

EDUCATIONAL DEVELOPMENT CORPORATION

CODE OF CONDUCT AND ETHICS (As adopted September 19, 2003)

The Company is committed to maintaining the highest standards of business conduct and ethics. Our most important asset, both as a company and as individuals, is a reputation for integrity. This Code of Business Conduct and Ethics reflects the business practices and principles of behavior that support this commitment. We expect every employee, officer and Board of Directors member to read and understand the Code and its application to the performance of his or her business responsibilities.

Legal Compliance

Nothing in this Code is intended to require any action contrary to law. If this Code conflicts with any law, you must comply with the law. Violation of laws, rules and regulations may subject EDC, and the individual, to civil and/or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone's best interests to know and comply with our legal obligations.

Illegal or Unethical Conduct

EDC will not tolerate any illegal or unethical conduct. Any violation of the Code by an employee may lead to significant sanctions against the employee, up to and including termination.

Any illegal or unethical conduct must be reported to the employee's supervisor or someone in upper management. If you suspect there has been a violation of this Code, it is your duty to report the suspected violation. All allegations will be investigated. EDC will tolerate no retaliation against employees who report what they, in good faith, believe to be a violation of the Code.

Unsure How The Code Applies – Ask Before You Act

The law and business ethics are often not clear. You may be unsure about how this Code applies to a particular situation. When you have such questions, you should ask a member of management before proceeding.

Confidential and Proprietary Information

It is the duty of all directors, officers and employees to protect and preserve the confidentiality of proprietary information. Proprietary information means any information relating or belonging to EDC that has economic or competitive value and is not available to the general public. It includes all non-public information that might be used by competitors or harmful to the Company or its customers, if disclosed. Proprietary information may include, but is not limited to: customer lists; pricing structures for specific customers; marketing information; information regarding officers or employees; financial information; any information which employees might reasonably expect to be regarded as confidential; and any information that has been provided to the Company in confidence by any customer, supplier or other person.

Insider Information

EDC is a public company whose stock is traded on The Nasdaq Stock Exchange. Insider trading of stock is prohibited by federal securities laws. No director, officer or employee may buy or sell securities of the Company at a time when they are in possession of material non-public information. Providing such information to someone else who may buy or sell securities is also prohibited. This includes spouses, relatives and close friends of directors, officers and employees.

Violations of this policy can lead to significant penalties, up to and including monetary fines and time in prison.

The President and CEO is the only authorized spokesman for the Company. Any other director, officer or employee who receives an inquiry relating to the Company from outside the Company should refer such inquiry to the President. Such requests could come from stock analysts, reporters or government officials.

Conflicts of Interest

Conflicts of interest must be avoided at all times. A conflict of interest exists when an individual's private interest interferes in any way, or even appears to interfere, with the interests of the Company.

A conflict situation can arise when an individual takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. A conflict of interest will arise when an individual, or a member of his or her family, receives improper personal benefits as a result of the individual's position in the Company, whether received from the Company or a third party.

No employee or officer may work for any competitor, customer or supplier for the Company without prior written approval of the Company's President and CEO.

Officers of the Company and their family members are prohibited from accepting any personal loans from the Company or allowing the Company to guarantee any of their personal obligations.

All directors, officers and employees must disclose any conflicts of interest, including any material transaction or relationship involving a potential conflict of interest. Any director, officer or employee who becomes aware of a conflict of interest should bring this fact to their supervisor or a member of management.

Protection and Proper Use of Company Assets

All employees are expected to protect our assets and ensure their efficient use. Company assets, such as office supplies, computer software and hardware and our building are expected to be used only for legitimate business purposes. The personal use of Company assets without permission is prohibited.

The Workplace

The Company insists on compliance with all applicable laws, rules and regulations, including insider-trading laws, and expects all directors, officers and employees acting on behalf of the Company to obey the law.

The Company is committed to providing a safe work environment for all employees. The Company expects all employees to following safety standards and procedures that are in place.

The Company believes that discrimination has no place in the workplace and employment laws must be adhered to. Employment decisions must be made without regard to any qualified individual's race, religion, color, gender, national origin, age, military status, disability or any other prohibited factor. Any employee who feels that they have not been treated fairly as this policy requires should report this to management.

The Company believes in a drug-free work environment and prohibits the use or possession of alcohol or illegal drugs on Company premises.

The Company will not tolerate any form of harassment of employees, in any manner, on the basis of sex (with or without sexual conduct), race, color, religion, national origin, military status, disability or any other prohibited factor. Any employee who feels that they have been subject to any form of harassment should report this to management.

Corporate Books, Records, Documents and Accounts

The integrity of the Company's records and public disclosure filings depends upon the validity, accuracy and completeness of the information supporting the entries to our books and records. The making of false or misleading entries is strictly prohibited. Our records serve as the basis for managing our business as well as providing the basis for producing reports for management, stockholders and governmental agencies. In particular, we rely upon our books and records in preparation of the quarterly and annual reports we file with the SEC. Securities laws require that these reports provide full, fair, accurate, timely and understandable disclosure and that these reports present fairly our financial condition and results of operations. Therefore, the Company shall:

- comply with generally accepted accounting principles at all times;
- maintain a system of internal accounting controls that will provide reasonable assurances to management that all transactions have been properly recorded;
- maintain books and records that accurately and fairly reflect the Company's transactions;
- prohibit the establishment of any undisclosed or "off-the-books" funds or assets; and
- provide full, fair, accurate, timely and understandable disclosure in the reports, documents and communications filed with the SEC and in other public communications.

Reporting of Violations

Every director, officer and employee has a duty of adhere to this Code. Directors and officers shall report any known or suspected violations of this Code to the Chairman of the Corporate Governance Committee. Employees who are not directors or officers must report any known or suspected violations to a member of management.

The Company will not allow any retaliation against any director, officer or employee who acts in good faith in reporting such violation or suspected violation.

Directors, officers and employees who violate any laws, governmental regulations or this Code will face appropriate disciplinary action, up to and including termination.

Waivers

The provisions of this Code may be waived for directors or executive officers, including the Company's principal executive officer, principal accounting officer or persons performing similar functions, only by resolution of the Company's Board of Directors. The provisions of this Code may be waived for employees who are not directors or executive officers by the Company's Chairman of the Board and Chief Executive Officer. Any waiver of this Code will be publicly disclosed as required by the applicable rules of Nasdaq and the Securities and Exchange Commission.