

PLATO Learning, Inc.

Statement of Company Policy
Prohibiting Insider Trading

Pertaining to All PLATO Learning Directors, Employees and Contracted Personnel
Effective September 10, 2002

The purchase or sale of securities while aware of material non-public information, or the disclosure of material non-public information to others who then trade in the Company's securities, is prohibited by the federal securities laws. Insider trading violations are pursued vigorously by the SEC and the U.S. Attorneys and are punished severely. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by company personnel.

The Company's Board of Directors has adopted this Policy Statement both to satisfy the Company's obligation to prevent insider trading and to help Company personnel avoid the severe consequences associated with violations of the insider trading laws. The Policy Statement also is intended to prevent even the appearance of improper conduct on the part of anyone employed by or associated with the Company (not just so-called insiders). We have all worked hard over the years to establish a reputation for integrity and ethical conduct, and we cannot afford to have that reputation damaged.

The Consequences. The consequences of an insider trading violation can be severe:

Traders and Tippees. Company personnel (or their tippees) who trade on inside information are subject to the following penalties:

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal fine of up to \$1,000,000 (no matter how small the profit); and
- A jail term of up to ten years.

An employee who tips information to a person who then trades is subject to the same penalties as the tippee, even if the employee did not trade and did not profit from the tippee's trading.

Control Persons. The Company and its supervisory personnel, if they fail to take appropriate steps to prevent illegal insider trading, are subject to the following penalties:

- A civil penalty of up to \$1,000,000 or, if greater, three times the profit gained or loss avoided as a result of the employee's violation; and
- A criminal penalty of up to \$2,500,000 dollars.

Company-Imposed Sanctions. An employee's failure to comply with the Company's insider trading policy may subject the employee to Company-imposed sanctions, including dismissal for cause, whether or not the employee's failure to comply results in a violation of law.

Statement of Policy. It is the policy of the Company that no director, officer or other employee of the Company who is aware of material non-public information relating to the Company may, directly or through family members or other persons or entities, (a) buy or sell securities of the Company (other than pursuant to a pre-approved trading plan that complies with SEC Rule 10b5-1), or engage in any other action to take personal advantage of that information, or (b) pass that information on to others outside the Company, including family and friends. In addition, it is the policy of the Company that no director, officer or other employee of the Company who, in the course of working for the Company, learns of material non-public information about a company with which the Company does business, including a customer or supplier of the Company, may trade in that company's securities until the information becomes public or is no longer material. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are not excepted from the policy. The securities laws do not recognize such mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

Disclosure Of Information To Others. The Company is required under Regulation FD of the federal securities laws to avoid the selective disclosure of material non-public information. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. Directors, officers or other employees of the Company may not, disclose information to anyone outside the Company, including family members and friends, other than in accordance with those procedures. Directors, officers or other employees of the Company also may not discuss the Company or its business in an Internet "chat room" or similar internet-based forum.

Material Information. Material information is any information that a reasonable investor would consider important in making a decision to buy, hold, or sell securities. Any information that could be expected to affect the Company's stock price, whether it is positive or negative, should be considered material. Some examples of information that ordinarily would be regarded as material are:

- Projections of future earnings or losses, or other earnings guidance;
- Earnings that are inconsistent with the consensus expectations of the investment community;
- A pending or proposed merger, acquisition or tender offer;
- A pending or proposed acquisition or disposition of a significant asset;
- A change in dividend policy, the declaration of a stock split, or an offering of additional securities;
- A change in management;
- Development of a significant new product or process;
- Impending bankruptcy or the existence of severe liquidity problems;
- The gain or loss of a significant customer or supplier.

When Information is "Public". If any director, officer or other employee of the Company is aware of material non-public information, they may not trade until the information has been disclosed broadly to the marketplace (such as by press release or an SEC filing) and the investing public has had time to absorb the information fully. Information should not be considered fully absorbed by the marketplace until after the second business day after the information is released. If, for example, the Company were to make an announcement on a Monday, directors, officers or other employees of the Company should not trade in the Company's securities until Thursday. If an announcement were made on a Friday, Wednesday generally would be the first eligible trading day.

Transactions by Family Members. The insider trading policy also applies to family members who reside with directors, officers or other employees of the Company, anyone else who lives in their household, and any family members who do not live in their household but whose transactions in company securities are directed by them or are subject to their influence or control (such as parents or children who consult with them before they trade in company securities). Directors, officers or other employees of the Company are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with them before they trade in the Company's securities.

Transactions Under Company Plans

Stock Option Exercises. The Company's insider trading policy does not apply to the exercise of an employee stock option. The policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

401(k) Plan. The Company's insider trading policy does not apply to purchases of Company stock in the 401(k) plan resulting from periodic contribution of money to the plan pursuant to payroll deduction election. The policy does apply, however, to certain elections employees may make under the 401(k) plan, including (a) an election to increase or decrease the percentage of their periodic contributions that will be allocated to the Company stock fund, (b) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund, (c) an election to borrow money against their 401(k) plan account if the loan will result in a liquidation of some or all of their Company stock fund balance, and (d) their election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.

Employee Stock Purchase Plan. The Company's insider trading policy does not apply to purchases of Company stock in the employee stock purchase plan resulting from an employee's periodic contribution of money to the plan pursuant to the election made at the time of enrollment in the plan. The policy also does not apply to purchases of Company stock resulting from lump sum contributions to the plan, provided an employee elected to participate by lump-sum payment at the beginning of the applicable enrollment period. The policy does apply to an employee's election to participate in the plan for any enrollment period, and to an employee's sales of Company stock purchased pursuant to the plan.

Additional Prohibited Transactions. The Company considers it improper and inappropriate for directors, officers or other employees of the Company to engage in short-term or speculative transactions in the Company's securities. It therefore is the Company's policy that the following transactions may not be engaged in:

Short-term Trading. A director, officer and other employee's short-term trading of the Company's securities may be distracting to the person and may unduly focus the person on the Company's short-term stock market performance instead of the Company's long-term business objectives. For these reasons, any director or officer of the Company who purchases Company securities in the open market may not sell any company securities of the same class during the six months following the purchase.

Margin Accounts and Pledges. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material non-public information or otherwise is not permitted to trade in Company securities, directors, officers and other employees are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan. An exception to this prohibition may be granted where a person wishes to pledge Company securities as collateral for a loan (not including margin debt) and clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities. Directors, officers or other employees of the Company who wish to pledge Company securities as collateral for a loan must submit a request for approval to the Chief Financial Officer at least two weeks prior to the proposed execution of documents evidencing the proposed pledge.

Post-Termination Transactions. The Policy Statement continues to apply to any director, officer or other employee's transactions in Company securities even after they have terminated service or employment. If they are in possession of material non-public information when their service or employment terminates, they may not trade in Company securities until that information has become public or is no longer material.

Company Assistance. Directors, officers or other employees of the Company who have a question about this Policy Statement or its application to any proposed transaction may obtain additional guidance from the Chief Financial Officer, whose telephone number is (952) 832-1505. Ultimately, however, the responsibility for adhering to this Policy Statement and avoiding unlawful transactions rests with the individual employee. PLATO Learning expects strict compliance with these procedures by all Insiders. Although this policy statement is expressly not intended to result in the imposition of additional legal liabilities that would not otherwise exist, failure to observe these procedures will be considered a matter of extreme seriousness.

Certifications. All employees must certify their understanding of and intent to comply with this Policy Statement. Directors and executive officers are subject to additional restrictions on their transactions in Company securities, which are described in a separate document.