

LEAPFROG ENTERPRISES, INC.
AMENDED AND RESTATED AUDIT COMMITTEE CHARTER

The role and responsibilities of the Audit Committee (the “Committee”) of the Board of Directors of LeapFrog Enterprises, Inc. (the “Company”) are as follows, subject to amendment by the Company’s Board of Directors (the “Board”) from time to time:

ROLE

The Committee shall provide assistance and guidance to the Board in fulfilling its oversight responsibilities to the Company’s stockholders with respect to the Company’s corporate accounting and reporting practices as well as the quality and integrity of the Company’s financial statements and reports. The Committee’s role includes oversight of: (a) the qualitative aspects of financial reporting to stockholders, (b) the Company’s policies and practices that relate to the financial control environment and financial reporting, (c) the Company’s procedures for compliance with significant applicable legal and regulatory requirements that impact the financial statements, (d) the external auditor’s qualifications and independence and (e) the performance of the Company’s internal audit function and external auditors.

The role also includes coordination with other Board committees and, as outlined herein, direct communication with management, external auditors, internal auditors (or other personnel responsible for the internal audit function), counsel and other Committee advisors.

Although the Committee has the responsibilities set forth in this Charter, management is responsible for preparing the Company’s financial statements, and the external auditor is responsible for auditing those financial statements. It is not the duty of the Committee to plan or conduct the audit or to determine that the Company’s financial statements are complete and accurate or are in accordance with generally accepted accounting principles (“GAAP”). It is the Committee’s responsibility to resolve disagreements, if any, between management and the external auditors. Nothing in this Charter changes, or is intended to change, the responsibilities of management or the external auditors. Moreover, nothing in this Charter is intended to increase the liability of the members of the Committee beyond that which existed before this Charter was approved by the Board.

MEMBERSHIP

Committee membership shall consist of at least three Board members who shall together satisfy the independence and experience requirements set forth in the corporate governance standards as applied to audit committees of the New York Stock Exchange, as amended from time to time, and the rules and regulations promulgated under the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”). The members of the Committee and the Committee chairperson shall be appointed by the Board. In the event that fewer than three Board members have the requisite qualifications as set forth above, committee membership shall consist of such lesser number of Board members as meet such requisite qualifications, which lesser number shall meet the requirements regarding the composition of Audit Committees as set forth in the corporate governance standards of the New York Stock Exchange, as amended from time to time.

PROCEDURES

Committee procedures shall be as determined by the Committee.

OPERATING PRINCIPLES

In fulfilling its function and responsibilities, the Committee should give due consideration to the following principles:

- *Communication* – Regular and meaningful contact throughout the year with the Chairman of the Board, other committee chairpersons, members of senior management and other key Committee advisors, external auditor, internal auditors (or other personnel responsible for the internal audit function), etc., as applicable, is important for strengthening the Committee’s knowledge of relevant current and prospective business issues.
- *Committee Education/Orientation* – Developing with management and participating in a process for systematic review of important topics that present potential significant risk to the Company will enhance the effectiveness of the Committee.
- *Committee Expectations and Information Needs* – The Committee should communicate to the Chief Executive Officer and President or their designees, internal auditors (or other personnel responsible for the internal audit function), and other external parties the specific nature, timing, and extent of any specific information or other supporting materials requested by the Committee, for its meetings and deliberations.
- *Resources* – The Committee is authorized to access such internal and external resources as the Committee deems necessary or appropriate to fulfill its defined responsibilities, including outside, independent legal counsel, accounting or other advisors. The Committee shall have the authority to perform such other functions, and shall have such powers, as may be necessary or appropriate in the efficient and lawful discharge of its responsibilities hereunder.
- *Meeting Agendas* – Committee meeting agendas shall be the responsibility of the Committee chairperson with input from Committee members and other members of the Board, with additional input from members of senior management and outside advisors to the extent deemed appropriate by the chairperson.
- *Committee Meeting Attendees* – The Committee is authorized to request members of management, counsel, internal auditors (or other personnel responsible for the internal audit function), external auditors or any other persons whose presence the Committee believes to be necessary or appropriate, to participate in Committee meetings, as necessary, to carry out the defined Committee responsibilities. It is understood that either internal auditors (or other personnel responsible for the internal audit function) or external auditors, or counsel, may, at any time, request a meeting with the Committee or Committee chairperson with or without management attendance. In any case, the Committee shall meet in executive session separately with management, internal auditors (or other personnel responsible for the internal audit function) and external auditors, periodically, but at least annually.
- *Reporting to the Board of Directors* – The Committee, through the Committee chairperson, shall report from time to time to the Board.

MEETING FREQUENCY

The Committee should meet as frequently as considered necessary by the Committee or the chairperson, and shall meet at least quarterly.

COMMITTEE’S RELATIONSHIP WITH EXTERNAL AND INTERNAL AUDITORS

- The external auditors, in their capacity as independent public accountants, shall be ultimately accountable to the Board through the Committee as representatives of the stockholders. The external auditors are required to report directly to the Committee. The Committee has the sole authority to

retain, oversee and terminate the external auditors (subject, if applicable, to stockholder ratification) in regards to both audit and non-audit services.

- The external auditors shall be viewed as the Board and Committee’s representatives in executing the Committee’s oversight of periodic, annual, and other financial reporting to stockholders. They shall report all relevant issues to the Committee responsive to agreed-on Committee expectations. The Committee should review the work of external auditors in executing their role of oversight.
- The Committee should review at least annually and report to the Board on the performance (effectiveness, objectivity, and independence) of the external auditors. In this respect, the Committee should seek to obtain from the external auditors a written statement from the external auditors delineating all relationships between the auditor and the Company consistent with Independence Standards Board Statement No. 98-1, “Independence Discussions with Audit Committees.” In addition, a written statement from the external auditors shall describe: the firm’s internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues. Additionally, the Committee should seek to maintain an active dialogue with the external auditors with respect to disclosed relationships or services that may impact auditor objectivity or independence and take appropriate action to ensure the independence of the external auditors.
- The Committee must pre-approve the retention of the external auditor or any of its affiliates for any audit and non-audit services. The Committee may delegate to one member of the Committee the authority to grant such pre-approvals, provided that all approvals made by the delegate will be presented to the full Committee at each of its scheduled meetings. Upon the pre-approval of any audit or non-audit services, the Committee will negotiate the scope of services to be provided, the terms for providing such services, and the fees to be paid to the external auditor or its affiliates for any such services.
- In considering whether to pre-approve non-audit services, the Committee will consider whether the external auditor’s provision of the non-audit services to the Company is compatible with maintaining the independence of the external auditor and under no circumstances will the non-audit services include the prohibited activities set forth in Section 201 of the Sarbanes-Oxley Act.
- The Committee shall review the experience and qualifications of the external auditor’s senior personnel that are providing audit services to the Company.
- The internal audit function shall be responsible to senior management, but have a direct reporting responsibility to the Board through the Committee.
- If either the internal auditors (or other personnel responsible for the internal audit function) or the external auditors identify significant issues warranting the attention of the Committee or the full Board that, in their judgment, have been communicated to management but have not been adequately addressed, they should be communicated to the Committee chairperson or any member of the Committee.
- Senior management will consult with the Committee regarding changes in the senior management of the internal audit function.

PRIMARY COMMITTEE RESPONSIBILITIES

The primary Committee responsibilities are:

- *Annual Financial Reports* – The Committee shall review and discuss with management and the external auditors the Company’s annual and interim financial reports, including the Company’s disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operation”, in advance of filings or distribution. The Committee will also review with the external auditors all significant correcting adjustments (whether or not made) to ensure that all material adjustments are properly reflected in the financial reports.
- *Earnings Press Releases* – The Committee shall review all financial press releases and other financial disclosures, including financial information and earnings guidance provided to analysts and rating agencies. In particular, the Committee shall review financial disclosures containing *pro forma* information to verify that they include reconciliations to the comparable GAAP information and do not give undue prominence to the *pro forma* information or otherwise provide misleading presentations of results of operations or financial condition.
- *Fraud and Regulatory Noncompliance* – The Committee shall review and assess the internal audit function and external auditors’ responsibility and procedures for detecting accounting and reporting financial errors, fraud and defalcations, illegal act, and noncompliance with the corporate code of conduct and regulatory requirements.
- *Internal Audit Responsibilities* – The Committee shall review, assess and approve the annual audit plan and the process used to develop the plan, status of activities, significant findings, recommendations and management’s response. The Committee shall also review the appointment and replacement of the senior manager responsible internally for the audit.
- *Regulatory Examinations* – The Committee shall review and assess Securities and Exchange Commission (“SEC”) inquiries and the results of examinations by other financial regulatory authorities in terms of important findings, recommendations and management’s response.
- *External Auditor Responsibilities* – The Committee shall pre-approve and negotiate the engagement of the external auditors, including the overall scope, extent, procedures and focus of the annual, and if applicable interim, audit. The foregoing shall also include the scope and level of involvement with unaudited quarterly or other interim-period information as well as the compensation to be paid to the external auditors in connection with their engagement. The Committee shall pre-approve and negotiate the engagement of external auditors, including the overall scope, extent, procedures and focus of non-audit services.
- *Financial Reporting and Controls* – The Committee shall review and assess key financial statement issues and risks, their impact or potential impact on reported financial information, the processes used by management to address such matters, related auditor views and the basis for audit conclusions. The Committee shall also confer with internal auditors (or other personnel responsible for the internal audit function) and external auditors regarding the scope, adequacy and effectiveness of internal accounting and financial reporting controls in effect.
- *Risk Management* – The Committee shall periodically review and assess the Company’s risk management policies that relate to the financial control environment and financial reporting, and discuss with management the Company’s major financial risk exposures and steps being taken to monitor and control such exposures.
- *Auditor Recommendations and Related Matters* – The Committee shall discuss with the external auditors the results of the annual audit, including the external auditors’ assessment of the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, the nature of

significant risks and exposures, the adequacy of the disclosures in the financial statements and any other matters required to be communicated to the Committee by the external auditors under GAAP and the Sarbanes-Oxley Act. In connection with this discussion, the Committee shall also evaluate the cooperation received by the external auditors during their audit examination, including any restrictions on the scope of their activities or access to required records, data and information. The Committee shall discuss with the outside auditor any problems or difficulties the outside auditor may have encountered during the course of the audit work, including any restrictions on the scope of activities or access to required information or any disagreements with management, whether or not those disagreements were resolved to the satisfaction of the outside auditor. The Committee shall obtain from the outside auditor assurances that Section 10A of the Securities and Exchange Act of 1934, as amended, has not been implicated. The Committee shall review and assess important internal auditor (or other personnel responsible for the internal audit function) and external auditor recommendations on financial reporting, controls, other matters and management's response.

- *Off-Balance Sheet Arrangements; Affiliated Party Transactions* – The Committee shall review and discuss with management and the outside auditor: (i) any material off-balance sheet arrangements or other material financial arrangements of the Company that do not appear on the financial statements of the Company, and whether the Company's annual and interim financial reports contain appropriate disclosure regarding such arrangements; and (ii) any transactions with parties related to or affiliated with the Company which are material in size or involve terms different from those reasonably likely to be negotiated with independent third parties and which transactions are relevant to the understanding of the Company's financial statements.
- *Changes in Accounting Principles* – The Committee shall review and discuss with the external auditors any changes in important accounting principles and the application thereof in both annual and interim financial reports.
- *Required Communications* – The Committee shall receive and review all required communications from the external auditors. The Committee shall establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters, and the confidential or anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- *External Auditor Independence* – The Committee shall review and assess, on an annual basis, the independence of the external auditors, including an analysis of all substantial professional non-audit services provided by the external auditors and the effect, if any, on such independence. The Committee shall review and approve policies that ensure that:
 - the lead external audit partner that has primary responsibility for the audit, and the external audit partner responsible for reviewing the audit, will be prohibited from performing external audit services for the Company for more than five (5) consecutive years; and
 - an external accounting firm will be prohibited from performing any audit services if the chief executive officer, chief financial officer, chief accounting officer or controller of the Company was employed by that accounting firm and participated in any capacity in the audit of that the Company during the one-year period preceding the date of the initiation of the audit.
- *Proxy Statement Reports* – The Committee shall prepare any report, including any recommendation by the Board, required by the rules of the SEC to be included in the Company's annual proxy statement.
- *External Auditor Performance* – The Committee shall review and assess, on an annual basis, the performance of the external auditors and shall have the sole authority to select, retain or terminate the external auditors. The Committee has the ultimate authority and responsibility to select, evaluate and,

where appropriate, replace the external auditors (or to nominate the external auditor to be proposed for stockholder approval in any proxy statement).

- *Investigations* – The Committee, in its discretion, may conduct or authorize investigations into any matters within the scope of its responsibilities.
- *Hiring of Employees or Former Employees of External Auditors* – The Committee shall set policies and procedures for the hiring of employees or former employees of the Company’s external auditors.
- *Annual Performance Evaluation* – The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.
- *Committee Charter* – The Committee shall review at least annually, or more frequently if it deems necessary, the Committee Charter and shall recommend any proposed changes for approval by the full Board.