

PERVASIVE SOFTWARE INC.
CODE OF BUSINESS CONDUCT AND ETHICS
October 25, 2005

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INTRODUCTION

Pervasive Software common stock trades on NASDAQ under the symbol PVSW. NASDAQ requires that each company whose shares are traded on its exchange adopt a code of conduct applicable to all directors, officers and employees, which must be publicly available. In addition, The Securities and Exchange Commission's final rules under the Sarbanes Oxley Act of 2002 requires each public company to disclose in its annual report on Form 10-K whether it has adopted a code of ethics and if it has not adopted such a code of ethics, the reasons for not having done so. As such, Pervasive Software has formally adopted the following Code of Business Conduct and Ethics.

This Code of Business Conduct and Ethics is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents we file with or submit to the U.S. Securities and Exchange Commission and in our other public communications;
- compliance with applicable laws, rules and regulations, most specifically, the laws, rules and regulations resulting from the Sarbanes-Oxley Act;
- the prompt internal reporting of violations of this Code; and
- accountability for adherence to this Code.

This Code applies to all directors, officers and employees of the company and its subsidiaries, who, unless otherwise specified, will be referred to jointly as employees. Agents and contractors of the company are also expected to read, understand and abide by this Code.

This Code should help guide your conduct in the course of our business. However, many of the principles described in this Code are general in nature, and the Code does not cover every situation that may arise. Use common sense and good judgment in applying this Code. **If you have any questions about applying the Code, it is your responsibility to seek guidance.**

This Code is not the exclusive source of guidance and information regarding the conduct of our business. You should consult applicable policies and procedures in specific areas as they apply. The Code is intended to supplement, not replace, other policies and procedures of the company.

We are committed to continuously reviewing and updating our policies and procedures. The company therefore reserves the right to amend, alter or terminate this Code at any time and for any reason, subject to applicable law. This Code, as well as any amendments or updates, will be posted to the company's intranet.

YOUR RESPONSIBILITIES

- You are expected to read and understand this Code of Business Conduct and Ethics.
- You must uphold these standards in day-to-day activities and comply with all applicable policies and procedures in the Code.
- Part of your job and ethical responsibility is to help enforce this Code. You should be alert to possible violations and promptly report violations or suspected violations of this Code to the Chief Executive Officer or Chief Financial Officer. If your situation requires that your identity be kept secret, your anonymity will be preserved to the greatest extent reasonably possible. If you wish to remain anonymous, send a letter addressed to the Chief Executive Officer or Chief Financial Officer at 12365 Riata Trace Pkwy, Bldg. B, Austin, TX 78727. If you make an anonymous report, please provide as much detail as possible, including copies of any documents that you believe may be relevant to the issue.
- If your concerns relate to accounting, internal controls or auditing matters, or if the Chief Executive Officer or Chief Financial Officer is implicated in any violation or suspected violation, you may also contact the Audit Committee of the Board of Directors c/o David Bradford, Pervasive Software Inc., 12365 Riata Trace Pkwy, Bldg. B., Austin, TX 78727. See also our Financial Information Integrity Policy for additional guidance.
- You must cooperate with investigations into possible Code violations and be truthful and forthcoming in the course of these investigations.
- Reprisals, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code or other company policies, or against any person who is assisting in good faith in any investigation or process with respect to such a violation, is prohibited.
- In trying to determine whether any given action is appropriate, keep these steps in mind:
 - Obtain all relevant facts.
 - Assess the responsibilities and roles of those involved.
 - Using your judgment and common sense, evaluate whether the action seems unethical or improper.
 - Seek guidance.
- **If you are unsure about any situation or any provision of the Code, discuss the matter with the Chief Executive Officer.**

GENERAL STANDARDS OF CONDUCT

Overview

Honest and ethical conduct is critical to our business. All employees, agents and contractors have a duty to comply with applicable law and to act in an honest and ethical manner.

Compliance with law

You are responsible for complying with all laws, rules, regulations and regulatory orders applicable to the conduct of our business. If you are located or engaging in business outside of the United States, you must comply with laws, rules, regulations and regulatory orders of the United States, including the Foreign Corrupt Practices Act and U.S. export rules and regulations, in addition to the applicable laws of other jurisdictions. If compliance with the Code should ever conflict with law, you must comply with the law.

You should undertake to acquire knowledge of the legal requirements relating to your duties sufficient to enable you to recognize potential dangers and to know when to seek advice from managers or other appropriate personnel.

Violations of laws, rules, regulations and orders may subject you to individual criminal or civil liability, in addition to discipline by the company. Violations may also subject the company to civil or criminal liability or the loss of business.

No discrimination or harassment

The company is committed to providing a work environment that is free of discrimination and harassment. The company is an equal opportunity employer and makes employment decisions on the basis of merit and business needs. In addition, the company strictly prohibits harassment of any kind, including harassment on the basis of race, color, veteran status, religion, gender, sex, sexual orientation, age, mental or physical disability, medical condition, national origin, marital status or any other characteristics protected under federal or state law or local ordinance.

AVOIDING CONFLICTS OF INTERESTS

Overview

Your decisions and actions in the course of your employment with the company should be based on the best interest of the company, and not based on personal relationships or benefits. You should seek to avoid situations where your personal activities and relationships conflict, or appear to conflict, with the interests of the company, except under guidelines approved by the Board of Directors. This includes situations where you may have or appear to have an indirect conflict through, for example, a significant other or a relative or other persons or entities with which you have a relationship. A conflict may also arise when you take actions or have interests that make it difficult for you to perform your work for the company objectively and effectively. You should disclose to the Chief Executive Officer or Chief Financial Officer any interest that you have that may, or may appear to, conflict with the interests of the company.

There are a variety of situations in which a conflict of interest may arise. While it would be impractical to attempt to list all possible situations, some common types of conflicts are as follows: employment and directorships with other companies that have business relationships with the company, financial interests in an organization if that interest would give or appear to give you a conflict of interest with the company, and significant financial interests in a transaction between the company and a third party.

Guidance and approvals

Evaluating whether a conflict of interest exists, or may appear to exist, requires the consideration of many factors. We encourage you to seek guidance and approval in any case where you have any questions or doubts. The company may at any time rescind prior approvals to avoid a conflict of interest, or the appearance of a conflict of interest, for any reason deemed to be in the best interest of the company.

PUBLIC COMMUNICATIONS

Public communications and filings

The company files reports and other documents with regulatory authorities, including the U.S. Securities and Exchange Commission and the NasdaqNASDAQ National Market. In addition, from time to time the company makes other public communications, such as issuing press releases.

Depending upon your position with the company, you may be called upon to provide information to help assure that the company's public reports and communications are complete, fair, accurate and understandable. You are expected to use all reasonable efforts to provide complete, accurate, objective, relevant, timely and understandable answers to inquiries related to the company's public disclosures.

Individuals involved in the preparation of public reports and communications must use all reasonable efforts to comply with our disclosure controls and procedures, which are designed to ensure full, fair, accurate, timely and understandable disclosure in our public reports and communications.

If you believe that any disclosure is materially misleading or if you become aware of any material information that you believe should be disclosed to the public, it is your responsibility to bring this information to the attention of the Chief Executive Officer. If you believe that questionable accounting or auditing conduct or practices have occurred or are occurring, you should notify the Audit Committee of the Board of Directors.

See our Disclosures Policy for guidance on Public Communications.

FINANCIAL REPORTING

Overview

As a public company, we are required to follow strict accounting principles and standards, to report financial information accurately and completely in accordance with these principles and standards, and to have appropriate internal controls and procedures to ensure that our accounting and financial reporting complies with law. The integrity of our financial transactions and records is critical to the operation of our business and is a key factor in maintaining the confidence and trust of our employees, security holders and other stakeholders.

See our Financial Information Integrity Policy for additional guidance.

Compliance with rules, controls and procedures

It is important that all transactions are properly recorded, classified and summarized in our financial statements, books and records in accordance with our policies, controls and procedures, as well as all generally accepted accounting principles, standards, laws, rules and regulations for accounting and financial reporting. If you have responsibility for or any involvement in financial reporting or accounting, you should have an appropriate understanding of, and you should seek in good faith to adhere to, relevant accounting and financial reporting principles, standards, laws, rules and regulations and the company's financial and accounting policies, controls and procedures. If you are a senior officer, you should seek to ensure that the internal controls and procedures in your business area are in place, understood and followed.

Accuracy of records and reports

It is important that those who rely on records and reports—managers and other decision makers, creditors, customers and auditors—have complete, accurate and timely information. False, misleading or incomplete information undermines the company's ability to make good decisions about resources, employees and programs and may, in some cases, result in violations of law. Anyone involved in preparing financial or accounting records or reports, including financial statements and schedules, must be diligent in assuring that those records and reports are complete, accurate and timely.

Even if you are not directly involved in financial reporting or accounting, you are likely involved with financial records or reports of some kind—a voucher, time sheet, invoice or expense report. In addition, most employees have involvement with product, marketing or administrative activities, which can affect our reported financial condition or results. Therefore, the company expects you, regardless of whether you are otherwise required to be familiar with finance or accounting matters, to use all reasonable efforts to ensure that every business record or report with which you deal is accurate, complete and reliable.

SAFEGUARDING COMPANY ASSETS

Overview

All employees, agents and contractors are responsible for the proper use of company assets. This responsibility applies to all of the company's assets, including your time, work and work product; cash and accounts; physical assets such as inventory, equipment, vehicles, computers, systems, facilities and supplies; intellectual property, such as patents, copyrights, trademarks and trade secrets; and other proprietary or nonpublic information.

- You should use all reasonable efforts to safeguard company assets against loss, damage, misuse or theft.
- You should be alert to situations that could lead to loss, damage, misuse or theft of company assets, and should report any loss, damage, misuse or theft as soon as it comes to your attention.
- You should not use, transfer, misappropriate, loan, sell or donate company assets without appropriate authorization.
- You must take reasonable steps to ensure that the company receives good value for company funds spent.
- You may not use company assets in a manner that would result in or facilitate the violation of law.
- You should use and safeguard assets entrusted to the company's custody by customers, suppliers and others in the same manner as company assets.

Protecting the company's information

In the course of your involvement with the company, you may come into possession of information that has not been disclosed or made available to the general public. This nonpublic information may include, among other things:

- financial data and projections;
- proprietary and technical information, such as trade secrets, patents, inventions, product plans and customer lists;
- information regarding corporate developments, such as business strategies, plans for acquisitions or other business combinations, divestitures, major contracts, expansion plans, financing transactions and management changes;
- personal information about employees; and
- nonpublic information of customers, suppliers and others.

If you have any questions as to what constitutes nonpublic information, please consult the Chief Financial Officer.

Prohibition on insider trading

You may not directly or indirectly—through, for example, significant others, family members or controlled entities—buy or sell stocks or other securities of the company or any other company based on nonpublic information obtained from your work at the company. In addition, you may not “tip” others by providing them nonpublic information under circumstances that suggest that you were trying to help them make an investment decision.

See out Insider Trading Policy for additional guidance.

Maintaining and managing records

The company is required by local, state, federal, foreign and other applicable laws, rules and regulations to retain certain records and to follow specific guidelines in managing its records. Records include paper documents, email, compact discs, computer hard drives, floppy disks, microfiche, microfilm and all other recorded information, regardless of medium or characteristics. Civil and criminal penalties for failure to comply with such guidelines can be severe for employees, agents, contractors and the company.

You should consult with the Chief Executive Officer regarding the retention of records in the case of actual or threatened litigation or government investigation. The Chief Executive Officer will notify you if a legal hold is placed on records for which you are responsible. A legal hold suspends all document destruction procedures in order to preserve appropriate records under special circumstances, such as litigation or government investigations. The Chief Executive Officer determines and identifies what types of records or documents are required to be placed under a legal hold. If a legal hold is placed on records for which you are responsible, you must preserve and protect the necessary records in accordance with instructions from the Chief Executive Officer. **Records or supporting documents that are subject to a legal hold must not be destroyed, altered or modified under any circumstance.** A legal hold remains effective until it is officially released in writing by the Chief Executive Officer. If you are unsure whether a document has been placed under a legal hold, you should preserve and protect that document while you check with the Chief Executive Officer.

RESPONSIBILITIES TO OUR CUSTOMERS, SUPPLIERS AND COMPETITORS

Overview

You should respect the rights of, and deal fairly with, the company's customers, suppliers, business partners and competitors in compliance with law. You should not take unfair advantage of anyone through deception, misrepresentation, coercion, abuse of privileged information or any intentional unfair business practice.

Improper payments

You should not authorize, offer, promise or give, or solicit or accept, money, gifts, entertainment, privileges, gratuities, benefits or other items of value intended to improperly influence, directly or indirectly, any business decision or that otherwise violate law or create the appearance of impropriety. You should contact the Chief Financial Officer if you have any questions as to whether a payment is proper.

Gifts and entertainment

You may, from time to time, have the opportunities to provide or accept business amenities to aid in building legitimate business relationships. Business amenities may include gifts, meals, services, entertainment, reimbursements, loans, favors, privileges or other items of value.

You should contact the Chief Financial Officer as to whether a business amenity is permissible.

Special restrictions apply when dealing with government employees. For more information, see the next section on "Working with Governments".

Handling the nonpublic information of others

You must handle the nonpublic information of others responsibly and in accordance with our agreements with them. Nonpublic information of others includes notes, reports, conclusions and other materials prepared by a company employee based on the nonpublic information of others.

Free and fair competition

It is our policy to lawfully compete in the marketplace. Our commitment to fairness includes respecting the rights of our competitors to compete lawfully in the marketplace and abiding by all applicable laws in the course of competing.

The company is committed to obeying both the letter and spirit of such laws, which are often referred to as antitrust, consumer protection, competition or unfair competition laws. Although the spirit of these laws is straightforward, their application to particular situations can be quite complex. To ensure that the company complies fully with these laws, you should have a basic knowledge of them and should promptly involve our Chief Financial Officer when questionable situations arise.

WORKING WITH GOVERNMENTS

Overview

Special rules govern our business and other dealings with governments. Employees, agents and contractors of the company should use all reasonable efforts to comply with all applicable laws and regulations governing contact and dealings with governments, government employees and public officials. If you deal with governments, government employees or public officials, you should undertake to understand the special rules that apply. If you have any questions concerning government relations, you should contact the Chief Executive Officer.

Government contracts

You should use all reasonable efforts to comply with all relevant laws and regulations that apply to government contracting. You should refer all contracts with any governmental entity to the Chief Financial Officer for review and approval.

Requests by regulatory authorities

You must cooperate with appropriate government inquiries and investigations in accordance with law. It is important, however, to protect the legal rights of the company with respect to its nonpublic information. All government requests for company information, documents or investigative interviews should be referred to the Chief Executive Officer.

Improper payments to government officials

You may not offer any payment or business amenity to a public official or a government employee if doing so could reasonably be construed as having any connection with the company's business, even if it has a nominal value or no value at all. You should be aware that what may be permissible in dealings with commercial businesses may be deemed illegal and possibly criminal in dealings with the government. You should contact the Chief Financial Officer for guidance.

Whether you are located in the United States or abroad, you are also responsible for fully complying with the Foreign Corrupt Practices Act. The Foreign Corrupt Practices Act makes it illegal to offer, pay, promise to pay or authorize to pay any money, gift or other item of value to any foreign official, political party or candidate to assist the company or another to obtain or retain business. All managers and supervisory personnel are expected to monitor continued compliance with the Foreign Corrupt Practices Act.

PROCEDURAL MATTERS

Distribution

All employees will receive a copy of this Code at the time they join the company and will receive periodic reminders and updates. Agents and contractors should also be provided with a copy of the Code. This Code, as well as any amendments or updates, will be posted to the company's intranet.

Approvals and waivers

Except as otherwise provided in the Code, the Board of Directors or its designated committee must review and approve any matters requiring special permission under the Code, or waivers of any provision of the Code, for a member of the Board of Directors or an executive officer. Any waiver of any provision of this Code for a member of the Board of Directors or an executive officer must be promptly disclosed, along with the reasons for the waiver, to the extent required by law or regulation. Except as otherwise provided in the Code, the Chief Financial Officer and the Chief Executive Officer must review and approve any matters requiring special permission under the Code, or waivers of any provision of the Code, for any other employee, agent or contractor.

Reporting violations

You should promptly report violations or suspected violations of this Code to the Chief Executive Officer or Chief Financial Officer. If your situation requires that your identity be kept secret, your anonymity will be preserved to the greatest extent reasonably possible. If you wish to remain anonymous, send a letter addressed to the Chief Executive Officer or Chief Financial Officer at 12365 Riata Trace Pkwy, Bldg. B., Austin, TX 78727. If you make an anonymous report, please provide as much detail as possible, including copies of any documents that you believe may be relevant to the issue.

If your concerns relate to accounting, internal controls or auditing matters, or if the Chief Executive Officer or Chief Financial Officer is implicated in any violation or suspected violation, you may also contact the Audit Committee of the Board of Directors c/o David Bradford, Pervasive Software Inc., 12365 Riata Trace Pkwy, Bldg. B., Austin, TX 78727.

Reprisals, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code or other company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

Investigations

The Board of Directors or its designated committee will be responsible for investigating violations and determining appropriate disciplinary action for matters involving members of the Board of Directors or executive officers. The Board of Directors or its designated committee may designate others to conduct or manage investigations on its behalf and recommend disciplinary action.

Subject to the general authority of the Board of Directors to administer this Code, the Chief Financial Officer and the Chief Executive Officer will be jointly responsible for investigating violations and determining appropriate disciplinary action for other employees, agents and contractors.

The company will promptly investigate any suspected violations. If it is determined that evidence of a violation exists, the individual subject to investigation will be notified. The subject of an investigation will have an opportunity to respond to any allegations made against that person. A person suspected of violating

the Code may be suspended with or without pay while an investigation is conducted. The company will follow local grievance procedures in jurisdictions where such procedures apply.

Disciplinary action

The company will take appropriate action against any employee, agent or contractor whose actions are found to violate the Code. Disciplinary actions may include, at the company's sole discretion, oral or written reprimand, suspension or immediate termination of employment or business relationship, or any other disciplinary action or combination of disciplinary actions as deemed appropriate to the circumstances. A record of the disciplinary action will be retained in the employee's personnel file.

In determining what disciplinary action is appropriate in a particular case, the company will take into account all relevant information, including the nature and severity of the violation, any history of warnings and violations, whether the violation appears to have been intentional or inadvertent and whether the violator reported his or her own misconduct. The company will strive to enforce the Code in a consistent manner while accounting for all relevant information. An alleged violator may make a written request for reconsideration within 14 days of notification of the final disciplinary decision.

ADDITIONAL INFORMATION

Nothing in this Code of Business Conduct and Ethics creates or implies an employment contract or term of employment. Employment at the company is employment at-will. Employment at-will may be terminated with or without cause and with or without notice at any time by the employee or the company. Nothing in this Code shall limit the right to terminate employment at-will. No employee of the company has any authority to enter into any agreement for employment for a specified period of time or to make any agreement or representation contrary to the company's policy of employment at-will. Only the Chief Executive Officer of the company has the authority to make any such agreement, which must be in writing.

The policies in this Code do not constitute a complete list of company policies or a complete list of the types of conduct that can result in discipline, up to and including discharge.

Revision Date – February 21, 2007