

THE LEAPFROG GROUP

CONFLICT OF INTEREST POLICY

1. PURPOSE:

This conflict of interest policy applies to board members, committee members, expert panelists officers, and management (collectively hereinafter referred to as “members”) of The Leapfrog Group, Inc. ("LFG") and its affiliates (“Affiliates” and, together with LFG as, "Leapfrog").

The purpose of this policy is to provide a systematic and ongoing method of assisting members in disclosing and addressing a potential conflict of interest, thus assuring the public at large of the good faith and integrity of all such persons in the operation of Leapfrog.

2. POLICY:

2.1. General Principles:

All members must exercise the utmost good faith in all transactions touching upon their duties to Leapfrog or its assets. In their dealings with and on behalf of Leapfrog, they shall be held to a strict standard of honesty and fair dealing. Members must scrupulously avoid any conflict between their individual interests and the interests of Leapfrog in any and all actions taken by them. They shall disclose any interests or activities in which they are involved or become involved that could conflict with the interests or activities of Leapfrog and shall obtain approval prior to commencing, continuing, or consummating any activity or transaction which raises a potential conflict of interest. Members must also disclose any potential conflict of interest arising from the interest and activities of their spouses and dependents (“immediate family”). Potential conflicts of interest are addressed further in Section 2.2 below. All members must exercise their duty of care with respect to Leapfrog and its assets. In exercising this duty, all members shall protect all confidential and proprietary information of Leapfrog.

2.2. Potential Conflicts:

A potential conflict of interest exists in any instance in which the actions of a member (or his/her immediate family) undertaken on behalf of Leapfrog may result in a personal gain or advantage to the member or any concomitant disadvantage to Leapfrog. Although it is impossible to list every circumstance giving rise to a potential conflict of interest, the following will serve as examples of the kinds of activities that might give rise to such a conflict and that must be reported in a detailed and timely fashion.

2.2.1. Financial Interests:

To have, directly or indirectly:

- (a) An ownership or investment interest in any entity with which Leapfrog has a transaction or arrangement; or
- (b) A compensation arrangement with Leapfrog, or with any entity or individual with which Leapfrog has a transaction or arrangement; or
- (c) A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which Leapfrog is negotiating a transaction or arrangement.

2.2.2. Business Affiliations:

To serve as a director, trustee, owner, officer, partner, employee, consultant, agent or advisor of any person, firm, or organization which is a supplier of goods or services to Leapfrog.

2.2.3. Governmental Affiliations:

To hold any elected or appointive office or position in any branch of government or in any regulatory agency having authority or jurisdiction over Leapfrog.

2.2.4. Other Business Affiliations:

To serve as a director, trustee, owner, officer, partner, employee, consultant, agent, or advisor of any organization whose purpose or mission is focused on improving the quality of health care or providing or insuring the provision of health care services, supplies or devices which is or is not affiliated with Leapfrog.

2.2.5. Other Outside Activities:

To compete, directly or indirectly, with Leapfrog in the purchase or sale of property or any property right, interest or service.

2.2.6. Gifts, Gratuities and Entertainment:

To accept a gift, gratuity, entertainment or other material benefit from any person or concern that does, or is seeking to do, business with, or is a competitor of, Leapfrog under circumstances from which it might be inferred that such a gift, entertainment or other material benefit was intended to influence or possibly would influence the recipient in the performance of his/her duties.

3. COMPENSATION:

- 3.1.** A voting member of a board or of a committee whose jurisdiction includes compensation matters, who receives compensation, directly or indirectly, from Leapfrog for services is precluded from voting on matters pertaining to that member's compensation.

4. PROCEDURES:

- 4.1.** As soon as any potential conflict of interest described above or any situation as to which a member may be in doubt, comes to the attention of a member, full disclosure must be made so as to permit a determination of whether a real or potential conflict of interest exists; however, the member whose interest may present a conflict shall not participate in any decision with respect to whether a real or potential conflict of interest exists.
- 4.2.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the member shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
- 4.3.** If a conflict or potential conflict is deemed to exist, the member must remove himself or herself from the room during any discussion of the matter, refrain from participating in discussion and voting upon or other decision making in regard to the matter, avoid using his or her personal influence, avoid making an administrative decision on the matter, and, in the case of a trustee, must not be counted in determining the quorum for action on the matter, even where permitted by the by-laws of Leapfrog.
- 4.4.** The board or committee shall determine whether Leapfrog can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest. The chairperson of the board or committee may appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- 4.5.** If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in Leapfrog's best interest and for its own benefit and whether the transaction is fair and reasonable to Leapfrog and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

5. VIOLATIONS:

- 5.1.** If a board or committee has reasonable cause to believe that a member has failed to disclose actual or potential conflicts of interest, it shall inform the member of

the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

- 5.2. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or potential conflict of interest, it shall take appropriate disciplinary and corrective action.

6. RECORDS OF PROCEEDINGS:

The minutes of a board and a committee shall contain:

- 6.1. The names of the persons who disclosed or otherwise were found to have an actual or potential conflict of interest, the nature of the actual or potential conflict, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed.
- 6.2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

7. ANNUAL STATEMENTS:

- 7.1. Each board member, committee member, officer, and senior executive shall annually sign a statement which affirms that such person: (a) has received a copy of the Conflict of Interest Policy; (b) has read and understands the Conflict of Interest Policy; and (c) has agreed to comply with the Conflict of Interest Policy.
- 7.2. In addition to making ongoing disclosures of potential conflicts of interest, members must make all potential conflicts of interest a matter of record through an annual procedure as follows:
 - 7.2.1. The Chair of LFG or his/her designee shall advise members of the conflict of interest policy in writing and request that each individual complete and submit to the Chair or his/her designee prior to the beginning of each calendar year, a conflict of interest questionnaire, substantially in the form of Appendix 1 to this Policy.
 - 7.2.2. Each new member shall be advised of the policy prior to selection as a member, and shall be required to file within thirty (30) days thereafter the conflict of interest questionnaire in the form of Appendix 1 to this Policy.
 - 7.2.3. The Chair of LFG or his/her designee shall review all conflict of interest questionnaires. It is understood that these conflict of interest questionnaires will be used only to the extent necessary for the administration and verification of the Conflict of Interest Policy and will be kept confidential to the extent allowed by law.

7.2.4. At least annually, the Chair of LFG or his/her designee shall disclose to the Board of Trustees of LFG, the results of the conflict of interest questionnaires. These results (including the underlying conflict of interest questionnaires) shall also be available for inspection by any board member upon request.

7.3. The Chair of LFG shall determine who is a manager for the purpose of making an annual statement and completing a conflict of interest questionnaire.

8. PERIODIC REVIEWS:

To ensure that Leapfrog operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. In conducting periodic reviews, Leapfrog may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted. The periodic reviews shall, at a minimum, include the following subjects:

8.1. Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining; and

8.2. Whether partnership and joint venture arrangements further Leapfrog's charitable purposes.

CONFLICT OF INTEREST QUESTIONNAIRE

(Return to Chair of The Leapfrog Group, Inc.)

Pursuant to the Conflict of Interest Policy of The Leapfrog Group, Inc. and its Affiliates ("Leapfrog") requiring disclosure of certain interests, a copy of which has been furnished to me, and consistent with the purpose and intentions of this policy, I hereby state that I or members of my immediate family (spouse and dependents) have the following affiliations or interests and have taken part in or are now taking part in the following transactions that, considered in conjunction with my position with or relation to Leapfrog, might possibly constitute a conflict of interest (state "none" where applicable). References are provided to the relevant section of the Conflict of Interest Policy:

1. **Financial Interests** (Section 2.2.1):

Please list below any of the following direct or indirect financial interests that you or any member of your immediate family may have:

- (a) An ownership or investment interest in any entity with which Leapfrog has a transaction or arrangement;
- (b) A compensation arrangement with Leapfrog, or with any entity or individual with which Leapfrog has a transaction or arrangement; or
- (c) A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which Leapfrog is negotiating a transaction or arrangement.

Please include the approximate value of the financial interest in each case. If none, so state.

2. **Business Affiliations** (Section 2.2.2):

Please list below any affiliations you or any member of your immediate family have as a director, trustee, officer, partner, employee, consultant, agent, or advisor of any person, firm or organization which to the best of your information and belief is a supplier of goods or services to Leapfrog and briefly describe the type of goods or services so supplied. Please include a statement to the best of your information and belief as to the dollar amount received from Leapfrog by such person, firm, or organization during the prior calendar year. If none, so state:

3. Governmental Affiliations (Section 2.2.3):

Please list below any elected or appointive office or position you or any member of your immediate family hold in any branch of government or in any regulatory agency having authority or jurisdiction over Leapfrog. If none, so state:

4. Other Health Care Business Affiliations (Section 2.2.4)

Please list below the name and address of any organization whose purpose or mission is focused on improving the quality of health care or providing or insuring the provision of health care services, supplies or devices, other than those affiliated with Leapfrog, which you or any member of your immediate family serve as a director, trustee, officer, partner, employee, consultant, agent or advisor and the capacity in which you serve. If none, so state:

5. Other Outside Activities (Section 2.2.5):

Please list below any other outside activities, of you or any member of your immediate family, that competes, directly or indirectly, with Leapfrog in the purchase or sale of property or any property right, interest or service. If none, so state:

6. Gifts, Gratuities and Entertainment (Section 2.2.6)

Please list below any gift, gratuity, entertainment, or other material benefit that you or any member of your immediate family has accepted from any person or concern that does, or is seeking to do business with or is a competitor of, Leapfrog from which it might be inferred that such a gift, entertainment or other material benefit was intended to influence or possibly would influence the performance of your duties. If none, so state:

7. Other:

List any other activities in which you or your immediate family are engaged in that might be regarded as constituting a potential conflict of interest. A potential conflict of interest exists in any instance in which the actions of a member (or his/her immediate family) undertaken on behalf of Leapfrog may result in a personal gain or advantage to the member or any concomitant disadvantage to Leapfrog. If none, so state:

I hereby agree to report promptly to the Chair of LFG or his/her designee any situation or transaction that may arise during the forthcoming year that constitutes a potential conflict of interest. I further acknowledge that I:

- (a) Have received a copy of the Conflict of Interest Policy;
- (b) Have read and understand the Conflict of Interest Policy; and
- (c) Hereby agree to comply with the Conflict of Interest Policy.

Signature: _____

Date: ___/___/___

Print Name: _____