

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

CUC INTERNATIONAL INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

06-0918165
(I.R.S. Employer
Identification No.)

707 Summer Street
Stamford, Connecticut 06901
(Address, Including Zip Code, of Registrant's Principal Executive Offices)

KNOWLEDGE ADVENTURE, INC. 1993 STOCK OPTION PLAN
INDIVIDUAL STOCK OPTION AGREEMENTS
(Full Title of the Plans)

Cosmo Corigliano
Senior Vice President and Chief Financial Officer
CUC INTERNATIONAL INC.
707 Summer Street
Stamford, Connecticut 06901
(203) 324-9261
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code,
of Agent For Service)

With a copy to:
BRADFORD P. WEIRICK, ESQ.
Gibson, Dunn & Crutcher
333 South Grand Avenue
Los Angeles, California 90071
(213) 229-7000

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock, par value \$.01 per share..	372,123 shares	(1)	\$1,696,647.00	\$515.00

(1) Estimated in accordance with Rule 457(h) promulgated under the Securities Act of 1933, solely for the purpose of calculating the registration fee, based upon the price at which options may be exercised as follows: 87,485 shares of Common Stock at an exercise price of \$6.317 per share; 6,866 shares of Common Stock at an exercise price of \$12.634 per share; 8,756 shares of Common Stock at an exercise price of \$4.0755 per share; 26,990 shares of Common Stock at an exercise price of \$0.0255 per share; 80,526 shares of Common Stock at an exercise price of \$0.0085375 per share; and 161,500 shares of Common Stock at an exercise price of \$6.317 per share.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents previously filed by CUC International Inc. (the "Company," "CUC International" or the "Registrant") with the Commission are incorporated herein by reference and made a part of this Registration Statement:

- (a) CUC International's Annual Report on Form 10-K for its fiscal year ended January 31, 1996, filed with the Commission on April 26, 1996;
- (b) CUC International's Quarterly Report on Form 10-Q for its fiscal quarter ended April 30, 1996, filed with the Commission on June 14, 1996;
- (c) CUC International's Quarterly Report on Form 10-Q for its fiscal quarter ended July 31, 1996, filed with the Commission on September 16, 1996;
- (d) CUC International's Quarterly Report on Form 10-Q for its fiscal quarter ended October 31, 1996, filed with the Commission on December 13, 1996;
- (e) CUC International's Current Reports on Form 8-K, filed with the Commission on February 21, 1996, February 22, 1996, March 12, 1996, April 22, 1996, August 5, 1996, August 14, 1996, September 17, 1996, September 19, 1996, September 26, 1996, October 7, 1996, October 28, 1996, January 22, 1997, January 31, 1997, February 4, 1997 and February 13, 1997, and all other reports filed pursuant to Section 13(a) and 15(d) of the Exchange Act since January 31, 1996 and prior to the date of this Registration Statement; and
- (f) The description of the Company's Common Stock contained in CUC International's registration statements on Form 8-A, as filed with the Commission on July 27, 1984 and August 15, 1989, including any amendment or report filed with the Commission for the purpose of updating such description.

All documents filed by the Registrant pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of this Registration Statement and prior to the filing of a post-effective amendment to the Registration Statement which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing of such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this Registration Statement shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

ITEM 4. DESCRIPTION OF SECURITIES.

Not Applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Jeffrey A. Gershowitz, Esq., has rendered an opinion on the validity of the securities being registered under the Plans pursuant to this Registration Statement. Mr. Gershowitz is a Vice President and Associate General Counsel of the Comp-U-Card Division of the Registrant. A copy of this opinion is attached as Exhibit 5 to this Registration Statement. Mr. Gershowitz holds shares of the Company's Common Stock and options to acquire shares of the Company's Common Stock.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the General Corporation Law of the State of Delaware empowers a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. A Delaware corporation is permitted to indemnify directors, officers, employees and other agents of such corporation in an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the person to be indemnified has been adjudged to be liable to the corporation. Where a director, officer, employee or agent of the corporation is successful on the merits or otherwise in the defense of any action, suit or proceeding referred to above or in defense of any claim, issue or matter therein, the corporation must indemnify such person against the expenses (including attorneys' fees) which he or she actually and reasonably incurred in connection therewith.

CUC International's By-Laws contain provisions that indemnify officers and directors and their heirs and distributees to the fullest extent permitted by, and in the manner permissible under, the General Corporation Law of the State of Delaware.

As permitted by Section 102(b)(7) of the General Corporation Law of the State of Delaware, CUC International's Restated Certificate of Incorporation, as amended, contains a provision eliminating the personal liability of a director to CUC International or its stockholders for monetary damages for breach of fiduciary duty as a director, subject to certain exceptions.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not Applicable.

ITEM 8. EXHIBITS.

The Exhibit Index appears on page 7 of this Registration Statement.

ITEM 9. UNDERTAKINGS.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement;

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment hereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Stamford, State of Connecticut, on this 18th day of February, 1997.

CUC INTERNATIONAL INC.

By: /S/ WALTER A. FORBES

 Walter A. Forbes
 Chief Executive Officer and
 Chairman of the Board of Directors

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Walter A. Forbes and E. Kirk Shelton, and each and either of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including, without limitation, post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE ----
/S/ WALTER A. FORBES ----- Walter A. Forbes	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	February 18, 1997
/S/ COSMO CORIGLIANO ----- Cosmo Corigliano	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 18, 1997
/S/ BARTLETT BURNAP ----- Bartlett Burnap	Director	February 18, 1997
/S/ T. BARNES DONNELLEY ----- T. Barnes Donnelley	Director	February 18, 1997
/S/ STEPHEN A. GREYSER ----- Stephen A. Greyser	Director	February 18, 1997
/S/ CHRISTOPHER K. MCLEOD ----- Christopher K. McLeod	Director	February 18, 1997
/S/ BURTON C. PERFIT ----- Burton C. Perfit	Director	February 18, 1997
/S/ ROBERT P. RITTEREISER ----- Robert P. Rittreiser	Director	February 18, 1997
/S/ STANLEY M. RUMBOUGH, JR. ----- Stanley M. Rumbough, Jr.	Director	February 18, 1997
/S/ E. KIRK SHELTON ----- E. Kirk Shelton	Director	February 18, 1997

SIGNATURE

TITLE

DATE

/S/ JANICE G. DAVIDSON

Director

February 18, 1997

Janice G. Davidson

/S/ ROBERT M. DAVIDSON

Director

February 18, 1997

Robert M. Davidson

/S/ KENNETH A. WILLIAMS

Director

February 18, 1997

Kenneth A. Williams

EXHIBIT INDEX

- 4.1 Amended and Restated Certificate of Incorporation of the Registrant (previously filed as Exhibit 3.1 to the Registrant's Form 10-Q for the quarterly period ended April 30, 1996 filed with the Commission on June 14, 1996 and incorporated herein by this reference).
- 4.2 Bylaws of the Registrant (previously filed as Exhibit 3.2 to the Registration Statement on Form S-4 (File No. 33-44453) filed with the Commission on December 19, 1991 and incorporated herein by this reference).
- 4.3 Knowledge Adventure, Inc. 1993 Stock Option Plan.
- 4.4 Form of Knowledge Adventure, Inc. Stock Option Agreement under 1993 Stock Option Plan.
- 4.5 Form of Knowledge Adventure, Inc. Stock Purchase Agreement under 1993 Stock Option Plan.
- 4.6 Form of Stock Option Agreement with executive officer of Knowledge Adventure, Inc.
- 4.7 Form of Stock Option Agreement with consultant of Knowledge Adventure, Inc.
- 5 Opinion of Jeffrey A. Gershowitz, Esq. as to the legality of the securities to be registered.
- 15 Letter re: Unaudited Interim Financial Information.
- 23.1 Consent of Jeffrey A. Gershowitz, Esq. (included in Exhibit 5 hereto).
- 23.2 Consent of Ernst & Young LLP.
- 23.3 Consent of Price Waterhouse LLP (relating to the Ideon Group, Inc. financial statements).
- 23.4 Consent of KPMG Peat Marwick LLP (relating to the Davidson & Associates, Inc. financial statements).
- 23.5 Consent of Deloitte & Touche LLP (relating to the Sierra On-Line, Inc. financial statements).
- 23.6 Consent of Deloitte & Touche LLP (relating to the Advance Ross Corporation financial statements).
- 24 Power of Attorney (included on the signature page of this Registration Statement).

KNOWLEDGE ADVENTURE, INC.
1993 STOCK OPTION PLAN

I. PURPOSES OF THE PLAN

This 1993 Stock Option Plan is intended to promote the interests of Knowledge Adventure, Inc., a Delaware corporation, by providing a method whereby eligible individuals who provide valuable services to the Corporation (or any Parent or Subsidiary) may be offered incentives and rewards which will encourage them to continue to render services to the Corporation (or any Parent or Subsidiary).

II. DEFINITIONS

For the purposes of this Plan, the following words shall have the meanings indicated:

- A. BOARD shall mean the Corporation's Board of Directors.

- B. CODE shall mean the Internal Revenue Code of 1986, as amended.

- C. COMMITTEE shall mean a committee of two (2) or more Board members

appointed by the Board to exercise one or more administrative functions under the Plan.
- D. COMMON STOCK shall mean the Corporation's common stock.

- E. CORPORATE TRANSACTION shall mean either of the following

stockholder-approved transactions to which the Corporation is a party:

- (i) a merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities are transferred to a person or persons different from those who held those securities immediately prior to such transaction, or
- (ii) the sale, transfer or other disposition of all or substantially all of the Corporation's assets in complete liquidation or dissolution of the Corporation.

F. CORPORATION shall mean Knowledge Adventure, Inc., a Delaware

corporation.

G. DISABILITY shall mean the inability of the Optionee to engage in

any substantial gainful activity by reason of any medically determinable physical or mental impairment

and shall be determined by the Plan Administrator on the basis of such medical evidence as the Plan Administrator deems warranted under the circumstances. Disability shall be deemed to constitute Permanent Disability in the event that such Disability is expected to result in death or has lasted or can be expected to last for a continuous period of twelve (12) months or more.

H. EMPLOYEE shall mean an individual who is in the employ of the

Corporation or any Parent or Subsidiary, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

I. EXCHANGE ACT shall mean the Securities Exchange Act of 1934, as

amended.

J. EXERCISE DATE shall mean the date on which the Corporation shall

have received written notice of the option exercise.

K. FAIR MARKET VALUE per share of Common Stock on any relevant date

under the Plan shall be the value determined in accordance with the following provisions:

(i) If the Common Stock is not at the time listed or admitted to trading on any Stock Exchange but is traded on the Nasdaq National Market System, the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question, as the price is reported by the National Association of Securities Dealers through the Nasdaq National Market System or any successor system. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed or admitted to trading on any Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) If the Common Stock is at the time neither listed nor admitted to trading on any Stock Exchange nor traded on the Nasdaq National Market System, then the Fair Market Value shall be determined by the Plan Administrator after taking into account such factors as the Plan Administrator shall deem appropriate.

L. HIGHLY-COMPENSATED PERSON shall mean an Optionee (i) whose

compensation per calendar year from the Corporation (or any Parent or Subsidiary) equals or exceeds Sixty Thousand Dollars (\$60,000) in the aggregate and (ii) who has previously received one or more option grants under the Plan.

M. INCENTIVE OPTION SHALL mean a stock option which satisfies the

requirements of Code Section 422.

N. NON-STATUTORY OPTION shall mean a stock option not intended to

meet the requirements of Code Section 422.

O. PARENT shall mean any corporation (other than the Corporation) in

an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

P. PLAN shall mean the Corporation's 1993 Stock Option Plan, as set

forth in this document.

Q. PLAN ADMINISTRATOR shall mean either the Board or the Committee,

to the extent the Committee is at the time responsible for the administration of the Plan in accordance with Article III.

R. SERVICE shall mean the provision of services to the Corporation

or any Parent or Subsidiary by an individual in the capacity of an Employee, a non-employee member of the board of directors or a consultant.

S. STOCK EXCHANGE shall mean either the American Stock Exchange or

the New York Stock Exchange.

T. SUBSIDIARY shall mean each corporation (other than the

Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each such corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

U. 10% STOCKHOLDER shall mean the owner of stock (as determined

under Code Section 424(d)) possessing ten percent (10%) or more of the total combined voting power of all classes of stock of the Corporation.

III. ADMINISTRATION OF THE PLAN

A. The Plan shall be administered by the Board. However, any or all administrative functions otherwise exercisable by the Board may be delegated to the Committee.

Members of the Committee shall serve for such period of time as the Board may determine and shall be subject to removal by the Board at any time. The Board may also at any time terminate the functions of the Committee and reassume all powers and authority previously delegated to the Committee.

B. The Plan Administrator shall have full power and authority (subject to the provisions of the Plan) to establish such rules and regulations as it may deem appropriate for proper administration of the Plan and to make such determinations under, and issue such interpretations of, the Plan and any outstanding options as it may deem necessary or advisable. Decisions of the Plan Administrator shall be final and binding on all parties who have an interest in the Plan or any outstanding option.

IV. ELIGIBILITY FOR OPTION GRANTS

A. The persons eligible to receive option grants under the Plan are as follows:

(i) Employees,

(ii) non-employee members of the Board or the non-employee members of the board of directors of any Parent or Subsidiary, and

(iii) consultants who provide valuable services to the Corporation (or any Parent or Subsidiary).

B. The Plan Administrator shall determine which eligible individuals are to receive option grants under the Plan and all terms of such option grants.

V. STOCK SUBJECT TO THE PLAN

A. The stock issuable under the Plan shall be shares of the Corporation's authorized but unissued or reacquired Common Stock. The maximum number of shares which may be issued over the term of the Plan shall not exceed 6,814,939 shares, subject to adjustment from time to time in accordance with the provisions of this Article V. In no event may any one officer of the Corporation acquire shares of Common Stock under the Plan in excess of twenty-five percent (25%) of the total share reserve available for issuance under the Plan.

B. Shares subject to outstanding options shall be available for subsequent option grants under the Plan to the extent (i) the options expire or terminate for any reason prior to exercise in full or (ii) the options are cancelled in accordance with the cancellation-regrant provisions of Article IX of the Plan. All shares issued under the Plan, whether or not those shares are subsequently repurchased by the Corporation pursuant to its repurchase rights under the Plan, shall reduce on a share-for-share basis the number of shares of Common Stock available for subsequent option grants.

C. In the event any change is made to the Common Stock issuable under the Plan by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to (i) the maximum number and/or class of securities issuable under the Plan and (ii) the number and/or class of securities and the exercise price per share in effect under each outstanding option in order to prevent the dilution or enlargement of benefits thereunder.

VI. TERMS AND CONDITIONS OF OPTIONS

Options granted pursuant to the Plan shall be authorized by action of the Plan Administrator and may, at the Plan Administrator's discretion, be either Incentive Options or Non-Statutory Options. Each granted option shall be evidenced by one or more instruments in the form approved by the Plan Administrator, provided, however, that each such instrument shall comply with -----
the terms and conditions specified below. Each instrument evidencing an Incentive Option shall, in addition, be subject to the applicable provisions of Article VII.

A. EXERCISE PRICE. -----

1. The exercise price per share shall be fixed by the Plan Administrator. In no event, however, shall the exercise price per share be less than eighty-five percent (85%) of the Fair Market Value per share of Common Stock on the date of the option grant.

2. If the individual to whom the option is granted is a 10% Stockholder, then the exercise price per share shall not be less than one hundred ten percent (110%) of the Fair Market Value per share of Common Stock on the grant date.

3. The exercise price shall become immediately due upon exercise of the option and shall, subject to the provisions of Article X and the agreement evidencing the grant, be payable in cash or check made payable to the Corporation. Should the Corporation's outstanding Common Stock be registered under Section 12(g) of the Exchange Act at the time the option is exercised, then the exercise price may also be paid as follows:

(i) in shares of Common Stock held by the optionee for the requisite period necessary to avoid a charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date, or

(ii) through a special sale and remittance procedure pursuant to which the optionee shall concurrently provide irrevocable written instructions (a) to a Corporation-designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares plus all applicable

Federal, state and local income and employment taxes required to be withheld by the Corporation by reason of such purchase and (b) to the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale transaction.

Except to the extent such sale and remittance procedure is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

B. TERM AND EXERCISE OF OPTIONS. Each option granted under the Plan

shall be exercisable as determined by the Plan Administrator and set forth in the stock option agreement. However, no option shall have a term in excess of ten (10) years measured from the grant date. The option shall be exercisable during the optionee's lifetime only by the optionee and shall not be assignable or transferable other than by will or by the laws of descent and distribution following the optionee's death.

C. EFFECT OF TERMINATION OF SERVICE.

1. Except to the extent otherwise provided pursuant to subsection C.2 below, the following provisions shall govern the exercise period applicable to any options held by the optionee at the time of cessation of Service or death:

(a) Should the optionee cease to remain in Service for any reason other than death or Disability, then the period during which each outstanding option held by such optionee is to remain exercisable shall not exceed six (6) months following the date of such cessation of Service or such shorter period set by the Plan Administrator and set forth in the option agreement.

(b) Should such Service terminate by reason of Disability, then the Optionee shall have a period of six (6) months following the date of such cessation of Service during which to exercise each outstanding option held by such Optionee. However, should such Disability be deemed to constitute Permanent Disability, then the period during which each outstanding option held by the Optionee is to remain exercisable shall be extended by an additional six (6) months so that the exercise period shall be the twelve (12)-month period following the date of the Optionee's cessation of Service by reason of such Permanent Disability.

(c) Should the optionee die while holding one or more outstanding options, then the period during which each such option is to remain exercisable shall be limited to the twelve (12)-month period following the date of the OPTIONEE'S DEATH. During such limited period, the option may be exercised by the personal representative of the optionee's estate or by the person or persons to whom the option is transferred pursuant to the optionee's will or in accordance with the laws of descent and distribution.

(d) Under no circumstances, however, shall any such option be exercisable after the specified expiration date of the option term.

(e) During the applicable post-Service exercise period, the option may not be exercised in the aggregate for more than the number of vested shares for which the option is exercisable on the date of the optionee's cessation of Service. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be exercisable for any vested shares for which the option has not been exercised. However, the option shall, immediately upon the optionee's cessation of Service, terminate and cease to be outstanding with respect to any option shares for which the option is not at that time exercisable or in which the optionee is not otherwise at that time vested.

2. The Plan Administrator shall have full power and authority to extend the period of time for which the option is to remain exercisable following the optionee's cessation of Service or death from the limited period in effect under subsection C.1 of this Article VI to such greater period of time as the Plan Administrator shall deem appropriate; provided that in no event

shall such option be exercisable after the specified expiration date of the option term.

D. STOCKHOLDER RIGHTS. An optionee shall have no stockholder

rights with respect to the shares subject to the option until such individual shall have exercised the option and paid the exercise price.

E. UNVESTED SHARES. The Plan Administrator shall have the

discretion to authorize the issuance of unvested shares of Common Stock under the Plan. Should the optionee cease Service while holding such unvested shares, the Corporation shall have the right to repurchase, at the exercise price paid per share, all or (at the discretion of the Corporation and with the consent of the optionee) any of those unvested shares. The terms and conditions upon which such repurchase right shall be exercisable (including the period and procedure for exercise and the appropriate vesting schedule for the purchased shares) shall be established by the Plan Administrator and set forth in the agreement evidencing such repurchase right. In no event, however, may the Plan Administrator impose a vesting schedule upon any option granted under the Plan or any shares of Common Stock subject to the option which is more restrictive than twenty percent (20%) per year vesting, with the initial vesting to occur one (1) year after the option grant date. However, this minimum vesting requirement shall not be applicable with respect to any option granted to a Highly-Compensated Person. All outstanding repurchase rights under the Plan shall terminate automatically upon the occurrence of any Corporate Transaction, except to the extent the repurchase rights are expressly assigned to the successor corporation (or parent thereof) in connection with the Corporate Transaction.

VII. INCENTIVE OPTIONS

The terms and conditions specified below shall be applicable to all Incentive Options granted under the Plan. Except as modified by the provisions of this Article VII, all the provisions of the Plan shall be applicable to Incentive Options. Incentive Options may only be granted to individuals who are Employees. Options which are specifically designated as Non-Statutory shall not

be subject to such terms and conditions.

A. EXERCISE PRICE. The exercise price per share of the Common

Stock subject to an Incentive Option shall in no event be less than one hundred percent (100%) of Fair Market Value on the date of grant.

B. DOLLAR LIMITATION. The aggregate Fair Market Value of the

Common Stock (determined as of the respective date or dates of grant) for which one (1) or more options granted to any Employee under this Plan (or any other option plan of the Corporation or any Parent or Subsidiary) may for the first time become exercisable as Incentive Options during any one (1) calendar year shall not exceed the sum of \$100,000. To the extent the Employee holds two (2) or more such options which become EXERCISABLE for the first time in the same calendar year, the foregoing limitation on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted. Should the applicable \$100,000 limitation in fact be exceeded in any calendar year, then the option shall nevertheless become exercisable for the excess number of shares in such calendar year as a Non-Statutory Option.

C. 10% STOCKHOLDER. If any individual to whom an Incentive

Option is granted is a 10% Stockholder, then the option term shall not exceed five (5) years measured from the grant date.

VIII. CORPORATE TRANSACTION

A. Upon the occurrence of a Corporate Transaction, each option at the time outstanding under the Plan shall terminate and cease to be exercisable, except to the extent assumed by the successor corporation or parent thereof.

B. Each outstanding option which is assumed in connection with a Corporate Transaction or is otherwise to remain outstanding shall be appropriately adjusted, immediately after such Corporate Transaction, to apply and pertain to the number and class of securities which would have been issuable to the optionee in the consummation of such Corporate Transaction, had the option been exercised immediately prior to such Corporate Transaction. Appropriate adjustments shall also be made to (i) the exercise price payable per share, provided the aggregate exercise price payable for such securities shall

remain the same, and (ii) the class and number of securities available for issuance under the Plan following the consummation of such Corporate Transaction.

C. The grant of options under this Plan shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

IX. CANCELLATION AND REGRANT OF OPTIONS

The Plan Administrator shall have the authority to effect with the consent of the affected option holders, the cancellation of any or all outstanding options under the Plan and to

grant in substitution therefor new options under the Plan covering the same or different numbers of shares of Common Stock but with an exercise price per share not less than (i) one hundred percent (100%) of the Fair Market Value per share of Common Stock on the new grant date in the case of a grant of an Incentive Option, (ii) one hundred ten percent (110%) of such Fair Market Value in the case of an option grant to a 10% Stockholder or (iii) eighty-five percent (85%) of such Fair Market Value in the case of all other grants.

X. LOANS

A. The Plan Administrator may assist any optionee in the exercise of one or more options granted to the optionee by:

(i) authorizing the extension of a loan from the Corporation to the optionee, or

(ii) permitting the optionee to pay the exercise price in installments over a period of years.

B. The terms of any loan or installment method of payment (including the terms of repayment) shall be established by the Plan Administrator in its sole discretion. However, such loan or installment payment shall bear interest at the minimum rate required by the Federal tax laws to avoid the imputation of interest income to the Corporation and compensation income to the optionee. Loans or installment payments may be authorized with or without security or collateral. However, any loan made to a consultant or other non-employee advisor must be secured by property other than the purchased shares of Common Stock. In all events, the maximum credit available to each optionee may not exceed the sum

of (i) the aggregate exercise price payable for the purchased shares (less the par value) plus (ii) any Federal, state and local income and employment tax liability incurred by the optionee in connection with such exercise.

XI. NO EMPLOYMENT OR SERVICE RIGHTS

Nothing in the Plan shall confer upon the optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary) or of the optionee, which rights are hereby expressly reserved by each, to terminate the optionee's Service at any time for any reason, with or without cause.

XII. AMENDMENT OF THE PLAN

A. The Board shall have complete and exclusive power and authority to amend or modify the Plan in any or all respects whatsoever. However, no such amendment or modification shall, without the consent of the holders, adversely affect their rights and obligations under their outstanding options. In addition, the Board shall not, without the approval of the Corporation's stockholders, (i) increase the maximum number of shares issuable under the

Plan, except for permissible adjustments under Article V, (ii) materially modify the eligibility requirements for option grants or (iii) otherwise materially increase the benefits accruing to option holders.

B. Options may be granted under this Plan to purchase shares of Common Stock in excess of the number of shares then available for issuance under the Plan, provided an amendment sufficiently increasing the number of shares of -----
Common Stock available for issuance under the Plan is approved by the Corporation's stockholders within twelve (12) months after the date the excess grants are first made.

XIII. EFFECTIVE DATE AND TERM OF PLAN

A. The Plan became effective when adopted by the Board on December 3, 1993 and was approved by the Corporation's stockholders within twelve months. On August 31, 1994, the Board and stockholders approved an amendment of the Plan to increase the total number of shares authorized for issuance over the term of the Plan from 5,846,240 to 6,114,576, and on July 5, 1995 the Board approved an amendment of the Plan to further increase the total number of shares authorized for issuance over the term of the Plan from 6,114,576 to 6,814,939. The amendment to the Plan to increase the share reserve shall become effective when adopted by the Board, but no option granted under the Plan on the basis of such share increase shall become exercisable unless and until the increase shall have been approved by the Corporation's stockholders. If such stockholder approval is not obtained within twelve (12) months after the date of the Board's approval of such increase, then all options previously granted on the basis of such increase shall terminate and no further options shall be granted. Subject to such limitation, the Plan Administrator may grant options under the Plan at any time after the effective date of the amendment and before the date fixed herein for termination of the Plan.

B. Unless sooner terminated in accordance with Article VIII, the Plan shall terminate upon the earlier of (i) the expiration of the ten (10) year -----
period measured from the date the Plan is adopted by the Board or (ii) the date on which all shares available for issuance under the Plan shall have been issued pursuant to the exercise of options granted under the Plan. Upon such plan termination, each option and unvested share issuance outstanding under the Plan shall continue to have force and effect in accordance with the provisions of the agreements evidencing that option or share issuance.

XIV. USE OF PROCEEDS

Any cash proceeds received by the Corporation from the sale of shares pursuant to options granted under the Plan shall be used for general corporate purposes.

XV. WITHHOLDING

The Corporation's obligation to deliver shares upon the exercise of any options granted under the Plan shall be subject to the satisfaction by the optionee of all applicable Federal, state and local income and employment tax withholding requirements.

XVI. REGULATORY APPROVALS

The implementation of the Plan, the granting of any option hereunder, and the issuance of Common Stock upon the exercise of any option shall be subject to the Corporation's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the options granted under it and the Common Stock issued pursuant to it.

XVII. FINANCIAL REPORTS

The Corporation shall deliver a balance sheet and an income statement at least annually to each individual holding an outstanding option under the Plan, unless the optionee is a key employee whose duties in connection with the Corporation assure such individual access to equivalent information.

KNOWLEDGE ADVENTURE, INC.
STOCK OPTION AGREEMENT

RECITALS

A. The Board has adopted the Plan for the purpose of attracting and retaining the services of selected Employees (including officers and directors), non-employee members of the Board and consultants and other independent contractors who contribute to the financial success of the Corporation or any Parent or Subsidiary.

B. Optionee is an individual who is to render valuable services to the Corporation or any Parent or Subsidiary, and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Corporation's grant of a stock option to Optionee.

C. All capitalized terms in this Agreement shall have the meaning assigned to them in the attached Appendix.

NOW, THEREFORE, it is hereby agreed as follows:

1. GRANT OF OPTION. Subject to and upon the terms and conditions set

forth in this Agreement, the Corporation hereby grants to Optionee, as of the Grant Date, a stock option to purchase up to the number of Option Shares specified in the Grant Notice. The Option Shares shall be purchasable from time to time during the option term at the Exercise Price.

2. OPTION TERM. This option shall have a maximum term of ten (10)

years measured from the Grant Date and shall accordingly expire at the close of business on the Expiration Date, unless sooner terminated in accordance with Paragraph 5 or 6.

3. LIMITED TRANSFERABILITY. This option shall be neither

transferable nor assignable by Optionee other than by will or by the laws of descent and distribution following Optionee's death and may be exercised, during Optionee's lifetime, only by Optionee.

4. DATES OF EXERCISE. This option shall become exercisable for the

Option Shares in one or more installments as specified in the Grant Notice. As the option becomes exercisable for one or more such installments, those installments shall accumulate and the option shall remain exercisable for the accumulated installments until the Expiration Date or sooner termination of the option term under Paragraph 5 or 6.

5. CESSATION OF SERVICE. The option term specified in Paragraph 2

shall terminate (and this option shall cease to be outstanding) prior to the Expiration Date should any of the following provisions become applicable:

(a) Should Optionee cease to remain in Service for any reason (other than death or Disability) while this option is outstanding, then the period for exercising this option shall be reduced to a six (6) month period commencing with the date of such cessation of Service, but in no event shall this option be exercisable at any time after the Expiration Date. Upon the expiration of such six (6) month period or (if earlier) upon the Expiration Date, this option shall terminate and cease to be outstanding.

(b) Should Optionee die while this option is outstanding, then the personal representative of Optionee's estate or the person or persons to whom the option is transferred pursuant to Optionee's will or in accordance with the laws of descent and distribution shall have the right to exercise this option. Such right shall lapse and this option shall cease to be exercisable upon the earlier of (i) the expiration of the twelve (12)-month period measured from the - - - - - date of Optionee's death or (ii) the Expiration Date. Upon the expiration of such twelve (12)-month period or (if earlier) upon the Expiration Date, this option shall terminate and cease to be outstanding.

(i) Should Optionee cease Service by reason of Disability while this option is outstanding, then Optionee shall have a period of six (6) months (commencing with the date of such cessation of Service) during which to exercise this option. However, should such Disability be deemed to constitute Permanent Disability, then the period during which this option is to remain exercisable shall be extended by an additional six (6) months so that the exercise period shall be the twelve (12)-month period following the date of Optionee's cessation of Service by reason of such Permanent Disability. In no event shall this option be exercisable at any time after the Expiration Date.

Note: Exercise of this option on a date later than three (3) months - - - - - following cessation of Service due to Disability will result in loss of favorable Incentive Option treatment, unless such Disability - - - - - constitutes Permanent Disability. In the event that Incentive Option treatment is not available, this option will be taxed as a Non-Statutory Option upon exercise.

(c) During the limited period of post-Service exercisability applicable under subparagraph (a), (b) above, this option may not be exercised in the aggregate for more than the lesser of (i) the number of Option Shares for - - - - - which the option is, at the time of Optionee's cessation of Service, exercisable in accordance with the exercise schedule specified in the Grant Notice or (ii) the number of Option Shares in which Optionee is, at the time of his/her cessation of Service, vested in accordance with the vesting schedule specified in the Grant Notice. To the extent Optionee is not vested in the Option Shares at the time of his/her cessation of Service, this option shall immediately terminate and cease to be outstanding with respect to those shares.

6. SPECIAL TERMINATION OF OPTION.

(a) Upon the occurrence of a Corporate Transaction, this option shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation or parent thereof.

(b) This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise make changes in its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. ADJUSTMENT IN OPTION SHARES.

(a) In the event any change is made to the outstanding Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to (i) the total number and/or class of securities subject to this option and (ii) the Exercise Price in order to reflect such change and thereby preclude a dilution or enlargement of benefits hereunder.

(b) If this option is to be assumed in connection with a Corporate Transaction or is otherwise to remain outstanding, then this option shall be appropriately adjusted, immediately after such Corporate Transaction, to apply and pertain to the number and class of securities which would have been issuable to Optionee in the consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction, and appropriate adjustments shall also be made to the Exercise Price payable per share, provided

the aggregate Exercise Price payable hereunder shall remain the same.

8. PRIVILEGE OF STOCK OWNERSHIP. The holder of this option shall not

have any stockholder rights with respect to the Option Shares until such individual shall have exercised the option and paid the Exercise Price.

9. MANNER OF EXERCISING OPTION.

(a) In order to exercise this option with respect to all or any part of the Option Shares for which this option is at the time exercisable, Optionee (or in the case of exercise after Optionee's death, Optionee's executor, administrator, heir or legatee, as the case may be) must take the following actions:

(i) Execute and deliver to the Secretary of the Corporation:

(A) the Purchase Agreement, if Optionee is exercising the Option to purchase Unvested Shares (as defined in the Purchase Agreement); or

(B) if Optionee is exercising the Option to purchase vested Option Shares, a notice of exercise in substantially the form of Exhibit I to this Agreement in which there is specified the number of Option Shares which are to be purchased under the exercised option.

(ii) Pay the aggregate Exercise Price for the purchased shares in one or more of the following alternative forms:

(A) full payment in cash or check made payable to the Corporation; or

(B) in shares of Common Stock held by Optionee for the requisite period necessary to avoid a charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date; or

(C) through a special sale and remittance procedure pursuant to which Optionee shall concurrently provide irrevocable written instructions (a) to a Corporation-designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares plus all applicable Federal, state and local income and employment taxes required to be withheld by the Corporation by reason of such purchase and (b) to the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale transaction; or

(D) by delivery of Optionee's full-recourse promissory note in accordance with the terms set forth in Paragraph 15.

(iii) Furnish to the Corporation appropriate documentation that the person or persons exercising the option (if other than Optionee) have the right to exercise this option.

Except to the extent the sale and remittance procedure is utilized in connection with the exercise of the option, payment of the Exercise Price must accompany the Purchase Agreement delivered to the Corporation.

(b) As soon after the Exercise Date as practical, the Corporation shall mail or deliver to or on behalf of Optionee (or the other person or persons exercising this option) a certificate or certificates representing the shares purchased under this Agreement, with the appropriate legends affixed thereto.

(c) In no event may this option be exercised for any fractional shares.

10. REPURCHASE RIGHTS. OPTIONEE HEREBY AGREES THAT ALL OPTION SHARES

ACQUIRED UPON THE EXERCISE OF THIS OPTION SHALL BE SUBJECT TO CERTAIN RIGHTS OF THE CORPORATION AND ITS ASSIGNS TO REPURCHASE SUCH SHARES IN ACCORDANCE WITH THE TERMS AND CONDITIONS SPECIFIED IN THE PURCHASE AGREEMENT.

11. COMPLIANCE WITH LAWS AND REGULATIONS.

(a) The exercise of this option and the issuance of the Option Shares upon such exercise shall be subject to compliance by the Corporation and Optionee with all applicable requirements of law relating thereto and with all applicable regulations of any stock exchange on which the Common Stock may be listed at the time of such exercise and issuance.

(b) In connection with the exercise of this option, Optionee shall execute and deliver to the Corporation such representations in writing as may be requested by the Corporation in order for it to comply with the applicable requirements of Federal and state securities laws.

12. MARKET STAND-OFF.

(a) In connection with any underwritten public offering by the Corporation of its equity securities pursuant to an effective registration statement filed under the 1933 Act, including the Corporation's initial public offering, Optionee shall not sell, make any short sale of, loan, hypothecate, pledge, grant any option for the purchase of, or otherwise dispose or transfer for value or otherwise agree to engage in any of the foregoing transactions with respect to, any Purchased Shares without the prior written consent of the Corporation or its underwriters. Such limitations shall be in effect for such period of time from and after the effective date of the final prospectus for the offering as may be requested by the Corporation or such underwriters; provided,

however, that in no event shall such period exceed one hundred eighty (180) days. The limitations of this Paragraph 12 shall in all events terminate two (2) years after the effective date of the Corporation's initial public offering.

(b) Optionee shall be subject to the market stand-off provisions of this Paragraph 12 provided and only if the officers and directors of the

Corporation are also subject to similar arrangements.

(c) In the event of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the Corporation's

outstanding Common Stock effected as a class without the Corporation's receipt of consideration, then any new, substituted or additional securities distributed with respect to the Purchased Shares shall be immediately subject to the provisions of this Paragraph 12, to the same extent the Purchased Shares are at such time covered by such provisions.

(d) In order to enforce the limitations of this Paragraph 12, the Corporation may impose stop-transfer instructions with respect to the Purchased Shares until the end of the applicable stand-off period.

13. SUCCESSORS AND ASSIGNS. Except to the extent otherwise provided

in Paragraph 3 or 6, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of Optionee and the successors and assigns of the Corporation.

14. LIABILITY OF CORPORATION. The inability of the Corporation to

obtain approval from any regulatory body having authority deemed by the Corporation to be necessary to the lawful issuance and sale of any Common Stock pursuant to this option shall relieve the Corporation of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained. The Corporation, however, shall use its best efforts to obtain all such approvals.

15. LOANS. Optionee shall be permitted to exercise this option by

delivering a promissory note providing for the payment of the Exercise Price. The interest rate and other terms and conditions of any promissory note shall be as follows: (A) the Note shall have a term of five (5) years, (B) the Note shall bear interest at the minimum rate required by the Federal tax laws to avoid the imputation of interest income to the Corporation and compensation income to Optionee, (C) the Note shall be secured by the Option Shares purchased upon delivery of the Note, (D) Optionee shall also be personally liable for payment of the Note, (E) the principal and interest under the Note shall be payable in four equal annual installments, and (F) the Note shall become immediately due and payable upon the occurrence of any or all of the following events: (i) the sale or transfer of the Option Shares purchased with the Note, (ii) 180 days following Optionee's termination of Service for any reason other than death or Permanent Disability, or (iii) the first anniversary of Optionee's termination of Service due to death or Permanent Disability.

16. NOTICES. Any notice required to be given or delivered to the

Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation in care of the Corporate Secretary at its principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the address indicated below Optionee's signature line on the Grant Notice. All notices shall be deemed to have been given or delivered upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

17. CONSTRUCTION. This Agreement and the option evidenced hereby are

made and granted pursuant to the Plan and are in all respects limited by and subject to the express terms and provisions of the Plan. All decisions of the Plan Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in this option.

18. GOVERNING LAW. The interpretation, performance and enforcement

of this Agreement shall be governed by the laws of the State of California without resort to that State's conflict-of-laws rules.

19. ADDITIONAL TERMS APPLICABLE TO AN INCENTIVE OPTION. In the

event this option is designated an Incentive Option in the Grant Notice, the following terms and conditions shall also apply to the grant:

(a) This option shall cease to qualify for favorable tax treatment as an Incentive Option if (and to the extent) this option is exercised for one or more Option Shares: (i) more than three (3) months after the date Optionee ceases to be an Employee for any reason other than death or Permanent Disability or (ii) more than twelve (12) months after the date Optionee ceases to be an Employee by reason of Permanent Disability.

(b) Should this option be designated as immediately exercisable in the Grant Notice, then this option shall not become exercisable in the calendar year in which granted if (and to the extent) the aggregate Fair Market Value (determined at the Grant Date) of the Common Stock for which this option would otherwise first become exercisable in such calendar year would, when added to the aggregate value (determined as of the respective date or dates of grant) of the Common Stock and any other securities for which this option or one or more other Incentive Options granted to Optionee prior to the Grant Date (whether under the Plan or any other option plan of the Corporation or any Parent or Subsidiary) first become exercisable during the same calendar year, exceed One Hundred Thousand Dollars (\$100,000) in the aggregate. To the extent the exercisability of this option is deferred by reason of the foregoing limitation, the deferred portion will become exercisable in the first calendar year or years thereafter in which the One Hundred Thousand Dollar (\$100,000) limitation of this Paragraph 18(b) would not be contravened, but such deferral shall in all events end immediately prior to the effective date of a Corporate Transaction in which this option is not to be assumed, whereupon the option shall become exercisable as a Non-Statutory Option for the balance of the Option Shares.

(c) Should this option be designated as exercisable in installments in the Grant Notice, then no installment under this option (whether annual or monthly) shall qualify for favorable tax treatment as an Incentive Option if (and to the extent) the aggregate Fair Market Value (determined at the Grant Date) of the Common Stock for which such installment first becomes exercisable hereunder would, when added to the aggregate value (determined as of the respective date or dates of grant) of any earlier installments of the Common Stock and any other securities for which this option or any other Incentive Options granted to Optionee prior to the Grant Date (whether under the Plan or any other option plan of the Corporation or any Parent

or Subsidiary) first become exercisable during the same calendar year, exceed One Hundred Thousand Dollars (\$100,000) in the aggregate. Should such One Hundred Thousand Dollar (\$100,000) limitation be exceeded in any calendar year, this option shall nevertheless become exercisable for the excess shares in such calendar year as a Non-Statutory Option.

(d) Should Optionee hold, in addition to this option, one or more other options to purchase Common Stock which become exercisable for the first time in the same calendar year as this option, then the foregoing limitations on the exercisability of such options as Incentive Options shall be applied on the basis of the order in which such options are granted.

20. WITHHOLDING TAXES. Optionee hereby agrees to make appropriate

arrangements with the Corporation or Parent or Subsidiary employing Optionee for the satisfaction of all Federal, state and local income and employment tax withholding requirements applicable to the exercise of this option.

APPENDIX

DEFINITIONS

A. BOARD shall mean the Corporation's Board of Directors.

B. CODE shall mean the Internal Revenue Code of 1986, as amended.

C. COMMON STOCK shall mean the Corporation's common stock.

D. CORPORATE TRANSACTION shall mean either of the following stockholder-

approved transactions to which the Corporation is a party:

(i) a merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities are transferred to a person or persons different from those who held those securities immediately prior to such transaction, or

(ii) the sale, transfer or other disposition of all or substantially all of the Corporation's assets in complete liquidation or dissolution of the Corporation.

E. CORPORATION shall mean Knowledge Adventure, Inc., a Delaware

corporation.

F. DISABILITY shall mean the inability of Optionee to engage in any

substantial gainful activity by reason of any medically determinable physical or mental impairment and shall be determined by the Plan Administrator on the basis of such medical evidence as the Plan Administrator deems warranted under the circumstances. Disability shall be deemed to constitute Permanent Disability in the event that such Disability is expected to result in death or has lasted or can be expected to last for a continuous period of twelve (12) months or more.

G. EMPLOYEE shall mean an individual who is in the employ of the

Corporation or any Parent or Subsidiary, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

H. EXERCISE DATE shall mean the date on which the option shall have been

exercised in accordance with Paragraph 9 of this Stock Option Agreement.

I. EXERCISE PRICE shall mean the exercise price per share as specified in

the Grant Notice.

J. EXPIRATION DATE shall mean the date on which the option expires as set

forth in the Grant Notice.

K. FAIR MARKET VALUE per share of Common Stock on any relevant date under

the Plan shall be the value determined in accordance with the following provisions:

(i) If the Common Stock is not at the time listed or admitted to trading on any Stock Exchange but is traded on the Nasdaq National Market System, the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question, as the price is reported by the National Association of Securities Dealers through the Nasdaq National Market System or any successor system. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed or admitted to trading on any Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on the Stock Exchange determined by the Plan Administrator to be the primary market for the Common Stock as such price is officially quoted in the composite tape of transactions on such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) If the Common Stock is at the time neither listed nor admitted to trading on any Stock Exchange nor traded on the Nasdaq National Market System, then such Fair Market Value shall be determined by the Plan Administrator after taking into account such factors as the Plan Administrator shall deem appropriate.

L. GRANT DATE shall mean the date of grant of the stock option as set

forth in the Grant Notice.

M. GRANT NOTICE shall mean the notice of grant of stock option pursuant to

which Optionee has been informed of the basic terms of the option.

N. INCENTIVE OPTION shall mean a stock option which satisfies the

requirements of Code Section 422.

O. 1933 ACT shall mean the Securities Act of 1933, as amended.

P. NON-STATUTORY OPTION shall mean an option not intended to meet the

requirements of Code Section 422.

Q. OPTION SHARES shall mean the number of shares of Common Stock subject

to the option.

R. PARENT shall mean any corporation (other than the Corporation) in an

unbroken chain of corporations ending with the Corporation, provided each
corporation in the unbroken chain (other than the Corporation) owns, at the time
of the determination, stock possessing fifty percent (50%) or more of the total
combined voting power of all classes of stock in one of the other corporations
in such chain.

S. PLAN shall mean the Corporation's 1993 Stock Option Plan.

T. PLAN ADMINISTRATOR shall mean either the Board or a committee of Board

members, to the extent the committee is at the time responsible for the
Administration of the Plan in accordance with Article III of the Plan.

U. PURCHASE AGREEMENT shall mean a form of stock purchase agreement in

substantially the same form of Exhibit B to the Grant Notice.

V. PURCHASED SHARES shall mean the shares of Common Stock of the

Corporation purchased by Optionee pursuant to the exercise of the option.

W. SERVICE shall mean the provision of services to the Corporation or any

Parent or Subsidiary by an individual in the capacity of an Employee, a non-
employee member of the board of directors or a consultant or independent
contractor.

X. STOCK EXCHANGE shall mean the American Stock Exchange or the New York

Stock Exchange.

Y. SUBSIDIARY shall mean each corporation (other than the Corporation) in

an unbroken chain of corporations beginning with the Corporation, provided each
such corporation (other than the last corporation) in the unbroken chain owns,
at the time of the determination, stock possessing fifty percent (50%) or more
of the total combined voting power of all classes of stock in one of the other
corporations in such chain.

EXHIBIT I

NOTICE OF EXERCISE OF STOCK OPTION

I hereby notify Knowledge Adventure, Inc. (the "Corporation") that I elect to purchase shares of the Corporation's Common Stock (the "Purchased Shares") at the option exercise price of \$_____ per share (the "Option Price") pursuant to that certain option (the "Option") granted to me under the Corporation's 1993 Stock Option Plan on _____, 19__.

Concurrently with the delivery of this Exercise Notice to the Corporate Secretary of the Corporation, I shall hereby pay to the Corporation the Option Price for the Purchased Shares in accordance with the provisions of my agreement with the Corporation evidencing the Option and shall deliver an Investment Representation Statement and whatever additional documents may be required by such agreement as a condition for exercise.

_____, 199_

Date

Optionee

Address: _____

Print name in exact
manner it is to appear on
the stock certificate:

Address to which certificate
is to be sent, if different
from address above:

Social Security Number:

Employee Number:

KNOWLEDGE ADVENTURE, INC.
STOCK PURCHASE AGREEMENT

AGREEMENT made as of this ___ day of _____ 19___, by and among Knowledge Adventure, Inc., a Delaware corporation, (the "Corporation") and _____ ("Optionee") under the Corporation's 1993 Stock Option Plan, and _____, Optionee's spouse.

All capitalized terms in this Agreement shall have the meaning assigned to them in this Agreement or in the attached Appendix.

A. EXERCISE OF OPTION

1. EXERCISE. Optionee hereby purchases _____ shares of

Common Stock (the "Purchased Shares") pursuant to that certain option (the "Option") granted Optionee on _____, 199__ (the "Grant Date") to purchase up to _____ shares of Common Stock under the Plan at the exercise price of \$_____ per share (the "Exercise Price").

2. PAYMENT. Concurrently with the delivery of this Agreement

to the Corporation, Optionee shall pay the Exercise Price for the Purchased Shares in accordance with the provisions of the Option Agreement and shall deliver whatever additional documents may be required by the Option Agreement as a condition for exercise, together with a duly-executed blank Assignment Separate from Certificate (in the form attached hereto as Exhibit I) with respect to the Purchased Shares.

3. DELIVERY OF CERTIFICATES. The certificates representing any

Purchased Shares which are subject to the Repurchase Right shall be held in escrow in accordance with the provisions of this Agreement.

4. STOCKHOLDER RIGHTS. Until such time as the Corporation

exercises the Repurchase Right, the First Refusal Right or the Special Purchase Right, Optionee (or any successor in interest) shall have all the rights of a stockholder (including voting, dividend and liquidation rights) with respect to the Purchased Shares, including the Purchased Shares held in escrow hereunder, subject, however, to the transfer restrictions of Articles B and C.

B. SECURITIES LAW COMPLIANCE

1. RESTRICTED SECURITIES. The Purchased Shares have not been

registered under the 1933 Act and are being issued to Optionee in reliance upon the exemption from such registration provided by SEC Rule 701 for stock issuances under compensatory benefit plans such as the Plan. Optionee hereby confirms that Optionee has been informed that the Purchased Shares are restricted securities under the 1933 Act and may not be resold or transferred unless the Purchased Shares are first registered under the Federal securities laws or unless an exemption from such registration is available. Accordingly, Optionee hereby acknowledges that Optionee is prepared to hold the Purchased Shares for an indefinite period and that Optionee is aware that SEC Rule 144 issued under the 1933 Act which exempts certain resales of unrestricted securities

is not presently available to exempt the resale of the Purchased Shares from the registration requirements of the 1933 Act.

2. RESTRICTIONS ON DISPOSITION OF PURCHASED SHARES. Optionee

shall make no disposition of the Purchased Shares (other than a Permitted Transfer) unless and until there is compliance with all of the following requirements:

(i) Optionee shall have provided the Corporation with a written summary of the terms and conditions of the proposed disposition.

(ii) Optionee shall have complied with all requirements of this Agreement applicable to the disposition of the Purchased Shares.

(iii) Optionee shall have provided the Corporation with written assurances, in form and substance satisfactory to the Corporation, that (a) the proposed disposition does not require registration of the Purchased Shares under the 1933 Act or (b) all appropriate action necessary for compliance with the registration requirements of the 1933 Act or any exemption from registration available under the 1933 Act (including Rule 144) has been taken.

(iv) Optionee shall have provided the Corporation with written assurances, in form and substance satisfactory to the Corporation, that the proposed disposition will not result in the contravention of any transfer restrictions applicable to the Purchased Shares pursuant to the provisions of the Rules of the California Corporations Commissioner identified in Paragraph B.4.

The Corporation shall not be required (i) to transfer on its books any

Purchased Shares which have been sold or transferred in violation of the provisions of this Agreement or (ii) to treat as the owner of the Purchased
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Shares, or otherwise to accord voting, dividend or liquidation rights to, any transferee to whom the Purchased Shares have been transferred in contravention of this Agreement.

3. RESTRICTIVE LEGENDS. The stock certificates for the

Purchased Shares shall be endorsed with one or more of the following restrictive legends:

(i) "The shares represented by this certificate have not been registered under the Securities Act of 1933. The shares may not be sold or offered for sale in the absence of (a) an effective registration statement for the shares under such Act, (b) a 'no action' letter of the Securities and Exchange Commission with respect to such sale or offer or (c) satisfactory assurances to the Corporation that registration under such Act is not required with respect to such sale or offer."

(ii) "It is unlawful to consummate a sale or transfer of this security, or any interest therein, or to receive any consideration therefor, without the prior written consent of the Commissioner of Corporations of the State of California, except as permitted in the Commissioner's Rules."

(iii) "The shares represented by this certificate are subject to

certain repurchase rights and rights of first refusal granted to the Corporation and accordingly may not be sold, assigned, transferred, encumbered, or in any manner disposed of except in conformity with the terms of a written agreement dated _____, 199__ between the Corporation and the registered holder of the shares (or the predecessor in interest to the shares). A copy of such agreement is maintained at the Corporation's principal corporate offices."

4. RECEIPT OF COMMISSIONER RULES. Optionee hereby acknowledges

receipt of a copy of Section 260.141.11 of the Rules of the California Corporations Commissioner, a copy of which is attached as Exhibit II to this Agreement.

C. TRANSFER RESTRICTIONS

1. RESTRICTION ON TRANSFER. Except for any Permitted Transfer,

Optionee shall not transfer, assign, encumber or otherwise dispose of any of the Purchased Shares which are subject to the Repurchase Right. In addition, Purchased Shares which are released from the Repurchase Right shall not be transferred, assigned, encumbered or otherwise disposed of in contravention of the First Refusal Right, the Market Stand-Off or the Special Purchase Right.

2. TRANSFEREE OBLIGATIONS. Each person (other than the

Corporation) to whom the Purchased Shares are transferred by means of a Permitted Transfer must, as a condition precedent to the validity of such transfer, acknowledge in writing to the Corporation that such person is bound by the provisions of this Agreement and that the transferred shares are subject to (i) the Repurchase Right, (ii) the First Refusal Right and (iii) the Market Stand-Off, to the same extent such shares would be so subject if retained by Optionee.

3. MARKET STAND-OFF.

(a) In connection with any underwritten public offering by the Corporation of its equity securities pursuant to an effective registration statement filed under the 1933 Act, including the Corporation's initial public offering, Owner shall not sell, make any short sale of, loan, hypothecate, pledge, grant any option for the purchase of, or otherwise dispose or transfer for value or otherwise agree to engage in any of the foregoing transactions with respect to, any Purchased Shares without the prior written consent of the Corporation or its underwriters. Such restriction (the "Market Stand-Off") shall be in effect for such period of time from and after the effective date of the final prospectus for the offering as may be requested by the Corporation or such underwriters. In no event, however, shall such period exceed one hundred eighty (180) days and the Market Stand-Off shall in all events terminate two (2) years after the effective date of the Corporation's initial public offering.

(b) Owner shall be subject to the Market Stand-Off provided and

only if the officers and directors of the Corporation are also subject to

similar restrictions.

(c) Any new, substituted or additional securities which are by reason of any Recapitalization or Reorganization distributed with respect to the Purchased Shares shall be immediately subject to the Market Stand-Off, to the same extent the Purchased Shares are at such time covered by such provisions.

(d) In order to enforce the Market Stand-Off, the Corporation may impose stop-transfer instructions with respect to the Purchased Shares until the end of the applicable stand-off period.

D. REPURCHASE RIGHT

1. GRANT. The Corporation is hereby granted the right (the

"Repurchase Right"), exercisable at any time during the sixty (60)-day period following the date Optionee ceases for any reason to remain in Service or (if later) during the sixty (60)-day period following the execution date of this Agreement, to repurchase at the Exercise Price all or (at the discretion of the Corporation and with the consent of Optionee) any portion of the Purchased Shares in which Optionee is not, at the time of his or her cessation of Service, vested in accordance with the Vesting Schedule (such shares to be hereinafter referred to as the "Unvested Shares").

2. EXERCISE OF THE REPURCHASE RIGHT. The Repurchase Right

shall be exercisable by written notice delivered to each Owner of the Unvested Shares prior to the expiration of the sixty (60)-day exercise period. The notice shall indicate the number of Unvested Shares to be repurchased and the date on which the repurchase is to be effected, such date to be not more than thirty (30) days after the date of such notice. The certificates representing the Unvested Shares to be repurchased shall be delivered to the Corporation prior to the close of business on the date specified for the repurchase. Concurrently with the receipt of such stock certificates, the Corporation shall pay to Owner, in cash or cash equivalents (including the cancellation of any purchase-money indebtedness), an amount equal to the Exercise Price previously paid for the Unvested Shares which are to be repurchased from Owner.

3. TERMINATION OF THE REPURCHASE RIGHT. The Repurchase Right

shall terminate with respect to any Unvested Shares for which it is not timely exercised under Paragraph D.2. In addition, the Repurchase Right shall terminate and cease to be exercisable with respect to any and all Purchased Shares in which Optionee vests in accordance with the Vesting Schedule. All Purchased Shares as to which the Repurchase Right lapses shall, however, remain subject to (i) the First Refusal Right, (ii) the Market Stand-Off and (iii) the Special Purchase Right.

4. AGGREGATE VESTING LIMITATION. If the Option is exercised in

more than one increment so that Optionee is a party to one or more other Stock Purchase Agreements (the "Prior Purchase Agreements") which are executed prior to the date of this Agreement, then the total number of Purchased Shares as to which Optionee shall be deemed to have a fully-vested interest under this Agreement and all Prior Purchase Agreements shall not exceed in the aggregate the number of Purchased Shares in which Optionee would otherwise at the time be vested, in accordance with the Vesting Schedule, had all the Purchased Shares (including those acquired under the Prior Purchase Agreements) been acquired exclusively under this Agreement.

5. RECAPITALIZATION. Any new, substituted or additional

securities or other property (including cash paid other than as a regular cash dividend) which is by reason of any Recapitalization distributed with respect to the Purchased Shares shall be immediately subject to the Repurchase Right, but only to the extent the Purchased Shares are at the time covered by such right. Appropriate adjustments to reflect such distribution shall be made to the number and/or class of Purchased Shares subject to this Agreement and to the price per share to be paid upon the

exercise of the Repurchase Right in order to reflect the effect of any such Recapitalization upon the Corporation's capital structure; provided, however,

that the aggregate purchase price shall remain the same.

6. CORPORATE TRANSACTION.

(a) Immediately prior to the consummation of any Corporate Transaction, the Repurchase Right shall automatically lapse in its entirety, except to the extent the Repurchase Right is to be assigned to the successor corporation (or parent thereof) in connection with the Corporate Transaction.

(b) To the extent the Repurchase Right remains in effect following a Corporate Transaction, such right shall apply to the new capital stock or other property (including any cash payment) received in exchange for the Purchased Shares in consummation of the Corporate Transaction, but only to the extent the Purchased Shares are at the time covered by such right. Appropriate adjustments shall be made to the price per share payable upon exercise of the Repurchase Right to reflect the effect of the Corporate Transaction upon the Corporation's capital structure; provided, however, that

the aggregate purchase price shall remain the same.

E. RIGHT OF FIRST REFUSAL

1. GRANT. The Corporation is hereby granted the right of first

refusal (the "First Refusal Right"), exercisable in connection with any proposed transfer of the Purchased Shares in which Optionee has vested in accordance with the Vesting Schedule. For purposes of this Article E, the term "transfer" shall include any sale, assignment, pledge, encumbrance or other disposition of the Purchased Shares intended to be made by Owner, but shall not include any Permitted Transfer.

2. NOTICE OF INTENDED DISPOSITION. In the event any Owner of

Purchased Shares in which Optionee has vested desires to accept a bona fide third-party offer for the transfer of any or all of such shares (the Purchased Shares subject to such offer to be hereinafter referred to as the "Target Shares"), Owner shall promptly (i) deliver to the Corporation written notice (the "Disposition Notice") of the terms of the offer, including the purchase price and the identity of the third-party offeror, and (ii) provide satisfactory proof that the disposition of the Target Shares to such third-party offeror would not be in contravention of the provisions set forth in Articles B and C.

3. EXERCISE OF THE FIRST REFUSAL RIGHT. The Corporation shall,

for a period of twenty-five (25) days following receipt of the Disposition Notice, have the right to repurchase any or all of the Target Shares subject to the Disposition Notice upon the same terms as those specified therein or upon such other terms (not materially different from those specified in the Disposition Notice) to which Owner consents. Such right shall be exercisable by delivery of written notice (the "Exercise Notice") to Owner prior to the expiration of the twenty-five (25)-day exercise period. If such right is exercised with respect to all the Target Shares, then the Corporation shall effect the repurchase of such shares, including payment of the purchase price, not more than five (5) business days after delivery of the Exercise Notice; and at such time the certificates representing the Target Shares shall be delivered to the Corporation.

Should the purchase price specified in the Disposition Notice be payable in property other than cash or evidences of indebtedness, the Corporation shall have the right to pay the purchase price in the form of cash equal in amount to the value of such property. If Owner and the Corporation cannot agree on such cash value within ten (10) days after the Corporation's receipt of the Disposition Notice, the valuation shall be made by an appraiser of recognized standing selected by Owner and the Corporation or, if they cannot agree on an appraiser within twenty (20) days after the Corporation's receipt of the Disposition Notice, each shall select an appraiser of recognized standing and the two (2) appraisers shall designate a third appraiser of recognized standing, whose appraisal shall be determinative of such value. The cost of such appraisal shall be shared equally by Owner and the Corporation. The closing shall then be held on the later of (i) the fifth (5th) business day following delivery of the Exercise Notice or (ii) the fifth (5th) business day after such valuation shall have been made.

4. NON-EXERCISE OF THE FIRST REFUSAL RIGHT. In the event the

Exercise Notice is not given to Owner prior to the expiration of the twenty-five (25)-day exercise period, Owner shall have a period of thirty (30) days thereafter in which to sell or otherwise dispose of the Target Shares to the third-party offeror identified in the Disposition Notice upon terms (including the purchase price) no more favorable to such third-party offeror than those specified in the Disposition Notice; provided, however, that any such sale or disposition must not be effected in contravention of the provisions of Articles B and C. The third-party offeror shall acquire the Target Shares free and clear of the Repurchase Right and the First Refusal Right, but the acquired shares shall remain subject to the provisions of Article B and Paragraph C.3. In the event Owner does not effect such sale or disposition of the Target Shares within the specified thirty (30)-day period, the First Refusal Right shall continue to be applicable to any subsequent disposition of the Target Shares by Owner until such right lapses.

5. PARTIAL EXERCISE OF THE FIRST REFUSAL RIGHT. In the event

the Corporation makes a timely exercise of the First Refusal Right with respect to a portion, but not all, of the Target Shares specified in the Disposition Notice, Owner shall have the option, exercisable by written notice to the Corporation delivered within five (5) business days after Owner's receipt of the Exercise Notice, to effect the sale of the Target Shares pursuant to either of the following alternatives:

- (i) sale or other disposition of all the Target Shares to the third-party offeror identified in the Disposition Notice, but in full compliance with the requirements of Paragraph E.4, as if the Corporation did not exercise the First Refusal Right; or
- (ii) sale to the Corporation of the portion of the Target Shares which the Corporation has elected to purchase, such sale to be effected in substantial conformity with the provisions of Paragraph E.3. The First Refusal Right shall continue to be applicable to any subsequent disposition of the remaining Target Shares until such right lapses.

Failure of Owner to deliver timely notification to the Corporation shall be deemed to be an election by Owner to sell the Target Shares pursuant to alternative (i) above.

6. RECAPITALIZATION/REORGANIZATION.

(a) Any new, substituted or additional securities or other property which is by reason of any Recapitalization distributed with respect to the Purchased Shares shall be immediately subject to the First Refusal Right, but only to the extent the Purchased Shares are at the time covered by such right.

(b) In the event of a Reorganization, the First Refusal Right shall remain in full force and effect and shall apply to the new capital stock or other property received in exchange for the Purchased Shares in consummation of the Reorganization, but only to the extent the Purchased Shares are at the time covered by such right.

7. LAPSE. The First Refusal Right shall lapse upon the

earliest to occur of (i) the first date on which shares of the Common Stock are

held of record by more than five hundred (500) persons, (ii) a determination is made by the Board that a public market exists for the outstanding shares of Common Stock or (iii) a firm commitment underwritten public offering, pursuant to an effective registration statement under the 1933 Act, covering the offer and sale of the Common Stock in the aggregate amount of at least ten million dollars (\$10,000,000). However, the Market Stand-Off shall continue to remain in full force and effect following the lapse of the First Refusal Right.

F. MARITAL DISSOLUTION OR LEGAL SEPARATION

1. GRANT. In connection with the dissolution of Optionee's

marriage or the legal separation of Optionee and Optionee's spouse, the Corporation shall have the right (the "Special Purchase Right") to purchase from Optionee's spouse, in accordance with the provisions of Paragraph F.3, all or any portion of the Purchased Shares which would otherwise be awarded to such spouse in settlement of any community property or other marital property rights such spouse may have in such shares.

2. NOTICE OF DECREE OR AGREEMENT. Optionee shall promptly

provide the Corporation with written notice (the "Dissolution Notice") of (i) the entry of any judicial decree or order resolving the property rights of Optionee and Optionee's spouse in connection with their marital dissolution or legal separation or (ii) the execution of any contract or agreement relating to the distribution or division of such property rights. The Dissolution Notice shall be accompanied by a copy of the actual decree or order of dissolution or contract or agreement between Optionee and Optionee's spouse which provides for the award to the spouse of one or more Purchased Shares in settlement of any community property or other marital property rights such spouse may have in such shares.

3. EXERCISE OF THE SPECIAL PURCHASE RIGHT. The Special

Purchase Right shall be exercisable by delivery of written notice (the "Purchase Notice") to Optionee and Optionee's spouse within thirty (30) days after the Corporation's receipt of the Dissolution Notice. The Purchase Notice shall indicate the number of shares to be purchased by the Corporation, the date such purchase is to be effected (such date to be not less than five (5) business days, nor more than ten (10) business days, after the date of the Purchase Notice) and the Fair Market Value to be paid for such Purchased Shares. Optionee (or Optionee's spouse, to the extent such spouse has physical possession of the Purchased Shares) shall, prior to the close of business on the date specified for the purchase, deliver to the Corporation the certificates representing the shares to be purchased. The

Corporation shall, concurrently with the receipt of the stock certificates, pay to Optionee's spouse (in cash or cash equivalents) an amount equal to the Fair Market Value specified for such shares in the Purchase Notice.

If Optionee's spouse does not agree with the Fair Market Value specified for the shares in the Purchase Notice, then the spouse shall promptly notify the Corporation in writing of such disagreement and the fair market value of such shares shall thereupon be determined by an appraiser of recognized standing selected by the Corporation and the spouse. If they cannot agree on an appraiser within twenty (20) days after the date of the Purchase Notice, each shall select an appraiser of recognized standing, and the two (2) appraisers shall designate a third appraiser of recognized standing whose appraisal shall be determinative of such value. The cost of the appraisal shall be shared equally by the Corporation and Optionee's spouse. The closing shall then be held on the fifth (5th) business day following the completion of such appraisal;

provided, however, that if the appraised value is more than twenty-five percent

(25%) greater than the Fair Market Value specified for the shares in the Purchase Notice, the Corporation shall have the right, exercisable prior to the expiration of such five (5) business-day period, to rescind the exercise of the Special Purchase Right and thereby revoke its election to purchase the shares awarded to the spouse. In the event the Corporation so revokes its election, the Corporation shall bear the entire cost of the appraisal.

4. LAPSE. The Special Purchase Right shall lapse upon the

earlier to occur of (i) the lapse of the First Refusal Right or (ii) the

expiration of the exercise period specified in Paragraph F.3, to the extent the Special Purchase Right is not timely exercised in accordance with such paragraph.

G. ESCROW

1. DEPOSIT. Upon issuance, the certificates for the Purchased

Shares which are subject to the Repurchase Right shall be deposited in escrow with the Corporation to be held in accordance with the provisions of this Article G. Each deposited certificate shall be accompanied by a duly-executed Assignment Separate from Certificate in the form of Exhibit I. The deposited certificates, together with any other assets or securities from time to time deposited with the Corporation pursuant to the requirements of this Agreement, shall remain in escrow until such time or times as the certificates (or other assets and securities) are to be released or otherwise surrendered for cancellation in accordance with Paragraph G.3. Upon delivery of the certificates (or other assets and securities) to the Corporation, Owner shall be issued a receipt acknowledging the number of Purchased Shares (or other assets and securities) delivered in escrow.

2. RECAPITALIZATION/REORGANIZATION. Any new, substituted or

additional securities or other property which is by reason of any Recapitalization or Reorganization distributed with respect to the Purchased Shares shall be immediately delivered to the Corporation to be held in escrow under this Article G, but only to the extent the Purchased Shares are at the time subject to the escrow requirements hereunder. However, all regular cash dividends on the Purchased Shares (or other securities at the time held in escrow) shall be paid directly to Owner and shall not be held in escrow.

3. RELEASE/SURRENDER. The Purchased Shares, together with any

other assets or securities held in escrow hereunder, shall be subject to the following terms relating to their

release from escrow or their surrender to the Corporation for repurchase and cancellation:

(i) Should the Corporation elect to exercise the Repurchase Right with respect to any Unvested Shares, then the escrowed certificates for those Unvested Shares (together with any other assets or securities attributable thereto) shall be surrendered to the Corporation concurrently with the payment to Owner of an amount equal to the aggregate Exercise Price for such Unvested Shares, and Owner shall cease to have any further rights or claims with respect to such Unvested Shares (or other assets or securities attributable thereto).

(ii) Should the Corporation elect to exercise the First Refusal Right with respect to any Target Shares held at the time in escrow hereunder, then the escrowed certificates for those Target Shares (together with any other assets or securities attributable thereto) shall be surrendered to the Corporation concurrently with the payment of the Paragraph E.3 purchase price for such Target Shares to Owner, and Owner shall cease to have any further rights or claims with respect to such Target Shares (or other assets or securities attributable thereto).

(iii) Should the Corporation elect not to exercise the

Repurchase Right with respect to any Unvested Shares or the First Refusal Right with respect to any Target Shares held at the time in escrow hereunder, then the escrowed certificates for those shares (together with any other assets or securities attributable thereto) shall be immediately released to Owner.

(iv) As the Purchased Shares (or any other assets or securities attributable thereto) vest in accordance with the Vesting Schedule, the certificates for those vested shares (as well as all other vested assets and securities) shall be released from escrow upon Owner's request, but not more frequently than once every six (6) months.

(v) All Purchased Shares which vest (and any other vested assets and securities attributable thereto) shall be released within thirty (30) days after the earlier to occur of (a) Optionee's cessation of Service or (b) the

lapse of the First Refusal Right.

(vi) All Purchased Shares (or other assets or securities) released from escrow shall nevertheless remain subject to (a) the First Refusal Right, to the extent such right has not otherwise lapsed, (b) the Market Stand-Off, until such restriction terminates, and (c) the Special Purchase Right, to the extent such right has not otherwise lapsed.

H. SPECIAL TAX ELECTION

The acquisition of the Purchased Shares may result in adverse tax consequences which may be avoided or mitigated by filing an election under Code Section 83(b). Such election must be filed within thirty (30) days after the date of this Agreement. A description of the tax consequences applicable to the acquisition of the Purchased Shares and the form for making the Code Section 83(b) election are set forth in Exhibit III. OPTIONEE SHOULD CONSULT

WITH HIS OR HER TAX ADVISOR TO DETERMINE THE TAX CONSEQUENCES OF ACQUIRING THE PURCHASED SHARES AND THE ADVANTAGES AND DISADVANTAGES OF FILING THE CODE SECTION 83(B) ELECTION. OPTIONEE ACKNOWLEDGES THAT IT IS OPTIONEE'S SOLE RESPONSIBILITY, AND NOT THE CORPORATION'S, TO FILE A TIMELY ELECTION UNDER CODE SECTION 83(B), EVEN IF OPTIONEE REQUESTS THE CORPORATION OR ITS REPRESENTATIVES TO MAKE THIS FILING ON HIS OR HER BEHALF.

I. GENERAL PROVISIONS

1. ASSIGNMENT. The Corporation may assign the Repurchase

Right, the First Refusal Right and/or the Special Purchase Right to any person or entity selected by the Board, including (without limitation) one or more stockholders of the Corporation.

If the assignee of the Repurchase Right is other than (i) a wholly owned subsidiary of the Corporation or (ii) the parent corporation owning one hundred percent (100%) of the Corporation's outstanding capital stock, then such assignee must make a cash payment to the Corporation, upon the assignment of the Repurchase Right, in an amount equal to the excess (if any) of (i) the Fair Market Value of the Purchased Shares at the time subject to the assigned Repurchase Right over (ii) the aggregate repurchase price payable for the Purchased Shares.

2. NO EMPLOYMENT OR SERVICE CONTRACT. Nothing in this

Agreement or in the Plan shall confer upon Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining Optionee) or of Optionee, which rights are hereby expressly reserved by each, to terminate Optionee's Service at any time for any reason, with or without cause.

3. NOTICES. Any notice required to be given under this

Agreement shall be in writing and shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, registered or certified, postage prepaid and properly addressed to the party entitled to such notice at the address indicated below such party's signature line on this Agreement or at such other address as such party may designate by ten (10) days advance written notice under this paragraph to all other parties to this Agreement.

4. NO WAIVER. The failure of the Corporation in any instance

to exercise the Repurchase Right, the First Refusal Right or the Special Purchase Right shall not constitute a waiver of any other repurchase rights and/or rights of first refusal that may subsequently arise under the provisions of this Agreement or any other agreement between the Corporation and Optionee or Optionee's spouse. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition, whether of like or different nature.

5. CANCELLATION OF SHARES. If the Corporation shall make

available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Purchased Shares to be repurchased in accordance with the provisions of this Agreement, then from and after such time, the person from whom such shares are to be repurchased shall no longer have any rights as a holder of such shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such shares shall be deemed purchased in accordance with the

applicable provisions hereof, and the Corporation shall be deemed the owner and holder of such shares, whether or not the certificates therefor have been delivered as required by this Agreement.

J. MISCELLANEOUS PROVISIONS

1. OPTIONEE UNDERTAKING. Optionee hereby agrees to take

whatever additional action and execute whatever additional documents the Corporation may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either Optionee or the Purchased Shares pursuant to the provisions of this Agreement.

2. AGREEMENT IS ENTIRE CONTRACT. This Agreement constitutes

the entire contract between the parties hereto with regard to the subject matter hereof. This Agreement is made pursuant to the provisions of the Plan and shall in all respects be construed in conformity with the terms of the Plan.

3. GOVERNING LAW. This Agreement shall be governed by, and

construed in accordance with, the laws of the State of Delaware without resort to that State's conflict-of-laws rules.

4. COUNTERPARTS. This Agreement may be executed in

counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

5. SUCCESSORS AND ASSIGNS. The provisions of this Agreement

shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and upon Optionee, Optionee's permitted assigns and the legal representatives, heirs and legatees of Optionee's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to join herein and be bound by the terms hereof.

6. POWER OF ATTORNEY. Optionee's spouse hereby appoints

Optionee his or her true and lawful attorney in fact, for him or her and in his or her name, place and stead, and for his or her use and benefit, to agree to any amendment or modification of this Agreement and to execute such further instruments and take such further actions as may reasonably be necessary to carry out the intent of this Agreement. Optionee's spouse further gives and grants unto Optionee as his or her attorney in fact full power and authority to do and perform every act necessary and proper to be done in the exercise of any of the foregoing powers as fully as he or she might or could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that Optionee shall lawfully do and cause to be done by virtue of this power of attorney.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first indicated above.

KNOWLEDGE ADVENTURE, INC.

By:

Title:

Address:

OPTIONEE

Address:

SPOUSAL ACKNOWLEDGMENT

The undersigned spouse of Optionee has read and hereby approves the foregoing Stock Purchase Agreement. In consideration of the Corporation's granting Optionee the right to acquire the Purchased Shares in accordance with the terms of such Agreement, the undersigned hereby agrees to be irrevocably bound by all the terms of such Agreement, including (without limitation) the right of the Corporation (or its assigns) to purchase any Purchased Shares in which Optionee is not vested and the right of the Corporation (or its assigns) to purchase any and all interest or right the undersigned may otherwise have in the Purchased Shares pursuant to community property laws or other marital property rights.

OPTIONEE'S SPOUSE

Address:

EXHIBIT I

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED _____ hereby sell(s), assign(s) and transfer(s) unto Knowledge Adventure, Inc. (the "Corporation"), _____ (_____) shares of the Common Stock of the Corporation standing in his or her name on the books of the Corporation represented by Certificate No. _____ herewith and does hereby irrevocably constitute and appoint _____ Attorney to transfer the said stock on the books of the Corporation with full power of substitution in the premises.

Dated: _____

Signature _____

INSTRUCTION: Please do not fill in any blanks other than the signature line. Please sign exactly as you would like your name to appear on the issued stock certificate. The purpose of this assignment is to enable the Corporation to exercise the Repurchase Right without requiring additional signatures on the part of Optionee.

EXHIBIT II

SECTION 260.141.11
TITLE 10, CALIFORNIA ADMINISTRATIVE CODE

260.141.11 Restriction on Transfer. (a) The issuer of any security upon which a restriction on transfer has been imposed pursuant to Sections 260.102.6, 260.141.10 or 260.534 shall cause a copy of this section to be delivered to each issuee or transferee of such security at the time the certificate evidencing the security is delivered to the issuee or transferee.

(b) It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of these rules), except:

(1) to the issuer;

(2) pursuant to the order or process of any court;

(3) to any person described in Subdivision (i) of Section 25102 of the Code or Section 260.105.14 of these rules;

(4) to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants, or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;

(5) to holders of securities of the same class of the same issuer;

(6) by way of gift or donation inter vivos or on death;

(7) by or through a broker-dealer licensed under the Code (either acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities law of the foreign state, territory or country concerned;

(8) to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter or member of an underwriting syndicate or selling group;

(9) if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;

(10) by way of a sale qualified under Sections 25111, 25112, 25113 or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or Subdivision (a) of Section 25143 is in effect with respect to such qualification;

(11) by a corporation to a wholly owned subsidiary of such corporation, or by a

wholly owned subsidiary of a corporation to such corporation;

(12) by way of an exchange qualified under Section 25111, 25112 or 25113 of the Code, provided that no order under Section 25140 or Subdivision (a) of Section 25143 is in effect with respect to such qualification;

(13) between residents of foreign states, territories or countries who are neither domiciled nor actually present in this state;

(14) to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state; or

(15) by the State Controller pursuant to the Unclaimed Property Law or by the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;

(16) by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities;

(17) by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section 25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102; provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.

(c) The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10-point size, reading as follows:

"IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES."

EXHIBIT III

FEDERAL INCOME TAX CONSEQUENCES AND
SECTION 83(b) TAX ELECTION

I. FEDERAL INCOME TAX CONSEQUENCES AND SECTION 83(B) ELECTION FOR

EXERCISE OF NON-STATUTORY OPTION. If the Purchased Shares are acquired pursuant

to the exercise of a Non-Statutory Option, as specified in the Grant Notice, then under Code Section 83, the excess of the Fair Market Value of the Purchased Shares on the date any forfeiture restrictions applicable to such shares lapse over the Exercise Price paid for such shares will be reportable as ordinary income on the lapse date. For this purpose, the term "forfeiture restrictions" includes the right of the Corporation to repurchase the Purchased Shares pursuant to the Repurchase Right. However, Optionee may elect under Code Section 83(b) to be taxed at the time the Purchased Shares are acquired, rather than when and as such Purchased Shares cease to be subject to such forfeiture restrictions. Such election must be filed with the Internal Revenue Service within thirty (30) days after the date of the Agreement. Even if the Fair Market Value of the Purchased Shares on the date of the Agreement equals the Exercise Price paid (and thus no tax is payable), the election must be made to avoid adverse tax consequences in the future. The form for making this election is attached as part of this exhibit. FAILURE TO MAKE THIS FILING WITHIN THE APPLICABLE THIRTY (30)-DAY PERIOD WILL RESULT IN THE RECOGNITION OF ORDINARY INCOME BY OPTIONEE AS THE FORFEITURE RESTRICTIONS LAPSE.

II. FEDERAL INCOME TAX CONSEQUENCES AND CONDITIONAL SECTION 83(B) ELECTION

FOR EXERCISE OF INCENTIVE OPTION. If the Purchased Shares are acquired pursuant

to the exercise of an Incentive Option, as specified in the Grant Notice, then the following tax principles shall be applicable to the Purchased Shares:

(i) For regular tax purposes, no taxable income will be recognized at the time the Option is exercised.

(ii) The excess of (a) the Fair Market Value of the Purchased Shares on the date the Option is exercised or (if later) on the date any forfeiture restrictions applicable to the Purchased Shares lapse over (b) the Exercise Price paid for the Purchased Shares will be includible in Optionee's taxable income for alternative minimum tax purposes.

(iii) If Optionee makes a disqualifying disposition of the Purchased Shares, then Optionee will recognize ordinary income in the year of such disposition equal in amount to the excess of (a) the Fair Market Value of the Purchased Shares on the date the Option is exercised or (if later) on the date any forfeiture restrictions applicable to the Purchased Shares lapse over (b) the Exercise Price paid for the Purchased Shares. Any additional gain recognized upon the disqualifying disposition will be either short-term or long-term capital gain depending upon the period for which the Purchased Shares are held prior to the disposition.

(iv) For purposes of the foregoing, the term "forfeiture restrictions" will include the right of the Corporation to repurchase the Purchased Shares pursuant to the Repurchase Right. The term "disqualifying disposition" means any sale or other disposition /1/ of the Purchased Shares within two (2) years after the Grant Date or within one (1) year after the exercise date of the Option.

(v) In the absence of final Treasury Regulations relating to Incentive Options, it is not certain whether Optionee may, in connection with the exercise of the Option for any Purchased Shares at the time subject to forfeiture restrictions, file a protective election under Code Section 83(b) which would limit (a) Optionee's alternative minimum taxable income upon exercise and (b) Optionee's ordinary income upon a disqualifying disposition to the excess of the Fair Market Value of the Purchased Shares on the date the Option is exercised over the Exercise Price paid for the Purchased Shares. Accordingly, such election if properly filed will only be allowed to the extent the final Treasury Regulations permit such a protective election. Page 2 of the attached form for making the election should be filed with any election made in connection with the exercise of an Incentive Option.

/1/ Generally, a disposition of shares purchased under an Incentive Option includes any transfer of legal title, including a transfer by sale, exchange or gift, but does not include a transfer to the Optionee's spouse, a transfer into joint ownership with right of survivorship if Optionee remains one of the joint owners, a pledge, a transfer by bequest or inheritance or certain tax free exchanges permitted under the Code.

SECTION 83(b) ELECTION

This statement is being made under Section 83(b) of the Internal Revenue Code, pursuant to Treas. Reg. Section 1.83-2.

- (1) The taxpayer who performed the services is:
- Name:
Address:
Taxpayer Ident. No.:
- (2) The property with respect to which the election is being made is _____ shares of the common stock of Knowledge Adventure, Inc.
- (3) The property was issued on _____, 199__.
- (4) The taxable year in which the election is being made is the calendar year 199__.
- (5) The property is subject to a repurchase right pursuant to which the issuer has the right to acquire the property at the original purchase price if for any reason taxpayer's employment with the issuer is terminated. The issuer's repurchase right lapses in a series of annual and monthly installments over a four (4)-year period ending on _____, 199__.
- (6) The fair market value at the time of transfer (determined without regard to any restriction other than a restriction which by its terms will never lapse) is \$_____ per share.
- (7) The amount paid for such property is \$_____ per share.
- (8) A copy of this statement was furnished to Knowledge Adventure, Inc. for whom taxpayer rendered the services underlying the transfer of property.
- (9) This statement is executed on _____, 199__.

Spouse (if any)

Taxpayer

This election must be filed with the Internal Revenue Service Center with which taxpayer files his or her Federal income tax returns and must be made within thirty (30) days after the execution date of the Stock Purchase Agreement. This filing should be made by registered or certified mail, return receipt requested. Optionee must retain two (2) copies of the completed form for filing with his or her Federal and state tax returns for the current tax year and an additional copy for his or her records.

The property described in the above Section 83(b) election is comprised of shares of common stock acquired pursuant to the exercise of an incentive stock option under Section 422 of the Internal Revenue Code (the "Code"). Accordingly, it is the intent of the Taxpayer to utilize this election to achieve the following tax results:

1. The purpose of this election is to have the alternative minimum taxable income attributable to the purchased shares measured by the amount by which the fair market value of such shares at the time of their transfer to the Taxpayer exceeds the purchase price paid for the shares. In the absence of this election, such alternative minimum taxable income would be measured by the spread between the fair market value of the purchased shares and the purchase price which exists on the various lapse dates in effect for the forfeiture restrictions applicable to such shares. The election is to be effective to the full extent permitted under the Code.

2. Section 421(a)(1) of the Code expressly excludes from income any excess of the fair market value of the purchased shares over the amount paid for such shares. Accordingly, this election is also intended to be effective in the event there is a "disqualifying disposition" of the shares, within the meaning of Section 421(b) of the Code, which would otherwise render the provisions of Section 83(a) of the Code applicable at that time. Consequently, the Taxpayer hereby elects to have the amount of disqualifying disposition income measured by the excess of the fair market value of the purchased shares on the date of transfer to the Taxpayer over the amount paid for such shares. Since Section 421(a) presently applies to the shares which are the subject of this Section 83(b) election, no taxable income is actually recognized for regular tax purposes at this time, and no income taxes are payable, by the Taxpayer as a result of this election.

THIS PAGE 2 IS TO BE ATTACHED TO ANY SECTION 83(b) ELECTION FILED IN CONNECTION WITH THE EXERCISE OF AN INCENTIVE STOCK OPTION UNDER THE FEDERAL TAX LAWS.

APPENDIX

The following definitions shall be in effect under the Agreement:

A. AGREEMENT shall mean this Stock Purchase Agreement.

B. BOARD shall mean the Corporation's Board of Directors.

C. CODE shall mean the Internal Revenue Code of 1986, as amended.

D. COMMON STOCK shall mean the Corporation's common stock.

E. CORPORATE TRANSACTION shall mean either of the following stockholder-

approved transactions:

(i) a merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction, or

(ii) the sale, transfer or other disposition of all or substantially all of the Corporation's assets in complete liquidation or dissolution of the Corporation.

F. CORPORATION shall mean Knowledge Adventure, Inc., a Delaware

corporation.

G. DISPOSITION NOTICE shall have the meaning assigned to such term in

Paragraph E.2.

H. DISSOLUTION NOTICE shall have the meaning assigned to such term in

Paragraph F.2.

I. EXERCISE NOTICE shall have the meaning assigned to such term in

Paragraph E.3.

J. EXERCISE PRICE shall have the meaning assigned to such term in

Paragraph A.1.

K. FAIR MARKET VALUE of a share of Common Stock on any relevant date,

prior to the initial public offering of the Common Stock, shall be determined by the Plan Administrator after taking into account such factors as it shall deem appropriate.

L. FIRST REFUSAL RIGHT shall mean the right granted to the Corporation in

accordance with Article E.

M. GRANT DATE shall have the meaning assigned to such term in Paragraph

A.1.

N. GRANT NOTICE shall mean the Notice of Grant of Stock Option pursuant

to which Optionee has been informed of the basic terms of the Option.

O. INCENTIVE OPTION shall mean an option which satisfies the requirements

of Code Section 422.

P. MARKET STAND-OFF shall mean the market stand-off restriction specified

in Paragraph C.3.

Q. 1933 ACT shall mean the Securities Act of 1933, as amended.

R. NON-STATUTORY OPTION shall mean an option not intended to satisfy the

requirements of Code Section 422.

S. OPTION shall have the meaning assigned to such term in Paragraph A.1.

T. OPTION AGREEMENT shall mean all agreements and other documents

evidencing the Option.

U. OPTIONEE shall mean the person to whom the Option is granted under the

Plan.

V. OWNER shall mean Optionee and all subsequent holders of the Purchased

Shares who derive their chain of ownership through a Permitted Transfer from
Optionee.

W. PARENT shall mean any corporation (other than the Corporation) in an

unbroken chain of corporations ending with the Corporation, provided each
corporation in the unbroken chain (other than the Corporation) owns, at the time
of the determination, stock possessing fifty percent (50%) or more of the total
combined voting power of all classes of stock in one of the other corporations
in such chain.

X. PERMITTED TRANSFER shall mean (i) a gratuitous transfer of the

Purchased Shares, provided and only if Optionee obtains the Corporation's prior
written consent to such transfer, (ii) a transfer of title to the Purchased
Shares effected pursuant to Optionee's will or the laws of intestate succession
following Optionee's death or (iii) a transfer to the Corporation in pledge as
security for any purchase-money indebtedness incurred by Optionee in connection
with the acquisition of the Purchased Shares.

Y. PLAN shall mean the Corporation's 1993 Stock Option Plan.

Z. PLAN ADMINISTRATOR shall mean either the Board or a committee of Board

members, to the extent the committee is at the time responsible for
administration of the Plan.

AA. PRIOR PURCHASE AGREEMENT shall have the meaning assigned to such term

in Paragraph D.4.

BB. PURCHASE NOTICE shall have the meaning assigned to such term in

Paragraph F.3.

CC. PURCHASED SHARES shall have the meaning assigned to such term in

Paragraph A.1.

DD. RECAPITALIZATION shall mean any stock split, stock dividend,

recapitalization, combination of shares, exchange of shares or other change affecting the Corporation's outstanding Common Stock as a class without the Corporation's receipt of consideration.

EE. REORGANIZATION shall mean any of the following transactions:

(i) a merger or consolidation in which the Corporation is not the surviving entity,

(ii) a sale, transfer or other disposition of all or substantially all of the Corporation's assets,

(iii) a reverse merger in which the Corporation is the surviving entity but in which the Corporation's outstanding voting securities are transferred in whole or in part to a person or persons different from the persons holding those securities immediately prior to the merger, or

(iv) any transaction effected primarily to change the state in which the Corporation is incorporated or to create a holding company structure.

FF. REPURCHASE RIGHT shall mean the right granted to the Corporation in

accordance with Article D.

GG. SEC shall mean the Securities and Exchange Commission.

HH. SERVICE shall mean the provision of services to the Corporation (or

any Parent or Subsidiary) by a person in the capacity of an employee, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance, a non-employee member of the board of directors or a consultant.

II. SPECIAL PURCHASE RIGHT shall mean the right granted to the Corporation

in accordance with Article F.

JJ. SUBSIDIARY shall mean any corporation (other than the Corporation) in

an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

KK. TARGET SHARES shall have the meaning assigned to such term in

Paragraph E.2.

LL. VESTING SCHEDULE shall mean the vesting schedule specified in the

Grant Notice.

MM. UNVESTED SHARES shall have the meaning assigned to such term in

Paragraph D.1.

EXHIBIT 4.6

FORM OF

KNOWLEDGE ADVENTURE

STOCK OPTION AGREEMENT

This Non-Qualified Stock Option Agreement is made and entered into by and between KNOWLEDGE ADVENTURE, a California corporation ("Company"), and _____ ("Optionee") as of _____ (the "Grant Date") with respect to the following facts:

A. The Board of Directors of the Company has determined it that its success depends, in large part, on the efforts of its employees, officers, and consultants;

B. In order to encourage the efforts of the Company's employees, officers and consultants, the Board of Directors of the Company has determined it to be in the best interests of the Company to grant non-qualified stock options under the Plan to certain employees, officers, and consultants of the Company; and

C. Optionee is currently an officer, employee or consultant of the Company.

NOW, THEREFORE, in consideration of the premises and intending to be legally bound, the parties agree as follows:

1. Grant of Option. Subject to the terms and conditions set forth

herein, the Company hereby grants to Optionee an option ("Option") to purchase from the Company, at the price of \$0.01 per share, plus additional sums, if any, required by Section 5.3, a total of _____ shares of the Company's authorized and unissued or reacquired shares of common stock, no par value per share.

2. Non-Qualified Stock Option. The Option granted to Optionee

pursuant to this Agreement is not an "Incentive Stock Option" within the meaning of the Internal Revenue Code of 1986.

3. Administration. This Agreement shall be administered by the Board

of Directors of the Company (the "Board"). The Board shall have authority to construe and interpret this Agreement, to promulgate, amend, and rescind rules and regulations relating to the administration of this Agreement, and to make all of the determinations necessary or advisable for administration of this Agreement. The interpretation and construction by the Board of any provision of this Agreement shall be final and binding upon all parties. No member of the Board shall be liable for any action or determination undertaken

or made in good faith with respect to this Agreement. Solely for the purposes of this Agreement, consultants shall be treated as employees of the Company.

4. Term of Option. Unless earlier exercised pursuant to Section 5 of

this Agreement, or earlier terminated as provided in Section 9 of this Agreement, the Option shall terminate on and shall not be exercisable after
_____.

5. Exercise.

5.1 Exercisability. Subject to the terms and conditions of this

Agreement, the Option granted hereunder shall become exercisable as follows:
_____ shares of the common stock subject to the Option shall be exercisable on the first day of each month commencing _____ and continuing until the Option is exercisable in whole or any unexercisable options have been terminated in accordance with Section 9 of this Agreement. The Option may be exercised by Optionee with respect to any shares of common stock of the Company covered by the Option at any time on or after the date on which the Option becomes exercisable with respect to such shares; provided that the Option may not be exercised at any one time with respect to less than ten (10) shares of common stock of the Company, unless the number of shares with respect to which the Option is exercised is the total number of shares with respect to which the Option is exercisable at that time.

5.2 Notice Of Exercise. Optionee shall exercise the Option by

delivering to the Company, either in person or by certified or registered mail, written notice of election to exercise and payment in full of the purchase price as provided in Subsection 5.3 of this Agreement. The written notice shall set forth the whole number of shares with respect to which the Option is being exercised. For the purposes of this Agreement, the date the notice of exercise of the option is received by the Company shall be deemed the day Option was exercised.

5.3 Payment of Purchase Price. The purchase price for any

shares of common stock of the Company with respect to which Optionee exercises this Option shall be paid in full at the time Optionee delivers to the Company the written notice of election to exercise. The purchase price shall be paid in cash or by check. The purchase price shall include (a) the price of the stock being purchased upon exercise of the Option, as specified in Section 1 of this Agreement, plus (b) an amount sufficient to pay for any taxes which the Company may be required to withhold under applicable state or federal law, as provided in section 5.4 hereof. Notwithstanding the foregoing, the Company may, at its option, extend and maintain, or arrange for the extension and maintenance of credit to Optionee to finance payment of the purchase price on such terms as may be approved by the Board.

5.4 Withholding. The Company shall withhold from the Purchase

Price for the Shares an amount sufficient to pay for any federal or state withholding taxes that may be due as a result of the exercise of the Option.

5.5 Change in Control. Notwithstanding any-thing to the contrary

contained in this Agreement, the Option granted hereunder shall become immediately exercisable upon any event constituting a change in control of the Company. For the purposes of this Agreement, a "change in control" shall mean the acquisition of thirty-five percent (35%) or more of the voting securities of the Company by any person or group (as those terms are used in the Securities Exchange Act of 1934 and regulations promulgated thereunder) without the prior consent of the Board of Directors of the Company; or, in any event, the acquisition by any person or group of fifty percent (50%) or more of the voting securities of the Company.

6. Issuance of Shares. Promptly after the Company's receipt of the

written notice of election to exercise provided for in Subsection 5.2 hereof and Optionee's payment in full of the purchase price, and in any event, not later than thirty calendar days following the Company's receipt of such notice and Optionee's payment in full of the purchase price, the Company shall deliver, or cause to be delivered to Optionee, certificates for the whole number of shares with respect to which the Option is being exercised by Optionee. Shares shall be registered in the name of Optionee. If any law or regulation of the Securities and Exchange Commission or of any other federal or state governmental body having jurisdiction shall require the Company or Optionee to take any action prior to issuance to Optionee of the shares of common stock of the Company specified in the written notice of election to exercise, or if any listing agreement between the Company and any national securities exchange requires such shares to be listed prior to issuance, the date for the delivery of such shares shall be adjourned until the completion of such action and/or such listing.

7. Fractional Shares. In no event shall the Company be required to

issue fractional shares upon the exercise of any portion of the Option.

8. Rights as a Shareholder. Optionee shall have no rights as a

shareholder of the Company with respect to any shares covered by the Option until the date of the issuance of a share certificate for such shares. Except as provided in Section 10 hereof, no adjustment shall be made for any dividends (ordinary or extraordinary, whether cash, securities, or other property) or distributions or other rights for which the record date is prior to the date such share certificate is issued.

9. Termination of Employment. In the event that Optionee's employment

with the Company is terminated for any reason whatsoever, including but not limited to voluntary termination, involuntary termination, termination for cause,

termination without cause, death, disability or force majeure, Optionee shall be entitled to exercise the Option only to the extent that shares of common stock subject to this Option have previously become exercisable pursuant to Subsection 5.1 of this Agreement, and subject to all the other terms and conditions of this Agreement. The Option may not be exercised to the extent that shares of common stock subject to the Option have not become exercisable prior to the termination of employment of Optionee.

10. Recapitalization or Reorganization of Company.

10.1 Adjustments to Options. Except as otherwise provided

herein, appropriate and proportional adjustments shall be made in the number and class of shares subject to the Option and the purchase price of such shares in the event of a stock dividend, stock split, reverse stock split, recapitalization, reorganization, merger, consolidation, separation, or like change in the capital structure of the Company. To the extent that the foregoing adjustments relate to stock or securities of the Company, such adjustments shall be made by the Board, the determination of which shall be final, binding, and conclusive.

10.2 Mergers and Reorganizations. In the event of a

liquidation of the Company or a merger, reorganization, or consolidation of the Company with any other corporation in which the Company is not the surviving corporation, or if the Company becomes a wholly-owned subsidiary of another corporation, any unexercised portion of the Option shall be deemed cancelled unless the surviving corporation in any such merger, reorganization, or consolidation elects to assume the Option or to issue substitute options in place thereof. Notwithstanding the foregoing, if the Option otherwise would be cancelled in accordance with the preceding sentence, Optionee shall have the right, exercisable during a ten-day period ending on the fifth day prior to such liquidation, merger, or consolidation, to exercise the Option in whole or in part. In the event that Optionee exercises the Option, in whole or in part, pursuant to the provisions of this Section 10, where (a) the Company has agreed to merge with another corporation; (b) the Company is not the surviving corporation; (c) where (the "Merger Securities") will be the consideration for shares of the Company's common stock; and (d) the merger securities are not readily tradeable in any securities market, the company shall, prior to the consummation of any such Merger, repurchase the shares of common stock acquired by Optionee through exercise of the Option at a price equal to the difference between the exercise price of the Option and the fair market value of the Merger Securities.

11. No Transfer of Option. Optionee may not transfer all or any part

of the Option except by Will or the laws of descent and distribution, and the Option shall not be exercisable during the lifetime of Optionee by any person other than Optionee.

12. Investment Representation. Optionee hereby represents and

warrants to, and agrees with, the Company that, if he exercises the Option in whole or in part at a time when there is not in effect under the Securities Act of 1933, as amended, a registration statement covering the shares issuable upon exercise of the Option and available for delivery a prospectus meeting the requirements of Section 10(a)(3) of said Act, that Optionee may be required, as a condition of issuance of the shares of common stock of the Company covered by the Option, to represent to the Company that the shares issued pursuant to the exercise of the Option are being acquired for investment and without a view to distribution thereof; and that in such case the Company may place a legend on the certificate(s) evidencing the shares of the common stock of the Company issued upon exercise of the Option reflecting the fact that the shares were acquired for investment and cannot be sold or transferred unless registered under said Act or unless counsel for the company is satisfied or an opinion of counsel skilled in securities matters indicates that the circumstances of the proposed transfer do not require such registration.

13. General Provisions.

13.1 Entire Agreement. This Agreement contains the entire

understanding between the parties with respect to the subject matter hereof, and supersedes any and all prior written or oral agreements between the parties with respect to the subject matter hereof. There are no representations, agreements, arrangements, or understandings, either written or oral, between or among the parties with respect to the subject matter hereof which are not set forth in this Agreement.

13.2 Governing Law. This Agreement shall be governed by, and

construed in accordance with, the laws of the State of California.

13.3 Notices. Any notice given pursuant to this Agreement may

be served personally on the party to be notified or may be mailed, with postage thereon fully prepaid, by certified or registered mail, with return receipt requested, addressed to the Company at its principal office, to Optionee at Optionee's residence address according to the records of the Company, or at such other address as either party may designate in writing from time to time. Any notice given as provided in the preceding sentence shall be deemed delivered when given, if personally served, or ten (10) business days after mailing, if mailed.

13.4 Arbitration. Any controversy or claim arising out of or

related to this Agreement, or the breach thereof, shall be settled by arbitration in Los Angeles, California in accordance with the Rules of the American Arbitration Association then in effect for commercial disputes; and judgment upon the award rendered by the arbitrator(s) may be entered in any court having Jurisdiction thereof. The

arbitrator(s) shall be a retired California Superior Court judge(s) with judicial experience involving business and financial matters. Such qualified judge(s) shall be selected through panels maintained by any California Superior Court or private organization providing such services. The parties further agree that a restraining order, injunction, writ of possession and/or writ of attachment may be applied for and pursued in a court of competent jurisdiction by any party pending resolution of the dispute.

13.5 Attorneys' Fees. Should any party hereto engage an attorney or

institute any action or proceeding at law or in equity, or in connection with an arbitration, to enforce any provision of this Agreement, including an action for declaratory relief, or for damages by reason of an alleged breach of any provision of this Agreement, or otherwise in connection with this Agreement, or any provision hereof, the prevailing party shall be entitled to recover from the nonprevailing party or parties all attorneys' fees and costs for services rendered to the prevailing party in such action or proceeding.

13.6 Further Acts. Each party to this Agreement agrees to perform

such further acts and to execute and deliver such other and additional documents as may be reasonably necessary to carry out the provisions of this Agreement.

13.7 Severability. If any term, provision, covenant, or condition of

this Agreement is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, such invalidity, illegality, or unenforceability shall not affect any of the other terms, provisions, covenants, or conditions of this Agreement, each of which shall be binding and enforceable.

IN WITNESS WHEREOF, the undersigned have executed this Stock Option Agreement as of date first above written.

KNOWLEDGE ADVENTURE

OPTIONEE

By _____
Its _____

EXHIBIT 4.7

FORM OF
KNOWLEDGE ADVENTURE, INC.
STOCK OPTION AGREEMENT

RECITALS

A. The Board desires to grant an option to purchase Common Stock to Optionee and Optionee desires to be granted an option to purchase Common Stock of the Corporation.

B. All capitalized terms in this Agreement shall have the meaning assigned to them in the attached Appendix.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. GRANT OF OPTION. Subject to and upon the terms and conditions set

forth in this Agreement, the Corporation hereby grants to Optionee, as of the Grant Date, a Stock Option to purchase up to the number of Option Shares specified in the Grant notice. The option shares shall be purchasable from time to time during the option term at the Exercise Price.

2. OPTION TERM. This option shall have a maximum term of ten (10)

years measured from the Grant Date and shall accordingly expire at the close of business on the Expiration Date, unless sooner terminated in accordance with Paragraph 5 or 6.

3. LIMITED TRANSFERABILITY. Except as set forth below, this option

shall be neither transferable nor assignable by Optionee other than by will or by the laws of descent and distribution following Optionee's death, or to a member of Optionee's immediate family, or to a corporation more than fifty percent (50%) of the voting stock of which is owned by Optionee or members of his immediate family, or to a trust for the benefit of Optionee and/or members of his immediate family.

4. DATES OF EXERCISE. This option shall become exercisable for the

Option Shares in one or more installments as specified in the Grant Notice. As the option becomes exercisable for one or more such installments, those installments shall accumulate and the option shall remain exercisable for the accumulated installments until the Expiration Date or sooner termination of the option term under Paragraph 5 or 6.

5. CESSATION OF SERVICE. The following provisions shall become

applicable upon cessation of service:

(a) Should Optionee cease to remain in Service for any reason (other than death) while this option is outstanding, then this option shall remain exercisable until the

Expiration Date. Upon the Expiration Date, this option shall terminate and cease to be outstanding.

(b) Should Optionee die while this option is outstanding, then the personal representative of Optionee's estate or the person or persons to whom the option is transferred pursuant to Optionee's will or in accordance with the laws of descent and distribution shall have the right to exercise this option. Such right shall lapse and this option shall cease to be exercisable upon the Expiration Date. Upon the Expiration Date, this option shall terminate and cease to be outstanding.

(c) During the period of post-Service exercisability applicable under subparagraph (a), or (b) above, subject to Paragraph 6 hereof, this option may not be exercised at any time for more than the number of Option Shares exercisable at the time of cessation of Service in accordance with the exercise schedule specified in the Grant Notice. To the extent the option is not exercisable for Option Shares at the time of Optionee's cessation of Service, this option shall immediately terminate and cease to be outstanding with respect to those shares.

6. SPECIAL ACCELERATION OF OPTION.

(a) Upon the occurrence of a Corporate Transaction, the exercisability of this option shall, to the extent it is at such time outstanding but not otherwise fully exercisable, automatically accelerate so that such option shall, immediately prior to the specified effective date for the Corporate Transaction, become fully exercisable for all of the Option Shares and may be exercised for all or any portion of such shares. This option, to the extent not previously exercised, shall terminate upon the consummation of the Corporate Transaction and cease to be outstanding except to the extent assumed by the successor corporation or its parent. If one or more options, warrants or other rights to acquire equity securities of the Corporation or if any shares of Preferred Stock or other convertible securities of the Corporation are assumed in the Corporate Transaction, then this option shall not terminate upon the consummation of the Corporate Transaction, but shall be assumed by the successor corporation or its parent. In the event of a Corporate Transaction, the Corporation shall provide Optionee with at least twenty (20) days advance written notice of the occurrence of a Corporate Transaction describing the same in reasonable detail and specifying whether or not the option will be assumed.

(b) In the event that Bill Gross should cease to provide Services to the Corporation for any reason, then the exercisability of this option shall, to the extent it is at such time outstanding but not otherwise fully exercisable, automatically accelerate so that such option shall, on Gross's last day of providing Services to the Corporation, become fully exercisable for all of the Option Shares and may be exercised thereafter during the term hereof, for all or any portion of such shares.

(c) This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise make changes in its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. ADJUSTMENT IN OPTION SHARES.

(a) In the event any change is made to the outstanding Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares,

exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, appropriate adjustments shall be made to (i) the total number and/or class of securities subject to this option and (ii) the Exercise Price in order to reflect such change and thereby preclude a dilution or enlargement of benefits hereunder.

(b) If this option is to be assumed in connection with a Corporate Transaction or is otherwise to remain outstanding, then this option shall be appropriately adjusted, immediately after such Corporate Transaction, to apply and pertain to the number and class of securities which would have been issuable to Optionee in the consummation of such Corporate Transaction had the option been exercised immediately prior to such Corporate Transaction, and appropriate adjustments shall also be made to the Exercise Price payable per share, provided

the aggregate Exercise Price payable hereunder shall remain the same.

8. PRIVILEGE OF STOCK OWNERSHIP. The holder of this option shall not have any stockholder rights with respect to the option shares until such individual shall have exercised the option and paid the exercise price.

9. MANNER OF EXERCISING OPTION.

(a) In order to exercise this option with respect to all or any part of the Option Shares for which this option is at the time exercisable, Optionee (or in the case of exercise after Optionee's death, Optionee's executor, administrator, heir or legatee, as the case may be) must take the following actions:

(i) Execute and deliver to the Secretary of the Corporation a Notice of Exercise in substantially the form of Exhibit I in which there is specified the number of Option Shares which are to be purchased under the exercised option.

(ii) Pay the aggregate Exercise Price for the purchased shares in one or more of the following alternative forms:

(A) full payment in cash or check made payable to the Corporation; or

(B) in shares of Common Stock held by Optionee for the requisite period necessary to avoid a charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date; or

(C) through a special sale and remittance procedure pursuant to which Optionee shall concurrently provide irrevocable written instructions (a) to a Corporation-designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares plus all applicable Federal, state and local income and employment taxes required to be withheld by the Corporation by reason of such purchase and (b) to the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale transaction.

(iii) Furnish to the Corporation appropriate documentation that the person or persons exercising the option (if other than Optionee) have the right to exercise this option.

Except to the extent the sale and remittance procedure is utilized in connection with the exercise of the option, payment of the Exercise Price must accompany the Notice of Exercise delivered to the Corporation.

(b) As soon after the Exercise Date as practical, the Corporation shall mail or deliver to or on behalf of Optionee (or the other person or persons exercising this option) a certificate or certificates representing the shares purchased under this Agreement, with the appropriate legends affixed thereto.

(c) In no event may this option be exercised for any fractional shares.

10. COMPLIANCE WITH LAWS AND REGULATIONS.

(a) The exercise of this option and the issuance of the Option Shares upon such exercise shall be subject to compliance by the Corporation and Optionee with all applicable requirements of law relating thereto and with all applicable regulations of any stock exchange on which the Common Stock may be listed at the time of such exercise and issuance.

(b) In connection with the exercise of this option, Optionee shall execute and deliver to the Corporation such representations in writing as may be reasonably requested by the Corporation in order for it to comply with the applicable requirements of Federal and state securities laws.

11. MARKET STAND-OFF.

(a) In connection with any underwritten public offering by the Corporation of its equity securities pursuant to an effective registration statement filed under the 1933 Act, including the Corporation's initial public offering, Optionee shall not sell, make any short sale of, loan, hypothecate, pledge, grant any option for the purchase of, or otherwise dispose or transfer for value or otherwise agree to engage in any of the foregoing transactions with respect to, any Purchased Shares without the prior written consent of the Corporation or its underwriters. Such limitations shall be in effect for such period of time from and after the effective date of the final prospectus for the offering as may be requested by the Corporation or such underwriters; provided,

however, that in no event shall such period exceed one hundred eighty (180) days. The limitations of this Paragraph 11 shall in all events terminate two (2) years after the effective date of the Corporation's initial public offering.

(b) In the event of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the Corporation's outstanding Common Stock effected as a class without the Corporation's receipt of consideration, then any new, substituted or additional securities distributed with respect to the Purchased Shares shall be immediately subject to the provisions of this Paragraph 11, to the same extent the Purchased Shares are at such time covered by such provisions.

(c) In order to enforce the limitations of this Paragraph 11, the Corporation may impose stop-transfer instructions with respect to the Purchased Shares until the end of the applicable stand-off period.

12. SUCCESSORS AND ASSIGNS. Except to the extent otherwise

provided in Paragraph 3 or 6, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of Optionee and the successors and assigns of the Corporation.

13. NOTICES. Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation in care of the Corporate Secretary at its principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the address indicated below Optionee's signature line on the Grant Notice. All notices shall be deemed to have been given or delivered upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

14. CONSTRUCTION. All decisions of the Board with respect to any

question or issue arising under this Agreement shall be conclusive and binding on all persons having an interest in this option.

15. GOVERNING LAW. The interpretation, performance and enforcement

of this agreement shall be governed by the laws of the State of California without resort to that State's conflict-of-laws rules.

16. WITHHOLDING TAXES. Optionee hereby agrees to make

appropriate arrangements with the corporation or parent or subsidiary employing optionee for the satisfaction of all federal, state and local income and employment tax withholding requirements, if any, applicable to the exercise of this option.

17. RESERVATION OF COMMON STOCK. The corporation shall at all times

reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the exercise of this Option, such number of its shares of Common Stock as shall from time to time be sufficient to effect the exercise of this Option; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the exercise of this Option, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to its Certificate of Incorporation.

18. NO SERVICE CONTRACT. Nothing in this agreement shall confer upon

Optionee any right to continue in the Service of the Corporation for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation or Optionee, which rights are hereby expressly reserved by each, to terminate Optionee's Service at any time for any reason whatsoever, with or without cause. Optionee is not an employee of the Corporation and nothing in this Agreement shall imply, or shall be construed to imply, an employment relationship between Optionee and the Corporation.

19. AUTHORIZATION. The Corporation represents and warrants that all

corporate action on the part of the Corporation, its officers, directors, and stockholders necessary for the authorization, execution, delivery, and performance of all obligations under this Agreement, and for the authorization, issuance and delivery of the Option and of the Common Stock issuable upon exercise of the Option has been taken, and this Agreement constitutes a legally binding and valid obligation of the Corporation enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization,

moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

20. CORPORATE POWER. The Corporation represents and warrants that it

has all requisite legal and corporate power and authority to execute and deliver this Agreement, to grant the Option, to issue the Common Stock issuable upon exercise of the Option, and to carry out and perform its obligations under the terms of this Agreement.

21. VALIDITY OF OPTION. The Corporation represents and warrants that

(a) the option is duly and validly issued (including, without limitation, issued in compliance with the registration requirements (or exemptions therefrom) of applicable federal and state securities laws), (b) the Common Stock issuable upon exercise of the Option has been duly and validly reserved, and upon issuance in accordance with the terms hereof will be duly and validly issued (including, without limitation, issued in compliance with the registration requirements (or exemptions therefrom) of all applicable federal and state securities laws), fully paid, and nonassessable, and will be free of any liens or encumbrances, other than any Hens or encumbrances created by or imposed thereon by the Optionee; provided, however, that the Option (and the Common Stock issuable upon exercise hereof) shall be subject to restrictions on transfer under state and/or federal securities laws, and (c) the Option and the Common Stock issuable upon exercise hereof are not subject to any preemptive rights or rights of first refusal, except as otherwise so agreed to by the holders thereof.

APPENDIX

DEFINITIONS

A. Board shall mean the Corporation's Board of Directors.

B. Common Stock shall mean the Corporation's common stock.

C. Corporate Transaction shall mean either of the following

stockholder-approved transactions to which the Corporation is a party:

(i) a merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of the Corporation's outstanding securities are transferred to a person or persons different from those who held those securities immediately prior to such transaction, or

(ii) the sale, transfer or other disposition of all or substantially all of the Corporation's assets in complete liquidation or dissolution of the Corporation.

D. Corporation shall mean Knowledge Adventure, Inc., a Delaware

corporation.

E. Exercise Date shall mean the date on which the option shall have

been exercised in accordance with Paragraph 9 of this Stock Option Agreement.

F. Exercise Price shall mean the exercise price per share as

specified in the Grant Notice.

G. Expiration Date shall mean the date on which the option expires as

set forth in the Grant Notice.

H. Fair Market Value per share of Common Stock on any relevant date

shall be the value determined in accordance with the following provisions:

(i) If the Common Stock is not at the time listed or admitted to trading on any Stock Exchange but is traded on the Nasdaq National Market, the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question, as the price is reported by the National Association of Securities Dealers through the Nasdaq National Market or any successor system. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(ii) If the Common Stock is at the time listed or admitted to trading on any Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on the Stock Exchange determined by the Board to be the primary market for the Common Stock, as such price is officially quoted in the composite tape of transactions on

such exchange. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) If the Common Stock is at the time neither listed nor admitted to trading on any Stock Exchange nor traded on the Nasdaq National Market, then such Fair Market Value shall be determined by the Board after taking into account such factors as the Board shall deem appropriate.

I. Grant Date shall mean the date of grant of the stock option as set forth in the Grant Notice.

J. Grant Notice shall mean the notice of grant of stock option pursuant to which Optionee has been informed of the basic terms of the option.

K. 1933 Act shall mean the Securities Act of 1933, as amended.

L. Non-Statutory Option shall mean an option not intended to meet the requirements of Code Section 422.

M. Option Shares shall mean the number of shares of Common Stock subject to the option.

N. Parent shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

O. Purchased Shares shall mean the shares of Common Stock of the Corporation purchased by Optionee pursuant to the exercise of the option.

P. Service shall mean the provision of services to the Corporation or any Parent or Subsidiary by an individual in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent contractor. Employee shall mean an individual who is in the employ of the Corporation or any Parent or Subsidiary, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

Q. Stock Exchange shall mean the American Stock Exchange or the New York Stock Exchange.

R. Subsidiary shall mean each corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each such corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

EXHIBIT I

NOTICE OF EXERCISE OF STOCK OPTION

I hereby notify Knowledge Adventure, Inc. (the "Corporation") that I elect to purchase _____ shares of the Corporation's Common Stock (the "Purchased Shares") at the option exercise price of \$_____ per share (the "Option Price") pursuant to that certain option (the "Option") granted to me on _____, 199__.

Concurrently with the delivery of this Exercise Notice to the Corporate Secretary of the Corporation, I shall hereby pay to the Corporation the Option Price for the Purchased Shares in accordance with the provisions of my agreement with the Corporation evidencing the Option and shall deliver whatever additional documents may be required by such agreement as a condition for exercise.

_____, 199__
Date

Optionee

Address: _____

Print name in exact manner
it is to appear on the
stock certificate: _____

Address to which certificate
is to be sent, if different
from address above: _____

Social Security Number: _____

Employee Number: _____

February 18, 1997

CUC International Inc.
707 Summer Street
Stamford, CT 06901

RE: Registration Statement on Form S-8

Gentlemen and Ladies:

I have examined the Registration Statement on Form S-8 (the "Registration Statement") to be filed by CUC International Inc. (the "Company") with the Securities and Exchange Commission in connection with the registration under the Securities Act of 1933, as amended, of 372,123 additional shares of common stock, par value \$.01 per share, of the Company ("Common Stock"), reserved for issuance under the Company's Knowledge Adventure, Inc. 1993 Stock Option Plan and certain individual stock option agreements (collectively, the "Plans").

In connection with the foregoing, I have examined, among other things, the Registration Statement, the Plans, and originals or copies, satisfactory to me, of all such corporate records and of all such agreements, certificates and other documents as I have deemed relevant and necessary as a basis for the opinion hereinafter expressed. In such examination, I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals and the conformity with the original documents of documents submitted to me as copies. As to various facts material to such opinion, I have, to the extent relevant facts were not independently established by me, relied on certificates of public officials and certificates and oaths and declarations of officers or other representatives of the Company.

Based upon and subject to the foregoing, I am of the opinion that:

1. The Company is a corporation duly organized and validly existing under the laws of the State of Delaware; and
2. The 372,123 shares of the company's Common Stock being registered pursuant to the Registration Statement, when issued pursuant to the provisions of the pertinent Plans and upon payment of the purchase price therefor, will be duly authorized, validly issued, fully paid and non-assessable.

I hereby consent to the filing of a copy of this opinion as an exhibit to the Registration Statement and to the use of my name wherever appearing in such Registration Statement, including any amendment thereto.

Very truly yours,

JEFFREY A. GERSHOWITZ

Jeffrey A. Gershowitz
Vice President and
Associate General Counsel

CUC INTERNATIONAL INC. AND SUBSIDIARIES

EXHIBIT 15--LETTER RE: UNAUDITED INTERIM FINANCIAL INFORMATION

February 11, 1997

Shareholders and Board of Directors
CUC International Inc.

We are aware of the incorporation by reference in the Registration Statement (Form S-8) of CUC International Inc. for the registration of 372,123 shares of its common stock of our report dated December 2, 1996 relating to the unaudited condensed consolidated interim financial statements of CUC International Inc. that are included in its Quarterly Report on Form 10-Q for the quarter ended October 31, 1996.

Pursuant to Rule 436(c) of the Securities Act of 1933, our report is not a part of the registration statement prepared or certified by accountants within the meaning of Section 7 or 11 of the Securities Act of 1933.

ERNST & YOUNG LLP

Stamford, Connecticut

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the Knowledge Adventure, Inc. 1993 Stock Option Plan and certain individual stock option agreements of our report dated March 19, 1996, with respect to the consolidated financial statements and schedule of CUC International Inc. included in its Annual Report (Form 10-K) for the year ended January 31, 1996 and our report dated September 12, 1996 with respect to the consolidated financial statements of CUC International Inc. included in its Current Report (Form 8-K) dated July 24, 1996, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Stamford, Connecticut
February 11, 1997

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 of CUC International Inc. of our reports dated February 2, 1996 and December 5, 1994, relating to the consolidated financial statements of Ideon Group, Inc., which appears in the Current Report on Form 8-K of CUC International Inc., filed with the Securities and Exchange Commission on or about September 17, 1996.

PRICE WATERHOUSE LLP
Tampa, Florida
February 11, 1997

EXHIBIT 23.4

ACCOUNTANTS' CONSENT

The Board of Directors
Davidson & Associates, Inc.

We consent to the incorporation by reference in the registration statement on Form S-8 of CUC International Inc. of our report dated February 21, 1996, with respect to the consolidated balance sheets of Davidson & Associates, Inc. and subsidiaries as of December 31, 1995 and 1994 and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1995, which report appears in the Form 8-K of CUC International Inc. dated July 24, 1996, filed with the Commission on September 17, 1996.

KPMG PEAT MARWICK LLP

Long Beach, California
February 11, 1997

EXHIBIT 23.5

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of CUC International Inc. on Form S-8 of our report dated June 24, 1996 (relating to the consolidated financial statements of Sierra On-Line, Inc. and subsidiaries for the year ended March 31, 1996, not presented separately therein), appearing in the CUC International Inc. Current Report on Form 8-K (filed with the Securities and Exchange Commission on September 17, 1996).

Deloitte & Touche LLP

Seattle, Washington
February 11, 1997

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of CUC International Inc. on Form S-8 pertaining to the Knowledge Adventure, Inc. 1993 Stock Option Plan and certain individual stock option agreements of our report dated March 13, 1995 (relating to the financial statements of Advance Ross Corporation not presented separately therein), appearing in the CUC International Inc. Current Report on Form 8-K (filed with the Securities and Exchange Commission on September 17, 1996) and the CUC International Inc. Annual Report on Form 10-K for the year ended January 31, 1996.

Deloitte & Touche LLP

Chicago, Illinois
February 11, 1997