

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF BORLAND SOFTWARE CORPORATION
AS AMENDED AND RESTATED BY THE BOARD ON JUNE 11, 2003**

1. PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Borland Software Corporation (the “Corporation”) is to oversee the accounting and financial reporting processes of the Corporation and its subsidiaries and the audits of the financial statements of the Corporation, including (a) to assist Board oversight of (i) the integrity of the Corporation’s financial statements; (ii) the Corporation’s compliance with legal and regulatory requirements; (iii) the independent auditor’s qualifications and independence; and the performance of the Corporation’s independent auditor; and (b) to prepare the report required by the SEC’s proxy rules to be included in the Corporation’s annual proxy statement.

2. COMPOSITION OF THE COMMITTEE

The Committee shall be comprised of three or more directors as determined from time to time by resolution of the Board. The Chairman of the Committee shall be designated by the Board, *provided* that if the Board does not so designate a Chairman, the members of the Committee, by majority vote, may designate a Chairman. Each member of the Committee shall be qualified to serve on the Committee pursuant to, and the composition of the Committee shall comply with, the requirements of the Nasdaq Stock Market (“Nasdaq”) and any additional requirements that the Board determines appropriate.

3. MEETINGS OF THE COMMITTEE

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities, either in person or telephonically. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary and shall periodically meet in executive session with each of management and the independent auditors. The Committee may, from time to time, create subcommittees who shall report to the Committee. The Committee may consult with the Board as it determines appropriate prior to taking any action and shall report regularly to the Board with respect to its meetings. The majority of the members of the Committee shall constitute a quorum.

4. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

In carrying out its duties and responsibilities, the Committee’s policies and procedures should remain flexible, so that it may be in a position to best address or respond to changing circumstances or conditions. Among its duties and responsibilities, the Committee shall, consistent with and subject to applicable law and rules and regulations promulgated by the Securities and Exchange Committee (“SEC”), Nasdaq or any other regulatory authority:

Selection, Evaluation and Oversight of the Auditors

(1) In its sole discretion, appoint (subject, if applicable, to shareholder ratification), determine funding for and oversee the public accounting firm to serve as auditors (herein referred to as independent auditors) as set forth in Section 10A(m)(2) of the Securities Exchange Act of

1934, as amended (the “Exchange Act”), and Rule 10A-3(b)(2) thereunder, to audit the books and accounts of the Corporation and its subsidiaries for each fiscal year, which firm shall be responsible to and report directly to the Committee;

(2) Review and, in its sole discretion, approve in advance the independent auditors’ annual engagement letter, including all audit engagement fees and terms and, as set forth in Section 10(A)(i) of the Exchange Act and Rule 2-01(c)(7) of Regulation S-X, preapprove all audit services to be provided by the independent auditors;

(3) If determined appropriate by the Committee, in its sole discretion, terminate and replace the independent auditors;

(4) As set forth in Section 10A(i) of the Exchange Act and Rule 2-01(c)(7) of Regulation S-X, establish and implement policies and procedures for the Committee's pre-approval of any engagement of the independent auditors to provide permissible non-audit services, which shall include consideration of whether the independent auditors' performance of such non-audit services is compatible with the auditors independence;

(5) Evaluate the independence of the Corporation's independent auditors at least annually by, among other things:

(a) obtaining and reviewing on an annual basis a formal written statement delineating all relationships between the independent auditor and the Corporation, consistent with Independence Standards Board Standard No. 1;

(b) actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors;

(c) taking, or recommending that the Board take, appropriate action to oversee the independence of the independent auditor;

(d) ensuring that audit partners are rotating off of the Corporation’s audit engagement team in a manner consistent with rules promulgated by the SEC, Nasdaq or any other applicable regulatory authority;

(e) ensuring that any employment relationships contemplated by the Corporation or any of its subsidiaries with a member, former member or relative of a member of the audit engagement team are consistent with rules promulgated by the SEC, Nasdaq or any other applicable regulatory authority; and

(f) engaging in a dialogue with the independent auditors to confirm that audit partner compensation is consistent with rules promulgated by the SEC, Nasdaq or any other applicable regulatory authority;

Oversight of Annual Audit and Quarterly Reviews

(6) Review and discuss with the independent auditors their annual audit plan, including the scope of audit activities, and the timing of the audit, and monitor such plan’s progress and results during the year;

(7) Review and discuss with the independent auditors the results of the year-end audit of the Corporation, including any comments or recommendations of the Corporation’s independent auditors and, based on such review and discussions and on such other considerations as it

determines appropriate, recommend to the Board whether the Corporation's financial statements should be included in the Annual Report on Form 10-K;

(8) Review and discuss the following with management and the independent auditors:

(a) all critical accounting policies and practices;

(b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management and the independent auditors, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;

(c) other material written communications between the independent auditors and management including, but not limited to, the management letter and any schedule of unadjusted differences; and

(d) any material financial or non-financial arrangements of the Corporation which do not appear on the financial statements of the Corporation;

(9) Discuss the Corporation's interim financial statements to be included in Quarterly Reports on Form 10-Q with the Corporation's independent auditors;

Oversight of Financial Reporting Process and Internal Controls

(10) Review and discuss with the independent auditors and management, periodically, the adequacy and effectiveness of the Corporation's accounting and internal control policies and procedures, including the independent auditors' judgment as to the quality of the Corporation's accounting principles, and the following:

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Corporation's ability to record, process, summarize and report financial data, including any material weaknesses in internal controls identified by the Corporation's independent auditors;

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls; and

(c) any significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses;

(11) Review and discuss with management the Corporation's administrative, operational and accounting internal controls, and whether the Corporation is operating in accordance with its prescribed policies, procedures and codes of conduct;

(12) Resolve all disagreements between the Corporation's independent auditors and management regarding financial reporting;

(13) Review and discuss with management the Corporation's disclosure controls and procedures;

(14) Review the Corporation's policies and practices relating to earnings press releases (especially the use of "pro forma" or "adjusted" information not prepared in compliance with generally accepted accounting principles), as well as financial information and earnings guidance provided by the Corporation to analysts and rating agencies;

Other Matters

(15) Establish and implement policies and procedures for the Committee's review and approval or disapproval of all proposed transactions or courses of dealing with parties related to the Corporation (including all transactions required to be disclosed by Item 404(a) of Regulation S-K);

(16) Evaluate annually the Committee's functions and operation and the adequacy of the Committee's charter;

(17) Review the Corporation's program to monitor compliance with the Corporation's Code of Conduct;

(18) Establish procedures, as set forth in Section 10A(m)(4) of the Exchange Act and Rule 10A-3(b)(3) thereunder, for the receipt, retention and treatment of any complaints received by the Corporation regarding accounting, internal accounting controls and auditing matters, including procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding accounting and auditing matters;

(19) Meet periodically with the general counsel, and outside counsel when appropriate, to review legal and regulatory matters, including any matters that may have a material impact on the financial statements of the Corporation or that involve potential material violations of law or breaches of fiduciary duty by the Corporation or any of its directors, officers, employees or agents;

(20) Establish procedures for the receipt, retention and treatment of reports of evidence of a material violation from attorneys appearing and practicing before the SEC in the representation of the Corporation or any of its subsidiaries;

(21) Prepare the report required by the rules of the SEC, Nasdaq or other applicable regulatory authority to be included in the Corporation's annual proxy statement;

(22) Conduct or authorize investigations into any matters within its scope of responsibilities, including retaining outside advisors to assist the Committee in the conduct of any investigation; and

(23) Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

5. OUTSIDE ADVISORS

The Committee shall have the authority to retain and determine funding for counsel for the Committee, experts, accountants and other advisors as it deems appropriate to assist it in the performance of its functions, as set forth in Sections 10A(m)(5) and (6) of the Exchange Act and Rules 10A-3(b)(4) and (5) thereunder, such funding to be provided by the Corporation.

* * *

While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for preparing or certifying the financial statements, for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Corporation; it is not the duty or responsibility of the Committee or its members to conduct “field work” or other types of auditing or accounting review or procedures or to set auditor independence standards; and each member of the Committee shall be entitled to rely on (a) the integrity of those persons and organizations within and outside the Corporation from which it receives information, (b) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary (which shall be promptly reported to the Board) and (c) statements made by management or third parties as to any information technology, internal audit and other non-audit services provided by the auditors to the Corporation.

Nothing contained in this charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under Delaware law, which shall continue to set the legal standard for the conduct of the members of the Committee.
