

**CHARTER OF THE
COMPENSATION COMMITTEE OF
THE BOARD OF DIRECTORS OF
PERVASIVE SOFTWARE INC.**

(as approved by the Board of Directors on November 29, 2007)

PURPOSE:

The purpose of the Compensation Committee of the Board of Directors of Pervasive Software Inc. (the “Company”) shall be to discharge the responsibilities of the Board of Directors relating to compensation of the Company’s employees, including its executives. The Committee has overall responsibility for approving and evaluating the compensation plans, policies and programs of the Company as provided herein.

The Compensation Committee is also responsible for administering the Company’s various equity-based plans and the issuance of stock options and other stock-related awards not granted pursuant to a plan, and for producing an annual report for inclusion in the Company’s proxy statement.

COMMITTEE MEMBERSHIP AND ORGANIZATION:

The Compensation Committee and its chairperson will be appointed by, and will serve at the discretion of, the Board of Directors. The Compensation Committee shall consist of at least two members of the Board of Directors. The members of the Compensation Committee shall meet the (i) independence requirements of the listing standards of NASDAQ as defined under applicable NASDAQ rules, (ii) the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, and (iii) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

COMMITTEE RESPONSIBILITIES AND AUTHORITY:

- The Compensation Committee shall determine the salary, bonus, equity compensation, severance arrangements, change-of-control protections and any other compensatory arrangements (including, without limitation, perquisites and any other form of compensation) of the Chief Executive Officer (“CEO”), based on evaluating his or her performance and other relevant criteria as determined by the Compensation Committee. The Compensation Committee shall meet in executive session, outside of the presence of the CEO, when making such determinations.

- In consultation with the CEO, the Compensation Committee shall annually review and approve the salary, bonus, equity compensation, severance arrangements, change-of-control protections and any other compensatory arrangements (including, without limitation, perquisites and any other form of compensation) of the other individuals who are or would be deemed to be “officers” of the Company under Rule 16a-1(f) of the Securities and Exchange Commission (the “Executive Officers”).
- The Compensation Committee may make recommendations to the Board of Directors with respect to compensation for service as a member of the Board of Directors or a Board of Directors committee; provided that any equity award to non-employee directors must be made and approved by the Compensation Committee.
- The Compensation Committee may either make and approve incentive compensation plans or may make recommendations to the Board of Directors with respect to incentive compensation plans; provided, however that any equity award to non-employee directors must be made and approved by the Compensation Committee.
- The Compensation Committee shall periodically engage in an annual self-assessment with the goal of continuing improvement, and reviewing and reassessing the adequacy of its charter, and recommending any changes to the Board of Directors.
- The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant and shall have sole authority to approve the consultant’s fees and other retention terms. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting, or other advisors. The Compensation Committee shall be afforded sufficient resources by the Company in order to retain and compensate such compensation consultants and external legal, accounting and other advisors.
- The Compensation Committee shall prepare the Compensation Discussion and Analysis and issue the Compensation Committee Report in accordance with the rules of the Securities and Exchange Commission (the “SEC”).
- The Compensation Committee shall act as Administrator (as defined therein) of the Company’s employee equity plans, including any employee equity purchase plans, or any other similar plans (the “Plans”). In its administration of the Plans, the Compensation Committee may (i) grant stock options and other equity-based awards to individuals eligible for such grants (including all employees, the CEO and Executive Officers and the non-employee members of the Board of Directors), and (ii) amend any stock options outstanding under such Plans. The Compensation

Committee shall also make recommendations to the Board of Directors with respect to amendments to Company equity compensation plans and changes in the number of shares subject to such plans.

- The Compensation Committee shall have the authority to oversee the administration of other material employee benefit plans of the Company, including the Company's 401(k) plan.
- As requested by management, the Compensation Committee shall review, consult and make recommendations and/or determinations regarding non-Executive Officer employee compensation and benefit plans and programs generally, including employee bonus and retirement plans and programs.
- The Compensation Committee shall review and make recommendations with respect to stockholder proposals related to compensation plans.
- Notwithstanding any provision of this charter, any equity award to non-employee directors must be made and approved by the Compensation Committee.

MEETINGS:

It is anticipated that the Compensation Committee will meet at least twice each year. The Compensation Committee may establish its own schedule, which it will provide to the Board of Directors in advance. At least once a year, the Compensation Committee will consider stock plans, performance goals and incentive awards, and the overall coverage and composition of the Company's compensation plans.

MINUTES:

The Compensation Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

REPORTS:

In addition to preparing the Compensation Discussion and Analysis and the Compensation Committee Report in the Company's proxy statement in accordance with the rules and regulations of the SEC, the Compensation Committee will summarize its examinations and recommendations to the Board of Directors as may be appropriate, consistent with this charter.

COMPENSATION:

Members of the Compensation Committee shall receive such compensation, if any, for their service as Compensation Committee members as may be determined by the Board of Directors in its sole discretion. Such compensation may include retainers or per meeting fees. Compensation may be paid in such form of consideration as is determined by the Board of Directors.

DELEGATION OF AUTHORITY:

The Compensation Committee may form and delegate authority to one or more subcommittees where appropriate (except with respect to the granting of equity awards to non-employee directors).