

**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): June 19, 2006

Progress Software Corporation

(Exact name of registrant as specified in its charter)

Commission file number: 0-19417

**Massachusetts
(State or other jurisdiction of
incorporation or organization)**

**04-2746201
(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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 2 — Financial Information

Item 2.02 Results of Operations and Financial Condition

On June 19, 2006, Progress Software Corporation issued a press release announcing that it is undertaking a voluntary review of its stock option practices. The review, being conducted by the Audit Committee of the Company's board of directors working with the Company's outside legal counsel, covers all option grants since the beginning of the Company's 1996 fiscal year. At this time, the Company has not concluded that any of its previously issued financial statements should no longer be relied upon. It is possible, however, that as a result of this review the Company could conclude that a restatement of its historical financial statements is required. The likely effects of any such restatement would be to increase the amount of non-cash charges associated with past option grants and to affect the related tax impact. A copy of this press release is furnished as Exhibit 99.1 to this report, and the information in this paragraph is qualified by reference to the press release in its entirety.

On June 19, 2006, the Company also issued a separate press release announcing certain financial information for its second fiscal quarter ended May 31, 2006. In this release, the Company stated that because its option review is not yet complete and its impact on the stock-based compensation charges and related tax matters in the Company's results of operations has not yet been determined, the Company was not in a position to include in the release the usual information concerning its GAAP or non-GAAP earnings for the second quarter. A copy of this press release is furnished as Exhibit 99.2 to this report, and the information in this paragraph is qualified by reference to the press release in its entirety.

The information in this Item 2.02 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date of this report, regardless of any general incorporation language in the filing.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated June 19, 2006

99.2 Press Release dated June 19, 2006

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: June 19, 2006

Progress Software Corporation

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

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**PROGRESS SOFTWARE UNDERTAKING VOLUNTARY REVIEW
OF ITS STOCK OPTION PRACTICES**

Bedford, MA, June 19, 2006 — Progress Software Corporation (Nasdaq: PRGS), a supplier of leading technology to develop, deploy, integrate and manage business applications, today announced that it has begun a voluntary review of its historical practices regarding its stock option program. The review, being conducted by the Audit Committee of the Company's board of directors working with the Company's outside legal counsel, covers all option grants since the beginning of the Company's 1996 fiscal year.

The review was prompted by recent media and analysts' reports regarding stock option grant practices of numerous companies, and by investor inquiries. At this time Progress has not received any formal or informal notice or inquiry from the SEC or any other governmental agency, nor is there pending litigation regarding stock option matters.

The Company will complete the review and disclose the results as soon as possible. At this time, the Company has not concluded that any of its previously issued financial statements should no longer be relied upon. It is possible, however, that as a result of this review the Company could conclude that a restatement of its historical financial statements is required. The likely effects of any such restatement would be to increase the amount of non-cash charges associated with past option grants and to affect the related tax impact.

The net effect of any such changes would likely be to reduce the amount of the Company's previously reported operating income determined in accordance with generally accepted accounting principles in the United States ("GAAP"), but not to affect non-GAAP operating income, which is the corresponding non-GAAP financial measure that the Company discloses in its customary financial releases and communications with investors. The non-GAAP operating income reported by the Company generally excludes stock-based compensation, amortization of acquired intangibles and certain acquisition-related expenses.

If the Company reaches the conclusion that a restatement of its historical financial statements is necessary, it will promptly disclose that conclusion in accordance with SEC rules. The need to complete the Company's stock option review and to evaluate the necessity of any restatement of its prior financial statements could result in a delay in the Company's SEC or other regulatory

filings, including the filing of its Quarterly Report on Form 10-Q due July 10, 2006. Any such delays could also affect the Company's ability to continue its listing on the Nasdaq National Market.

The Company grants stock options on a regular, periodic basis, generally twice per year. These regular, Company-wide grants are made on the same date and at the same price to all officers, directors and employees receiving grants, and account for most of the Company's option grant activity. Stock option grants that occur outside the regular Company-wide option grant cycle are generally related to specific events such as acquisitions, recruitment of new hires or promotions. Historically, approximately 75% of all options granted by the Company to employees have been awarded to persons other than the Company's executive officers, and more than 50% of the Company's employees currently hold stock options.

About Progress Software Corporation

Progress Software Corporation (Nasdaq: PRGS) is a global industry leader providing application infrastructure software for all aspects of the development, deployment, integration and management of business applications. Headquartered in Bedford, Mass., Progress can be reached at www.progress.com or +1-781-280-4000.

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**PROGRESS SOFTWARE REPORTS
SECOND QUARTER FINANCIAL INFORMATION**

Revenue Up 9% Year-Over-Year

BEDFORD, Mass., June 19, 2006—Progress Software Corporation (Nasdaq: PRGS), a supplier of leading technology to develop, deploy, integrate and manage business applications, today announced financial information for its second quarter ended May 31, 2006. Revenue for the quarter was \$109.6 million, up 9 percent (11 percent at constant currency) from \$100.2 million in the second quarter of fiscal 2005. Software license revenue increased 11 percent (13 percent at constant currency) to \$41.4 million from \$37.2 million in the same quarter last year.

“Our DataDirect, and Sonic and Real Time product lines delivered solid revenue increases in the second quarter. Our OpenEdge product line contributed positive software license revenue growth as well as positive total revenue growth,” stated Joseph Alsop, co-founder and chief executive officer of Progress Software. “Although we did not achieve double-digit revenue growth on a reported basis during the second quarter, we achieved an 11% revenue increase in real, constant currency terms.”

The company’s cash and short-term investments at the end of the quarter totaled \$227 million. During the second quarter, the company purchased approximately 351,000 shares of its stock at a cost of \$9.3 million. The company’s existing repurchase authorization, under which 9.5 million shares remain available for repurchase, expires on September 30, 2006.

As announced in the company’s separate press release today, the company’s Audit Committee is conducting a review of the company’s option grant activity going back to fiscal 1996. Because this option review is not yet complete and its impact on the stock-based compensation charges and related tax matters in the company’s results of operations has not yet been determined, the company stated that it is not in a position at this time to provide its GAAP or non-GAAP earnings for the second quarter. For that

reason, this release does not include the usual earnings-related information, and the company will not provide operating expense, operating income, net income or earnings per share information or guidance in its regularly scheduled conference call on Tuesday, June 20, 2006.

Highlights

Progress Software announced a significant breakthrough in remote store automation with the deployment of item-level RFID (Radio Frequency Identification) in an SOA (service oriented architecture) suite of applications. Progress customer, and the Netherlands' largest book retailer, Boekhandels Groep Nederland (BGN), is launching two new, fully-automated 'SmartStores' that combine item-level RFID tagging and SOA to deliver a tightly integrated 'warehouse-to-consumer' supply chain.

<http://www.progress.com/selexyz>

Sonic Software introduced Sonic ESB 7.0. This release includes a new Eclipse-based workbench that dramatically accelerates the modeling, configuration, testing and deployment of projects across large-scale, distributed SOA environments. In addition, Sonic ESB 7.0 introduces an enterprise-grade implementation of the advanced Web services standards necessary for mission-critical SOA deployments. <http://www.progress.com/sonic7>

Progress Software announced the availability of Progress(R) Apama(R) Dashboard Studio™, a richly-featured Business Activity Monitoring (BAM) dashboard design and execution environment for the Progress Apama Event Stream Processing™ platform.

http://www.progress.com/progress_apama_dashboard

Progress Software announced that Kaman Industrial Technologies has selected the Progress(R) EasyAsk(R) B2B eCommerce intelligent search, navigation and online merchandising technology for use within its commerce website (www.kamandirect.com). One of North America's largest distributors of bearings, power transmission, electrical and motion control products, Kaman will now offer enhanced search capabilities that provide a more intuitive, precise navigation of their online catalog.

<http://www.progress.com/kaman>

Significant New Customer and Partner Wins, New Technology Adoptions and Major Deployments

Significant new partners and customers adopting technology from Progress Software, or deploying solutions using Progress Software technology, include: American Financial Group, Angoss Software, Bare Escentuals, Baton Rouge Area Foundation, Carrot Communications ASA, Charles River Development Center, Conglobal Industries, Department of the Army, Exelon Corporation, First Health, Fox Broadcasting, GHIS Comercio de Veiculos, GXS, Lan Airlines, Lincoln Financial, Matria Healthcare,

Photoworks, Phytel, Puerto Rico Telephone, Savista Corporation, Southwest Florida Water Management, Spokane School Districts, Springfield Public Schools, Tedesco, United Wisconsin Insurance, USInternetwork, Verimatrix, Wayport and Zions Bancorp.

Significant existing partners and customers adopting new technology from Progress Software, or making substantial additional deployments of Progress Software technology, include: Alcoa Global Fasteners, American Airlines, AT&T, ATOS Origin, Bank of New York, Bayer Healthcare, Casa de Moneda de Mexico, Cendant, Conesco, Cooperativa Mista Agraria, D&H Distribution, Dietrich Industries, Duke University Medical Center, Embarq Communications, Fidelity Investments, Financiera Compartamos, Fujitsu Transaction Solutions, GE Healthcare, Kronos, Marks and Spencer, MD Management, Microstrategy, New Jersey Manufacturers, QVC, SeeBeyond, Sempra, Severn Trent and Water, Sonus, State of Idaho, State of South Carolina, TRW Automotive, University of Arizona and Wear Me Apparel Corporation.

Business Outlook

The company is providing the following revenue guidance:

- Revenue is expected to be in the range of \$110 million to \$112 million for the third quarter ended August 31, 2006.
- Revenue is expected to be in the range of \$442 million to \$448 million for the fiscal year ended November 30, 2006.

About Progress Software Corporation

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Conference Call

A conference call to discuss the company's second quarter financial information will be Webcast live Tuesday, 20 June, 2006 at 9:00 a.m. Eastern Standard Time via CCBN on the company's Web site, located at www.progress.com/investors. The call will also be Webcast live via Yahoo (www.yahoo.com), Motley Fool (www.fool.com), Streetevents (www.streetevents.com), TD Waterhouse (www.tdwaterhouse.com) and Fidelity.com (www.fidelity.com). An archived version of the conference call will be available for replay on the Progress website.

Safe Harbor Statement

Except for the historical information and discussions contained herein, statements contained in this release may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially, including but not limited to the following: the receipt and shipment of new orders, the timely release of enhancements to the company’s products, the growth rates of certain market segments, the positioning of the company’s products in those market segments, variations in the demand for customer service and technical support, pricing pressures and the competitive environment in the software industry, and the company’s ability to penetrate international markets and manage its international operations. The company undertakes no obligation to update information contained in this release. For further information regarding risks and uncertainties associated with the company’s business, please refer to the company’s filings with the Securities and Exchange Commission.

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