

**LEAPFROG CODE OF BUSINESS CONDUCT AND ETHICS**  
**(United States)**

**Introduction**

At LeapFrog, we are committed to maintaining the highest standards of business conduct and ethics. This LeapFrog Code of Business Conduct and Ethics applies to every employee, officer and director of LeapFrog (including employees, officers, and directors of our subsidiary companies). References in the Code to employees are intended to cover officers, and as applicable, directors.

In connection with periodic performance reviews, every employee of LeapFrog, including our officers, will be evaluated for adherence to the Code. Violations of the Code will not be tolerated. Any violation of the standards in the Code may be subject to disciplinary action, which, depending on the nature of the violation and the history of the employee, may range from a warning or reprimand to and including termination of employment and, in appropriate cases, civil legal action or referral for criminal prosecution. Nothing in the Code alters the at-will employment policy of LeapFrog, where applicable.

**YOU SHOULD NOT HESITATE TO ASK QUESTIONS ABOUT WHETHER ANY CONDUCT MAY VIOLATE THE CODE, VOICE CONCERNS OR CLARIFY GRAY AREAS. IF YOU HAVE QUESTIONS OR CONCERNS, YOU CAN CONTACT:**

<b>Who?</b>	<b>Contact Information</b>
Compliance Committee	Names and contact information are listed on the Intranet
Your supervisor	
Receive an anonymous clarification about the Code or file an anonymous report	Procedure for submitting an anonymous and confidential report regarding a violation of this Code is available on the Intranet.

**SECTION 15 OF THE CODE SETS FORTH IN MORE DETAIL THE COMPLIANCE RESOURCES AVAILABLE TO YOU. IN ADDITION, YOU SHOULD BE ALERT TO POSSIBLE VIOLATIONS OF THE CODE BY OTHERS AND REPORT SUSPECTED VIOLATIONS, WITHOUT FEAR OF ANY FORM OF RETALIATION, AS FURTHER DESCRIBED IN SECTION 15.**

## 1. Honest and Ethical Conduct

It is the policy of LeapFrog to promote high standards of integrity by conducting our affairs in an honest and ethical manner. The integrity and reputation of LeapFrog depends on the honesty, fairness and integrity brought to the job by each person associated with us. Unyielding personal integrity is the foundation of our corporate integrity.

## 2. Legal Compliance

Obeying the law, both in letter and in spirit, is the foundation of this Code. Our success depends upon each employee operating within legal guidelines and cooperating with local, national and international authorities. We expect employees to understand the legal and regulatory requirements applicable to their business units and areas of responsibility. While we do not expect you to memorize every detail of these laws, rules and regulations, we want you to be able to determine when to seek advice from others. If you do have a question in the area of legal compliance, it is important that you not hesitate to seek answers from your supervisor, the Legal Department or the Compliance Committee.

Disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules and regulations may subject an individual, as well as LeapFrog, to civil and/or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits, and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone's best interests to know and comply with our legal and ethical obligations.

## 3. Conflicts of Interest

We respect the rights of our employees to manage their personal affairs and investments and do not wish to impinge on their personal lives. At the same time, employees should avoid conflicts of interest with LeapFrog. A conflict of interest occurs when an employee's private interest interferes in any way – or even appears to interfere – with the interests of LeapFrog as a whole. A conflicting personal interest could result from an expectation of personal gain now or in the future or from a need to satisfy a prior or concurrent personal obligation. A conflict situation can also arise when an employee takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. We expect our employees to be free from influences that conflict with the best interests of LeapFrog or might deprive LeapFrog of their undivided loyalty in business dealings. Even the appearance of a conflict of interest where none actually exists can be damaging and

should be avoided. Whether or not a conflict of interest exists or will exist can be unclear. Conflicts of interest are prohibited unless specifically authorized as described below.

If you have any questions about a potential conflict or if you become aware of an actual or potential conflict, and you are not an officer of LeapFrog, you should discuss the matter with your supervisor or the Compliance Committee (as further described in Section 15). Supervisors may not make determinations as to whether a conflict of interest exists without first seeking the approval of the Compliance Committee and filing with the Compliance Committee a description of the activity. If the supervisor is involved in the potential or actual conflict, you should discuss the matter directly with the Compliance Committee. The CEO and CFO should seek determinations from the Chairman of the Audit Committee of the Board of Directors. Factors that may be considered in evaluating a potential conflict of interest are, among others:

- whether it may interfere with the employee's job performance or responsibilities;
- whether the employee has access to confidential information;
- whether it may interfere with the job performance or responsibilities of others within the organization;
- any potential adverse or beneficial impact on our business;
- any potential adverse or beneficial impact on our relationships with our customers or suppliers or other service providers;
- whether it would enhance or support a competitor's position;
- the extent to which it would result in financial or other benefit (direct or indirect) to the employee;
- the extent to which it would result in financial or other benefit (direct or indirect) to one of our customers, suppliers or other service providers; and
- the extent to which it would appear improper to an outside observer.

Loans to, or guarantees of obligations of, employees or their family members by LeapFrog are of special concern and could constitute an improper personal benefit to the recipients of these loans or guarantees, depending on the facts and circumstances. Some loans are expressly prohibited by law and applicable

law requires that our Board of Directors approve loans and guarantees to employees. As a result, all loans and guarantees by LeapFrog must be approved in advance by the Board of Directors.

#### 4. Corporate Opportunities

You may not take personal advantage of opportunities for LeapFrog that are presented to you or discovered by you as a result of your position with us or through your use of corporate property or information, unless authorized by your supervisor, the Compliance Committee or the Audit Committee of the Board of Directors, as described in Section 3. Even opportunities that are acquired privately by you may be questionable if they are related to our existing or proposed lines of business. Significant participation in an investment or outside business opportunity that is directly related to our lines of business must be pre-approved. You cannot use your position with us, company property or company information for improper personal gain, nor can you compete with us in any way.

#### 5. Maintenance of Corporate Books, Records, Documents and Accounts; Financial Integrity; Public Reporting

The integrity of our records and public disclosure depends on the validity, accuracy and completeness of the information supporting the entries to our books of account. Therefore, our corporate and business records should be completed accurately and honestly. The making of false or misleading entries, whether they relate to financial results or test results, is strictly prohibited. Our records serve as a basis for managing our business and are important in meeting our obligations to customers, suppliers, creditors, employees and others with whom we do business. As a result, it is important that our books, records and accounts accurately and fairly reflect, in reasonable detail, our assets, liabilities, revenues, costs and expenses, as well as all transactions and changes in assets and liabilities. We require that:

- no entry be made in our books and records that intentionally hides or disguises the nature of any transaction or of any of our liabilities, or intentionally misclassifies any material transactions as to accounts or accounting periods;
- transactions be supported by appropriate documentation;
- the terms of sales and other commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in our books and records;
- employees comply with our system of internal

controls; and

- no cash or other assets be maintained for any purpose in any unrecorded or "off-the-books" fund.

Our accounting records are also relied upon to produce reports for our management, stockholders and creditors, as well as for governmental agencies. In particular, we rely upon our accounting and other business and corporate records in preparing the periodic and current reports that we file with the SEC. Securities laws require that these reports provide full, fair, accurate, timely and understandable disclosure and fairly present our financial condition and results of operations. Employees who collect, provide or analyze information for or otherwise contribute in any way in preparing or verifying these reports should strive to ensure that our financial disclosure is accurate and not misleading and that our reports contain all of the information about LeapFrog that would be important to enable stockholders and potential investors to assess the soundness and risks of our business and finances and the quality and integrity of our accounting and disclosures. In addition:

- no employee may take or authorize any action that would cause our financial records or financial disclosure to fail to comply with generally accepted accounting principles, the rules and regulations of the SEC or other applicable laws, rules and regulations;
- all employees must cooperate fully with the LeapFrog Finance team and Legal Department, as well as our independent public accountants and counsel, respond to their questions with candor and provide them with complete and accurate information to help ensure that our books and records, as well as our reports filed with the SEC, are accurate and complete; and
- no employee should knowingly make (or cause or encourage any other person to make) any false or misleading statement in any of our reports filed with the SEC or knowingly omit (or cause or encourage any other person to omit) any information necessary to make the disclosure in any of our reports accurate in all material respects.

Any employee who becomes aware of any departure from these standards has a responsibility to report his or her knowledge promptly to a supervisor, the Compliance Committee or one of the other compliance resources described in Section 15.

#### 6. Confidentiality

One of our most important assets is our confidential information. As an employee of LeapFrog, you may learn of information about LeapFrog that is confidential and proprietary. You also may learn of information before that information is released to the general public. Employees who have received or have access to confidential information should take care to keep this information confidential. Confidential information may include trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques, information regarding plans for research, development, new products, training, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers, and information regarding the skills and compensation of other employees of LeapFrog. This information may be protected by patent, trademark, copyright and trade secret laws.

In addition, because we interact with other companies and organizations, there may be times when you learn confidential information about other companies before that information has been made available to the public. You must treat this information in the same manner as you are required to treat our confidential and proprietary information. There may even be times when you must treat as confidential the fact that we have an interest in, or are involved with, another company. You must also treat as confidential any proprietary information that you may have received or retained from former employers. You should not use or bring onto LeapFrog's premises any confidential information belonging to a former employer.

You are expected to keep confidential and proprietary information confidential unless and until that information is released to the public through approved channels (usually through a press release, an SEC filing, posting on our external website or a formal communication from a member of senior management). Every employee has a duty to refrain from disclosing to any person confidential or proprietary information about us or any other company learned in the course of employment here, until that information is disclosed to the public through approved channels. This policy requires you to refrain from discussing confidential or proprietary information with outsiders and even with other LeapFrog employees, unless those fellow employees have a legitimate need to know the information in order to perform their job duties. Unauthorized use or distribution of this information could also be illegal and result in civil liability and/or criminal penalties.

You should also take care not to inadvertently disclose confidential information. Materials that contain confidential information, such as memos, notebooks,

computer disks and laptop computers should be stored securely. Unauthorized posting or discussion of any information concerning our business, information or prospects on the Internet is prohibited. You may not discuss our business, information or prospects in any "chat room," regardless of whether you use your own name or a pseudonym. Be cautious when discussing sensitive information in public places like elevators, airports, restaurants and "quasi-public" areas within LeapFrog, such as lobbies and hallways. All LeapFrog emails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside of LeapFrog, except where required for legitimate business purposes.

In addition to the above responsibilities, if you are handling information protected by any privacy policy published by us, such as our website privacy policy, then you must handle that information solely in accordance with the applicable policy.

## 7. Insider Trading

Employees who have access to confidential, or "inside," information are not permitted to use or share that information for stock trading purposes or for any other purpose except to conduct our business. This policy also applies to family members, significant others or other persons who live in the employee's household as well as to agents and contractors of LeapFrog. All non-public information about LeapFrog or about companies with which we do business is considered confidential information. In addition to the policy regarding confidential information set forth in Section 6, employees should keep in mind that the use of material non-public information in connection with buying or selling securities, including "tipping" others who might make an investment decision on the basis of this information, is not only unethical, it is illegal. Employees must exercise the utmost care when handling material inside information in accordance with our Policy Against Trading on the Basis of Inside Information, or our "insider trading policy." A copy of this policy is available on our Intranet. If you have any questions about insider trading or our insider trading policy, please contact our Legal Department.

## 8. Gifts and Entertainment

Business gifts and entertainment are meant to create goodwill and sound working relationships and not to gain improper advantage with customers or facilitate approvals from government officials. The exchange, as a customary business practice, of meals or entertainment (such as tickets to a game or the theatre or a round of golf) is a common and acceptable practice as long as it is not extravagant.

Further, we acknowledge that in some countries in which we do business, local custom may call for the exchange of gifts having greater than nominal value as part of the business relationship. Unless express permission is received from the Compliance Committee or the Audit Committee of the Board of Directors, gifts and entertainment cannot be offered, provided or accepted by any employee unless consistent with customary business practices and (a) of no more than token or nominal monetary value, (b) not in cash, (c) not susceptible of being construed as a bribe or kickback, (d) not made or received on a regular or frequent basis, and (e) not in violation of any laws. This principle applies to our transactions everywhere in the world, even where the practice is widely considered “a way of doing business.” Employees should not accept gifts or entertainment that may reasonably be deemed to affect their judgment or actions in the performance of their duties. Our customers, suppliers and the public at large should know that our employees’ judgment is not for sale. We also expect our employees to ensure that all agents and contractors conform to these standards when working for or on behalf of LeapFrog.

Under some statutes, such as the U.S. Foreign Corrupt Practices Act, which prohibits directly or indirectly giving anything of value to a government official to obtain or retain business or favorable treatment, and requires the maintenance of accurate books of account, with all company transactions being properly recorded, violations are a criminal act subject to prosecution and conviction. Discuss with the Compliance Committee any proposed entertainment or gifts if you are uncertain about their appropriateness.

## **9. Protection and Proper Use of Company Assets**

All employees are expected to protect our assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on our profitability. Our property, such as office supplies, computer equipment, buildings and prototypes, art, audio and other educational content, and products, are expected to be used only for legitimate business purposes, although incidental personal use may be permitted. You may not, however, use our corporate name, any brand name or trademark owned or associated with LeapFrog or any letterhead stationery for any personal purpose.

Any misuse or suspected misuse of our assets must be immediately reported to your supervisor or a member of the Compliance Committee.

## **10. Fair Dealing**

We strive to outperform our competition fairly and honestly. Advantages over our competitors are to be obtained through superior performance of our products and services, not through unethical or illegal business practices. Acquiring proprietary information from others

through improper means, possessing trade secret information that was improperly obtained, or inducing improper disclosure of confidential information from past or present employees of other companies is prohibited, even if motivated by an intention to advance our interests. If information is obtained by mistake that may constitute a trade secret or other confidential information of another business, or if you have any questions about the legality of proposed information gathering, you must consult your supervisor or a member of the Compliance Committee, as further described in Section 15.

You are expected to deal fairly with our customers, suppliers, employees and anyone else with whom you have contact in the course of performing your job. No employee should take unfair advantage of our customers, suppliers, other employees or anyone else he or she has contact with in the course of performing his or her job through manipulation, concealment, abuse of privileged information, misrepresentation of facts or any other unfair dealing practice. There are numerous state and federal laws that govern unfair or deceptive business practices. For example, under the Federal Trade Commission Act, it is a violation of Federal law to engage in deceptive, unfair or unethical practices, and to make misrepresentations in connection with sales activities.

Employees involved in procurement of supplies, materials and services have a special responsibility to adhere to principles of fair competition in the purchase of products and services by selecting suppliers based exclusively on normal commercial considerations, such as quality, cost, availability, service and reputation, and not on the receipt of special favors.

## **11. International Business Laws**

Our employees are expected to comply with the applicable laws in all countries to which they travel, in which they operate and where we otherwise do business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. The fact that in some countries certain laws are not enforced or that violation of those laws is not subject to public criticism will not be accepted as an excuse for noncompliance. In addition, we expect employees to comply with U.S. laws, rules and regulations governing the conduct of business by its citizens and corporations outside the United States.

These U.S. laws, rules and regulations, which extend to all our activities outside the United States, include:

- The Foreign Corrupt Practices Act, which prohibits directly or indirectly giving anything of value to a government official to obtain or retain

business or favorable treatment, and requires the maintenance of accurate books of account, with all company transactions being properly recorded;

- U.S. embargoes, which restrict or, in some cases, prohibit companies, their subsidiaries and their employees from doing business with certain other countries identified on a list that changes periodically (including, for example, Angola (partial), Burma (partial), Cuba, Iran, Iraq, North Korea, Sudan and Syria) or specific companies or individuals;
- Export controls, which restrict travel to designated countries or prohibit or restrict the export of goods, services and technology to designated countries, denied persons or denied entities from the United States, or the re-export of U.S. origin goods from the country of original destination to such designated countries, denied companies or denied entities; and
- Anti-boycott compliance, which prohibits U.S. companies from taking any action that has the effect of furthering or supporting a restrictive trade practice or boycott that is fostered or imposed by a foreign country against a country friendly to the United States or against any U.S. person.

If you have a question as to whether an activity is restricted or prohibited, seek assistance in accordance with Section 15 before taking any action, including giving any verbal assurances, that might be regulated by international laws.

## 12. Antitrust

Antitrust laws are designed to protect the consumer by ensuring healthy competition. These laws are based on the premise that the public interest is best served by vigorous competition and will suffer from illegal agreements or collusion among competitors. Antitrust laws generally prohibit:

- agreements, formal or informal, with competitors that harm competition or customers, including price fixing and allocations of customers, territories or contracts;
- agreements, formal or informal, with resellers or distributors that establish or fix the price at which they may resell a product; and
- the acquisition or maintenance of a monopoly or attempted monopoly through anti-competitive conduct.

Certain kinds of information, such as pricing, production and inventory, is considered confidential and should not be exchanged with competitors, regardless of how innocent or casual the exchange may be and

regardless of the setting, whether business or social. It is equally as important that information about any of our customers, including sale performance data, such as sell-in and sell-through data, not be shared with other customers. Such information is confidential and should not be exchanged.

Antitrust laws impose severe penalties for certain types of violations, including criminal penalties and potential fines and damages of millions of dollars, which may be tripled under certain circumstances. Understanding the requirements of antitrust and unfair competition laws of the various jurisdictions where we do business can be difficult, and you are urged to seek assistance from your supervisor or a member of the Compliance Committee whenever you have a question relating to these laws.

## 13. Environmental Compliance

Federal law imposes criminal liability on any person or company that contaminates the environment with any hazardous substance that could cause injury to the community or environment. Violation of environmental laws can involve monetary fines and imprisonment. We expect employees to comply with all applicable environmental laws.

## 14. Waivers and Amendments

Any waiver of this Code for directors, executive officers and Controller may be authorized only by the Audit Committee of our Board of Directors, and will be disclosed to stockholders as required by applicable laws, rules and regulations.

Any amendment of this Code will be disclosed to stockholders as required by applicable laws, rules and regulations.

## 15. Compliance Standards and Procedures

### **Compliance Resources**

To help implement and answer questions and concerns about this Code, LeapFrog has established a Compliance Committee that our employees should use as a resource. Each member of the Compliance Committee is a person to whom you can address any questions or concerns about this Code. The identity of the members of the Compliance Committee, including their respective contact information, will be posted on the homepage of our Intranet under the link entitled "Compliance Committee and Ethics Hotline Info." In addition to fielding questions or concerns with respect to potential violations of this Code, the Compliance Committee is responsible for:

- investigating possible violations of the Code;
- training new employees in Code policies;

- conducting annual training sessions to refresh employees' familiarity with the Code;
- distributing copies of the Code annually to each employee with a reminder that each employee is responsible for reading, understanding and complying with the Code;
- communicating issues to the Audit Committee of our Board of Directors, and when appropriate, to the full Board of Directors;
- updating the Code as needed and alerting employees to any updates, with appropriate approval of the Audit Committee, to reflect changes in the law, LeapFrog operations and in recognized best practices, and to reflect LeapFrog experience; and
- otherwise promoting an atmosphere of responsible and ethical conduct.

While you are always encouraged to consult a member of the Compliance Committee, often your most immediate resource for any matter related to the Code may be your supervisor. He or she may have the information you need, or may be able to refer the question to another appropriate source. However, there may, be times when you prefer not to go to your supervisor. In these instances (or at any time), you should feel free to discuss your concern directly with the Compliance Committee. These procedures are posted on our Intranet.

To encourage employees to ask questions about the Code, seek guidance on specific situations or report violations of the Code, we have established procedures that allow for anonymous and confidential communications regarding such matters. These procedures are posted on our Intranet. If an employee chooses to remain anonymous, we may not be able to obtain any additional details required to investigate the matter further. Whether you identify yourself or remain anonymous, your written, telephonic or e-mail communications will be kept strictly confidential to the extent reasonably possible within the objectives of the Code.

### ***Clarifying Questions and Concerns; Reporting Possible Violations***

If you encounter a situation or are considering a course of action and its appropriateness is unclear, discuss the matter promptly with your supervisor or the Compliance Committee; even the appearance of impropriety can be very damaging and should be avoided. The CEO and CFO should discuss such matters with the Chairman of the Audit Committee of the Board of Directors or the Lead Independent Director of the Board of Directors.

If you are aware of a suspected or actual violation of

Code standards by others, you have a responsibility to report it. You are expected to promptly provide a specific description of the violation that you believe has occurred, including any information you have about the persons involved and the time of the violation. Whether you choose to speak with your supervisor or the Compliance Committee, you should do so without fear of any form of retaliation. We will take prompt disciplinary action against any employee who retaliates against you, up to and including termination of employment.

Supervisors must promptly report any complaints or observations of Code violations to the Compliance Committee. If you believe your supervisor has not taken appropriate action, you should contact the Compliance Committee directly. The Compliance Committee will investigate all reported possible Code violations promptly and with the highest degree of confidentiality that is possible under the specific circumstances. Neither you nor your supervisor may conduct any preliminary investigation, unless authorized to do so by the Compliance Committee. Your cooperation in the investigation will be expected. As needed, the Compliance Committee will consult with the Legal Department, the Human Resources Department and/or the Audit Committee of the Board of Directors. We will strive to employ a fair process by which to determine violations of the Code.

If the investigation indicates that a violation of the Code has probably occurred, we will take such action as we believe to be appropriate under the circumstances. If we determine that an employee is responsible for a Code violation, he or she will be subject to disciplinary action up to, and including, termination of employment and, in appropriate cases, civil action or referral for criminal prosecution. Appropriate action may also be taken to deter any future Code violations.