



SCIENTIFIC LEARNING CORPORATION

POLICIES RE STOCK TRADING BY EMPLOYEES

Prohibition Against Trading On Inside Information; Blackout Period Restrictions

The Board of Directors of Scientific Learning Corporation (the "Company") believes that employees and members of the Board should have a meaningful investment in the Company. As stockholders themselves, employees and Board members are more likely to represent the interests of other stockholders. Likewise, employees may perform more effectively with the incentive of stock options or stock ownership.

With employee ownership of Company stock, however, comes the obligation to comply with all applicable securities laws, as well as the need to avoid even the appearance of impropriety in connection with trading in the Company's stock.

Inside Information

During the course of your employment with the Company, you may receive important information that is not yet publicly available, that is, not disclosed to the public in a press release or SEC filing ("inside information"), about the Company or about other publicly-traded companies with which the Company has business dealings. Because of your access to this information, you may be in a position to profit financially by buying or selling or in some other way dealing in the Company's stock or stock of another publicly-traded company, or to disclose such information to a third party who does so (a "tippee").

For anyone to use inside information in order to gain personal benefit, or to pass on, or "tip," the information to someone who does so, is illegal. There is no "de minimis" test. Use of inside information to gain personal benefit and tipping are as illegal with respect to a few shares of stock as they are with respect to a large number of shares. You can be held liable both for your own transactions and for transactions made by a tippee, or even a tippee of a tippee. The only exception is that transactions directly with the Company, for example, option exercises or purchases under the Company's employee stock purchase plan, will not create problems. However, the sale or other disposition of such stock **is** fully subject to these restrictions.

As a practical matter, it is sometimes difficult to determine whether you possess inside information. The key to determining whether nonpublic information you possess about a public company is "inside information" is whether making the information public would be likely to affect the market price of the company's stock or would be likely to be considered important by investors who are considering trading in that company's stock. Certainly, if the information makes **you** want to trade, it would probably have the same effect on others. If you possess "inside information," you must refrain from trading in the affected company's stock, advising anyone else to do so, or communicating the information to anyone else until you know that the information has been made available to the public. "Trading" includes engaging in short sales, transactions in put or call options, and other inherently speculative transactions.

Although by no means an all-inclusive list, information about the following items may be considered to be “inside information” until it is made public:

- (a) financial results or forecasts;
- (b) major new products;
- (c) acquisitions or dispositions;
- (d) pending public or private sales of debt or equity securities;
- (e) major contract awards or cancellations;
- (f) scientific, clinical or regulatory achievements;
- (g) top management or control changes;
- (h) possible tender offers;
- (i) significant writeoffs;
- (j) significant litigation; and
- (k) corporate partner relationships.

These restrictions about trading when you know inside information apply to **all employees and members of the Board of Directors** of the company. Anyone who effects transactions in the Company's stock or the stock of other public companies engaged in business transactions with the Company (or provides information to enable others to do so) on the basis of inside information is subject to both civil liability and criminal penalties, as well as disciplinary action by the Company. An employee who has questions about these matters should speak with his or her own attorney.

Trading Blackout Periods

Hindsight can be remarkably acute, and an accusation can always be made that at any particular time a purchase or sale of stock by an insider was motivated by undisclosed favorable or unfavorable information. In such circumstances, the appearance of a problem can be almost as problematic as an actual abuse, both to the Company and to the insider involved. The Company has therefore established the following policies concerning transactions in the Company's stock by **all employees and members of the Board of Directors**.

1. Except as set forth in paragraphs 2, 3 and 5 below, employees and members of the Board may not buy or sell stock of the Company in the market during a “blackout period.” The “blackout period” generally begins two weeks before the end of the quarter and ends on the second business day after general public release of the Company's annual or quarterly revenues (for example, if the Company releases its quarterly revenues on a Tuesday afternoon during a week with no holidays, then employees may begin to trade at market open on Thursday). This “blackout period” may begin earlier or may end later if, in the judgment of the Company's Chief Executive Officer, there exists undisclosed information that would make trades by directors or employees inappropriate.
2. However, persons who are eligible to do so may purchase stock under the Company's Employee Stock Purchase Plan (“ESPP”) on periodic designated dates in accordance with that Plan and may exercise options granted under the Company's stock option plans without restriction to any particular period. Subsequent sale of the stock acquired upon exercise of options or pursuant to the ESPP is subject to this policy.
3. In addition, employees and members of the Board may make purchases or sales of Company stock in compliance with good faith “trading plans” that they establish under SEC

Rule 10b5-1 without restriction to any particular period. Such trading plans must be approved by and must follow guidelines adopted by the Company's Chief Financial Officer.

4. No employee or member of the Board may engage in short sales, transactions in put or call options or other inherently speculative transactions with respect to the Company's stock at any time.
5. An employee or member of the Board who believes that special circumstances require him to trade within the blackout period should consult with the Company's Chief Financial Officer. Permission to trade will be granted only where the circumstances are extenuating and there appears to be no significant risk that the trade may subsequently be questioned. Even if the CFO has given approval to trade, the determination that a trade is appropriate is the decision and responsibility of the individual insider, not of the Company.
6. The policies above apply to all employees and members of the Board of Directors of the Company. Generally, any entities or family members whose trading activities are controlled or influenced by any of such persons should be considered to be subject to the same restrictions.

Reporting of Transactions by "Company Insiders"

For purposes of this provision, "Company Insiders" means each of the following: the Company's CEO, principal financial officer, principal accounting officer, all vice-presidents and all members of the Company's Board of Directors.

Each of the Company's Insiders is required to report all purchases and sales of common stock or other securities of Scientific Learning made by the Insider, except that Insiders will not be required to report any purchase or sale made directly with the Company (for example, in the case of receiving an equity grant from the Company or purchasing stock or warrants directly from the Company). These reports must be addressed to the CEO, VP of Finance and General Counsel and delivered within three (3) business days of the applicable purchase or sale.

The following information should be included in the report:

- 1 – The date of the transaction;
- 2 – The nature of the transaction, as follows:
 - a – Open market or private purchase of a security;
 - b -- Open market or private sale of a security;
 - c -- Exercise of an option; or
 - d – Exercise of a warrant.¹
- 3 -- the number and type of securities subject to the transaction; and
- 4 – the per share price and aggregate price of the transaction.

¹ The Company Insider should contact the General Counsel if the Company Insider believes that none of these options accurately describe the applicable transaction.

Within fifteen (15) days of: (a) the Company's receipt of a report from an Insider as described above, or (b) the completion of a purchase or sale transaction directly between the Company and a Company Insider (other than an equity grant made for compensatory purposes), the Company will post a publicly accessible disclosure on OTCMarkets.com (or comparable website) specifying the details of each such purchase or sale.

Additional Restrictions Applicable to Executive Officers and Members of the Board of Directors

Even outside the blackout period, any Section 16-designated officer or member of the Board of Directors of the Company who desires to make any transaction in the Company's stock (other than a purchase under the ESPP or a transaction under a good faith trading plan) must clear that transaction in advance with the CFO. Specifics of this requirement are outlined in SLC's *Policy Requiring Pre-Clearance of Stock Transactions by Executive Officers and Members of the Board of Directors*.