

QAD INC. AND SUBSIDIARY COMPANIES CORPORATE POLICY		Revision Level n/a	Policy No. CBP1-027
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1.0 PURPOSE

1.1 As a publicly traded company, the Company’s directors, employees and agents, and those of its subsidiaries, are subject to the insider trading prohibitions set forth in the Securities Exchange Act of 1934 and the rules and regulations of the Securities and Exchange Commission (“SEC”) and The Nasdaq Stock Market, Inc. (“Nasdaq”).

1.2 The purchase or sale of securities while possessing material non-public information, typically referred to as “inside” information, or the selective disclosure of such information to others who may trade securities based upon that information, is prohibited by federal and state Law. Violation of such Laws can result in the imposition of substantial civil and criminal penalties.

1.3 This policy establishes consistent guidelines for compliance with United States federal Law and the rules and regulations of the SEC and Nasdaq regarding the use and public disclosure of inside information as well as for contacts with certain investors.

2.0 DISCUSSION

2.1 The SEC, United States Law, the courts and Nasdaq have developed Laws, rules and regulations regarding the use and public disclosure of corporate inside information. The purpose of such regulations is to protect the interests of stockholders by providing them with prompt and complete information about significant corporate developments that might affect the value of their investments and to assure that insiders do not profit from information not available to the investing public.

2.2 These Laws, rules and regulations require the Company and its directors, employees and agents to ensure that information about the Company is not used unlawfully in connection with the purchase and sale of securities. Directors, employees and agents should know that, in most cases, violation of federal securities Laws may also be a violation of state securities Laws and additional penalties may accrue under the Laws of other jurisdictions.

2.3 All directors, employees and agents should pay particularly close attention to the applicable Laws against trading while in the possession of “inside” or “material non-public” information. The federal securities Laws are based on the belief that all persons trading in a company’s securities should have equal access to all “material” information about that company. For example, if a person possesses material non-public financial information regarding a company or its securities, that person is prohibited from buying or selling stock in the company until the information has been disclosed and

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disseminated to the public. This is because the person knows information that will probably cause the stock price to change, and it would be unfair for the person to have an advantage over the rest of the investing public.

2.4 In general, it is a violation of United States federal securities Laws for any person to buy or sell securities if he or she is in possession of “material non-public” information relating to those securities.

2.4.1 Information is “material” if a reasonable investor would likely consider it important in a decision to buy, hold or sell stock. In other words, “material” information is any information which could reasonably be expected to affect the price of the Company’s stock. Among others, common examples of information that will frequently be regarded as “material,” are: projections of future earnings, losses or financial liquidity problems; major marketing changes; news of a pending or proposed joint venture, merger, acquisition or tender offer; news of a significant sale of any assets; changes in dividend or distribution policies; the declaration of a stock split or the offering of additional securities; changes in management; major personnel changes; significant litigation or government investigations; or the gain or loss of a customer or supplier.

2.4.2 Information is “non-public” if it has not been disclosed generally to the marketplace. Information about the Company and its business that is not yet in general circulation should be considered non-public. Similarly, information received about another company in circumstances indicating that it is not yet in general circulation should be considered non-public. All information that the Company’s directors, employees and agents learn about the Company or its business plans is potentially “material non-public” information until publicly disclosed or made available by the Company to the general public.

2.4.3 It is also illegal for any person in possession of material inside information about a company to provide other people with such information or to recommend that they buy or sell securities of that company. (This is called “tipping.”) In such case, both the person who provides and the person who receives the information may be held liable. Serious penalties apply to the above-mentioned actions whether or not the tipping person derives any benefit from another's actions. The SEC has in some cases imposed serious penalties on the tipping person even though they did not profit from their tippees’ trading.

2.5 A violation of the United States federal insider trading Laws carries criminal liability for fines of up to \$5,000,000 for a natural person and \$25,000,000 for a non-natural person (e.g., an entity whose securities are publicly traded) regardless of the amount of the profits earned or losses avoided,

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plus imprisonment for natural persons for up to twenty years. In addition, a violation of the United States federal insider trading Laws can expose natural persons and entities to civil penalties of up to three times the profits earned (or losses avoided), and injunctive actions. The securities Laws also subject controlling persons to civil and criminal penalties for illegal insider trading by employees if the controlling person knew or recklessly disregarded the fact that the employee was likely to engage in the acts constituting the insider trading violation and failed to take appropriate steps to prevent the acts before they occurred. Controlling persons include the Company and may also include directors, officers and supervisory personnel. These “control” persons may be subject to a civil fine of up to the greater of \$1,000,000 or three times the profits earned (or losses avoided) by the employee trader and a criminal fine of up to \$25,000,000.

2.6 Inside information (including information about companies other than the Company obtained as a result of working for the Company) does not belong to the individual directors, employees or agents who may handle it or otherwise become knowledgeable about it, but instead is an asset of the Company. A person who uses such information for personal benefit or discloses it to others outside the Company violates the Company’s interests and commits a fraud against members of the investing public and against the Company.

2.7 Insider trading prohibitions also apply to trading in options, such as “put” and “call” options. Options trading is highly speculative and very risky. People who buy options are betting that the stock price will move rapidly. Selling a security “short” is also a highly speculative transaction wherein the trader sells stock that he does not yet own betting that the stock price will go down in the immediate future so that the trader may purchase the stock at the lower price and deliver such stock to the buyers of the stock he previously sold. For those reasons, when a person trades in options in his employer’s securities or sells his employer’s securities “short,” regulators become suspicious that the person was trading on the basis of inside information, particularly where the trading occurs prior to an announcement or major event. In such cases, it is difficult for an employee to prove that he or she did not know about the announcement or event.

2.8 If the Company purposely discloses information of a material nature regarding corporate activities, developments or discussions to one or more outsiders, except on the basis of certain exceptions in the Law, the Company must concurrently disclose that information to the entire public at large. If information of a material nature regarding corporate activities, developments or discussions is inadvertently disclosed to outsiders, the corporation is required to make prompt and thorough disclosure of such information to the public. Generally, where it is possible to confine formal or informal discussions to a small group of the top management of the company or companies involved,

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and their individual confidential advisors and where adequate security can be maintained, premature public announcement may properly be avoided.

3.0 POLICY

3.1 **Policy Application** – This policy applies to all directors, employees and agents of the Company without regard to nationality or country of residence. This policy also applies to all directors, employees and agents’ family members who reside with them (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in their household, and any family members who do not live in their household but whose transactions in Company securities are directed by them or are subject to their influence or control, such as parents or children who consult with you before they trade in Company securities (collectively referred to as “Family Members”). All directors, employees and agents are responsible for the transactions of these other persons. This policy does not, however, apply to personal securities transactions of Family Members where the purchase or sale decision is made by a third party not controlled by, influenced by or related to the director, employee or agent or their Family Members.

3.2 **General Disclosure Policy** – The Company will make prompt and complete disclosure of material information to the public when and as required by Law and/or the rules of the SEC or Nasdaq. Specifically, all directors, employees and agents shall seek to promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the SEC or Nasdaq, and in other public communications made by the Company. Determinations regarding “materiality” involve subjective judgments; therefore, questions of materiality will be determined by the officer in charge of legal matters and the Chief Financial Officer.

3.3 *Trading While in Possession of Non-Public Information*

3.3.1 **Nondisclosure** - Material inside information must not be disclosed to anyone other than persons within the Company whose positions require them to know the information until it has been publicly released by the Company. Such information should be treated as confidential and proprietary information and may not be disclosed to others, such as family, relatives, business or social acquaintances.

3.3.2 **Trading in Company Securities** - When in possession of material information concerning the Company that has not been disclosed to the public, no director, employee or agent shall, directly or indirectly, through Family Members or otherwise, (i) engage in any transaction in the Company's securities (or any securities related to the Company's securities, such as put and call

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options); (ii) recommend or suggest that any other person engage in any transaction in the Company's securities (or any securities related to the Company's securities, such as put and call options); or (iii) assist any other person with the foregoing. There are no exceptions made for transactions that may be necessary or justifiable for independent reasons, such as the need to raise money for an emergency expenditure. Even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct. Any director, employee or agent who possesses material inside information shall wait at least two business days after the information has been publicly released before trading or recommending that others trade.

3.3.3. **Transactions Under Company Plans.** This policy does not apply in the case of the following transactions, except as specifically noted:

3.3.3.1 *Stock Option/SAR Exercises.* This policy does not apply to the exercise of an employee stock option (including SARs and similar instruments) acquired pursuant to the Company's plans, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to an option to satisfy tax withholding requirements. This policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

3.3.3.2 *Restricted Stock Awards/RsUs.* This policy does not apply to the vesting of restricted stock (including RSUs and similar instruments), or the exercise of a tax withholding right pursuant to which the award holder elects to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock. The policy does apply, however, to any market sale of restricted stock.

3.3.3.3 *401(k) Plan.* This policy does not apply to purchases of Company securities in the Company's 401(k) plan resulting from employees' periodic contribution of money to the plan pursuant to payroll deduction elections (a "Company Stock Fund"). This policy does apply, however, to certain elections employees may make under the 401(k) plan, including: (a) an election to increase or decrease the percentage of their periodic contributions that will be allocated to the Company Stock Fund; (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company Stock Fund; (c) an election to borrow money against their 401(k) plan account if the loan will result in a liquidation of some or all of their Company Stock Fund balance; and (d) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company Stock Fund.

3.3.3.4 *Employee Stock Purchase Plan.* This policy does not apply to purchases of Company securities in an employee stock purchase plan resulting from employees' periodic contribution of

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money to the plan pursuant to the election they made at the time of enrollment in the plan. This policy also does not apply to purchases of Company securities resulting from lump sum contributions to the plan, provided that the employee elected to participate by lump sum payment at the beginning of the applicable enrollment period. This policy does apply, however, to the election to participate in the plan for any enrollment period, and to sales of Company securities purchased pursuant to the plan.

3.3.3.5 *Dividend Reinvestment Plan.* This policy does not apply to purchases of Company securities under any dividend reinvestment plan resulting from reinvestment of dividends paid on Company securities. This Policy does apply, however, to voluntary purchases of Company securities resulting from additional contributions made to the dividend reinvestment plan, and to the election to participate in the plan or increase the level of participation in the plan. This policy also applies to the sale of any Company securities purchased pursuant to the plan.

3.3.3.6 *Other Similar Transactions.* Any other purchase of Company securities from the Company or sales of Company securities to the Company are not subject to this policy.

3.3.4 ***Transactions Not Involving a Purchase or Sale*** - Bona fide gifts are not transactions subject to this policy, unless the person making the gift has reason to believe that the recipient intends to sell the Company securities while the officer, employee or director is aware of material nonpublic information. Further, transactions in mutual funds that are invested in Company securities are not transactions subject to this policy.

3.3.5 ***Rule 10b5-1 Plans*** - Rule 10b5-1 under the Securities Exchange Act of 1934 provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this policy must enter into a Rule 10b5-1 plan for transactions in Company securities that meets certain conditions specified in the Rule (a “Rule 10b5-1 Plan”). If the plan meets the requirements of Rule 10b5-1, Company securities may be purchased or sold without regard to certain insider trading restrictions. To comply with the Policy, a Rule 10b5-1 Plan must be approved by the Chief Financial Officer or officer in charge of legal matters and meet the requirements of Rule 10b5-1. In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material nonpublic information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. Any Rule 10b5-1 Plan must be submitted for approval five business days prior to the entry into the Rule 10b5-1 Plan. No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan will be required.

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3.3.6 ***Speculation*** - The Company discourages directors, employees and agents from speculating in Company securities. The Company does encourage its directors and employees to invest in Company securities, but investing means buying to share in the growth of the Company; it does not mean short-term speculation based on fluctuations in the market.

3.3.7 ***Trading in Other Securities*** - When in possession of material information that is likely to affect the value of the securities of any other company (such as a business partner, supplier or customer) learned in the course of employment or service to the Company, no director, employee or agent shall, directly or indirectly, through Family Members or otherwise, (i) engage in any transaction in the other company's securities (or any securities related to that company's securities, such as put and call options); (ii) recommend or suggest that any other person engage in any transaction in that company's securities (or any securities related to that company's securities, such as put and call options); or (iii) assist any other person with the foregoing. For example, it would be a violation of this policy and Law if an employee learned through Company sources that the Company intended to purchase stock or assets from another company, and then bought or sold stock in that other company because of the likely increase or decrease in the value of its securities.

3.3.8 ***Restrictions on the Window Group*** - Because of their access to confidential information on a regular basis, Company policy subjects its directors and certain employees and their Family Members (the "Window Group") to additional restrictions on trading in Company securities. The Window Group consists of all directors and Executive Officers of the Company, and certain other employees designated by the Chief Financial Officer or officer in charge of legal matters (such as certain executives in the finance department) as well as their respective Family Members. The Chief Financial Officer or officer in charge of legal matters may also designate employees outside the Window Group and subject them to restrictions on trading as the Chief Financial Officer or officer in charge of legal matters sees fit, provided such restrictions are less onerous than those imposed on the Window Group. The Window Group is subject to the following restrictions on trading in Company securities:

3.3.8.1 Persons within the Window Group may not conduct any transactions involving the Company's securities (other than as specified by this policy), during a "Blackout Period" beginning six business days prior to the end of each fiscal quarter and ending on the second business day following the date of the public release of the Company's earnings results for that quarter. In other words, these persons may only conduct transactions in Company Securities during the "Window Period" beginning of the third business day after an earnings release for the preceding fiscal period until the end of the 7th business day prior to the end of the fiscal quarter in which the release was made, subject to the restrictions below;

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3.3.8.2 All transactions in Company securities by persons in the Window Group must be within the Window Period and are subject to prior review and clearance by the officer in charge of legal matters or its designees;

3.3.8.3 Under certain very limited circumstances, a person subject to this restriction may be permitted to trade during a Blackout Period, but only if the Chief Financial Officer or officer in charge of legal matters concludes that the person does not in fact possess material nonpublic information. Persons wishing to trade during a Blackout Period must contact the officer in charge of legal matters for approval at least two business days in advance of any proposed transaction involving Company securities;

3.3.8.4 The Window Group is restricted from trading in “put” and “call” options in the Company’s securities or selling the Company’s securities short; and

3.3.8.5 Individuals in the Window Group are also subject to the general restrictions on trading applicable to all directors and employees set forth above in this Policy (see Paragraph 3.0).

3.3.9 ***Event-Specific Trading Restriction Periods*** - From time to time, an event may occur that is material to the Company and is known by only a few directors, officers and/or employees. So long as the event remains material and nonpublic, the persons designated by the Chief Financial Officer or the officer in charge of legal matters may not trade Company securities. In addition, the Company’s financial results may be sufficiently material in a particular fiscal quarter that, in the judgment of the Chief Financial Officer or the officer in charge of legal matters, designated persons should refrain from trading in Company securities even sooner than the typical Blackout Period described above. In that situation, the Chief Financial Officer or the officer in charge of legal matters may notify these persons that they should not trade in the Company’s securities, without disclosing the reason for the restriction. The existence of an event-specific trading restriction period or extension of a Blackout Period will not be announced to the Company as a whole, and should not be communicated to any other person.

3.4 ***Equal Access***

3.4.1 No preferential treatment will be given to any shareholder, potential investor or security analyst; therefore, any release to any such person of any material financial or operating data relating to the Company must be available to all such persons.

3.5 ***Forecasts***

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3.5.1 It is the Company's policy not to make any specific public projections of future operating results unless such forecast is specifically approved by the Company's Chief Financial Officer or officer in charge of legal matters.

3.6 *Authority to Release*

3.6.1 No financial data regarding the Company will be released to the public except as authorized, specifically or generally, by the Chief Financial Officer.

3.7 *Analysts*

3.7.1 Due to the sensitive nature of investor relations and federal regulations relating thereto, all interviews with shareholders, potential investors and security analysts must be coordinated through the Chief Financial Officer or through such procedures as may be adopted by the Board of Directors.

3.8 *Transfers to Company*

3.8.1 As used in this policy, the term "trading" and variations thereof do not include sales or other transfers of stock to the Company. Notwithstanding the foregoing, any open-market purchases of Company securities pursuant to a Company repurchase program (other than a program under a Company 10b5-1 Plan) shall be made during the period beginning after the fifth business day after the opening of the Window Period and ending at the end of the sixth business day prior to the closing of the Window Period.

3.9 *Social Media*

3.9.1 The Company will regard it as a violation of this Policy for any director, employee or agent of the Company to disclose, or participate in the disclosure of, any information related to the Company's business, prospects, financial condition or employees, including but not limited to material nonpublic information, by means of a social media or other similar means on the Internet in which either the Company's business or the value of its securities is discussed or posted.

3.10 *Post Termination Application*

3.10.1 This Policy continues to apply to transactions in Company securities even after employees or agents have terminated employment or other services to the Company or a subsidiary as follows: if an employee or agent is aware of material nonpublic information when their employment or

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service relationship terminates, they may not trade in Company securities until that information has become public or is no longer material.

4.0 PROCEDURE

4.1 When leaks of material information are suspected, rumored or discovered, such leaks must be reported immediately to the Chief Financial Officer or the officer in charge of legal matters.

4.2 All announcements and news releases subject to statutes and regulations herein discussed must be coordinated by the Chief Financial Officer or the officer in charge of legal matters and, in the discretion of either of them, Investor Relations.

4.3 If a director, employee or agent desiring to purchase or sell any Company securities is uncertain as to his or her responsibilities hereunder, such person should contact the Chief Financial Officer or legal department for counsel in this regard.