

PLATO LEARNING, INC.
CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION

The purpose of this Code of Business Conduct and Ethics (“Code”) is to emphasize and affirm PLATO Learning, Inc.’s and its subsidiaries (the “Company”) commitment to comply with the applicable laws of each jurisdiction where it conducts business; its expectation that all directors, officers and employees (“You”) will be guided by the basic principles of honesty and fairness in your dealings with customers, suppliers, government officials and regulatory authorities (“Customers”); and its desire to establish guidelines to assist You in identifying situations involving possible conflict of interests.

The Company’s success depends, in part, on a high level of public confidence. To sustain this confidence, You must observe the highest standards of ethical and legal behavior. The Company provides this Code to You for your guidance in recognizing and resolving properly the ethical and legal issues You may encounter in conducting the Company’s business. Although Customer expectations and standards of ethics may vary in different business environments, honesty and integrity characterize the Company’s business activities worldwide. You are expected to be honest and alert to ethical and legal responsibilities and to act in good faith. Your actions must be based upon sound judgment. You will not be permitted to achieve results at the cost of violating laws or through unscrupulous dealings.

RESPONSIBILITY FOR COMPLIANCE

Adherence to all laws and regulations in the countries in which the Company operates, and to the policies in this Code, are conditions of employment for You. It is expected that You will have a working knowledge of permissible activities, but it is not expected that You will be fully versed in the law affecting your responsibilities. If situations arise in which the proper course of action is not clear or whenever You have a question regarding the propriety of a particular course of action or the interpretation of this Code, or upon discovery of events of a questionable, fraudulent or illegal nature, You should consult with and seek guidance from their supervisor or a higher level manager. Violations could expose the employee and the Company to civil and criminal liability and could harm the Company’s reputation and competitive position. Violations will be dealt with promptly and may result in disciplinary measures up to and including the termination of employment.

In addition to the provisions of this Code, employees working with the U.S., state or local governments, or governments of other countries where we operate, have an additional obligation to know, understand and abide by the laws, regulations and ethical standards of those branches of government that may be more strict than those that apply to our non-government Customers. If a government agency, whether federal, state or local, has adopted a more stringent policy than the Company’s regarding gifts and gratuities, You and representatives of the Company must comply with that more stringent policy.

It is the responsibility of all employees who manage other employees (“Managers”) to ensure their organization’s familiarity and compliance with this Code, and the Company’s Policy on Concern Reporting and Resolution. It is the responsibility of You to promptly report any violations, suspected violations, or conflicts through Managers or the Company’s legal counsel, or by using the Company’s Policy on Concern Reporting and Resolution. You are prohibited from retaliating

against or threatening anyone for reporting or supplying information in good faith about a policy or conduct concern.

The Company expects its independent dealers, distributors and agents (“Agents”) to comply with the policies set out in this Code. The Company Manager responsible for any such relationship must ensure that the terms of the relationship are set out in a written agreement, provide a copy of the Code, and require compliance with the Code in all dealings on the Company’s behalf. Promoting or engaging in any practices that violate the principles of this Code may result in termination of the relationship.

An annual communication will be made to You to maintain current familiarity with this Code. Each year You will be required to acknowledge that You have read, understand and have complied with the Code, Managers will be required to acknowledge that to the best of their knowledge and belief, they have communicated the Code to all employees in their organization, that they know of no violations and that they encourage the reporting of all Code violations.

The Audit Committee of the Board of Directors will review reports from management and the Company’s independent auditor that the Company is in compliance with applicable legal requirements and this Code, and will advise the Board with respect to the Company’s policies and procedures regarding compliance with applicable laws and regulations and this Code. The Audit Committee will consider any request for a waiver of any provision of this Code for executive officers. Only the Board of Directors or the Audit Committee may approve a waiver for executive officers. Waivers will be granted only in exceptional circumstances and will be promptly disclosed as required by law.

PAYMENTS, GIFTS, BRIBES, CONTRIBUTIONS, ENTERTAINMENT

No bribes, kickbacks, or other payments for illegal purposes shall be made to or for the benefit of Customers or others. This Code extends not only to direct payments, but also to indirect payments made in any form through consultants or other third parties.

Giving Business Gifts. Gifts in the form of cash or cash equivalents (e.g., checks, marketable securities, or gift certificates) may not be given regardless of the amount. The giving of “courtesy” business gifts is permissible, for example: candy, beverages and fruit of nominal value; flowers of nominal value given on traditional occasions; or souvenirs or advertising novelties of nominal value. Certain business courtesies, such as payment for a lunch or dinner in connection with a business meeting, are permissible so long as the cost of the lunch or dinner is reasonable in amount and in accordance with generally accepted local practice. Business meals involving public officials should never be on a scale that might compromise or give the impression of compromising the integrity of such officials or the Company. Unsolicited promotional materials of a general advertising nature, such as imprinted pencils, memo pads and calendars are permitted as long as what is given is accepted without any express or implied understanding that the recipient is in any way obligated.

When the Company is dealing with government employees or those on the government’s behalf, providing education, transportation, meals, entertainment or other things of value, may be entirely unacceptable, and may even violate certain federal, state, local or foreign laws and regulations. Therefore You must be aware of, and adhere to, the relevant laws and regulations governing

relations between government employees and Customers in every country where You conduct business.

The Company's relationships with commercial customers may occasionally present circumstances where gifts or favors are exchanged as an accepted business practice or as a matter of courtesy, without inference of unethical conduct. Certain discounts, rebates, free products, demos, equipment loaners, and warranty services furnished to Customers and potential Customers in the ordinary course of business are permitted. Presentations of a ceremonial nature in keeping with national custom may be permitted as long as what is accepted is not in violation of any law, cannot be construed as a bribe or a payoff and would not embarrass the Company or ourselves if disclosed publicly. Gifts, when made, must be legal and in accordance with the generally accepted business practices of the governing jurisdictions. Where larger gifts are unavoidable because of local custom, review and prior approval of the Chief Executive Officer or his designee is necessary when any gift is to be given with a value in excess of \$100.

In order to administer Company policy and facilitate compliance, no gift shall be paid for directly by You and submitted for reimbursement on an expense report. All gifts are to be paid for by the Company through the normal accounts payable disbursement process. Gifts should be accurately recorded on the Company records and properly treated to tax purposes.

Forbidden Payments to Governments. The U.S. Foreign Corrupt Practices Act ("FCPA"), as amended, criminalizes corrupt payments (e.g., bribes) to foreign officials that are made in order to obtain business. The penalties are significant. The Company may be fined up to \$2,000,000. You may be fined up to \$250,000 and imprisoned for up to six (6) years. The Company competes on the basis of quality, service and price. As a result, no payment or gift of any kind shall be made to any person on behalf of the Company to influence any act or decision of any government official, candidate for political office or political party for the purpose of inducing that person, candidate or party to use their influence to affect any government act or decision that would assist the Company in obtaining, retaining or directing business. The FCPA applies everywhere in the world. A violation occurs when a payment is made or promised to be made to a foreign government official while knowing that the payment will be used to unlawfully obtain or maintain business or direct business to anyone else.

The Company or You will not give or encourage anyone else to give inducements of any kind to any government and non-government employee of the U.S. or any other government, or to any suppliers under government or non-government contracts or subcontracts, in order to gain any business advantage or contract. Under no circumstances may a payment be made to induce any action by a government employee that involves a decision to award or continue business with the Company.

Political Contributions. No funds or assets of the Company shall be used, directly or indirectly, for political contributions, even where permitted by applicable local law, without review and the prior written approval of the Chief Executive Officer of the Company or his designee. This prohibition applies only to the direct or indirect use of Company funds or assets and should not be construed to prohibit You from making political contributions or engaging in political activities in your individual capacities, on your own time and at your own expense. Under no circumstances shall You be reimbursed in any way for personal contributions.

Foreign Charitable Contributions. No funds or assets of the Company shall be used, directly or indirectly, for foreign charitable contributions in excess of \$25, even where permitted by applicable local law, without review and the prior written approval of the Chief Executive Officer of the Company or his designee.

Receiving Business Gifts. Gifts in the form of cash or cash equivalents (e.g., checks or marketable securities) shall not be accepted regardless of the amount. The Company or You will not be influenced by gifts or favors of any kind from our current or potential Customers. The Company expects You to exercise reasonable judgment and discretion in accepting any gratuity or gift offered to You in connection with employment at the Company.

Gifts of nominal value are permitted, provided they are given as a gesture of professional friendship, and do not involve a Company commitment having to do with the transaction of business. In most cases, such a gift should be donated to charity or, at a minimum, shared within your department or working group.

You or members of your immediate family, should not seek or accept any gifts, entertainment, payments, fees, services, valuable privileges, vacations or pleasure trips (without a legitimate business purpose), loans or other favors from any person or entity that has, is likely to have, or is seeking to establish a business relationship (such as customers, competitors, or vendors) with the Company from which it might be inferred that such action was intended to influence or possibly influence You in the performance of your duties.

CONFLICT OF INTEREST

You will not engage in, or tolerate in others, any activity or interest, which is inconsistent with the best interests of the Company and ethical business conduct. This also means that You will do your best to avoid the mere appearance of conflict or wrongdoing.

It is impossible to cover every conflict of interest situation and, at times, it may not be easy to distinguish between proper and improper activity. The following, although not considered to be all-inclusive, is intended to serve as a guide to the types of situations or activities that might cause a conflict of interest and which signal the need to ask the advice of your supervisor.

Other than what is required as a matter of employment, You or your immediate family members, shall not be directly or indirectly employed by, solicit and/or receive commission, payment or benefit from or have any material ownership interest in or any significant relationship with any organization with which the Company does business or provides business, including, for example, competitors, Customers, Agents or consultants, unless disclosed and approved by the Chief Executive Officer or his designee.

You shall not knowingly, directly or indirectly, buy, sell, or lease property rights or interests from or to the Company or near locations of current or probable interest to the Company without prior full and appropriate disclosure to the Chief Executive Officer of the Company or his designee.

You may not take for personal use opportunities that are discovered through the use of corporate property, information or position, nor may You use corporate property, information or position for your own personal gain or to compete with the Company. You have a duty to advance the Company's interests when the opportunity to do so arises.

Insider Trading. You are required to comply with the Company's Statement of Company Policy Prohibiting Insider Trading ("Insider Trading Policy"). Because the Company is a reporting company under the Securities Exchange Act of 1934, the executive officers and directors of the Company have a number of important responsibilities under the federal securities laws. Further, the Company has a responsibility to take reasonable steps to ensure that You are not engaging in improper insider trading. The Company's Insider Trading Policy provides that You or a member of your immediate family sharing the same household ("Family") shall directly or indirectly purchase or sell any securities of the Company while You or Family are in possession of material non-public information affecting the Company or during periods when the window for trading is closed by the Company. Also, You and Family may not "tip" others about important information regarding the Company, and in general should keep Company information confidential. Failure to comply with the Policies could result in disciplinary action by the Company and severe criminal and civil penalties.

Fair Dealings and Competition. You should deal fairly with the Company's Customers, competitors and their employees. You should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice. In general, agreements and arrangements which eliminate or substantially lessen competition must be avoided, and agreements with a competitor are particularly suspect. For example, concerted activities with competitors which affect prices (or any component thereof), or which limit marketing areas, products offered, volume of production, sources of supply or customers or channels of distribution are extremely dangerous and usually illegal. There are other sensitive antitrust areas which should raise a "red flag" in your mind. These include: exchanges of price information; exclusive dealing arrangements and conditioning the sale of one product on the purchase of another (tie-ins); reciprocal dealing; group boycotts; discrimination in prices, services or facilities; and other unfair methods of competition.

The Company will comply with the antitrust laws in the jurisdictions where it transacts business. It is impractical to attempt to summarize all such laws because they are far-reaching and extremely complicated. However, You are charged with avoiding the violation of, or the appearance of having violated, these laws. In every transaction in which You are involved, You must give consideration to the possibility of antitrust implications. If in doubt, You should discuss the matter with your supervisor.

CONTRACT COMMITMENTS

The Company has contracting processes in place to protect its assets and to provide the appropriate controls needed for the Company to run its business effectively with its Customers, business partners, and other third parties. Within these processes, defined authority for pricing and certain other contract terms and conditions are defined by management and may have been delegated to certain employees. Making business commitments outside of these processes, through side deals or otherwise, is not acceptable. To be clear, You should not make any oral or written commitments that create a new agreement or that will modify an existing Company agreement with a third party without approval from the appropriate management personnel.

COMPLIANCE WITH LAWS

The Company is committed to complying with the applicable laws of the jurisdictions where it transacts business. In some instances, the laws may be ambiguous and difficult to interpret.

Management has access to legal counsel and will seek advice as necessary in order to comply with this Code. You are encouraged to consult with your supervisor in situations where You are uncertain of the propriety of a given transaction.

The Company will comply with laws that prohibit activities associated with organized foreign economic boycotts, including refusing to do business with boycotted countries, their nationals or blacklisted companies. The Company will also comply with all export control and import laws and regulations that govern the exportation and importation of commodities and technical data. The Company will comply with environmental laws and public sector procurement laws. You are responsible for knowing and adhering to all the relevant lobbying laws and associated gift laws, if applicable, and for compliance with all reporting requirements.

In addition to penalties which may be imposed by the U.S. government, any violation of applicable laws, recognized ethical business standards, or this Code will subject You to disciplinary action up to and including immediate termination. Disciplinary action will also apply to any Manager who directs or approves violations or has knowledge of them and does not take appropriate actions in accordance with this Code.

INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION

The Company invests substantial resources in developing proprietary intellectual property and confidential information. Confidential information is information that is not generally known or readily available to others. The Company protects its intellectual property by seeking patent, copyright, trade secrecy, and trademark protection. It protects its confidential information by taking precautions to prevent inappropriate disclosure or loss of such information. The Company will take every measure necessary, including legal measures, to protect its assets.

Confidential information is critical to the Company's competitive advantage. This includes technical know-how and data, trade secrets, business plans, marketing and sales programs, and sales figures, as well as information relating to mergers and acquisitions; stock splits, divestitures, licensing activities, and changes in senior management. It also includes the proprietary information of third parties, including the Company's Customers, entrusted to the Company in confidence. If You receive proprietary information from customers or third parties You should proceed with caution to prevent any accusation that You misappropriated or misused the information. You must protect proprietary information entrusted to the Company by taking precautions to prevent inappropriate disclosure or loss of such information.

Confidential information also includes personal information about the Company's employees, such as salaries, benefits, and information contained in personnel files. The Company maintains only those employee personnel and medical records necessary for business, legal or contractual purposes. Access to those records and the information contained therein shall be limited to those with a need to know for a legitimate business purpose, and must not be shared with others outside the Company except pursuant to approved business relationships.

If You leave the Company for any reason, including retirement, You must return all of the Company property, including documents and media, which contain the Company's or a third party's proprietary information, and You may not disclose or use the Company proprietary information, including the Company confidential information. Also, the Company's ownership of intellectual property You created while You were an employee continues after You leave the Company.

You should take special care when acquiring software from others. As intellectual property, software is protected by copyright, and may also be protected by patent or trade secret laws. Before You accept software, access software or data on a network, or accept a license agreement, You must ensure that all terms and conditions of any license agreement—such as provisions not to copy or distribute programs—are strictly followed. If You acquire software for your personally owned equipment, You should not copy any part of such software in any development work done for the Company. Also, You may not accept confidential information from third parties, including competitors, without the authorization of the Company legal counsel.

PROTECTION AND PROPER USE OF COMPANY ASSETS

You should protect the Company's assets and promote their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. All Company assets should be used for legitimate business purposes. Incidental and occasional personal use of Company assets such as computers, telephones and supplies is permitted.

RECORDKEEPING, REPORTING, AND RETAINING INFORMATION

You must record and report all information accurately and honestly and must comply with the Company's guidelines for record retention. You are entitled to reimbursement for reasonable expenses—but only if those expenses were actually incurred. To submit an expense account for any expense not incurred is dishonest reporting and is prohibited.

Under various laws, such as the Tax Laws or the Foreign Corrupt Practices Act, the Company is required to maintain books and records reflecting the Company's transactions. Compliance with generally accepted accounting principles is required at all times. The books of accounts must truly reflect the transactions they record. It is essential that these books and records are accurate and organized in a way that will not mislead or misinform those who receive it. Dishonest reporting can lead to civil or even criminal liability to You or the Company. There shall be no concealment of information from the Company's finance staff or independent auditors. All assets and liabilities of the Company, in particular bank accounts in which Company cash is on deposit, shall be recorded in the accounting records of the Company.

WORK ENVIRONMENT

The Company is committed to a productive work environment. Key elements for developing such an environment include freedom from harassment in any form, a culture that recognizes and appreciates the advantages of a diverse work force, and a decision process, which seeks to ensure that You are treated with dignity and respect.

Discrimination on the basis of race, religion, gender, color, ethnic or national origin, age, disability, sexual preference, or marital status will not be allowed. This includes discrimination in hiring, training, advancement, compensation, discipline, and termination. Harassment, such as racial or sexual harassment, will not be tolerated and should be reported to the appropriate Manager or Human Resources Representative.

The Company is committed to doing business in an environmentally responsible manner and will strive to improve its performance to benefit its employees, Customers, communities, shareholders and the environment. The Company is committed to a safe, healthy work environment that is in compliance with all applicable laws and regulations.

GOVERNMENT INVESTIGATIONS, ANALYST AND MEDIA INQUIRIES

The Company intends to fully cooperate with any appropriate governmental investigation. A condition of such cooperation, however, is that the Company be adequately represented in such investigations by its own legal counsel. Accordingly, any time You obtain knowledge, which would reasonably lead one to believe that a government investigation or inquiry is underway, that information should be communicated immediately to the Chief Executive Officer or his designee. Routine dealings with the government, such as routine tax audits, are not covered by this Code. All inquiries from the financial/analyst community should be referred to Investor Relations. All media inquiries should be referred to the Marketing Department.

CONCLUSION

This Code is intended to provide a framework to guide business conduct, and to inform You of your legal and ethical obligations to the Company and our Customers. No Code can cover every possible business situation that may arise in the complex regulatory environment in which we operate. The Company considers compliance with this Code to be vital, and the Company's reputation for quality products and high standards can only be maintained by consistently honest and ethical dealings. The Code and its terms may be modified, amended or replaced in its entirety from time to time by the Company. The most current version of the Code is available on the Company's website. If You have any doubts or concerns regarding the Code or any conduct, or if You need assistance in understanding or interpreting the Code, please contact and review your issues with management, the Company's legal counsel, or by using the Company's Policy on Concern Reporting and Resolution.