer
Identification No.)*

14 Oak Park, Bedford, Massachusetts

01730

(Address of principal executive offices)

(Zip Code)

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

Not Applicable

(Former name or former address, if changed since last report)

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:

- Written communications pursuant to Rule 425 under the Securities Act
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
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Item 1.01 Entry into a Material Definitive Agreement

On August 31, 2005, Progress Software Corporation (“Progress”) entered into an agreement and plan of merger with Sonic Software Corporation, a Delaware corporation and majority-owned subsidiary of Progress (“Sonic”), and Sonic Merger Corporation, a Delaware corporation and wholly-owned subsidiary of Progress (“Merger Sub”). The purpose of the merger was for Progress to purchase the shares of the minority stockholders of Sonic and the in-the-money, vested stock options of Sonic. Sonic is the surviving corporation of the merger and is now a wholly-owned subsidiary of Progress.

The merger agreement was unanimously approved by the boards of directors of Progress, Sonic and Merger Sub and was also approved by the stockholders of Sonic and Merger Sub.

Pursuant to the merger agreement, each holder of Sonic common stock (other than Progress) will receive from Progress \$0.95 cash per share and each holder of a vested option to purchase Sonic common stock will receive from Progress in cash the difference between \$0.95 and the option exercise price of such option. Progress expects that it will pay an aggregate of approximately \$3.4 million to the stockholders and option holders of Sonic to complete the merger. In connection with the merger, the shares of preferred stock and common stock of Sonic held by Progress were cancelled. The merger was completed on August 31, 2005 immediately after execution of the merger agreement.

The price to be paid by Progress to the minority stockholders and the option holders of Sonic was determined by the boards of directors of Progress and Sonic based on a number of factors, including the receipt of a recent valuation analysis of Sonic by an independent investment banking firm and Progress' desire that Sonic employees perceive the merger as fair and reasonable under all of the circumstances. The source of the funds for the merger was Progress' existing working capital.

Gregory J. O'Connor, the president and a director of Sonic, will receive in the merger an aggregate cash payment of approximately \$780,000 from Progress for his vested Sonic stock options. Mr. O'Connor's payment is on the same terms and conditions as the other option holders of Sonic.

The description of the merger agreement contained in this current report on Form 8-K does not purport to be complete and is qualified in its entirety by reference to the merger agreement, a copy of which is attached hereto as Exhibit 2.1 and is incorporated by reference in its entirety herein.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits.

<u>Number</u>	<u>Description</u>
2.1	Agreement and Plan of Merger dated August 31, 2005 by and among Progress Software Corporation, Sonic Software Corporation and Sonic Merger Corporation

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, thereunto duly authorized.

PROGRESS SOFTWARE CORPORATION

Dated: September 7, 2005

By: /s/ Norman R. Robertson

Norman R. Robertson
Senior Vice President Finance and Administration
and Chief Financial Officer (Principal Financial
Officer)

EXHIBIT INDEX

Number	Description
2.1	Agreement and Plan of Merger dated August 31, 2005 by and among Progress Software Corporation, Sonic Software Corporation and Sonic Merger Corporation

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (this "Agreement") is made and entered into as of August 31, 2005, by and among Progress Software Corporation, a Massachusetts corporation ("Progress"), Sonic Software Corporation, a Delaware corporation and majority-owned subsidiary of Progress ("Sonic"), and Sonic Merger Corporation, a Delaware corporation and wholly-owned subsidiary of Progress ("Merger Sub").

WHEREAS, the respective boards of directors of Progress, Sonic and Merger Sub have determined that it is advisable and to the advantage of such corporations and their stockholders that Merger Sub merge with and into Sonic upon the terms and conditions provided herein; and

WHEREAS, the respective boards of directors of Progress, Sonic and Merger Sub have adopted and approved this Agreement and directed that this Agreement be submitted to a vote of the respective stockholders of Sonic and Merger Sub;

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth herein, the parties hereto agree to merge as follows:

1. Merger. Upon the terms and subject to the conditions of this Agreement and the applicable provisions of the General Corporation Law of the State of Delaware (the "DGCL"), at the Effective Time (as hereinafter defined), Merger Sub shall be merged with and into Sonic, the separate corporate existence of Merger Sub shall cease, and Sonic shall continue as the surviving corporation of the Merger (the "Merger"). The Merger shall be effective upon the filing of a certificate of merger with the Secretary of State of Delaware (the "Effective Time"). The corporation surviving the Merger shall be referred to herein as the "Surviving Corporation."

2. Effect of the Merger. At the Effective Time, the effect of the Merger shall be as provided in this Agreement and the applicable provisions of the DGCL. Without limiting the generality of the foregoing, at the Effective Time, all the properties, rights, privileges, powers and franchises of Sonic and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities and duties of Sonic and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation. If, at any time after the Effective Time, the Surviving Corporation shall believe or be advised that any further assignments or assurances in law or any other acts are necessary or desirable (a) to vest, perfect or confirm in the Surviving Corporation title to or ownership or possession of any right, privilege, power, franchise, property or other asset of either constituent corporation acquired or to be acquired by reason of, or as a result of, the Merger or (b) otherwise to carry out the purposes of this Agreement, then (i) each constituent corporation and its officers and directors shall be deemed to have granted hereby to the Surviving Corporation an irrevocable power of attorney to execute and deliver all proper assignments and assurances in law and to undertake all other acts necessary or proper to vest, perfect or confirm title to or ownership or possession of such rights, privileges, powers, franchises, properties or other assets in the Surviving Corporation and otherwise to carry out the purposes of this Agreement and (ii) the officers and directors of the Surviving Corporation shall be deemed to be authorized fully to take any and all such actions in the name of either constituent corporation or otherwise.

3. Directors and Officers and Governing Documents. The initial directors of the Surviving Corporation shall be the directors of Merger Sub immediately prior to the Effective Time until their respective successors are duly elected or appointed and qualified. The initial officers of the Surviving Corporation shall be the officers of Sonic immediately prior to the Effective Time until their respective successors are duly appointed. The certificate of incorporation of Merger Sub as in effect immediately prior to the Effective Time shall be the certificate of incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law; provided, however, that the certificate of merger may provide for such change in the name of the Surviving Corporation as Progress shall determine in its sole discretion. The by-laws of Merger Sub as in effect immediately prior to the Effective Time shall be the by-laws of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law.

4. Sonic Common Stock. Upon the Effective Time, (a) each share of Common Stock of Sonic, \$0.01 par value per share (“Sonic Common Stock”) outstanding immediately prior thereto, other than Progress-Owned Common Stock (as hereinafter defined), shall be cancelled and extinguished and automatically converted into the right to receive \$0.95 from Progress for each share of Sonic Common Stock (the “Merger Price”), and (b) each share of Sonic Common Stock outstanding immediately prior thereto held of record by Progress (“Progress-Owned Common Stock”) shall be canceled and extinguished without any conversion thereof, in each case by virtue of the Merger and without any action on the part of the holder thereof (other than actions required by Section 7 of this Agreement).

5. Sonic Preferred Stock. Upon the Effective Time, each share of Series A Convertible Preferred Stock of Sonic, \$0.01 par value per share, Series B Convertible Preferred Stock of Sonic, \$0.01 par value per share, and Series C Convertible Preferred Stock of Sonic, \$0.01 par value per share (collectively, “Sonic Preferred Stock”), outstanding immediately prior thereto shall be canceled and extinguished without any conversion thereof, by virtue of the Merger and without any action on the part of the holder thereof (other than actions required by Section 7 of this Agreement).

6. Sonic Stock Options. Upon the Effective Time, each vested, exercisable right to subscribe for or to purchase, and each vested, exercisable option or warrant for the purchase of, Sonic Common Stock (hereinafter, a “Vested Option”), shall, by virtue of the Merger and without any action on the part of the holder thereof (other than actions required by Section 8 of this Agreement), be converted into and become a right to receive a cash payment from Progress equal to the difference between (A) the Merger Price times the number of shares of Sonic Common Stock subject to such outstanding Vested Options (to the extent then exercisable at prices not in excess of the Merger Price) and (B) the aggregate exercise price of all such outstanding Vested Options (the “Option Consideration”), in exchange for the termination of such Vested Options.

7. Stock Exchange. As soon as practicable following the Effective Time, the Surviving Corporation shall notify each holder of shares of Sonic Common Stock and Sonic Preferred Stock issued and outstanding immediately prior to the Effective Time, advising such holder of the approval and effectiveness of the Merger, the terms of the conversion effected thereby, the procedure for obtaining the Merger Price and of such holder’s appraisal rights, if

any, pursuant to the DGCL. Each such holder shall, as soon as practicable following such notice, complete and sign a transmittal letter in a form required by the Surviving Corporation and deliver it to the Surviving Corporation, and shall receive in exchange therefor a cash payment from Progress equal to the Merger Price times the number of shares of Sonic Common Stock surrendered by such holder.

8. Option Agreements. As soon as practicable following the Effective Time, the Surviving Corporation shall notify each holder of a Vested Option immediately prior to the Effective Time, advising such holder of the approval and effectiveness of the Merger, the terms of the conversion effected thereby, and the procedure for obtaining a cash payment from Progress equal to the Option Consideration.

9. Merger Sub Common Stock. Upon the Effective Time, the shares of Common Stock, \$0.001 par value per share, of Merger Sub presently issued and outstanding in the name of Progress shall be deemed for all purposes to evidence ownership of and to represent the shares of the Surviving Corporation.

10. Stockholder Approval. This Agreement shall be submitted to the stockholders of each of Sonic and Merger Sub in the manner provided by Section 251 of the DGCL.

11. Amendment. Subject to applicable law, at any time before or after approval and adoption by the stockholders of Sonic and Merger Sub, this Agreement may be amended, supplemented or modified in any manner.

12. Abandonment. At any time before the Effective Time, this Agreement may be terminated and the Merger may be abandoned by the board of directors of either Sonic or Merger Sub, or both, notwithstanding approval of this Agreement by the stockholders of Sonic or Merger Sub, or both.

13. Counterparts. In order to facilitate the filing and recording of this Agreement, the same may be executed in any number of counterparts, each of which shall be deemed to be an original and the same agreement.

IN WITNESS WHEREOF, this Agreement, having first been duly adopted and approved by resolutions of the boards of directors of Progress, Sonic and Merger Sub, is hereby executed as of the date first above written on behalf of each of said corporations by their respective officers thereunto duly authorized.

ATTEST:

PROGRESS SOFTWARE CORPORATION

 /s/ James W. Romeo

By: /s/ Norman R. Robertson
Norman R. Robertson, Senior Vice
President Finance and Administration
and Chief Financial Officer

ATTEST:

SONIC SOFTWARE CORPORATION

 /s/ James W. Romeo

By: /s/ Gregory J. O'Connor
Gregory J. O'Connor, President

ATTEST:

SONIC MERGER CORPORATION

 /s/ James W. Romeo

By: /s/ Joseph W. Alsop
Joseph W. Alsop, President