



POLICIES ON BUSINESS ETHICS

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Scientific Learning is committed to conducting its business in accordance with high ethical standards. Often, good common sense is all that is needed to act in an ethical manner. In other circumstances, more guidance may be helpful. While no document can provide you with information on how to handle every situation, these Policies on Business Ethics are intended to help you know how to do the right thing when issues or challenges confront you. Any questions or concerns about these policies, or about how to handle situations not discussed here, should be directed to your manager or the General Counsel.

POLICIES

- Compliance with Laws
- Honesty
- Questionable Payments
- Gifts and Entertainment
- Avoiding Conflicts of Interest
Employing Family Members; Fraternization
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Outside Activities and Interests
- Political Activities; Lobbying
- Compliance with Antitrust Laws
- Competitive Information
- Maintaining Corporate Books and Records
- Document Retention
- International Operations
- Compliance with Company Policies on Business Ethics

COMPLIANCE WITH LAWS

Scientific Learning's policy is that the Company and every employee will comply with all laws and regulations in conducting our business, including all applicable tax, employment, antitrust, securities and consumer protection laws. This is the most fundamental policy underlying our commitment to integrity and ethical conduct. You are responsible for being aware of and complying with the legal requirements affecting your job, and communicating those standards to any employees that you supervise. If you have any questions about compliance, please contact the General Counsel.

HONESTY

All Scientific Learning employees must be honest, ethical and fair with all customers, vendors and others whom we contact in the course of conducting our business. Our policy is to adhere to the highest standards of honesty in dealing with our customers, describing our products and our business, fulfilling our contractual obligations, reporting the results of scientific evaluation of our products, and otherwise conducting our business.

Because the Company enters into many contracts with school districts and other government entities, and is subject to a variety of government regulations, particular care must be taken to ensure that no inaccurate or misleading reports, certifications, claims or statements are made to any government agency or official.

Expense reports must be completely honest and accurate, reflect only actual costs, and comply with the Company's travel and expense reimbursement policies.

QUESTIONABLE PAYMENTS

Scientific Learning employees must not participate in any way in the unlawful or unethical receipt or payment of Company or other funds, or in maintaining any unrecorded cash or other assets for the purpose of any unlawful or unethical receipts or payments.

You may not take part in any improper payments to any government officials, employees or agents, nor may you offer bribes, kickbacks or other payments to obtain favored treatment for the Company or for yourself. Avoid trying to inappropriately influence customers and suppliers in any way. Use good judgment to avoid even the appearance of an improper payment or relationship.

Our customers, suppliers and the public at large must also know that a Scientific Learning employee's judgment is not for sale. Never solicit or receive any improper payment. We depend on you and every other employee to use your best judgment and to be free of any influence other than the desire to legally and ethically obtain the best possible result for the Company. Avoid any circumstance that might affect your ability to be impartial when doing your job.

GIFTS AND ENTERTAINMENT

As an employee, giving or receiving gifts or entertainment by you, or by members of your immediate family, can potentially create problems. Your giving gifts or entertainment may be seen as an attempt to influence the recipient in an improper way. Your receiving gifts or entertainment may be seen as an attempt to influence the performance of your duties or to cause you to favor certain individuals or companies. Therefore, any gifts or entertainment must be lawful, reasonable and permitted for both you and your customer or vendor.

Do not solicit or request any gift. Do not give or accept any gift that would affect or influence, or give the appearance of affecting or influencing, the business relationship at hand or the recipient's judgment in carrying out his or her duties and responsibilities. In dealing with government officials and employees, including employees of school districts, even greater care should be taken. Do not offer even nominal business courtesies, such as meals and entertainment, or any gift, regardless of value, to a government official or employee, unless you have confirmed in advance that the official is permitted to accept without violating any rules applicable to him or her.

All gifts and awards must comply with any guidelines published by the General Counsel.

Generally, gifts of cash or cash equivalents should be avoided. Any gift of cash must be made by a Company check, not by your own personal check or credit card. All donations by Scientific Learning to school or other charitable foundations must be approved in advance by an appropriate Vice President and by the General Counsel.

All gifts and awards (given or received) in excess of \$100 per person per year or \$500 per entity per year must be approved in advance by the General Counsel. Gifts of lesser amounts given to customers or prospects must be approved in accordance with guidelines approved and published by the General Counsel.

You may accept or provide meals or entertainment that is not extravagant (such as tickets to a game or the theatre or a round of golf) as long as it does not influence, or have the appearance of influencing, objectivity or decision-making and, if applicable, is in accordance with the Company's expense reimbursement policy.

Please always use common sense and good judgment in connection with gifts and awards. If you have a question, ask your manager or the General Counsel.

AVOIDING CONFLICTS OF INTEREST

Employees should avoid situations in which their personal interest could conflict with, or even appear to conflict with, the interests of the Company.

Conflicts of interest may arise where an individual's position or responsibilities within the Company present an opportunity for personal gain or profit separate from that individual's compensation from the Company. Where an employee's personal interests are inconsistent with those of the Company and create conflicting loyalties, a conflict of interest exists. Such conflicting loyalties can cause an employee to give preference to personal interest in a situation where Company responsibilities should come first.

Therefore, unless your involvement has been approved in advance under these Policies, you should not become involved in any business dealings:

- That are adverse to the interests of Scientific Learning,
- That create or may create a personal or financial interest or opportunity for you that may cause you to be unable to impartially perform your duties at the Company, or
- That might be viewed as interfering with your job performance or cause the appearance of a conflict of interest, even though no actual interference exists.

The following are some examples of situations that may give rise to conflicts of interest. Of course, no list can include every possible situation in which a conflict of interest could arise, and if you have any questions about whether a particular situation creates a conflict of interest, you should consult with your manager or the General Counsel.

Employing Family Members; Fraternization

The Company prohibits the employment of family members of current employees. Family members include spouses, children, stepchildren, grandchildren, parents, siblings, aunts, uncles, cousins, nieces, nephews and in-laws. For employees with domestic partners, the same prohibitions apply. The Company makes exceptions from this policy for temporary positions that are not in the same department as the existing employees and that do not extend beyond a 90-day period of time. The Company permits family members to serve as independent contractors to the Company so long as: (a) no family member is directly or indirectly supervising or managing a family member and (b) the engagement is approved by the appropriate Vice President (or, if the employee involved is a Vice President, by the CEO and an independent committee of the Board.)

In addition, the Company prohibits inappropriate fraternization between managers and employees whom they manage. Our objective is to avoid the misunderstandings, complaints of favoritism or possible claims of sexual harassment that can potentially result from personal or social relationships involving managerial employees of the company. Accordingly, romantic relationships between managers and employees whom they directly or indirectly supervise are prohibited.

Interests Adverse to or in Competition with the Company

Employees should avoid any outside financial or employment interests that might be in conflict with the Company's interests. Such outside interests could include:

- Acquiring a substantial personal or family financial interest in or providing services to any enterprise that has business relations with the Company or is a direct competitor of the Company. (Note that generally owning shares in a large publicly held corporation does not present a conflict.)
- Causing the Company to enter into a business relationship with an entity in which an employee has a substantial personal or family financial interest or to which the employee provides services.

However, there may be instances in which it is in the best interests of the Company to do business with an entity in which an employee has a significant financial or non-financial interest or for the employee to enter into a financial or services relationship with an entity with which the Company has a business relationship. Such transactions must be approved in advance by the Company's CEO. In addition, if the transaction involves an officer or a director of the Company, the transaction must also be approved in advance by the independent members of the Company's Board.

- If you are an employee of the Company, engaging in any other employment or business activity directly related to K-12 education, or any other business in which the Company is now involved or becomes involved, without the prior express written approval of the Company's CEO. In addition, if the transaction involves an officer or a director of the Company, the transaction must also be approved in advance by the independent members of the Company's Board.
- Acquiring any interest in outside entities that the Company might buy.
- Taking individual advantage of an opportunity that might be of interest to the Company, unless appropriately approved in advance. Examples are business opportunities that are the result of an existing relationship with the Company, that are closely related to an existing line of business of the Company, or that represent a desirable avenue of expansion of the Company's activities. Advance approval must be obtained from the Company's CEO. In addition, if the transaction involves an officer or a director of the Company, the transaction must also be approved in advance by the independent members of the Company's Board.

Outside Activities and Interests

Scientific Learning respects the many and varied interests of its employees outside the work environment. You are free to pursue your personal interests, including work with political,

charitable, religious, civic and other organizations and activities that do not conflict with your employment obligations. However, your participation in outside activities must not cause someone to believe that Scientific Learning is endorsing the activity and must not impede your ability to properly perform your job.

POLITICAL ACTIVITIES; LOBBYING

Scientific Learning may, from time to time, distribute information about or share its viewpoint on political issues with our customers, the public, or our governmental representatives. There are a number of laws governing the Company's behavior in the political arena, and we must be careful to obey these laws.

We are prohibited under federal law and the laws of certain states from making political contributions. The Company will not make any prohibited contributions. The Company will only make political contributions if such contributions are permitted by law, are closely related to the Company's business, and are approved in advance by the Company's CEO and the General Counsel.

The Company's policies are not intended to interfere with your rights as a private citizen to engage in volunteer activity on behalf of a campaign. However, if you work on campaign-related activities during work hours or use corporate facilities (e.g., phones, copiers, computers or stationery) or personnel services (e.g., a secretary) in connection with the activity, then the Company may be considered to have made a prohibited corporate in-kind contribution to that campaign. Thus, before engaging in any campaign activity, including a fundraising activity, during working hours or using corporate facilities or personnel services in connection with such campaign activity, an employee must get approval in advance from the CEO and the General Counsel.

The viability of representative government depends upon the political election process, and all employees, as private citizens, are free to make personal political contributions, within the limits provided under law, to candidates, parties and committees of their individual choice. *Under no circumstance, however, shall any employee be compensated or reimbursed in any way for any personal political contribution.*

Neither the Company nor you may ever make any *quid pro quo* political contribution – a contribution made in exchange for some action or commitment by the person to whom the contribution is made. For example, a contribution to a school board member in exchange for that person's agreement to support a purchase of the Company's products is completely inappropriate and unacceptable. If a candidate asks you for a *quid pro quo* contribution, please report the request promptly to your manager.

In addition to the laws regulating contributions, there are federal and many different state laws regulating lobbying activities. Depending on the jurisdiction, the applicable lobbying law may require the Company or its employees to register and report as a lobbyist if a Company employee communicates with a legislative member or employee, or an executive branch official for the purpose of influencing legislation, formal rulemaking or certain other official decisions. To assure that we comply with these laws, before undertaking any communication as described above, you must obtain approval from the Company's CEO and the General Counsel.

COMPLIANCE WITH ANTITRUST LAWS

Scientific Learning operates in highly competitive markets. As a result, the antitrust laws are an important fact of everyday business life. The purpose of these laws is to promote vigorous, free, and open competition in the marketplace, so that the customer gets the best product at the lowest price. The antitrust laws are complex; business decisions involving prices, terms and conditions of sale, dealings with suppliers and customers, and many other matters, present sensitive situations under antitrust laws. The penalties for violating antitrust laws can be severe. It is therefore essential that every Company employee be aware of the antitrust laws and guard against their violation.

Company employees should not:

- Discuss pricing or pricing practices with competitors;
- Divide customers, markets, or territories with competitors;
- Agree with anyone not to deal with another company; or
- Attempt to control a customer's resale price, except in countries outside the US where such control is permitted by law.

We encourage questions about whether an action you are contemplating would cause antitrust concern. If you are in doubt about whether a certain practice violates the antitrust laws, consult the General Counsel.

COMPETITIVE INFORMATION

To be successful, a business must understand its competitors. In collecting data about its competitors, Scientific Learning uses all legitimate sources, but avoids any actions that are illegal, unethical or could cause embarrassment or liability to the Company. The federal Economic Espionage Act of 1996, for example, imposes criminal penalties on individuals and corporations that steal or attempt to steal trade secrets or knowingly receive or possess stolen trade secrets. In general terms, a trade secret is confidential information that a company has sought to protect, because it provides a business advantage over those who do not know or use it. If you receive or are offered questionable information, do not use or distribute the information until the circumstances have been reviewed by the General Counsel.

MAINTAINING CORPORATE BOOKS AND RECORDS

All entries made in the Company's books, records, and accounts must properly and fairly reflect the transactions being recorded, to the best knowledge, information, and belief of the employees making the entries. Regardless of your position with the Company, you are involved in maintaining our books and records - sales representatives make reports on customer calls; customer relations and technical service representatives report on customer complaints; sales operations personnel document sales transactions; the accounting department records sales and expenses. All of us contribute to the Company's books and records, and all of us are required to do so completely, correctly, and honestly.

Financial activities must be recorded in compliance with generally accepted accounting principles, the guidelines of the Financial Accounting Standards Board, and the requirements of applicable laws and regulations. Scientific Learning has established systems of internal controls to assure that our financial records meet all of these requirements. No employee or other

person acting on behalf of the company may engage in any activity that circumvents the Company's systems of internal controls.

Contracts and other records that document sales and expense transactions should do so as clearly and completely as is practical in the circumstances. "Side letters" may not be used to disguise certain aspects of a transaction. If it is necessary for legitimate business reasons to record a transaction using more than one document, you may do so, but all documents that contain any material terms of a transaction must be reported to the accounting department, in order to assure that all aspects of the transaction are properly recorded for financial reporting purposes. In addition, all sales documents that require an exception from the Company's established guidelines and practices must be approved in advance by the Controller, the CFO, the General Counsel or the CEO.

Our accounting and other business and corporate records are relied upon to prepare periodic reports that we publicly post on OTCMarkets.com. 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 transparent. 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, or applicable laws, rules and regulations;
- All employees must cooperate fully with our Accounting Department and 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 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 publicly posted on OTCMarkets.com 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.

DOCUMENT RETENTION

Scientific Learning is required by law to maintain certain types of corporate records, usually for a specified period of time. Failure to retain such documents for such minimum periods could subject the company to penalties and fines, cause the loss of rights, obstruct justice, place the company in contempt of court, or place the company at a serious disadvantage in litigation.

Therefore, Scientific Learning employees should comply with any established document retention policies applicable to their activities. In addition, even if the destruction of documents would otherwise be permitted under the Company's general policies, no document or other record should be destroyed if it might be relevant to a foreseeable, pending or actual lawsuit or government investigation. Once the Company has notice of litigation or a government investigation, or if it appears reasonably foreseeable that litigation or an investigation will take place, all destruction of documents that might in any way be relevant to the proceeding must cease.

INTERNATIONAL OPERATIONS

Laws and customs vary throughout the world, but all employees must uphold the Company's integrity in other nations as diligently as they would do so in the United States. When

conducting business in other countries, employees must be sensitive to foreign legal requirements and U.S. laws that apply to foreign operations, including the Foreign Corrupt Practices Act. The Foreign Corrupt Practices Act generally makes it unlawful to give anything of value to foreign government officials, political parties, party officials or candidates for public office for the purposes of obtaining or retaining business for the Company. Employees should contact the General Counsel if they have any questions concerning a specific international compliance question.

RELATED POLICIES

In addition to the policies contained in these Policies on Business Ethics, employees are also bound by other policies of the Company related to business ethics, including those related to:

- Trading in the Company's stock
- Public disclosure of information
- Confidentiality
- Drugs and alcohol
- Workplace safety and security
- Equal employment opportunity and diversity
- Harassment
- Travel and expense reimbursement
- Reporting complaints regarding accounting, control and auditing matters

WHO IS SUBJECT TO THESE POLICIES

All persons employed by the Company are subject to these policies. In addition, with certain limitations, non-employee members of the Board of Directors and other persons who provide services to the company (for example, independent contractors and persons employed by payroll services) are also subject to these policies in connection with their relationship to the Company.

Limitations:

- (a) Only regular full-time employees are subject to the prohibition on providing services to other entities in or having business activities in K-12 education or other areas of the Company's business.
- (b) Service providers who are not directors are not subject to the prohibitions contained in the section above titled "*Interests Adverse to or in Competition with the Company.*"

Subject to the following limitations, the term employee in this policy includes directors and other service providers when acting in their capacity as directors of or service providers to the Company or otherwise in connection with their relationship to the Company.

WAIVERS

Any waiver of these policies for directors or officers of the Company may be authorized only by our Board of Directors and may be disclosed to stockholders, along with the reasons for the waiver, as required by applicable laws, rules and regulations. Except as otherwise provided in these Policies, waivers for non-officer employees must be approved by the CEO.

COMPLIANCE WITH COMPANY POLICIES ON BUSINESS ETHICS

We all benefit from an atmosphere of ethical conduct. If you are aware of misconduct, illegal activities, fraud, abuse of Company assets or violations of these Policies on Business Ethics or other Company legal policies, you must report such matters to your manager, the General Counsel, or an appropriate member of the Board of Directors. If the matter involves financial, accounting, internal control or auditing issues, it may be reported to Monty Blanchard, an independent director who advises Management on finance-related issues. We maintain an anonymous reporting system for submitting such complaints, through which the complaint is directly forwarded to Mr. Blanchard. If the matter involves another type of issue, it may be reported to the lead independent director, who is presently Jeff Thomas. The Company maintains an email address that goes directly to Mr. Thomas. You can make any report anonymously. If you choose to identify yourself, your identity will be kept strictly confidential to the extent possible. No retaliatory action will be taken against you for making a good faith report.

Reports will be taken seriously and will be subject to internal investigation and appropriate corrective actions. The General Counsel and/or the Board will investigate all reported possible violations of these policies promptly and with the highest degree of confidentiality that is possible under the specific circumstances. We will employ a fair process by which to determine violations of these policies.

If the investigation indicates that a violation of these policies 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 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 violations.