

PROGRESS SOFTWARE CORP /MA
Form DEF 14A
March 29, 2019

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

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12

PROGRESS SOFTWARE CORPORATION
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
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- 1) Amounts Previously Paid:
- 2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

2019

Notice of Annual Meeting & Proxy Statement

Progress Software Corporation
14 Oak Park Drive
Bedford, MA 01730
U.S.A.



March 29, 2019

To Our Stockholders:

On behalf of the Board of Directors and management, we want to thank you for your continued support of Progress. In fiscal year 2018, we made solid progress towards achieving our key strategic and operational objectives while maintaining our ongoing commitment to strong corporate governance.

Strategy

In fiscal 2018, we continued to execute on the strategic plan we implemented in 2017. A key element of this strategy centers on providing the platform and tools enterprises need to build “cognitive applications,” which we believe are the future of application development. Our budget and operating plan for 2018, as for 2017, reflected our focus on managing our business as efficiently as possible. Our 2018 financial results and the ongoing strength of our overall business enabled us to return meaningful amounts of capital to our stockholders in fiscal 2018 in the form of share repurchases and dividends.

Board Composition and Refreshment

After adding four new Board members in the past two years, this year’s nominees all currently serve on the Progress Board. Each are accomplished business leaders with extensive experience in key strategic and operational roles for public and private companies. Our Board’s qualifications and experience are a strength as Progress continues on its current strategy. We believe our current Board composition strikes an appropriate balance between directors with deep historical knowledge of the Company and those with a fresh viewpoint.

Executive Compensation

Consistent with our pay-for-performance philosophy, the Compensation Committee emphasized alignment with our long-term business goals in designing our executive compensation programs for 2018. Our executive compensation programs for 2018 reflected management’s continued commitment to the strategic plan we implemented in 2017. Thank you for your continued support for our vision for the future. We appreciate the opportunity to represent your interests as stockholders.

Your Board of Directors

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PROGRESS SOFTWARE CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

THURSDAY, MAY 9, 2019
10:00 AM EST

Progress Software Corporation
14 Oak Park Drive
Bedford, MA 01730

Proposal

1. Elect eight directors to serve until the 2020 Annual Meeting
2. Advisory vote to approve the fiscal 2018 compensation of our named executive officers (say-on-pay vote)
3. Ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for our current fiscal year

Board
Recommendation
FOR
FOR
FOR

Other matters properly brought before the meeting may also be considered.

Stockholders as of the close of business on March 20, 2019 are entitled to vote.

Please vote your shares before the meeting, even if you plan to attend the meeting.

Your broker will not be able to vote your shares on the election of directors or the say-on-pay vote unless you have given your broker specific instructions to do so.

By Order of the Board of Directors,

Stephen H. Faberman
Secretary
Bedford, Massachusetts
March 29, 2019

YOUR VOTE IS IMPORTANT

YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SIGN AND RETURN THE ENCLOSED PROXY CARD AS SOON AS POSSIBLE. A POSTAGE-PAID ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE.

PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. For more complete information about these topics, please review our Annual Report on Form 10-K for the fiscal year ended November 30, 2018 (the “Annual Report”) and the entire Proxy Statement.

This Proxy Statement and the accompanying proxy card, including an Internet link to our previously filed Annual Report, were first made available to stockholders on or about March 29, 2019.

2019 Annual Meeting of Stockholders

Date and Time

Thursday, May
9, 2019
10:00 AM EST

Place

Progress
Software
Corporation
14 Oak Park
Drive
Bedford, MA
01730

Attendance

You are entitled to attend the Annual Meeting only if you are a stockholder as of the close of business on March 20, 2019, the record date, or hold a valid proxy for the meeting. If you plan to attend the Annual Meeting, you will need to provide photo identification, such as a driver’s license, and proof of ownership of Progress common stock as of March 20, 2019 to be admitted. We will be unable to admit anyone who does not present identification or refuses to comply with our security procedures.

Record Date

March 20, 2019

Voting Roadmap

Proposal	Board Recommends	Reasons for Recommendation	See Page
1. Election of eight directors	FOR	The Board of Directors and Nominating and Corporate Governance Committee believe the eight Board nominees possess the skills, experience and diversity to effectively monitor performance, provide oversight, and advise management on the Company's long-term strategy.	16
2. Advisory vote to approve executive compensation (say-on-pay vote)	FOR	Our executive compensation programs demonstrate our pay for performance philosophy, which creates alignment with our stockholders and drives the creation of sustainable long-term stockholder value.	39
3. Ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for our current fiscal year	FOR	Based on the Audit Committee's assessment of Deloitte & Touche's qualifications and performance, it believes their retention for fiscal year 2019 is in the best interests of the Company.	40

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Director Nominees

In Proposal One, we are asking you to vote “FOR” each of the director nominees listed below.

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Corporate Governance Highlights

See the section of this proxy statement entitled “Corporate Governance” for more information.

Director Nominees – The table and graphs below summarize the director nominees’ experience and the qualifications, skills and attributes most relevant to nominate candidates to serve on the Board. The section of the proxy statement entitled “Nominees for Directors” describes our nominees’ experience and backgrounds in more detail.

Number of nominees with relevant experience

Leadership

Our business is complex, challenging and ever-evolving. CEOs and individuals with experience leading large business units have proven track records in developing and executing a vision and making executive-level decisions. 8 of 8

Finance and Accounting

Individuals with financial expertise are able to identify and understand the issues associated with our complex, global business. 6 of 8

Technology/Software Industry

Progress offers the leading platform for developing and deploying mission-critical business applications. Those with relevant technology/software experience are better able to understand the challenges facing our business. 8 of 8

Go-to-Market/Sales

Our business depends on successfully creating awareness of our products and entering new markets as well as executing our sales strategy. 5 of 8

Strategy

Successful development and execution of our corporate strategy is critical to our success. 8 of 8

Product Development

Our business depends on the success of our product development efforts to develop our products and expand our offerings. Experience in this area enhances understanding of the challenges we face and facilitates strategic planning in this area. 3 of 8

Public Company Board Service and Governance

Individuals having experience serving on public company boards better understand the roles and responsibilities of directors and corporate governance best practices. 5 of 8

Global Business

We are a global company. Global experience enhances understanding of the complexities and issues with running a global business. 8 of 8

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Fiscal 2018 in Review

The key tenets of our strategic plan and operating model are as follows:

Our Strategic Plan is Delivering Results...and Enhancing Stockholder Value

In fiscal 2018, we remained solidly on course with the execution of our strategic plan. Our budget and operating plan for 2018, as for 2017, reflected our continued expectations with respect to our core products and our focus on managing our business as efficiently as possible. We also made key investments in furtherance of our "Cognitive Applications" product strategy while maintaining our 35% operating margin commitment.

Highlights of our recent operational and financial results include:

• Reduction in annual expenses by almost \$40 million over the past two years;

• 400 bps operating margin expansion in fiscal 2018;

• Key product releases in our core product lines, including OpenEdge, Sitefinity and Kendo UI;

• 90%+ renewal rates in fiscal 2018 for OpenEdge, our flagship product;

• Over \$120 million in cash from operations generated in fiscal 2018; and

• Nearly \$150 million of capital returned to stockholders in fiscal 2018, including more than \$25 million in dividends.

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Executive Compensation Philosophy

The Compensation Committee's philosophy is to tie executive pay to performance to incent the achievement of outstanding returns to our stockholders and to drive the creation of sustainable long-term stockholder value. Consistent with its pay-for-performance philosophy, the Compensation Committee, in designing our executive compensation programs for 2018, emphasized alignment with our long-term business goals.

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Auditors

Aggregate fees billed to us for services performed for the fiscal years ended November 30, 2018 and November 30, 2017 by our independent registered public accounting firm, Deloitte & Touche LLP, were as follows:

	2018	2017
	(\$)	(\$)
Audit Fees ⁽¹⁾	1,961,844	2,256,107
Tax Fees ⁽²⁾	64,858	9,625
Audit-Related Fees ⁽³⁾	319,050	140,000
All Other Fees	—	—

Represents fees billed for each of the last two fiscal years for professional services rendered for the audit of our annual financial statements included in Form 10-K and reviews of financial statements included in our interim (1) filings on Form 10-Q, as well as statutory audit fees related to our wholly-owned foreign subsidiaries. In accordance with the policy on Audit Committee pre-approval, 100% of audit services provided by the independent registered public accounting firm are pre-approved.

(2) Includes fees primarily for tax services. In accordance with the policy on Audit Committee pre-approval, 100% of tax services provided by the independent registered public accounting firm are pre-approved.

Represents for 2018 fees billed for audit services in connection with the implementation of Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), and for 2017, fees (3) billed for audit services in connection with the acquisitions of DataRPM Corporation and Kinvey, Inc., both of which were completed during fiscal 2017. In accordance with the policy on Audit Committee pre-approval, 100% of audit-related services provided by the independent registered public accounting firm are pre-approved.

PROGRESS SOFTWARE CORPORATION

14 Oak Park Drive

Bedford, Massachusetts 01730

PROXY STATEMENT

This proxy statement and the accompanying proxy card are being furnished in connection with the solicitation by the Board of Directors (the "Board") of Progress Software Corporation ("Progress," the "Company," "we," "us" or "our") of proxies for use at the 2019 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, May 9, 2019, at 10:00 a.m., local time, at our principal executive offices located at 14 Oak Park Drive, Bedford, Massachusetts 01730. We anticipate that this proxy statement and the accompanying proxy will first be mailed to stockholders on or about March 29, 2019.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on May 9, 2019:

This proxy statement and our 2018 Annual Report on Form 10-K are available at:
<http://materials.proxyvote.com/743312>

At the Annual Meeting, stockholders will be asked to consider and vote upon the following proposals:

- (1) To elect eight directors nominated by our Board of Directors;
- (2) To hold an advisory vote on the compensation of our named executive officers;
- (3) To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2019; and
- (4) To transact any other business as may properly come before the Annual Meeting and any adjournment or postponement of the meeting.

You may obtain directions to the location of the Annual Meeting by visiting our website at www.progress.com.

ABOUT THE MEETING AND VOTING

Q: Who is soliciting my vote?

A: The Board of Directors of Progress is soliciting your vote at the 2019 Annual Meeting of Stockholders.

Q: What is the purpose of the Annual Meeting?

A: You will be voting on the following items of business:

1. To elect eight directors to serve until the Annual Meeting of Stockholders to be held in 2020;
2. To hold an advisory vote on the compensation of our named executive officers (say-on-pay vote);
3. To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2019; and
4. To transact any other business as may properly come before the Annual Meeting and any adjournment or postponement of that meeting.

Q: Who can attend the meeting?

All stockholders as of the close of business on March 20, 2019, the record date, or their duly appointed proxies, may attend the meeting. If you plan to attend the meeting, please note that you will need to bring your proxy card or A: voting instruction card and valid picture identification, such as a driver's license or passport. Cameras, recording devices and other electronic devices will not be permitted at the meeting and all mobile phones must be silenced during the meeting. Please also note that if you hold your shares through a broker or other nominee, you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date.

Q: Who is entitled to vote at the meeting?

Only stockholders of record at the close of business on March 20, 2019, the record date for the meeting, are entitled A: to receive notice of and to participate in the Annual Meeting. If you were a stockholder of record on that date, you will be entitled to vote all shares that you held on that date at

the meeting, or any postponements or adjournments of the meeting. There were 44,493,152 shares of our common stock outstanding on the record date.

Q: What are the voting rights of the holders of our common stock?

A: Each share of our common stock outstanding on the record date will be entitled to one vote on each matter considered at the meeting.

Q: What is the difference between holding shares as a stockholder of record and holding shares as a beneficial owner?

A: If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered the stockholder of record with respect to those shares, and these proxy materials are being sent directly to you by us. As the stockholder of record, you have the right to grant your voting proxy directly to us by completing, signing, dating and returning a proxy card, or to vote in person at the Annual Meeting. Many of our stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of your shares. We have sent these proxy materials to your broker or bank. As the beneficial owner, you have the right to direct your broker, bank or nominee on how to vote and you are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the Annual Meeting unless you request and obtain a proxy from your broker, bank or nominee. Your broker, bank or nominee will provide a voting instruction card for you to use in directing the broker, bank or nominee regarding how to vote your shares.

Q: What is a quorum?

A: A quorum is the minimum number of our shares of common stock that must be represented at a duly called meeting in person or by proxy to legally conduct business at the meeting. For the Annual Meeting, the presence, in person or by proxy, of the holders of at least 22,246,577 shares, which is a simple majority of the 44,493,152 shares outstanding as of the record date, will be considered a quorum allowing votes to be taken and counted for the matters before the stockholders.

If you are a stockholder of record, you must deliver your vote by internet, phone or mail or attend the Annual Meeting in person and vote to be counted in the determination of a quorum.

Abstentions and broker “non-votes” will be counted as present or represented at the Annual Meeting for purposes of determining the presence or absence of a quorum. A broker “non-vote” occurs when a broker or other nominee who holds shares for a beneficial owner withholds its vote on a proposal with respect to which it does not have discretionary voting power or instructions from the beneficial owner.

Q: What is the difference between a routine matter and a non-routine matter?

A: Brokers cannot vote on their customers’ behalf on “non-routine” proposals such as Proposal One, the election of directors and Proposal Two, the advisory vote on the compensation of our named executive officers (say-on-pay vote). Because brokers require their customers’ direction to vote on such non-routine matters, it is critical that stockholders provide their brokers with voting instructions. Proposal Three, the ratification of the appointment of our independent registered public accounting firm, will be a “routine” matter for which your broker does not need your voting instruction to vote your shares.

Q: How do I vote?

A: If you are a stockholder of record, you have the option of submitting your proxy card by internet, phone or mail or attending the meeting and delivering the proxy card. The designated proxy will vote per your instructions. You may also attend the meeting and personally vote by ballot.

If you are a beneficial owner of shares, to vote at the meeting, you will need to obtain a signed proxy from the broker or nominee that holds your shares. If you have the broker’s proxy, you may vote by ballot or you may complete and deliver another proxy card in person at the meeting.

When you vote, you are giving your “proxy” to the individuals we have designated to vote your shares at the meeting as you direct. If you do not make specific choices, they will vote your shares to:

- elect the eight individuals nominated by our Board of Directors;
- approve the advisory vote on the compensation of our named executive officers (say-on-pay vote); and
- approve the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2019.

If any matter not listed in the Notice of Meeting is properly presented at the meeting, the proxies will vote your shares in accordance with their best judgment. As of the date of this proxy statement, we

knew of no matters that needed to be acted on at the meeting other than as discussed in this proxy statement.

Q: How does the Board of Directors recommend that I vote?

A: The Board recommends that you vote your shares as follows:

FOR Proposal One — elect the eight nominees to the Board of Directors.

FOR Proposal Two — approve the advisory vote on the compensation of our named executive officers (say-on-pay vote).

FOR Proposal Three— approve the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending November 30, 2019.

Q: Can I change or revoke my vote?

A: You may revoke your vote at any time before the proxy is exercised by filing with our Secretary a written notice of revocation or by signing and duly delivering a proxy bearing a later date. At the meeting, you may revoke or change your vote by submitting a proxy to the inspector of elections or voting by ballot. Your attendance at the meeting will not by itself revoke your vote.

Q: How many votes are required to elect directors (Proposal One)?

A: The nominees who receive the most votes (also known as a “plurality” of the votes cast) will be elected. You may vote either FOR the nominee or WITHHOLD your vote from the nominee. Votes that are withheld will not be included in the vote tally for the election of the directors. Brokerage firms do not have authority to vote customers’ unvoted shares held by the firms in street name for the election of the director. As a result, any shares not voted by a customer will be treated as a broker non-vote. These broker non-votes will have no effect on the results of this vote.

In an uncontested election, if a nominee receives a greater number of votes “withheld” from his or her election than votes “for” such election, that nominee will submit his or her offer of resignation for consideration by our Nominating and Corporate Governance Committee in accordance with our majority voting policy discussed in more detail on page 13 of this proxy statement.

Q: How many votes are required to adopt the other proposals (Proposals Two and Three)?

A: The other proposals will be approved if these proposals receive the affirmative vote of a majority of the shares present or represented and entitled to vote on these proposals. Abstentions will have the same effect as a vote "against" each of Proposals Two and Three. Brokerage firms do not have authority to vote customers' unvoted shares held by the firms in street name on Proposal Two. As a result, any shares not voted by a customer will be treated as a broker non-vote. Those broker non-votes will have no effect on the results of the vote with respect to this Proposal.

Brokerage firms do have authority to vote customers' unvoted shares held by the firms in street name on Proposal Three (Ratification of the Selection of Independent Registered Public Accounting Firm). If a broker does not exercise this authority, such broker non-votes will have no effect on the results of this vote. We are not required to obtain the approval of our stockholders to appoint Deloitte & Touche LLP as our independent registered public accounting firm. However, if our stockholders do not ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending November 30, 2019, the Audit Committee of our Board will consider the results of this vote when selecting auditors in the future.

Q: Who will pay for the cost of this proxy solicitation?

A: We will pay the cost of preparing, mailing and soliciting proxies, including preparation, assembly, printing and mailing of this proxy statement and any additional information furnished to stockholders. We may reimburse banks, brokerage houses, fiduciaries and custodians for their out-of-pocket expenses for forwarding solicitation materials to beneficial owners.

Q: What is "householding" of proxy materials?

A: In some cases, stockholders holding their shares in a brokerage or bank account who share the same surname and address and have not given contrary instructions received only one copy of the proxy materials. This practice is designed to reduce duplicate mailings and save printing and postage costs. If you would like to have a separate copy of our Annual Report and/or proxy statement mailed to you or to receive separate copies of future mailings, please contact Broadridge Financial Solutions, Inc. by mail at Broadridge Financial Solutions, Inc., Householding Department, 51 Mercedes Way, Edgewood, New York 11717 or by phone at (866) 540-7095. Such additional copies will be delivered promptly upon receipt of such request.

In other cases, stockholders receiving multiple copies at the same address may wish to receive only one. If you now receive more than one copy, and would like to receive only one copy, please submit your request to Broadridge Financial Solutions, Inc. at the address or phone number listed above.

Q: Who will count the votes and where can I find the voting results?

Broadridge Financial Solutions, Inc. will tabulate the voting results. We will announce the voting results at the A: Annual Meeting and we will publish the results by filing a Current Report on Form 8-K with the Securities and Exchange Commission (the “SEC”) within four business days of the Annual Meeting.

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CORPORATE GOVERNANCE

Our Corporate Governance Framework

We believe we have in place corporate governance procedures and practices that are designed to promote and enhance the long-term interests of stockholders, solidify board oversight processes, strengthen management accountability and foster responsible decision making. We regularly monitor developments in corporate governance and review our processes and procedures in light of such developments.

Our Board of Directors has adopted Corporate Governance Guidelines that address the following matters:

- director qualifications;
- director voting policy;
- executive sessions and leadership roles;
- conflicts of interest;
- Board Committees;
- director access to officers and employees;
- director orientation and continuing education;
- director and executive officer stock ownership;
- stockholder communications with the Board; and
- performance evaluation of the Board and its committees.

Our Corporate Governance Documents

- Certificate of Incorporation
- Amended and Restated Bylaws
- Audit Committee Charter
- Nominating and Corporate Governance Committee Charter
- Compensation Committee Charter
- Code of Conduct and Business Ethics
- Finance Code of Ethics
- Corporate Governance Guidelines
- Stock Option Grant Policy

Our certificate of incorporation and our bylaws are filed with the SEC and are available electronically at www.sec.gov. The other documents listed above can be found on our website at www.progress.com under the heading “Corporate Governance” located on the “Investor Relations” page.

Our Corporate Governance Practices

Our Board is Independent

7 of 8 nominees are independent – If the director nominees are elected at the Annual Meeting, the Board will continue to be composed of one employee director (Mr. Gupta, our CEO) and seven non-employee directors (Messrs. Egan, Dacier, Gawlick, Kane and Krall and Mses. King and Tucci).

Regular executive sessions of independent directors – Our independent directors meet in executive session without the Chief Executive Officer at every regularly scheduled Board meeting to discuss, among other matters, the performance of the Chief Executive Officer.

Committees are independent – Each of the Board’s committees are strictly comprised of independent directors.

Independent compensation consultant – The compensation consultant retained by the Compensation Committee is independent of the Company and management.

We Have Strong Board Refreshment

We believe it is important to maintain a mix of longer-tenured, experienced directors, who can help to preserve continuity and institutional knowledge, and new directors, who can provide fresh perspectives. In furtherance of this objective, the Board elected Messrs. Dacier and Gawlick in June 2017 and Mses. King and Tucci in February 2018.

While we do not impose director tenure limits, our Corporate Governance Guidelines do impose a mandatory retirement age of eighty-five. We believe our current Board composition strikes an appropriate balance between directors with deep historical knowledge of the Company and those with a fresh viewpoint.

We Have an Independent Chairman of the Board

We currently have an independent Chairman of the Board (Mr. Egan). We believe the current Board leadership structure serves us and our stockholders well by having a strong independent Chairman of the Board to provide independent leadership of the Board and because it allows our CEO to focus primarily on the Company’s business strategy, operations and corporate vision. This leadership structure, coupled with a strong emphasis on Board independence, provides effective independent oversight of management. Board

members have complete access to and are encouraged to utilize members of our senior management regularly, and they have the authority to retain independent advisors as they deem necessary. The Board believes this leadership structure affords our company an effective combination of internal and external experience, continuity and independence.

Key responsibilities of the independent Chairman of the Board include:

- o calling meetings of the Board and independent directors;
- o setting the agenda for Board meetings in consultation with the CEO and our Secretary;
- o chairing executive sessions of the independent directors;
- o leading the full Board in the annual CEO performance evaluation;
- o engaging with stockholders;
- o acting as an advisor to Mr. Gupta on strategic aspects of the CEO role with regular consultations on major developments and decisions likely to interest the Board; and
- o performing other duties specified in the Corporate Governance Guidelines or assigned by the Board.

Our Corporate Governance Guidelines do not require the separation of the roles of Chairman of the Board and Chief Executive Officer, as our Board believes that it is important that the Board retain flexibility to determine whether these roles should be separate or combined based upon the Board's assessment of the Company's needs and Progress's leadership at a given point in time. We believe that an effective board leadership structure is highly dependent on the experience, skills and personal interaction between those in leadership roles. In prior years, we have had, alternately, an independent Chairman of the Board and a non-independent Chairman of the Board with a Lead Independent Director. Our policy is to have a Lead Independent Director if the Chairman of the Board is not independent.

We Value Diversity

The Board and the Nominating and Corporate Governance Committee value diversity of backgrounds, experience, perspectives and leadership in different fields when identifying nominees. We believe that we have assembled a diverse set of directors with the varied backgrounds, experiences and perspectives critical to our long-term success. Presently, 50% of our Board members are diverse in gender, ethnicity or nationality. To help us maintain broad diversity and to continually assess the effectiveness of this diversity policy, our Board of Directors conducts regular self-evaluations. The survey questions include an assessment of whether the composition of the Board is appropriately diverse and possesses the skills and experience consistent with achieving our short and long-term corporate goals.

We are Committed to Corporate Responsibility

We work to conduct our business in ways that will have a positive impact on our stakeholders, our company and our society. As an organization, we believe it is incumbent upon us to consider the social and environmental impact of our business activities and create social and corporate value to the communities we serve. Our customers, partners, stockholders, employees and the environment depend on this, and it is woven into the fabric of who we are. Important areas of focus for us are issues related to community engagement, diversity and inclusion, human capital development and environmental sustainability.

Community Engagement – We engage in the global community and support our employees that do so as well. Our community engagement endeavors have historically been driven by the passions of our employees, who have dedicated their time and fundraising efforts towards causes as diverse as our global employee population, with meaningful support from the Company.

In 2018, we undertook efforts to further formalize and focus our charitable giving program, which we view as a critical part of an effective and strategic corporate social responsibility program. Philanthropy and lending a helping hand are values we share across the Company and something we, as an organization, wish to harness in order to create an even greater impact in our communities. In 2018 and early 2019, we worked to identify areas of philanthropic focus that align closely with who we are and what we do, such as support of education in science, technology, engineering and math (STEM), in order to maximize the impact of our charitable giving.

Additionally, we have a program to match our employees' charitable donations, including supporting communities impacted by disasters through corporate donations to relief organizations. We also provide our employees with paid time off to volunteer with community organizations and encourage our employees to lead philanthropic initiatives that matter to them.

Inclusion and Diversity – Progress is an inclusive workplace where opportunities to succeed are available to everyone. As a multicultural company serving a global community, we encourage a wide range of views and celebrate our diverse backgrounds. Our unique combination of perspectives inspires innovation, connects us to our customers and positively affects our communities. We seek employees with diverse backgrounds and viewpoints and are committed to creating a culture of innovation and inspiration where employees feel a strong sense of community and collective pride in our success.

In 2018, we launched an inclusion and diversity initiative focused on fostering a more inclusive environment and diverse workforce by strengthening five key organizational areas: culture and belonging, talent acquisition, leveraging talent, management and leadership and career development. Additionally, in early 2019, we formed an I&D Advisory Committee made up of a diverse group of Progress employees from across the globe tasked with helping us to support the formation and implementation of I&D initiatives.

Human Capital Development – Another way we advance our commitment to Corporate Responsibility is in our commitment to our employees, who are key to our success. As noted above, we are investing in programs to ensure that we maintain a diverse and inclusive environment. Furthermore, we invest significant resources to developing the talent we need to strengthen our company while at the same time deepening our employees' skill sets and furthering their careers with us. Through our communication and engagement efforts, our employees better understand how their work contributes to the overall strategy of the company. We also gain valuable feedback on those programs designed to enhance their employee experience. We also focus our human capital management efforts on rewarding performance that balances risk and reward, empowering professional growth and development, and investing in health, emotional and financial wellness. We provide compensation, benefits, and resources to employees that reflect our commitment to being a great place to work.

In 2018, our Human Capital Department launched an extensive management training and development program focused on deepening our employees' skill sets.

Environmental Sustainability – Progress's products help companies run more efficiently. Each of our solutions is created with these principles of action in mind:

- oResponsible citizenship
- oProtection of the earth
- oSustainable use of natural resources
- oReduction of waste
- oEnergy conservation
- oSafe and healthy work environment

Our sustainability initiatives include recycling programs and energy and resource conservation programs. Our corporate headquarters in Bedford, Massachusetts has received LEED Gold certification. In 2018, we installed electric vehicle charging stations at our headquarters.

Stockholder Rights

Each of our directors stands for election every year. We do not have a classified or staggered board.

We have adopted a majority voting policy for directors, as described below under "Our Majority Voting Policy."

Holders of 40% of outstanding shares can call a special meeting (lowered from 80% in March 2019).

We have no stockholders rights plan ("poison pill") in place.

Strong Stockholder Support on Say-On-Pay

99% say-on-pay support at our 2018 Annual Meeting. We believe the vote indicates strong support for our executive compensation program, including enhancements made in recent years.

We Proactively Engage with our Stockholders

We actively seek to engage with our stockholders as part of our corporate governance cycle. During the past two years, independent members of our Board and members of senior management spoke to a large cross-section of our stockholders.

Our Majority Voting Policy

Our Corporate Governance Guidelines set forth our majority voting policy for directors, which provides that any nominee for election to the Board in an uncontested election who receives a greater number of votes “withheld” from his or her election than votes “for” such election is to submit his or her offer of resignation for consideration by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is to consider all relevant facts and circumstances and recommend to the Board the action to be taken with respect to that offer of resignation. The Board will then act on the Nominating and Corporate Governance Committee’s recommendation. Promptly following the Board’s decision, the Company will disclose that decision and an explanation of such decision in a filing with the SEC or a press release.

If the Board accepts a director’s resignation, then the Board may fill any resulting vacancy or may decrease the size of the Board, in each case pursuant to our Bylaws. If a director’s resignation is not accepted by the Board, such director will continue to serve until the next Annual Meeting of Stockholders or special meeting in lieu of such Annual Meeting or until his or her successor has been duly elected and qualified, or until his or her earlier death, resignation or removal.

Through this policy, the Board seeks to be accountable to all stockholders and respects the rights of stockholders to express their views through their votes for directors. At the same time, the policy allows the Board sufficient flexibility to make sound evaluations based on the relevant circumstances and to act in the best interest of the Company and its stockholders in the event of a greater than or equal to 50% “withhold” vote against a specific director.

Our Board Evaluates Its Effectiveness

The Board conducts self-evaluations on a regular basis to determine whether it is functioning effectively and whether any changes are necessary to improve its performance. This process is developed and overseen by the Nominating and Corporate Governance Committee and conducted with the help of our external counsel. Among other things, members assess (via discussions with the Chairman of the Board and/

or the Chair of the Nominating and Corporate Governance Committee, written questionnaires, or a combination of the two methods) the effectiveness of the Board and its committees, director performance and Board dynamics. The results of these self-evaluations, and action items, if any, are reported to and discussed by the Board.

Our Board of Directors Has a Significant Role in Risk Oversight

Our Board of Directors believes that its oversight responsibility with respect to the various risks confronting our company is one of its most important areas of responsibility and provides further checks and balances on our leadership structure. Our Board of Directors views its oversight of risk as an ongoing process that occurs throughout the year while evaluating the strategic direction and actions of our company. A fundamental aspect of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also determining what level of risk is appropriate for the company. We believe that having an independent Chairman of the Board enhances our Board's ability to oversee our risks.

In carrying out this critical function, our Board is involved in risk oversight through direct decision-making authority with respect to significant matters and the oversight of management directly by our Board and through its committees. Each committee's specific area of responsibility is as follows:

Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Mergers and Acquisitions Committee
<p>Primarily responsible for overseeing risk management as it relates to our financial condition, financial statements, financial reporting process, internal controls and accounting matters, as well as cybersecurity matters. The Audit Committee also assists our Board of Directors in fulfilling its oversight responsibilities with respect to conflict of interest issues that may arise.</p>	<p>Responsible for overseeing our overall compensation practices, policies and programs and assessing the risks arising from those policies and programs.</p>	<p>Considers risks related to our corporate governance practices and leadership structure of the Board, including evaluating and considering evolving corporate governance best practices and director and management succession planning.</p>	<p>Considers risks related to our consideration of acquisitions and other strategic transactions.</p>
<p>Our Board of Directors receives reports from members of senior management on the functional areas for which they are responsible. These reports may include operational, financial, sales, competitive, legal and</p>			

regulatory, strategic and other risks, as well as any related management and mitigation. In addition, the Board plays an active oversight and risk mitigation role through its regular review of the Company's strategic direction.

In 2018, an increased area of focus for us was enhancing our risk mitigation practices around cybersecurity risk. Cybersecurity protection is vital to our organization and our stakeholders, and we are committed to ensuring that our products, data and systems are secure from potential breach. In 2018, we formed a cybersecurity governance team composed of key members of management and IT, data and product security personnel. Management provides updates to the Audit Committee on cybersecurity matters, including information about cybersecurity governance processes, the status of projects to strengthen internal cybersecurity and security features of the products and services we provide our customers.

Our Code of Conduct and Business Ethics

Our Board of Directors has adopted a Code of Conduct and Business Ethics that applies to all officers, directors and employees. Copies of the Code of Conduct and Business Ethics can be found on our website at www.progress.com under the heading "Corporate Governance" located on the "Investor Relations" page.

How to Communicate with Our Board

Our Board of Directors welcomes communications from stockholders. Any stockholder may communicate either with our Board of Directors as a whole, or with any individual director, by sending a written communication addressed to the Board of Directors or to such director at our offices located at 14 Oak Park Drive, Bedford, Massachusetts 01730, or by submitting an email communication to BOD@progress.com. All communications sent to our Board of Directors will be forwarded to the Board of Directors or to the individual director to whom such communication was addressed.

PROPOSAL ONE: ELECTION OF DIRECTORS

Nominees

Eight individuals have been nominated for election at the Annual Meeting to hold office until the 2019 Annual Meeting. The nominees were evaluated and recommended by the Nominating and Corporate Governance Committee in accordance with its charter and our Corporate Governance Guidelines. For additional information about the nominees and their qualifications, please see the sections of this proxy statement entitled “Director Nomination Process - Key Board Qualifications, Expertise and Attributes” and “Nominees for Directors.”

Our Board of Directors recommends a vote FOR the election to the Board of each of the following nominees:

Nominee	Age	Director Since	Occupation
John R. Egan, Chairman of the Board	61	2011	Managing Partner, Carruth Management, LLC
Paul T. Dacier	61	2017	General Counsel, Indigo Agriculture, Inc.
Rainer Gawlick	51	2017	Public/Private Company Board Member; Advisor, Think Cell and Vector Capital
Yogesh Gupta	58	2016	President and CEO, Progress Software Corporation
Charles F. Kane	61	2006	Adjunct Professor of International Finance, MIT Sloan Graduate Business School of Management
Sanskriti Y. King	45	2018	CEO, Veracode Software
David A. Krall	58	2008	Strategic Advisor, Roku, Inc.
Angela T. Tucci	52	2018	CEO, Apto, Inc.

Each director elected at the Annual Meeting will hold office until the next Annual Meeting of Stockholders or special meeting in lieu of such Annual Meeting or until his or her successor has been duly elected and qualified, or until his or her earlier death, resignation or removal. There are no family relationships among any of our executive officers or directors.

Each of the director nominees named in this proxy statement has agreed to serve as a director if elected, and we have no reason to believe that any nominee will be unable to serve. If, before the Annual Meeting, one or more nominees named in this proxy statement should become unable to serve or for good

cause will not serve, the persons named in the enclosed proxy will vote the shares represented by any proxy received by our Board of Directors for such other person or persons as may thereafter be nominated for director by the Nominating and Corporate Governance Committee and our Board of Directors.

The Board of Directors and Nominating and Corporate Governance Committee believe the eight Board nominees possess the skills, experience and diversity to effectively monitor performance, provide oversight, and advise management on the Company's long-term strategy.

Director Nomination Process

Board Membership Criteria

Our Board of Directors has delegated the search for, and recommendation of, director nominees to the Nominating and Corporate Governance Committee. When considering a potential candidate for membership on our Board of Directors, the Nominating and Corporate Governance Committee will consider any criteria it deems appropriate, including, among other things, the background, experience and qualifications of any candidate as well as such candidate's past or anticipated contributions to our Board of Directors and its Committees. At a minimum, each nominee is expected to have:

Highest personal and professional integrity	Demonstrated exceptional ability and judgment	Effectiveness, with the other directors, in collectively serving the long-term interests of our stockholders
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In addition, the Nominating and Corporate Governance Committee has established the following minimum requirements:

- at least five years of business experience;
- no identified conflicts of interest as a prospective director of our company;
- no convictions in a criminal proceeding (aside from traffic violations) during the five years prior to the date of selection; and
- willingness to comply with our Code of Conduct and Business Ethics.

The Board of Directors retains the right to modify these minimum qualifications from time to time, and exceptional candidates who do not meet these criteria may still be considered.

In addition to any other standards the Nominating and Corporate Governance Committee may deem appropriate from time to time for the overall structure and composition of our Board of Directors, the Nominating and Corporate Governance Committee also considers numerous other qualities, skills and characteristics when evaluating director nominees such as:

- direct experience in the software industry or in the markets in which we operate;
- an understanding of, and experience in, accounting, legal, finance, product, sales and/or marketing matters;
- experience on other public or private company boards;
- leadership experience with public companies or other major organizations; and

diversity of the Board, considering the business and professional experience, educational background, reputation, and industry expertise across various market segments and technologies relevant to our business, as well as other relevant attributes of the candidates.

The Nominating and Corporate Governance Committee does not assign specific weights to criteria and no criterion is necessarily applicable to all prospective nominees.

In February 2018, we added two new directors to our Board: Samskriti Y. King and Angela T. Tucci. The Board, through its Nominating and Corporate Governance Committee, and with the assistance of an independent executive search firm, selected Ms. King and Ms. Tucci from a large pool of highly qualified individuals, including candidates suggested by our stockholders. The search process, which was initiated and publicly announced in October 2017, emphasized diverse individuals with experience as senior executives in the enterprise infrastructure software industry. Among the many factors considered by the Board when assessing Ms. King's and Ms. Tucci's respective experience, qualification, attributes and skills were the unique and diverse perspectives that, as female directors, they could each bring to the Board.

Director Nomination Process

Generally, the Nominating and Corporate Governance Committee identifies candidates for director nominees in consultation with the other directors and management, using search firms or other advisors, through recommendations submitted by stockholders or through other methods that the Nominating and Corporate Governance Committee deems to be helpful to identify candidates. In the case of incumbent directors, the Nominating and Corporate Governance Committee reviews each incumbent director's overall past service to us, including the number of meetings attended, level of participation, quality of performance, and whether the director continues to meet applicable independence standards.

In the case of a new director candidate, the Nominating and Corporate Governance Committee confirms that the candidate meets the minimum qualifications for a director nominee established by the

Nominating and Corporate Governance Committee. The candidate will also be interviewed by the Nominating and Corporate Governance Committee and other Board members. The Nominating and Corporate Governance Committee then meets to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and considering the overall composition and needs of our Board of Directors. The same procedures apply to all candidates for director nomination, including candidates submitted by stockholders.

Based on the results of the evaluation process, the Nominating and Corporate Governance Committee recommends candidates for our Board of Directors' approval as director nominees for election to our Board of Directors. The Nominating and Corporate Governance Committee also recommends candidates to our Board of Directors for appointment to its Committees.

Stockholder Recommendations

The Nominating and Corporate Governance Committee will consider director nominee candidates who are recommended by stockholders of our company. Recommendations sent by stockholders must provide the following information:

- the name and address of record of the stockholder;
- a representation that the stockholder is a record holder of our common stock, or if the stockholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act");
- the name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the proposed director candidate;
- a description of the qualifications and background of the proposed director candidate which addresses the minimum qualifications described above;
- a description of all arrangements or understandings between the stockholder and the proposed director candidate; and
- any other information regarding the