

SECURITIES AND EXCHANGE COMMISSION

FORM S-3

Registration statement for specified transactions by certain issuers

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FILER

SOFTKEY INTERNATIONAL INC

CIK: **719612** | IRS No.: **942562108** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
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REGISTRATION NO. 33-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SOFTKEY INTERNATIONAL INC.

(Exact name of Registrant as specified in its charter)

DELAWARE

94-2562108

(State or other Jurisdiction
of Incorporation or Organization)

(I.R.S. Employer
Identification No.)

ONE ATHENAEUM STREET
CAMBRIDGE, MASSACHUSETTS 02142
(617) 494-1200

(Address, including zip code, and telephone number, including area code, of
Registrant's principal executive offices)

NEAL S. WINNEG

VICE PRESIDENT AND GENERAL COUNSEL
SOFTKEY INTERNATIONAL INC.

ONE ATHENAEUM STREET
CAMBRIDGE, MASSACHUSETTS 02142
(617) 494-1200

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
FROM TIME TO TIME AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the
following box: ()

If any of the securities being registered on this Form are to be offered
on a delayed or continuous basis pursuant to Rule 415 under
the Securities Act of 1933, other than securities offered only in connection
with dividend or interest reinvestment plans, check the following box: (X)

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ()

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: ()

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box: ()

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (1)
51/2% Senior Convertible Notes Due 2000	\$350,000,000	100%	\$350,000,000	\$120,690
Common Stock, par value \$.01 per share	6,603,773(2)	--	--	--

(1) Calculated pursuant to Rule 457(i) of the Securities Act of 1933, as amended.

(2) Based on a conversion price of \$53.00 per share, but deemed to include any additional shares of Common Stock that may be issuable upon conversion of the Notes as a result of the antidilution provisions thereof. Pursuant to Rule 457(i), no registration fee is required for these shares.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

SUBJECT TO COMPLETION, DATED JANUARY 10, 1996

\$350,000,000

51/2% Senior Convertible Notes Due 2000

The 51/2% Senior Convertible Notes Due 2000 (the "Notes") of SoftKey International Inc., a Delaware corporation ("SoftKey" or the "Company"), and the shares of the Company's common stock, par value \$.01 per share (the "Common Stock" and together with the Notes, the "Securities"), issuable upon conversion thereof, may be offered for sale from time to time for the account of certain holders of the Securities (the "Selling Holders") as described under "Selling Holders." The Selling Holders may from time to time sell the Securities offered hereby to or through one or more underwriters, directly to other purchasers or through agents in ordinary brokerage transactions, in negotiated transactions or otherwise, at market prices prevailing at the time of sale, at prices related to then prevailing market prices or at negotiated prices. See "Plan of Distribution."

The Notes will mature on November 1, 2000, unless previously redeemed or converted. Interest on the Notes is payable semi-annually on May 1 and November 1 each year commencing May 1, 1996. Holders of the Notes are entitled through November 1, 2000, subject to prior redemption, to convert any Notes or portions thereof into Common Stock at a conversion price of \$53 per share, subject to certain adjustments. See "Description of the Notes -- Conversion of Notes." The Notes have been designated for trading in the Private Offerings, Resales and Trading through Automated Linkages ("PORTAL") market. The Common Stock is quoted on the Nasdaq National Market under the symbol "SKEY." On January 9, 1996, the last reported sale price of the Common Stock on the Nasdaq National Market was \$22.375 per share.

The Notes are redeemable, in whole or in part, at the option of the Company, on or after November 2, 1998, at the declining redemption prices set forth herein plus accrued interest. In the event of a Change of Control (as defined herein), each holder of Notes may require the Company to repurchase such holder's Notes in whole or in part at a redemption price of 101% of the principal amount thereof plus accrued interest. See "Description of Notes -- Change of Control."

The Notes represent general unsecured obligations of the Company. Because the Company's operations are conducted primarily through its operating subsidiaries, claims of creditors and holders of indebtedness of such subsidiaries have priority with respect to the assets and earnings of such subsidiaries over

the claims of creditors of the Company, including holders of the Notes.

The Notes were originally issued on October 17, 1995 in a transaction exempt from registration under the Securities Act of 1933, as amended (the "Securities Act").

The Company will not receive any of the proceeds from the sale of any of the Notes or the Common Stock issuable upon conversion thereof offered by the Selling Holders.

SEE "RISK FACTORS" ON PAGE 6 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE SECURITIES OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's Regional Offices at Seven World Trade Center, Suite 1300, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material also can be obtained from the Public Reference Section of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition,

material filed by the Company can be inspected at the offices of The Nasdaq Stock Market, Reports Section, 1735 K Street, N.W., Washington, D.C. 20006.

The Company has filed with the Commission a Registration Statement on Form S-3 (together with any amendments or supplements thereto, the "Registration Statement") under the Securities Act with respect to the Securities to be offered and sold by means of this Prospectus. This Prospectus omits certain of the information contained in the Registration Statement and the exhibits and schedules thereto in accordance with the rules and regulations of the Commission. For further information regarding the Company and the Securities offered hereby, reference is made to the Registration Statement and the exhibits and schedules filed therewith, which may be inspected without charge at the office of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and copies of which may be obtained from the Commission at prescribed rates. Statements contained in this Prospectus as to the contents of any contract or other document referred to herein are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.

DOCUMENTS INCORPORATED BY REFERENCE

The Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 1994, the Current Report on Form 8-K of the Company dated February 10, 1995, the Company's Quarterly Report on Form 10-Q for the quarterly period ended April 1, 1995, the Current Report on Form 8-K of the Company dated June 12, 1995, the Company's Quarterly Report on Form 10-Q for the quarterly period ended July 1, 1995, the Current Report on Form 8-K of the Company dated August 3, 1995, the Current Report on Form 8-K of the Company dated September 6, 1995, the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1995, the Current Report on Form 8-K/A of the Company dated October 4, 1995, the Current Report on Form 8-K of the Company dated October 12, 1995, the Current Report on Form 8-K of the Company dated October 30, 1995, the Current Report on Form 8-K of the Company dated December 11, 1995, the Current Report on Form 8-K of the Company dated December 29, 1995 and the description of the Common Stock contained in the Company's registration statement filed pursuant to Section 12(g) of the Exchange Act, including any amendment or reports filed for the purpose of updating such description filed by the Company, all of which are on file with the Commission, are incorporated in this Prospectus by reference and made a part hereof.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering of the Securities hereunder shall be

deemed to be incorporated herein by reference and shall be a part hereof from the date of the filing of such documents. Any statements contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or replaced for purposes of this Prospectus 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 replaces such statement. Any such statement so modified or replaced shall not be deemed, except as so modified or replaced, to constitute a part of this Prospectus.

The Company will provide without charge to each person, including any beneficial owner, to whom a Prospectus is delivered, upon written or oral request of such person, a copy of the documents incorporated by reference herein, other than exhibits to such documents not specifically incorporated by reference. Such requests should be directed to SoftKey International Inc., One Athenaeum Street, Cambridge, Massachusetts 02142, Attention: Secretary (telephone: (617) 494-1200).

PROSPECTUS SUMMARY

The following summary does not purport to be complete and is qualified in its entirety by the more detailed information and consolidated financial statements and related notes incorporated by reference in this Prospectus. The Securities offered hereby involve a high degree of risk. See "Risk Factors."

THE COMPANY

General. SoftKey is a leading developer and publisher of value-priced, high-quality, consumer software for personal computers ("PCs"), primarily produced on CD-ROM. The Company currently offers over 500 software titles in consumer-oriented categories, including education, lifestyle, edutainment, reference, productivity and entertainment in North America and distributes additional products internationally. The Company's products include titles such as: Calendar Creator Plus, Infopedia, Sports Illustrated Swimsuit Calendar, Time Almanac, BodyWorks 4.0, The American Heritage Talking Dictionary, Leonardo -- the Inventor, PC Paintbrush, Key 3D Design Center and Compton's Interactive Encyclopedia. As a result of the Company's recent acquisition of The Learning Company, the Company added a number of educational products, classified into several product "families," to its offerings, including those in The Learning Company's "Rabbit" family (Reader Rabbit 1, Reader Rabbit 2, Reader Rabbit 3, Reader Rabbit's Ready for Letters, Reader Rabbit's Interactive Reading Journey, Reader Rabbit's Reading Development Library, Math Rabbit and MetroGnomes' Music), "Treasure" family (Treasure Mountain!, Treasure MathStorm!, Treasure Cove! and Treasure Galaxy!), "Super Solvers" family (Spellbound!, OutNumbered!, Midnight Rescues!,

Super Solvers Gizmos & Gadgets and Operation Neptune), "Writing Tools" family (The Writing Center, The Children's Writing & Publishing Center, Student Writing & Research Center with Compton's Concise Encyclopedia and Read, Write & Type!), "College Prep" family (ScoreBuilder for the SAT) and the "Foreign Languages" family (the Learn to Speak . . . series, the Berlitz Think & Talk . . . series, the Pronunciation Tutor . . . series and Vocabulary Builder). School editions of certain of these products are also now available through SoftKey. See "Recent Acquisitions."

The Company believes that in order to compete effectively, successful companies will ultimately need to publish large numbers of successful titles and introduce them to the market rapidly. SoftKey's current product development strategy is to develop and acquire products in high-growth categories for rapid release and maintain development cycles that result in ongoing upgrades and product rotations in short periods of time. This practice of publishing a large number of titles in a broad range of categories and refreshing those titles on an ongoing basis effectively reduces the Company's dependence on any one "hit" title.

SoftKey's strategy is to develop, license and acquire a broad range of quality software products with significant unit-volume potential at the lowest possible cost and to continuously introduce these new products through a wide variety of established and emerging distribution channels worldwide, including retail channels, direct mail and original equipment manufacturers ("OEMs"). Other key elements of this strategy include focusing on high-growth consumer software, broadly distributing to the consumer market at various price points, building strong relationships with retail channels, acquiring complementary products, technologies and businesses and enhancing brand awareness and loyalty.

The Company was created through a combination of three corporations. On February 4, 1994, the Company (which was then known as WordStar International Incorporated ("WordStar")) completed a three-way business combination transaction with SoftKey Software Products Inc. ("Former SoftKey") and Spinnaker Software Corporation (Spinnaker). Effective February 4, 1994, the Company changed its name to SoftKey International Inc.

SoftKey develops and publishes products through internal development and licensing agreements with outside developers. The Company's internal product development efforts are designed to result in efficient and timely product introductions by focusing on "core code" development. Where possible, the Company specifies, develops and manages (or purchases) one base of source code from which many products are created. The Company supplements its development efforts through product acquisitions and royalty-bearing licenses.

Recent Acquisitions. The Company has a history of acquiring companies in order to broaden its product lines and geographic sales channels. In 1995, the Company's acquisitions included The Learning Company, a publisher of educational software, Compton's NewMedia, Inc. and Compton's Learning Company, two former wholly owned subsidiaries of Tribune Company, tewi Verlag GmbH, a German publisher and distributor of CD-ROM software and computer-related books ("tewi"), and Future Vision Holding, Inc., a multimedia software company ("Future Vision").

Additionally, the Company has entered into a definitive merger agreement to acquire Minnesota Educational Computing Corporation (MECC) ("MECC"), a publisher and distributor of high quality educational software for children. The closing of this transaction is subject to certain conditions.

The Company's acquisition of The Learning Company and proposed acquisition of MECC, which together would make the Company the largest educational software company in the world, represent a new product-content focus for the Company's business in the education area. The Company believes this new focus will likely result in, among other things, significant investments by the Company in product planning and research and development and a higher degree of product acceptance risk. In order for the Company to sell a sufficient volume of products to offset the increased costs associated with the development of educational software products, SoftKey currently plans to continue its strategy of extending product lines by offering multiple titles at various price points (including by offering full-featured educational products in its Premium product line) based on a common source code.

The Company is incorporated in Delaware. Its principal executive offices are located at One Athenaeum Street, Cambridge, Massachusetts 02142, and its telephone number is (617) 494-1200. "SoftKey" and all of the Company's logos and product names are trademarks of the Company.

THE OFFERING

Issuer	SoftKey International Inc.
Securities Offered . .	\$350,000,000 of 5 1/2% Senior Convertible Notes due November 1, 2000 issued under an indenture (the "Indenture") between SoftKey and State Street Bank and Trust Company, as trustee (the "Trustee"), and Common Stock issuable upon conversion thereof.
Interest Payment	
Dates	May 1 and November 1 of each year, commencing May 1, 1996.

Maturity November 1, 2000.

Conversion Price Convertible into Common Stock at \$53 per share, subject to adjustment as set forth herein.

Redemption The Notes are redeemable, in whole or in part, at the option of the Company, on or after November 2, 1998, at the declining redemption prices set forth herein plus accrued interest.

Change of Control In the event of a Change of Control, holders of the Notes have the right to require that the Company repurchase the Notes in whole or in part at a redemption price of 101% of the principal amount thereof plus accrued interest. See "Description of Notes--Change of Control."

Ranking The Notes are general unsecured obligations of the Company and rank senior to or pari passu with all existing and future unsecured obligations of the Company. The Indenture does not limit the amount of additional indebtedness which the Company can create, incur, assume or guarantee, nor does the Indenture limit the amount of indebtedness which any subsidiary of the Company can create, incur, assume or guarantee.

Use of Proceeds The Company will not receive any of the proceeds from the sale of any of the Notes or the Common Stock issuable upon conversion thereof.

Trading The Notes have been designated for trading in the PORTAL market. The Company intends to apply to have the shares of Common Stock issuable upon conversion of the Notes listed on the Nasdaq National Market (the "NNM"). The Common Stock is quoted on the NNM under the symbol "SKEY." On January 9, 1996 the last reported sale price of the Common Stock on the NNM was \$22.375 per share.

RISK FACTORS

Prospective purchasers of the Securities offered hereby should

carefully consider the following risk factors, in addition to other information contained or incorporated by reference in this Prospectus.

INTENSE COMPETITIVE ENVIRONMENT

The PC consumer software industry is intensely competitive and is characterized by rapid changes in technology and customer requirements. The changing nature of the consumer software industry and rapidly changing demand for products make it difficult to predict the future success of the Company in the business of producing packaged software products for the retail market. The Company competes for retail shelf space and general consumer awareness with a number of companies that market software products. The Company encounters competition from both established companies, including the largest companies in the industry, and new companies that may develop comparable products. A number of the Company's competitors and potential competitors possess significantly greater capital, marketing resources and brand recognition than the Company. Rapid changes in technology, product obsolescence and advances in computer software and hardware require the Company to develop or acquire new products and to enhance its existing products on a timely basis.

Many large companies with sophisticated product marketing and technical abilities and financial resources that do not presently compete with the Company may enter the PC software market. For example, technology companies have begun to acquire greater access to content, and content-oriented companies have begun to acquire greater technological capabilities. Competitors in these areas include Microsoft Corporation, Sony, The Walt Disney Company, Viacom, IBM/Eduquest, Fisher-Price, Jostens, Electronic Arts, Sierra On-Line, Inc., Davidson & Associates, Mindscape, Interactive Software, Edmark and Broderbund Software, Inc. To the extent that competitors achieve a performance, price or distribution advantage, the Company could be adversely affected.

Microsoft Corporation is the dominant supplier of computer operating systems and frequently coordinates its operating system marketing efforts with those for its applications software. Competition in Microsoft's Windows application segment from major software publishers is intensifying, and the "competitive upgrade" price discounting among the major firms is eroding the traditional pricing structures that had previously existed in the software industry. Recently, Microsoft Corporation announced that it was reducing the price of a number of its common titles from \$69.95 to \$49.95. Competitive pressures have resulted in price reductions throughout the industry with the result that industry-wide operating margins are likely to be adversely affected.

There is no assurance that the Company will have the resources

required to respond to market or technological changes or to compete successfully in the future.

INTENSE COMPETITION FOR DISTRIBUTION CHANNELS

The Company competes with other companies for access to retail shelf space and inclusion in OEM sales programs. Competition in this aspect of the industry is intense, and the type and number of distribution channels is increasing to include non-traditional software retailers such as book, music, video, magazine, toy, gift, convenience, drug and grocery store chains. Additionally, as technology changes, the type and number of distribution channels will further change and new types of competitors, such as cable or telephone companies, are likely to emerge.

The traditional channels of distribution in the software industry have experienced increasing concentration during the past several years, in particular with respect to PC chain stores and software distributors. With increasing concentration in the traditional channels of distribution, the Company's customers have increased leverage in negotiating favorable terms of sale, including price discounts and product return policies. In addition, a number of the Company's competitors, such as Davidson & Associates (through New Media Express) and GT Interactive Software, have attempted, with some success, to enter into exclusive software distribution arrangements with certain retail outlets. Should the occurrence of these exclusive arrangements increase and the Company not be able to offer a competing product line or arrangement, the Company's operating results may be negatively impacted. There can be no assurance that the Company will be able to continue to have access to sufficient retail marketing distribution channels or obtain adequate distribution for all of its products in the future. Accordingly, such concentration may have an adverse effect in the future on the profitability of the Company's operations.

Regardless of the retail strategy chosen by the Company, the retail channels of distribution available for products will be subject to rapid changes as retailers and distributors enter and exit the software market segments or alter their product inventory preferences. Other types of retail outlets and methods of product distribution may become important in the future. These new methods may include delivery of software using on-line services or the Internet which will necessitate certain changes in the Company's business and operations including addressing operational challenges such as improving download time for pictures, images and programs, ensuring proper regulation of content quality and developing sophisticated security for transmitting payments. It is critical to the success of the Company that as these changes occur it maintain access to those channels of distribution offering software in its market segments.

ACQUISITIONS, BUSINESS COMBINATIONS AND STRATEGIC ALLIANCES

The Company has historically expanded its business through, among other strategies, acquisitions, business combinations and strategic alliances. Moreover, the consumer software industry as a whole has recently experienced consolidation. The Company believes that its customers will in the future demand that the Company offer increasing numbers of titles throughout the Company's existing product categories and, in particular, the education and entertainment categories. The Company believes that in many cases the most efficient means to acquire such titles or the ability to develop or license such titles is to enter into acquisitions, business combinations or strategic alliances with consumer software companies.

The Company continuously evaluates and considers other businesses of varying sizes as potential strategic partners and candidates for acquisition (whether negotiated or non-negotiated) and has engaged in discussions with certain businesses in pursuit of possible transactions. Certain of these businesses may be substantial in size as compared to the Company. Except as otherwise disclosed in this Prospectus, there are currently no understandings, agreements or commitments with respect to any acquisition, business combination or strategic alliance. Moreover, there can be no assurance that the Company will enter into any such transaction or, if the Company does identify and consummate such a transaction, that the transaction will enable the Company to achieve its goals.

Acquisitions or business combination transactions that would result in further expansion of the Company's business in the entertainment and educational product areas may result in a higher degree of product acceptance risk and longer development cycles for the Company's products. In addition, companies that develop entertainment software (for PC, Sega, Nintendo and 3DO platforms) typically experience lower gross margins than the Company has experienced from its current operations. Further, should purchase accounting be used by the Company for future acquisitions or business combination transactions, such accounting treatment may result in large, one-time expense charges for in-process research and development costs and short amortization periods for acquired technology and other intangible assets acquired in the transaction.

Competition for suitable acquisitions, business combinations and strategic alliances and the cost of these transactions have recently been increasing. The future availability of desirable prospects for these transactions in the computer software industry is uncertain. In addition, assuming that the Company is able to identify appropriate transaction prospects, the execution and implementation of acquisitions, business combinations and strategic alliances involves a significant time commitment from senior

management and can result in large restructuring costs. There can be no assurance that suitable opportunities will be identified, that transactions can be consummated or that assets, businesses or relationships acquired in such transactions can be integrated successfully into the Company's operations.

RISK OF NONPAYMENT

The Company anticipates that internally generated cash flow will be sufficient to meet its operating expenses and to make payments of interest under the Notes as they become due. There can be no assurance, however, that the Company will generate sufficient internal cash flow to cover all required interest payments on its indebtedness, including that under the Notes.

To the extent that the Notes are not converted into Common Stock prior to their maturity and the Company is unable to generate sufficient cash flow from operations to cover its outstanding obligations, the Company may be required to attempt to refinance all or a portion of its then outstanding indebtedness under the Notes, to dispose of assets or to seek additional financing. There can be no assurance, however, that any necessary refinancing, disposition of assets or additional financing will be available or be able to be consummated on commercially reasonable terms.

MANAGEMENT OF GROWTH; KEY EMPLOYEES

The Company is currently experiencing a period of exceptionally rapid growth that is placing and will likely continue to place a strain on the Company's financial, management and other resources in the future. The Company's ability to continue to manage its growth effectively will require it, among other things, to continue to improve its operational, financial and management information systems and to continue to attract, train, motivate, manage and retain key employees. If the Company's management becomes unable to manage growth effectively, the Company's business, operating results and financial condition could be adversely affected. For example, the Company has recently completed the acquisition of The Learning Company, Compton's NewMedia and Compton's Learning Company and has entered into a definitive merger agreement with MECC. Should certain key employees not be retained, future operating results may be adversely affected.

The ability of software companies with significant internal development capabilities to continue to manage growth, develop competitive new products and respond to rapid technological change depends on an ability to attract, motivate, manage and retain talented developers, product marketers and other employees with valuable technological and marketing expertise. The Company's educational software products will require a substantially larger

internal development and marketing staff than its operations have previously required. If the Company is unable to attract, motivate, manage and retain such employees, the Company's results of operations will likely be adversely affected.

NEW PRODUCTS AND RAPID TECHNOLOGICAL CHANGE

Software companies must continue to develop or acquire new products or upgrade existing products on a timely basis to sustain revenues and profitable operations. Factors contributing to the short life span of PC software have included rapid technological change and an expanded demand for content-rich products. Software companies must continue to create or acquire innovative new products reflecting technological changes in hardware and software and translate current products into newly accepted hardware and software formats, in order to gain and maintain a viable market for their products. PC hardware, in particular, is steadily advancing in power and function, expanding the market for increasingly complex and flexible software products. This has also resulted in longer periods necessary for research and development of new products and a greater degree of unpredictability in the time necessary to develop products. Furthermore, the rapid changes in the market and the increasing number of new products available to consumers have increased the degree of consumer acceptance risk with respect to any specific title that the Company may publish. It is expected that this trend will continue and may become more pronounced in the future.

The Company has in the past focused primarily on the productivity, lifestyle and edutainment product categories. These product categories have a lower development cost and are not considered as "hit" driven as the high-end, 16-bit and 32-bit entertainment and games software category (including products offered on the Sega, Nintendo and 3DO platforms) and the high-end, PC-based CD-ROM game category. Additionally, the high-end entertainment and games category requires higher development and marketing costs and a higher cost of goods sold than the Company's traditional software business, is dominated by a number of very large competitors and is subject to rapid change in consumer preference. Should the Company substantially increase its presence in the high-end entertainment and games industry segment, it will experience these additional risks and competitive pressures.

Similarly, the Company's new product-content focus and enhanced presence in the educational software market will require the Company to evaluate and adopt appropriate development and marketing strategies and methods, which may differ from those historically employed by the Company and subject the Company to the risks and competitive pressures associated with those new strategies.

The Company's rights to license many of its software products are non-exclusive and, generally, of limited duration, and there is no assurance the Company will be able to continue to obtain new products from developers or to maintain or expand its market share in the event that a competitor offers the same or similar software products. If the Company is unable to develop or acquire new products in a timely manner as revenues decrease from products reaching the end of their natural life cycle, the Company's results of operations will be adversely affected.

SIGNIFICANT PRICE REDUCTIONS IN PERSONAL COMPUTER SOFTWARE

Recently, several major publishers of PC software have significantly reduced the prices of their products with the goal of gaining greater market share, to the extent that at least one company (which is not a competitor of SoftKey) distributed its product at no cost (except what it represented as shipping and handling charges) in order to gain market share upon its entrance into a new market. The retail and wholesale prices of many of the Company's products have declined and the Company has introduced new lines of lower-priced software products. There can be no assurance that such price reductions or new product lines will result in an increase in unit sales volume or that prices will not continue to decline in the future. Such a decline would lead to a decrease in the revenues from, and gross margin on, sales of such products in the future and could result in lower cash flow or operating margins.

RISK OF INTERNATIONAL OPERATIONS

The Company derived approximately 10% of its revenues in the year ended December 31, 1994 from sales occurring outside North America. The Company believes that revenues from such international sales in 1995 increased slightly and should continue to increase in 1996 as a result of the Company's acquisition of tewi in July 1995 and of Personal Soft S.A., a French societe anonyme, in December 1995. These revenues are subject to the risks normally associated with international operations, including currency conversion risks, limitations (including taxes) on the repatriation of earnings, slower and more difficult accounts receivable collection, greater difficulty and expense in administering business abroad, complications in complying with foreign laws and the necessity of obtaining requisite export licenses, which on occasion may be delayed or difficult to obtain. In addition, while U.S. copyright law, international conventions and international treaties may provide meaningful protection against unauthorized duplication of software, the laws of foreign jurisdictions may not protect the Company's proprietary rights to the same extent as the laws of the United States. Software piracy has been, and can be expected to be, a persistent problem for participants in the "shrinkwrap" software industry, including the

Company. These problems are particularly acute in certain international markets such as South America, the Middle East, the Pacific Rim and the Far East.

DEPENDENCE ON MAJOR SUPPLIER

All duplication, assembly and fulfillment, with certain exceptions (including CD-ROMs and products reproduced by OEMs), for all of the Company's U.S. products are provided by one supplier, Stream International Inc., formerly known as the Global Software Services business unit of R.R. Donnelley & Sons Company ("Stream"), at facilities in Crawfordsville, Indiana. Any interruption in Stream's manufacturing, assembly and fulfillment services could have a material adverse impact on the Company's business. The Company's agreement with Stream expires in April 1997, and there can be no assurance that such agreement will be renewed or that the terms of any renewal will be the same as those currently in effect. Although the Company believes that suitable alternative suppliers exist, there can be no assurance that any termination or modification of the agreement with Stream would not result in a short-term business interruption for the Company.

HISTORY OF OPERATING LOSSES

A variety of factors may cause period-to-period fluctuations in the Company's operating results, including integration of operations resulting from acquisitions of companies, products or technologies, revenues and expenses related to the introduction of new products or new versions of existing products, changes in selling prices, delays in purchases in anticipation of upgrades to existing products, currency fluctuations, dealer and distributor order patterns, general economic trends or a slowdown of PC sales and seasonality of customer buying patterns. Historical operating results of the Company and its predecessors cannot be relied upon as indicative of the future performance of the Company. On an historical basis, the Company incurred net losses of \$4,983,000 for the year ended June 30, 1992, \$57,250,000 for the year ended June 30, 1993 and \$73,258,000 for the transition period from July 4, 1993 to January 1, 1994. The Company had net income of \$21,145,000 for the year ended December 31, 1994 and \$22,838,000 for the nine months ended September 30, 1995. There can be no assurance that the Company will continue to be profitable in the future.

CAPITAL RESOURCES

The expansion of the Company's current business involves significant financial risk and capital investment. There is no assurance that financing will be available in the future to meet the needs of the Company for additional investment.

DEPENDENCE ON CONTINUED PERSONAL COMPUTER SALES

The success of the Company is dependent upon the continuing use of PCs, and especially multimedia PCs, in the consumer and school market. A general decrease in unit sales of PCs or shift to an alternative means of delivery could adversely affect the Company's future results of operations.

HOLDING COMPANY STRUCTURE

The Notes are obligations exclusively of the Company. Since the operations of the Company are currently conducted primarily through subsidiaries, the cash flow and the consequent ability to service debt, including the Notes, of the Company, are dependent upon the earnings of its subsidiaries and the distribution of those earnings to, or upon loans or other payments of funds by those subsidiaries to, the Company. The subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes or to make any funds available therefor, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to the Company by its subsidiaries may be subject to statutory or contractual restrictions, are dependent upon the earnings of those subsidiaries and are subject to various business considerations.

Any right of the Company to receive assets of any of its subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) is effectively subordinated to the claims of that subsidiary's creditors (including trade creditors), except to the extent that the Company is itself recognized as a creditor of such subsidiary, in which case the claims of the Company would still be subordinate to any security interests in the assets of such subsidiary and any indebtedness of such subsidiary senior to that held by the Company.

Because the Company's operations are conducted primarily through its operating subsidiaries, claims of holders of indebtedness of such subsidiaries, as well as claims of trade creditors of such subsidiaries, have priority with respect to the assets and earnings of such subsidiaries over the claims of creditors of the Company, including holders of the Notes. As of December 22, 1995, there was approximately \$6 million of indebtedness and other obligations of subsidiaries of the Company (excluding intercompany liabilities) outstanding as to which the Notes were structurally subordinated. The Indenture does not limit the amount of additional indebtedness which the Company can create, incur, assume or guarantee, nor does the Indenture limit the amount of indebtedness which any subsidiaries can create, incur, assume or guarantee.

CHANGE OF CONTROL

The Indenture provides that holders of the Notes have the right, in the event of a Change of Control, to require that the Company repurchase the Notes in whole or in part at a redemption price equal to 101% of the principal amount thereof plus accrued interest. There can be no assurance that the Company will have the financial resources necessary to purchase the Notes upon a Change of Control. See "Description of Notes."

SECURITIES TRADING; VOLATILITY

The Notes have been designated for trading in the PORTAL market, and the Common Stock is quoted on the NNM. The market price of the Common Stock, like the shares of many other high technology companies, has been and may continue to be volatile. Volatility in the price of the Common Stock, changes in prevailing interest rates and changes in perceptions of the Company's creditworthiness may in the future adversely affect the price of the Notes. In addition, the stock market has experienced and continues to experience extreme price and volume fluctuations which have particularly affected the market price for many technology companies. These broad market fluctuations, as well as general economic and political conditions, may adversely affect the market prices of the Common Stock and the Notes.

USE OF PROCEEDS

The Company will not receive any proceeds from the sale of the Notes or the Common Stock issuable upon conversion thereof by the Selling Holders.

THE SELLING HOLDERS

The Notes were initially issued and sold pursuant to a Purchase Agreement dated as of October 17, 1995 between the Company, on the one hand, and Bear, Stearns & Co. Inc. and Montgomery Securities (together, the "Initial Purchasers"), on the other hand. The Notes were acquired from the Initial Purchasers by the Selling Holders in compliance with Rule 144A, Regulation D or Regulation S under the Securities Act, or in other permitted resale transactions from the Initial Purchasers or holders who acquired such Notes from the Initial Purchasers or other prior holders thereof in further permitted resale transactions exempt from registration under the Securities Act. The Company agreed to indemnify and hold the Initial Purchasers harmless against certain liabilities under the Securities Act that would arise in connection with the sale of the Notes by the Initial Purchasers.

Except as otherwise indicated, the table below sets forth certain information with respect to the Securities as of December

18, 1995. The term Selling Holders includes the beneficial owners of the securities listed below and their transferees, pledgees, donees or other successors. Other than as a result of the ownership of Securities indicated below, none of the Selling Holders has had any material relationship with the Company or any of its affiliates within the past three years.

Name	Aggregate Principal Amount of Notes That May Be Sold	Number of Shares of Common Stock That May Be Sold*
Bankers Trust Company(1) . . .	48,000,000	905,660
Boston College Endowment(2)	375,000	7,075
BT Securities Corporation(3)	3,250,000	61,320
Central States Southeast and Southwest Pension Fund . . .	1,250,000	23,584
Christian Science Peck Management Stock	125,000	2,358
Christian Science Trustees for Gifts and Endowments	125,000	2,358
Clarex Limited	1,200,000	22,641
Columbus Life Insurance Company	2,175,000	41,037
Coutts & Co. AG - New York Branch	3,200,000	60,377
Custodial Trust Company .	3,010,000	56,792
Dean Witter Convertible Securities Trust	5,795,000	109,339
Declaration of Trust for Defined Benefit Plan of ICI American Holdings Inc.	700,000	13,207
Declaration of Trust for Defined Benefit Plan of Zeneca Holdings Inc. . .	455,000	8,584
Delaware State Employees'		

Retirement Fund	2,225,000	41,981
Delta Air Lines Master Trust	2,895,000	54,622
Dreyfus Growth and Income Fund, Inc.(4)	30,750,000	580,188
Eaton Vance Total Return Portfolio	3,000,000	56,603
Fidelity Devonshire Trust: Fidelity Equity-Income Fund(5)	4,030,000	76,037
Fidelity Financial Trust: Fidelity Convertible Securities Fund(5)	13,270,000	250,377
Fidelity Management Trust Company, on behalf of accounts managed by it(6)	9,200,000	173,584
First Church of Christ, Scientist - Endowments	210,000	3,962
First National Bank of Omaha	715,000	13,490
Firststar Trust Company	1,000,000	18,867
General Motors Investment Management Corporation	19,545,000	368,773
George Eastman House Endowment	100,000	1,886
Guardian Life Insurance Co. of America	9,500,000	179,245
Guardian Pension Fund	500,000	9,433
HFS Total Return Fund	250,000	4,716
Hillside Industries Corporate Account	150,000	2,830
Hillside Industries Incorporated (Master Trust)	35,000	660

IDS Bond Fund, Inc.(7)	11,250,000	212,264
IDS Extra Income Fund, Inc.(7)	2,000,000	37,735
IDS Life Managed Fund, Inc.(7)	8,000,000	150,943
IDS Life Special Income Fund, Inc.(7)	4,750,000	89,622
Kellner, DiLeo & Co.	4,650,000	87,735
Lincoln National Convertible Securities Fund	2,430,000	45,849
Lincoln National Life Insurance - Convertible Securities Pool	5,650,000	106,603
Mass. Mutual Corporate Investors	630,000	11,886
Massachusetts Financial Services Total Return	250,000	4,716
Massachusetts Pension Reserves Investment Management Board	2,080,000	39,245
McCullough, Andrews & Cappiello, Inc.	7,900,000	149,056
Mellon Bank, N.A.	1,250,000	23,584
Mercantile, Safe Deposit and Trust Company	3,895,000	73,490
Museum of Fine Art, Boston(2)	165,000	3,113
New Hampshire Retirement System(2)	980,000	18,490
Oaktree Capital Management OCM Convertible Ltd	250,000	4,716
OCM Convertible Trust	5,250,000	99,056

OCM Convertible L.P. . . .	240,000	4,528
Pacific Horizon Capital Income Fund	1,100,000	20,754
Phoenix Home Life	8,750,000	165,094
PNC Bank National Association	285,000	5,377
Putnam Balanced Retirement Fund(8)	250,000	4,716
Putnam Convertible Income- Growth Trust(8)	8,050,000	151,886
Putnam Convertible Opportunities and Income Trust(8)	895,000	16,886
Putnam High Income Convertible and Bond Fund(8)	2,000,000	37,735
Robertson, Stephens & Company LLC(9)	745,000	14,056
Rochester Fund Series - The Bond Fund For Growth . . .	4,000,000	75,471
Royal Bank Investment Management	1,250,000	23,584
State Employees' Retirement Fund of the State of Delaware	1,035,000	19,528
Tennessee Consolidated Retirement System	3,500,000	66,037
The TCW Group, Inc.	6,720,000	126,792
Thermo Electron Corp. Balanced Investment Fund. . .	275,000	5,188
Touchstone Portfolio Growth & Income	175,000	3,301
Touchstone Variable Insurance Trust Growth & Income 2	150,000	2,830

TWA 401(K) - Balanced	200,000	3,773
Union Bank	265,000	5,000
Wagner, Stott & Co.	5,650,000	106,603
Weirton	670,000	12,641
Wells Fargo Bank, N.A.	4,000,000	75,471
Winchester Convertible Plus Ltd.	500,000	9,433

*Assumes a conversion price of \$53.00 per share, and a cash payment in lieu of any fractional share interest.

(1) Information is as of January 5, 1996. Bankers Trust Company holds Notes solely as custodian or trustee for accounts over which other persons exercise investment and voting discretion. BT Securities Corporation is an affiliate of Bankers Trust Company. Bankers Trust Company disclaims beneficial ownership of Notes and shares of Common Stock listed herein as held in its name or the name of BT Securities Corporation.

(2) Shares investment authority with The Putnam Advisory Company, Inc., the investment adviser.

(3) Information is as of January 5, 1996. BT Securities Corporation is an affiliate of Bankers Trust Company. BT Securities Corporation disclaims beneficial ownership of all Notes and shares of Common Stock listed as owned by Bankers Trust Company.

(4) Information as of January 4, 1996.

(5) Each of such entities is either an investment company or a portfolio of an investment company registered under Section 8 of the Investment Company Act of 1940, as amended, or a private investment account advised by Fidelity Management & Research Company ("FMR Co."). FMR Co. is a Massachusetts corporation and an investment advisor registered under Section 203 of the Investment advisers Act of 1940, as amended, and provides investment advisory services to each of such entities and to other registered investment companies and to certain other funds which are generally offered to a limited group of investors. FMR Co. is a wholly owned subsidiary of FMR Corp. ("FMR"), a Massachusetts corporation.

(6) Shares indicated as owned by such entity are owned directly by various private investment accounts, primarily employee

benefit plans for which Fidelity Management Trust Company ("FMTC") serves as trustee or managing agent. FMTC is a wholly-owned subsidiary of FMR and a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, as amended.

(7) Each of these funds is an investment company registered under the Investment Company Act of 1940, as amended, and is a fund in the IDS Mutual Fund Group (collectively, the IDS Funds"). American Express Financial Corporation, formerly known as IDS Financial Corporation ("AEFC"), an investment adviser registered under the Investment Advisers Act of 1940, as amended, provides investment advisory services to each of the IDS Funds and to certain other registered investment companies. AEFC is a wholly owned subsidiary of American Express Company. The information set forth in the table with respect to each IDS Fund and the information set forth in this footnote was provided by AEFC.

(8) Shares investment authority with Putnam Investment Management, Inc., the investment adviser.

(9) Information as of December 29, 1995.

The preceding table has been prepared based upon information furnished to the Company by the Depository Trust Company and by or on behalf of the Selling Holders. Additional information concerning ownership of the Securities offered hereby rests with certain holders of the Securities who are not named in the preceding table, with whom the Company believes it has no affiliation and from whom the Company has received no response to its request for such information.

In view of the fact that Selling Holders may offer all or a portion of the Notes or shares of Common Stock held by them pursuant to the offering contemplated by this Prospectus, and because this offering is not being underwritten on a firm commitment basis, no estimate can be given as to the amount of Notes or the number of shares of Common Stock that will be held by the Selling Holders after completion of the Offering.

Information concerning the Selling Holders may change from time to time and any such changed information will be set forth in supplements to this Prospectus if and when necessary. In addition, the per share conversion price, and therefor the number of shares issuable upon conversion of the Notes, is subject to adjustment under certain circumstances. Accordingly, the aggregate principal amount of Notes and the number of shares of Common Stock issuable upon conversion thereof offered hereby may increase or decrease. As of the date of this Prospectus, the aggregate principal amount of Notes outstanding is \$350,000,000.

DESCRIPTION OF THE NOTES

The Notes are issued under an indenture dated as of October 16, 1995, as amended by the First Supplemental Indenture dated as of November 22, 1995 (the "Indenture"), between the Company and State Street Bank and Trust Company, as trustee (the "Trustee"). A copy of the Indenture and such First Supplemental Indenture are being filed with the Commission as an exhibit to the Registration Statement. The following summaries of certain provisions of the Notes and the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and all the provisions of the Notes and the Indenture, including the definitions therein of certain terms which are not otherwise defined in this Prospectus and those terms made a part of the Indenture by reference to the Trust Indenture Act. Wherever particular provisions or defined terms of the Indenture (or of the form of Notes which is a part thereof) are referred to, such provisions or defined terms are incorporated herein by reference. As used in this "Description of Notes," the "Company" refers to SoftKey International Inc. and does not, unless the context otherwise indicates, include its subsidiaries.

GENERAL

The Notes are general unsecured obligations of the Company senior or pari passu in right of payment to all other unsecured obligations of the Company as described below under the subheading "Ranking" and are convertible into Common Stock as described below under the subheading "Conversion of Notes." The Notes are limited to \$350,000,000 aggregate principal amount, will be issued in fully registered form only in denominations of \$1,000 or any multiple thereof and will mature on November 1, 2000, unless earlier redeemed at the option of the Company or at the option of the holder upon a Change of Control.

The Indenture does not contain any restrictions on the payment of dividends, the repurchase of securities of the Company (other than the Notes) or the incurrence of debt by the Company or any of its subsidiaries.

The Notes bear interest from October 23, 1995 at the annual rate set forth on the cover page hereof, payable semi-annually on May 1 and November 1, commencing on May 1, 1996, to holders of record at the close of business on the preceding April 15 and October 15, respectively. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

Unless other arrangements are made, interest is paid by check mailed to holders entitled thereto. Principal will be payable, and

the Notes may be presented for conversion, registration of transfer and exchange, without service charge, at the office of the Trustee in New York, New York.

CONVERSION OF NOTES

The holders of Notes are entitled at any time after 60 days following the latest date of original issuance thereof through the close of business on November 1, 2000, subject to prior redemption, to convert any Notes or portions thereof (in denominations of \$1,000 or multiples thereof) into Common Stock, at the conversion price set forth on the cover page of this Prospectus, subject to adjustment as described below; provided that in the case of Notes called for redemption, conversion rights will expire at the close of business on the business day next preceding the date fixed for redemption, unless the Company defaults in payment of the redemption price. A Note (or portion thereof) in respect of which a holder is exercising its option to require redemption upon a Change of Control may be converted only if such holder withdraws its election to exercise such option in accordance with the terms of the Indenture. Except as described below, no adjustment will be made on conversion of any Notes for interest accrued thereon or for dividends on any Common Stock issued. If Notes not called for redemption are converted after a record date for the payment of interest and prior to the next succeeding interest payment date, such Notes must be accompanied by funds equal to the interest payable on such succeeding interest payment date on the principal amount so converted. The Company is not required to issue fractional shares of Common Stock upon conversion of Notes and, in lieu thereof, will pay a cash adjustment based upon the market price of the Common Stock on the last business day prior to the date of conversion.

The conversion price is subject to adjustment (under formulae set forth in the Indenture) upon the occurrence of certain events, including: (i) the issuance of Common Stock as a dividend or distribution on Common Stock; (ii) the issuance to all holders of Common Stock of certain rights or warrants to purchase Common Stock at less than the current market price; (iii) certain subdivisions, combinations and reclassifications of Common Stock; (iv) distributions to all holders of Common Stock of capital stock of the Company (other than Common Stock) or evidences of indebtedness of the Company or assets (including securities, but excluding those dividends, rights, warrants and distributions referred to above and dividends and distributions in connection with the liquidation, dissolution or winding up of the Company and dividends and distributions paid exclusively in cash); (v) distributions consisting exclusively of cash (excluding any cash portion of distributions referred to in clause (iv)) to all holders of Common Stock in an aggregate amount that, combined together with all other such all-cash distributions made within the preceding 12 months in

respect of which no adjustment has been made, exceeds 20% of the Company's market capitalization (being the product of the then current market price of the Common Stock times the number of shares of Common Stock then outstanding) on the record date for such distribution; and (vi) the purchase of Common Stock pursuant to a tender offer made by the Company or any of its subsidiaries which involves an aggregate consideration that, together with (x) any cash and the fair market value of any other consideration payable in any other tender offer by the Company or any of its subsidiaries for Common Stock expiring within the 12 months preceding such tender offer in respect of which no adjustment has been made and (y) the aggregate amount of any such all-cash distributions referred to in clause (v) above to all holders of Common Stock within the 12 months preceding the expiration of such tender offer in respect of which no adjustments have been made, exceeds 20% of the Company's market capitalization on the expiration of such tender offer. No adjustment of the conversion price will be made for shares of Common Stock issued pursuant to a plan for reinvestment of dividends or interest.

Except as stated above, the conversion price will not be adjusted for the issuance of Common Stock or any securities convertible into or exchangeable for Common Stock or carrying the right to purchase any of the foregoing. No adjustment in the conversion price will be required unless such adjustment would require a change of at least 1% in the conversion price then in effect; provided that any adjustment that would otherwise be required to be made shall be carried forward and taken into account in any subsequent adjustment.

In the case of (i) any reclassification or change of the Common Stock (other than changes in par value or from par value to no par value or resulting from a subdivision or a combination) or (ii) a consolidation or merger involving the Company or a sale or conveyance to another corporation of the property and assets of the Company as an entirety or substantially as an entirety, in each case as a result of which holders of Common Stock shall be entitled to receive stock, other securities, other property or assets (including cash) with respect to or in exchange for such Common Stock, the holders of the Notes then outstanding will be entitled thereafter to convert such Notes into the kind and amount of shares of stock, other securities or other property or assets which they would have owned or been entitled to receive upon such reclassification, change, consolidation, merger, sale or conveyance had such Notes been converted into Common Stock immediately prior to such reclassification, change, consolidation, merger, sale or conveyance assuming that a holder of Notes would not have exercised any rights of election as to the stock, other securities or other property or assets receivable in connection therewith.

In the event of a taxable distribution to holders of Common

Stock (or other transaction) which results in any adjustment of the conversion price, the holders of Notes may, in certain circumstances, be deemed to have received a distribution subject to the United States income tax as a dividend; in certain other circumstances, the absence of such an adjustment may result in a taxable dividend to the holders of Common Stock.

The Company from time to time may to the extent permitted by law reduce the conversion price by any amount for any period of at least 20 days, in which case the Company shall give at least 15 days' notice of such decrease, if the Board of Directors has made a determination that such decrease would be in the best interests of the Company, which determination shall be conclusive. The Company may, at its option, make such reductions in the conversion price, in addition to those set forth above, as the Company deems advisable to avoid or diminish any income tax to its stockholders resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

OPTIONAL REDEMPTION BY THE COMPANY

The Notes are not redeemable at the option of the Company prior to November 2, 1998. At any time on or after that date, the Notes may be redeemed at the Company's option on at least 30 but not more than 60 days' notice, in whole at any time or in part from time to time, at the following prices (expressed in percentages of the principal amount), together with accrued interest to the date fixed for redemption:

If redeemed during the 12-month period beginning:

Year	Redemption Price
November 2, 1998	102.2%
November 1, 1999	101.1%

and 100% at November 1, 2000.

If fewer than all the Notes are to be redeemed, the Trustee will select the Notes to be redeemed in principal amounts of \$1,000 or integral multiples thereof by lot or, in its discretion, on a pro rata basis. If any Note is to be redeemed in part only, a new Note or Notes in principal amount equal to the unredeemed principal portion thereof will be issued. If a portion of a holder's Notes is selected for partial redemption and such holder converts a portion of such Notes, such converted portion shall be deemed to be taken from the portion selected for redemption. No sinking fund is provided for the Notes.

CHANGE IN CONTROL

Upon the occurrence of a Change of Control, each holder of the Notes shall have the right to require that the Company repurchase such holder's Notes in whole or in part in integral multiples of \$1,000, at a purchase price in cash in an amount equal to 101% of the principal amount thereof, together with accrued and unpaid interest to the date of purchase, pursuant to an offer (the "Change of Control Offer") made in accordance with the procedures described below and the other provisions in the Indenture.

A "Change of Control" means an event or series of events in which (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) acquires "beneficial ownership" (as determined in accordance with Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total Voting Stock of the Company at an Acquisition Price (each term as defined herein) less than the conversion price then in effect with respect to the Notes and (ii) the holders of the Common Stock receive consideration which is not all or substantially all common stock that is (or upon consummation of or immediately following such event or events will be) listed in a United States national securities exchange or approved for quotation on the Nasdaq National Market or any similar United States system of automated dissemination of quotations of securities' prices; provided, however, that any such person shall not be deemed to be the beneficial owner of, or to beneficially own, any Voting Stock tendered into a tender offer until such tendered Voting Stock is accepted for purchase under the tender offer. "Voting Stock" means stock of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of a corporation (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

Within 30 days following any Change of Control, the Company shall send by first-class mail, postage prepaid, to the Trustee and to each holder of Notes, at such holder's address appearing in the security register, a notice stating, among other things, that a Change of Control has occurred, the purchase price, the purchase date, which shall be a business day no earlier than 30 days nor later than 60 days from the date such notice is mailed, and certain other procedures that a holder of the Notes must follow to accept a Change of Control Offer or to withdraw such acceptance.

The Company will comply, to the extent applicable, with the requirements of Rule 13e-4 under the Exchange Act and other securities laws or regulations in connection with the repurchase of the Notes as described above.

The occurrence of certain of the events which would constitute a Change of Control would constitute a default under the revolving line of credit of SoftKey Inc., a wholly owned subsidiary of the Company (the "Credit Facility"). Future indebtedness of the Company may contain prohibitions of certain events which would constitute a Change of Control or require the Company to offer to redeem such indebtedness upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require the Company to purchase the Notes could cause a default under such indebtedness, even if the Change of Control itself does not, due to the financial effect of such purchase on the Company. Finally, the Company's ability to pay cash to holders of the Notes upon a purchase may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required purchases. Furthermore, the Change of Control provisions may in certain circumstances make more difficult or discourage a takeover of the Company and the removal of the incumbent management.

RANKING

The indebtedness evidenced by the Notes are senior unsecured obligations of the Company. Because the Company's operations are conducted primarily through its operating subsidiaries, claims of holders of indebtedness of such subsidiaries, as well as claims of trade creditors of such subsidiaries, have priority with respect to the assets and earnings of such subsidiaries over the claims of creditors of the Company, including holders of the Notes.

The Notes are obligations exclusively of the Company. Since the operations of the Company are currently partially conducted through subsidiaries, the cash flow and the consequent ability to service debt, including the Notes, of the Company, are partially dependent upon the earnings of its subsidiaries and the distribution of those earnings to, or upon loans or other payments of funds by those subsidiaries to, the Company. The subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes or to make any funds available therefor, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to the Company by its subsidiaries may be subject to statutory or contractual restrictions, are dependent upon the earnings of those subsidiaries and are subject to various business considerations.

Any right of the Company to receive assets of any of its subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) is effectively subordinated to the claims of that subsidiary's creditors (including trade creditors), except to the extent that the Company is itself recognized as a creditor of such

subsidiary, in which case the claims of the Company would still be subordinate to any security interests in the assets of such subsidiary and any indebtedness of such subsidiary senior to that held by the Company.

As of December 31, 1995, subsidiaries of the Company had approximately \$6 million of indebtedness outstanding (excluding accrued interest thereon) as to which the Notes were structurally subordinated. The Indenture does not limit the amount of additional indebtedness which the Company can create, incur, assume or guarantee, nor does the Indenture limit the amount of indebtedness which any subsidiary can create, incur, assume or guarantee.

MERGER, CONSOLIDATION AND SALE OF ASSETS

The Company shall not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to any person unless: (i) either the Company is the resulting, surviving or transferee person (the "Successor Company") or the Successor Company is a person organized and existing under the laws of the United States or any State thereof or the District of Columbia, and the Successor Company (if not the Company) expressly assumes by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under Indenture and the Notes, including the conversion rights described above under "Conversion of Notes;" (ii) immediately after giving effect to such transaction no Event of Default has happened and is continuing; and (iii) the Company delivers to the Trustee an Officers' Certificate and an opinion of counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture.

EVENTS OF DEFAULT AND REMEDIES

An Event of Default is defined in the Indenture as being: default in payment of the principal of or premium, if any, on the Notes; default for 30 days in payment of any installment of interest on the Notes; default by the Company for 90 days after notice in the observance or performance of any other covenants in the Indenture; or certain events involving bankruptcy, insolvency or reorganization of the Company. The Indenture provides that the Trustee may withhold notice to the holders of Notes of any default (except in payment of principal, premium, if any, or interest with respect to the Notes) if the Trustee considers it in the interest of the holders of the Notes to do so.

The Indenture provides that if any Event of Default shall have occurred and be continuing, the Trustee or the holders of not less than 25% in principal amount of the Notes then outstanding may declare the principal of and premium, if any, on the Notes to be

due and payable immediately, but if the Company shall cure all defaults (except the nonpayment of interest on, premium, if any, and principal of any Notes which shall have become due by acceleration) and certain other conditions are met, such declaration may be cancelled and past defaults may be waived by the holders of a majority in principal amount of Notes then outstanding.

The holders of a majority in principal amount of the Notes then outstanding shall have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Trustee, subject to certain limitations specified in the Indenture.

The Company shall furnish to the Trustee at least annually evidence as to compliance with the terms of the Indenture.

SATISFACTION AND DISCHARGE; DEFEASANCE

The Indenture will cease to be of further effect as to all outstanding Notes (except as to (i) rights of registration of transfer and exchange and the Company's right of optional redemption; (ii) substitution of apparently mutilated, defaced, destroyed, lost or stolen Notes; (iii) rights of holders of the Notes to receive payments of principal and interest on the Notes; (iv) rights, obligations and immunities of the Trustee under the Indenture; and (v) rights of the holders of the Notes as beneficiaries of the Indenture with respect to the property so deposited with the Trustee payable to all or any of them), if (A) the Company will have paid or caused to be paid the principal of and interest on the Notes as and when the same will have become due and payable or (B) all outstanding Notes (except lost, stolen or destroyed Notes which have been replaced or paid) have been delivered to the Trustee for cancellation or (C) (x) the Notes not previously delivered to the Trustee for cancellation will have become due and payable or are by their terms to become due and payable within one year or are to be called for redemption under arrangements satisfactory to the Trustee upon delivery of notice and (y) the Company will have irrevocably deposited with the Trustee, as trust funds, cash, in an amount sufficient to pay principal of and interest on the outstanding Notes, to maturity or redemption, as the cause may be. Such trust may only be established if such deposit will not result in a breach or violation of, or constitute a default under, any agreement or instrument to which the Company is party or by which it is bound and the Company has delivered to the Trustee an Officers' Certificate and an opinion of counsel, each stating that all conditions related to such defeasance have been complied with.

The Indenture will also cease to be in effect (except as described in clauses (i) through (v) in the immediately preceding

paragraph) and the indebtedness on all outstanding Notes will be discharged on the 123rd day after the irrevocable deposit by the Company with the Trustee, in trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of the Notes, of cash, U.S. Government Obligations (as defined in the Indenture) or a combination thereof, in an amount sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay the principal of an interest on the Notes then outstanding in accordance with the terms of the Indenture and the Notes ("legal defeasance"). Such legal defeasance may only be effected if (i) such deposit will not result in a breach or violation of, or constitute a default under, any agreement or instrument to which the Company is party or by which it is bound; (ii) the Company has delivered to the Trustee an opinion of counsel stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, based thereon, the holders of the Notes will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge by the Company and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred; (iii) the Company has delivered to the trustee an opinion of counsel to the effect that after the 123rd day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; and (iv) the Company has delivered to the Trustee an Officer's Certificate and an opinion of counsel stating that all conditions related to the defeasance have been complied with.

The Company may also be released from its obligations under the covenants described above under "Change of Control" and "Merger, Consolidation and Sale of Assets" with respect to the Notes outstanding on the 123rd day after the irrevocable deposit by the Company with the Trustee, in trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of the Notes, cash, U.S. Government Obligations or a combination thereof, in an amount sufficient in the opinion of a nationally recognized firm of independent public accounts expressed in a written certification thereof delivered to the Trustee, to pay the principal of and interest on the Notes then outstanding in accordance with the terms of the Indenture and the Notes ("covenant defeasance"). Such covenant defeasance may only be effected if (i) such deposit will not result in a breach or violation of, or constitute a default under, any agreement or instrument to which the Company is a party or by which it is bound; (ii) the Company has delivered to the Trustee an opinion of counsel to the effect

that the holders of the Notes will not recognize income, gain or loss for federal income tax purposes as a result of such deposit and covenant defeasance by the Company and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and covenant defeasance had not occurred; (iii) the Company has delivered to the Trustee an opinion of counsel to the effect that after 123rd day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; and (iv) the Company has delivered to the Trustee an Officers' Certificate and an opinion of counsel stating that all conditions related to the covenant defeasance have been complied with. Following such covenant defeasance, the Company will no longer be required to comply with and will have no obligation to repurchase the Notes pursuant to the provisions described under "Change of Control."

Notwithstanding any satisfaction and discharge or defeasance of the Indenture, the obligations of the Company described under "Conversion of Notes" will survive.

MODIFICATIONS OF THE INDENTURE

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than a majority in principal amount of the Notes at the time outstanding, to modify the Indenture or any supplemental indenture or the rights of the holders of the Notes, except that no such modification shall (i) extend the fixed maturity of any Note, reduce the rate or extend the time or payment of interest thereon, reduce the principal amount thereof or premium, if any, thereon, reduce any amount payable upon redemption thereof, change the obligation of the Company to make redemption of any Note upon the happening of a Change of Control, impair or affect the right of a holder to institute suit for the payment thereof, change the currency in which the Notes are payable or impair the right to convert the Notes into Common Stock subject to the terms set forth in the Indenture, without the consent of the holder of each Note so affected or (ii) reduce the aforesaid percentage of Notes, without the consent of the holders of all of the Notes then outstanding.

CONCERNING THE TRUSTEE

State Street Bank and Trust Company, the Trustee under the Indenture, has been appointed by the Company as the paying agent, conversion agent, registrar and custodian with regard to the Notes.

The Trustee and/or its affiliates may in the future provide banking and other services to the Company in the ordinary course of their respective businesses.

DESCRIPTION OF CAPITAL STOCK

The Company's authorized capital stock consists of 60,000,000 shares of Common Stock, par value \$.01 per share, 5,000,000 shares of Preferred Stock, par value \$.01 per share (the "Preferred Stock"), and one share of special voting stock, par value \$1.00 per share (the "Special Voting Share").

COMMON STOCK

Holder of Common Stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Subject to the rights of holders of outstanding Preferred Stock, if any, the holders of Common Stock are entitled to receive such dividends, if any, as may be declared by the Board of Directors out of funds legally available therefor. In the event of a liquidation, dissolution, or winding up of the Company, holders of Common Stock have the right to a ratable portion of the assets remaining after payment of liabilities, subject to preferential payments required to be made to holders of outstanding Preferred Stock, if any. Holders of Common Stock do not have cumulative voting, preemptive, redemption or conversion rights. All outstanding shares of Common Stock are, and the shares to be sold in this offering will be, fully paid and nonassessable. The preferences and rights of holders of shares of Common Stock may become subject to those of holders of shares of any series of Preferred Stock which the Company may issue in the future.

PREFERRED STOCK

The Board of Directors has the authority, without further stockholder approval, to issue available shares of Preferred Stock in one or more series from time to time and to fix the powers, designations, preferences, and rights, and the qualifications, limitations, or restrictions of such preferences and/or rights. 3,300,000 shares of the Preferred Stock have been retired and are no longer available for issuance. Of the remaining 1,700,000 shares of Preferred Stock available for issuance, 150,000 have been designated as 5 1/2% Series C Convertible Preferred Stock (the "Series C Preferred Stock"), all of which are reserved for issuance upon exchange of the Company's 5 1/2% Senior Convertible/Exchangeable Notes due 2000 (the "Additional Notes").

SERIES C PREFERRED STOCK

Dividend Rights. The holders of shares of the Series C Preferred Stock are entitled to receive, in preference to the holders of shares of Common Stock, dividends in an amount equal to 5 1/2% per annum of the liquidation preference of \$1,000 per share of Series C Preferred Stock. Dividends are payable on May 1 and

November 1 of each year (each such date a "Dividend Payment Date") to the persons in whose names the Series C Preferred Stock is registered at the close of business on the April 15 and October 15 immediately preceding such Dividend Payment Date.

Conversion Rights. The holder of any shares of Series C Preferred Stock has the right to convert any number of such shares into that number of shares of Common Stock obtained by dividing \$1,000 for each share of Series C Preferred Stock to be converted by the conversion price in effect at such time (the "Conversion Price"). The Conversion Price may be adjusted from time to time upon the occurrence of certain events, including, but not limited to, the payment of certain dividends and distributions to the holders of Common Stock. The Conversion Price is currently \$53.00. A holder of Series C Preferred Stock is not entitled to any rights of a holder of Common Stock until such holder has converted his Series C Preferred Stock to Common Stock.

Redemption. The Company may, at its option, redeem all or, from time to time, any part of the Series C Preferred Stock at the redemption prices set forth below; provided, however, that no such redemption shall be effected before November 2, 1998; and provided, further, that on November 1, 2000, the Company shall redeem all of the Series C Preferred Stock then outstanding. The redemption prices (expressed as percentages of the liquidation value of \$1,000) shall be as follows:

If redeemed during the 12-month period beginning:

Date	Percentage
November 1, 1998	102.2%
November 1, 1999	101.1%

and 100% on and after November 1, 2000.

If dividends payable on shares of Series C Preferred Stock are not paid in full, then until all unpaid dividends have been paid in full or declared and set aside for payment, the Company may not, subject to certain exceptions, redeem, purchase or otherwise acquire any shares of Series C Preferred Stock or any shares of capital stock of the Company ranking on a parity with ("Parity Stock"), or junior to, the Series C Preferred Stock.

Voting Rights. Each share of Series C Preferred Stock entitles the holder thereof to vote on all matters voted on by holders of Common Stock, voting together as a single class. With respect to any such vote, each share of Series C Preferred Stock shall entitle the holder thereof to cast the number of votes equal to the number of votes which could be cast in such vote by a holder of the shares of capital stock of the Company into which such share

of Series C Preferred Stock is convertible on the record date for such vote. The affirmative vote of the holders of at least 66-2/3% of the outstanding shares of Series C Preferred Stock is necessary for certain actions that would affect the Series C Preferred Stock, including, but not limited to, changing the number of authorized shares of Series C Preferred Stock, increasing or decreasing the par value of such shares, or altering the powers, preferences and rights of such shares so as to affect them adversely.

If on any date dividends payable on the Series C Preferred Stock shall have been in arrears and not paid in full for three semi-annual periods, whether or not consecutive, the number of directors constituting the Board of Directors of the Company shall be increased by two and the holders of shares of Series C Preferred Stock shall have the right, voting separately as a single class (or as a class with the holders of shares of Parity Stock, if such holders are similarly entitled to elect additional directors), to elect directors to fill such newly created directorships. Such additional directors shall continue as directors until such time as all dividends accumulated on the Series C Preferred Stock (and on the Parity Stock, if applicable) have been paid in full or all necessary funds have been set aside for payment.

At each meeting of stockholders at which the holders of shares of Series C Preferred Stock shall have the right to take any action, the presence in person or by proxy of the holders of record of one-third of the total number of shares of Series C Preferred Stock then outstanding and entitled to vote shall be necessary to constitute a quorum.

Transfer Restrictions. Under the terms of the Securities Resale Registration Rights Agreement dated as of December 22, 1995 between the Company and Tribune Company, the Company is to use its best efforts to register the Series C Preferred Stock under the Securities Act within 90 days of such agreement. Until such time as the Series C Preferred Stock is so registered, then until the date that is three years after the later of the issuance of the Additional Note upon the exchange of which Series C Preferred Stock was issued and the last date on which the Company or any affiliate of the Company was the owner of such Additional Note, such Series C Preferred Stock may only be sold (i) to the Company or any subsidiary thereof, (ii) pursuant to Rule 144A, Rule 904 or Rule 144 under the Securities Act or (iii) to an institutional "accredited investor" (as defined in the Securities Act) who makes certain representations in connection with such sale. In addition, the transferor must furnish to the transfer agent for the Series C Preferred Stock such information as the Company may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Company has no current plans to issue any Preferred Stock other than the Series C Stock. While the issuance of Preferred Stock could provide needed flexibility in connection with possible acquisitions and other corporate purposes, such issuance could also make it more difficult for a third party to acquire a majority of the outstanding voting stock of the Company or discourage an attempt to gain control of the Company.

SPECIAL VOTING SHARE

The Company's sole authorized and outstanding Special Voting Share is held of record by The R-M Trust Company, as Trustee (the "Special Voting Share Trustee"), under a Voting and Exchange Trust Agreement pursuant to which each holder of Exchangeable Non-Voting Shares of SoftKey Software Products Inc. (the "Exchangeable Shares"), other than the Company or any entity controlled by the Company (a "Controlled Entity"), is entitled to instruct the Special Voting Share Trustee to exercise one of the votes attached to the Special Voting Share for each Exchangeable Share held by such holder. Except as otherwise required by law or the Company's Restated Certificate of Incorporation, as amended, the holder of record of the Special Voting Share will have a number of votes equal to the number of Exchangeable Shares outstanding from time to time not owned by the Company or any Controlled Entity. The holders of shares of the Common Stock and the Special Voting Share vote together as a single class on all matters, except as may be required by applicable law. The holder of the Special Voting Share is not entitled to receive dividends. In the event of any liquidation, dissolution or winding-up of the Company, the holder of the Special Voting Share will not be entitled to receive any assets of the Company available for distribution to its stockholders. At such time as the Special Voting Share has no votes attached to it because there are no Exchangeable Shares outstanding not owned by the Company or a Controlled Entity, and there are no shares of stock, debt, options or other agreements of the Company which could give rise to the issuance of any Exchangeable Shares to any person (other than the Company or a Controlled Entity), the Special Voting Share will be cancelled.

The Exchangeable Shares were originally issued to certain holders of common shares of Former SoftKey in the Three-Party Combination. All Exchangeable Shares not exchanged for an equivalent number of shares of Common Stock by February 4, 2005 (the "Redemption Date") will be redeemed by SoftKey Software for a price per share equal to the current market price of a share of Common Stock (which shall be paid in Common Stock) plus a cash amount equivalent to the full amount of all unpaid dividends thereon, and the Special Voting Share will thereupon be cancelled. The Board of Directors of SoftKey Software may extend the Redemption Date or, if at any time there are less than 50,000 outstanding Exchangeable Shares (other than Exchangeable Shares

held by the Company or any Controlled Entity, subject to adjustment to reflect permitted changes to the Exchangeable Shares), accelerate the Redemption Date.

TRANSFER AGENT AND REGISTRAR

The Company has appointed The First National Bank of Boston as transfer agent and registrar of the Common Stock.

PLAN OF DISTRIBUTION

The Securities covered hereby may be offered and sold from time to time by the Selling Holders. The Selling Holders will act independently of the Company in making decisions with respect to the timing, manner and size of each sale. Such sales may be made in the over-the-counter market or otherwise, at market prices prevailing at the time of sale, at prices related to the then prevailing market prices or in negotiated transactions, including without limitation pursuant to an underwritten offering or pursuant to one or more of the following methods: (a) purchases by a broker-dealer as principal and resale by such broker or dealer for its account pursuant to this Prospectus; (b) ordinary brokerage transactions and transactions in which a broker solicits purchasers; and (c) block trades in which a broker-dealer so engaged will attempt to sell the shares as agent but may take a position and resell a portion of the block as principal to facilitate the transaction.

The Company has been advised that, as of the date hereof, the Selling Holders have made no arrangement with any broker for the offering or sale of the Notes or the shares of Common Stock issuable upon conversion thereof. Underwriters, brokers, dealers or agents may participate in such transactions as agents and may, in such capacity, receive brokerage commissions from the Selling Holders or purchasers of such securities. Such underwriters, brokers, dealers or agents may also purchase the Notes or shares of Common Stock issuable upon conversion thereof and resell such securities for their own account. The Selling Holders and such underwriters, brokers, dealers or agents may be considered "underwriters" as that term is defined by the Securities Act, although the Selling Holders disclaim such status. Any commissions, discounts or profits received by such underwriters, brokers, dealers or agents in connection with the foregoing transactions may be deemed to be underwriting discounts and commissions under the Securities Act.

To comply with the securities laws of certain jurisdictions, if applicable, the Notes and Common Stock issuable upon conversion thereof will be offered or sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain jurisdictions, the Notes and Common Stock issuable upon conversion

thereof may not be offered or sold unless they have been registered or qualified for sale in such jurisdictions or unless an exemption from registration or qualification is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in a distribution of the Notes or the shares of Common Stock issuable upon conversion thereof may be limited in its ability to engage in market activities with respect to such Notes or the shares of Common Stock issuable upon conversion thereof. In addition and without limiting the foregoing, each Selling Holder will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, rules 10b-2, 10b-5, 10b-6 and 10b-7, which provisions may limit the timing of purchases and sales of any of the Notes and shares of Common Stock issuable upon conversion thereof by the Selling Holders. All of the foregoing may affect the marketability of the Notes and shares of Common Stock issuable upon conversion thereof.

The Company may suspend the use of this Prospectus and any supplements hereto in certain circumstances due to pending corporate developments, public filings with the commission or similar events. The Company is obligated in the event of such suspension to use its reasonable efforts to ensure that the use of the Prospectus may be resumed as soon as practicable.

The Company has agreed to pay substantially all of the expenses incident to the registration, offering and sale of the Notes or the shares of Common Stock issuable upon conversion thereof to the public other than commissions and discounts of agents, dealers or underwriters. Such expenses (excluding such commissions and discounts) are estimated to be approximately \$350,000. The Company has also agreed to indemnify the Selling Holders against certain liabilities, including certain liabilities under the Securities Act.

LEGAL MATTERS

The validity of the Securities offered hereby will be passed upon for the Company by Neal S. Winneg, General Counsel of the Company. Mr. Winneg owns options to purchase an aggregate of 99,375 shares of Common Stock, which are or become exercisable in periodic installments through January 1999.

EXPERTS

The consolidated financial statements and related schedules of the Company as of and for the year ended December 31, 1994, included in the Company's Annual Report on Form 10-K for the year ended December 31, 1994, have been audited by Coopers & Lybrand

L.L.P., independent public accountants, as set forth in their report therein dated March 3, 1995 and incorporated herein by reference in reliance on such report, given on the authority of that firm as experts in accounting and auditing. The consolidated financial statements and related schedules of the Company as of December 31, 1993 and June 30, 1993 and for the six month transition period from July 4, 1993 to January 1, 1994 and for each of the two years in the period ended June 30, 1993, included in the Company's Annual Report on Form 10-K for the year ended December 31, 1994, have been audited by Arthur Andersen LLP, independent public accountants, as set forth in their report therein dated January 16, 1995 and incorporated herein by reference. In its report, Arthur Andersen LLP states that with respect to the consolidated financial statements and related schedules of WordStar as of June 30, 1993 and for each of the two years in the period ended June 30, 1993, Spinnaker as of June 30, 1993 and for the year then ended and Spinnaker as of June 30, 1992 and for the year then ended, its opinion is based on the reports of other independent accountants, namely KPMG Peat Marwick LLP, Price Waterhouse LLP and Deloitte & Touche LLP, respectively. The consolidated financial statements and related schedules of the Company have been included therein in reliance upon such reports given upon the authority of those firms as experts in accounting and auditing. The report of Price Waterhouse LLP on the consolidated financial statements of Spinnaker as of June 30, 1993 and for the year then ended contains an explanatory paragraph relating to Spinnaker's ability to continue as a going concern as described in Note 12 of the consolidated financial statements of Spinnaker (not included herein). The report of Deloitte & Touche LLP on the consolidated financial statements of Spinnaker for the year ended June 30, 1992 expresses an unqualified opinion and includes an explanatory paragraph referring to an uncertainty in connection with an arbitration proceeding referred to in Note 12 of the consolidated financial statements of Spinnaker (not included herein).

SOFTKEY

No dealer, salesman or any other person has been authorized to give any information or to make any representation not contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or any Selling Holder. This Prospectus does not constitute an offer to sell or a solicitation of an offer to

buy any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof or that there has been no change in the affairs of the Company since such date.

\$350,000,000
5 1/2% SENIOR
CONVERTIBLE NOTES
DUE 2000
AND
COMMON STOCK

PROSPECTUS

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JANUARY 10, 1996

PART II

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The expenses in connection with the distribution of the securities being registered (all of which (other than selling commissions) will be borne by the Company and not the Selling Holders), are estimated as follows:

Securities and Exchange Commission Registration Fee	\$ 120,690
NASD Filing Fee	30,500
Legal Fees and Expenses	50,000
Accounting Fees and Expenses	50,000
State Securities Laws Registration Fees and Expenses	15,000
Trustee and Registrar Fees and Expenses	12,000
Miscellaneous	46,810
Total	\$ 350,000

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 102 of the Delaware General Corporation Law, as amended, allows a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damage for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit.

Section 145 of the Delaware General Corporation Law, as amended, provides that a corporation may 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 he is or was a director, officer, employee or agent of the corporation or is or was serving at its request in such capacity in another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he 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 his conduct was unlawful.

Section 8 of the Company's Restated Certificate of Incorporation, as amended, provides for elimination of directors' personal liability and indemnification as follows:

"8. LIMITATION OF LIABILITY AND INDEMNIFICATION OF DIRECTORS

8.1 ELIMINATION OF CERTAIN LIABILITIES OF DIRECTORS. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the directors' duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this Section to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of this Section by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

8.2 INDEMNIFICATION AND INSURANCE

8.2.1 RIGHT TO INDEMNIFICATION. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative, or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer, of the Corporation or is or was serving at the request of the Corporation, as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to its fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability, and loss (including attorneys' fees, judgments, fines, Employee Retirement Income Security Act of 1974, excise taxes or penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of his or her heirs, executors, and administrators;

provided, however, that the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

8.2.2 NON-EXCLUSIVITY OF RIGHTS. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of this Restated Certificate, Bylaw, agreement, vote of stockholders, or disinterested directors or otherwise.

8.2.3 INSURANCE. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee, or agent of the Corporation or another corporation, partnership, joint venture, trust, or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability, or loss under the Delaware General Corporation Law."

SoftKey has purchased directors' and officers' liability insurance which would indemnify the directors and officers of SoftKey against damages arising out of certain kinds of claims which might be made against them based on their negligent acts or omissions while acting in their capacity as such.

16. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION	PAGE NUMBER
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- 2.1 Amended and Restated Combination Agreement by and among WordStar International Incorporated, SoftKey Software Products Inc., Spinnaker Software Corporation and SSC Acquisition Corporation dated as of August 17, 1993, as amended.(1)
- 4.1 Indenture dated as of October 16, 1995 between the Company and State Street Bank and Trust Company, as Trustee, for 51/2% Senior Convertible Notes due 2000 (the "Indenture").(2)
- 4.2 First Supplemental Indenture to the Indenture, dated as of November 22, 1995 by and between the Company and State Street Bank and Trust Company, as Trustee.
- 4.3 Note Resale Registration Rights Agreement dated as of October 17, 1995 by and between the Company, on the one hand, and the Initial Purchasers on the other hand.
- 4.4 Securities Purchase Agreement dated November 30, 1995 by and between the Company and Tribune.(3)
- 5.1 Opinion of Neal S. Winneg, Esq.
- 23.1 Consent of Coopers & Lybrand L.L.P.
- 23.2 Consent of Arthur Anderson LLP.
- 23.3 Consent of KPMG Peat Marwick LLP.
- 23.4 Consent of Deloitte & Touche LLP.
- 23.5 Consent of Price Waterhouse LLP.
- 23.6 Consent of Neal S. Winneg, Esq. (included in Exhibit 5.1).
- 24.1 Power of Attorney (included on the signature page of this Registration Statement).
- 25.1 Statement of eligibility of trustee.

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- (1) Incorporated by reference to schedules included in the Company's definitive Joint Management Information Circular and Proxy Statement dated December 27, 1993.
 - (2) Incorporated by reference to Exhibit 10.21 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995.
 - (3) Incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated December 11, 1995.

ITEM 17. UNDERTAKINGS

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 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 the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, 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; and

(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.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) 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 that time shall be deemed to be the initial bona fide offering thereof.

The registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the

prospectus, to each person to whom the prospectus is sent or given, the latest annual report, to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

Insofar as indemnification for liabilities under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 15 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim of 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 a 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 of 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.

The undersigned registrant hereby undertakes to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Act.

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-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Cambridge, the Commonwealth of Massachusetts on January 10, 1996.

SOFTKEY INTERNATIONAL INC.

By:/s/ Michael J. Perik

Michael J. Perik
Chairman of the Board
and Chief Executive Officer

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. Each person whose signature appears below hereby authorizes Neal S. Winneg and R. Scott Murray and each of them, with full power of substitution, to execute in the name and on behalf of such person any amendment (including any post-effective amendment) to this Registration Statement (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act) and to file the same, with exhibits thereto, and other documents in connection therewith, making such changes in this Registration Statement as the person(s) so acting deems appropriate, and appoints each of such persons, each with full power of substitution, attorney-in-fact to sign any amendment (including any post-effective amendment) to this Registration Statement (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act) and to file the same, with exhibits thereto, and other documents in connection therewith.

Signature	Title	Date
<u>/s/ Michael J. Perik</u> Michael J. Perik	Chairman of the Board and Chief Executive Officer (principal executive officer)	January 10, 1996
<u>/s/ R. Scott Murray</u> R. Scott Murray	Chief Financial Officer (principal financial and accounting officer)	January 10, 1996
<u>/s/ Kevin O'Leary</u> Kevin O'Leary	President and Director	January 10, 1996
<u>Michael Bell</u>	Director	January , 1996
<u>/s/ James C. Dowdle</u> James C. Dowdle	Director	January 10, 1996

/s/ Robert Gagnon Director January 10, 1996

Robert Gagnon

/s/ Robert Rubinoff Director January 10, 1996

Robert Rubinoff

Scott M. Sperling Director January , 1996

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	PAGE NUMBER
2.1	Amended and Restated Combination Agreement by and among WordStar International Incorporated, SoftKey Software Products Inc., Spinnaker Software Corporation and SSC Acquisition Corporation dated as of August 17, 1993, as amended.(1)	
4.1	Indenture dated as of October 16, 1995 between the Company and State Street Bank and Trust Company, as Trustee, for 5 1/2% Senior Convertible Notes due 2000 (the "Indenture").(2)	
4.2	First Supplemental Indenture to the Indenture, dated as of November 22, 1995 by and between the Company and State Street Bank and Trust Company, as Trustee.	
4.3	Note Resale Registration Rights Agreement dated as of October 17, 1995 by and between the Company, on the one hand, and the Initial Purchasers on the other hand.	
4.4	Securities Purchase Agreement dated November 30, 1995 by and between the Company and Tribune.(3)	
5.1	Opinion of Neal S. Winneg, Esq.	
23.1	Consent of Coopers & Lybrand L.L.P.	

- 23.2 Consent of Arthur Anderson LLP.
 - 23.3 Consent of KPMG Peat Marwick LLP.
 - 23.4 Consent of Deloitte & Touche LLP.
 - 23.5 Consent of Price Waterhouse LLP.
 - 23.6 Consent of Neal S. Winneg, Esq.
(included in Exhibit 5.1).
 - 24.1 Power of Attorney (included on the
signature page of this Registration
Statement).
 - 25.1 Statement of eligibility of trustee.
- (1) Incorporated by reference to schedules included in the
Company's definitive Joint Management Information Circular and
Proxy Statement dated December 27, 1993.
 - (2) Incorporated by reference to Exhibit 10.21 of the Company's
Quarterly Report on Form 10-Q for the quarter ended September
30, 1995.
 - (3) Incorporated by reference to Exhibit 4.1 of the Company's
Current Report on Form 8-K dated December 11, 1995.

SOFTKEY INTERNATIONAL INC.

AND

STATE STREET BANK AND TRUST COMPANY,
as Trustee

FIRST SUPPLEMENTAL INDENTURE
Dated as of November 22, 1995

to

INDENTURE
Dated as of October 16, 1995

FIRST SUPPLEMENTAL INDENTURE dated as of November 22, 1995, between SOFTKEY INTERNATIONAL INC., a Delaware corporation (the "Company"), and STATE STREET BANK AND TRUST COMPANY, a Massachusetts banking corporation (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Company and the Trustee have heretofore executed and delivered a certain indenture dated as of October 16, 1995 (the "Indenture"), pursuant to which 5 1/2% Senior Convertible Notes Due 2000 (the "Notes") in an aggregate principal amount not to exceed \$402,500,000 have been issued;

WHEREAS, Section 11.1(i) of the Indenture provides, among other things, that, without the consent of the holders of the Notes (each a "Noteholder; holder"), the Company and the Trustee, when authorized by Board Resolutions and the Trustee, may enter into an indenture supplemental to the Indenture to modify, eliminate or add to the provisions of the Indenture to allow for the issuance of one or more global Notes, in addition to the global Note provided for therein, representing beneficial interests in Notes issued outside the United States in reliance on Regulation S under the Securities Act, with such transfer restrictions and legends as are consistent with such Regulation, and to add provisions relating to the exchange and transfer of beneficial interests in any Note or Notes represented by any such global Note or Notes, any definitive Note and any global Note referred to in Section 2.5(b) thereof;

WHEREAS, the Company and the Trustee join in the execution of this First Supplemental Indenture for the purpose of amending certain provisions of the Indenture as hereinafter set forth;

WHEREAS, the execution and delivery of this First Supplemental Indenture has been authorized by Board Resolutions and the Trustee; and

WHEREAS, all conditions precedent and requirements necessary to make this First Supplemental Indenture a valid and legally binding instrument in accordance with its terms have been complied with, performed and fulfilled and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and intending to be legally bound hereby, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Notes, as follows:

ARTICLE I.
AMENDMENTS

SECTION 1.1. Section 1.1 of the Indenture is hereby amended by adding the following definitions in the appropriate alphabetical order:

Cedel: The term "Cedel" means Cedel, S.A.

Closing Date: The term "Closing Date" means October 23, 1995.

DWAC: The term "DWAC" means Deposit and Withdrawal At Custodian Service.

Euroclear: The term "Euroclear" means Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System.

global Note: The term "global Note" means any and all notes in global form.

Regulation S: The term "Regulation S" means Regulation S under the Securities Act and any successor regulation thereto.

Regulation S Global Note: The term "Regulation S

Global Note" shall have the meaning specified in Section 2.2.

Restricted Global Note: The term "Restricted Global Note" shall have the meaning specified in Section 2.2.

Restricted Period: The term "Restricted Period" shall have the meaning specified in Section 2.2.

SECTION 1.2. The first paragraph of Section 2.2 of the Indenture is hereby amended by deleting the last sentence thereof and adding the following paragraphs thereafter:

"Notes initially offered and sold in reliance on Rule 144A shall be issued in the form of one or more permanent global Notes (the "Restricted Global Note") in definitive, fully registered form without interest coupons, substantially in the form of Exhibit B hereto, with the legends in substantially the form indicated in Exhibit B hereto and such other legends as may be applicable thereto, which Restricted Global Note shall be deposited on behalf of the holders of the Notes represented thereby with the Trustee, as custodian for the Depositary, and registered in the name of a nominee of the Depositary, duly executed by the Company and authenticated by the Trustee or the authenticating agent as provided herein.

Notes offered and sold outside the United States in reliance on Regulation S may be evidenced in the form of one or more permanent global Notes (the "Regulation S Global Note") in definitive, fully registered form without interest coupons, substantially in the form of Exhibit C hereto, with the legend in substantially the form set forth in Exhibit C hereto and such other legends as may be applicable thereto, which Regulation S Global Note shall be deposited on behalf of the holders of the Notes represented thereby with the Trustee, as custodian for the Depositary, and registered in the name of a nominee of the Depositary, duly executed by the Company and authenticated by the Trustee or an authenticating agent as provided herein, for credit to the accounts of the respective depositaries for Euroclear and Cedel (or such other accounts as they may direct). Prior to or on the 40th day after the later of the commencement of the offering of the Notes and the Closing Date (the "Restricted Period"), beneficial interests in the Regulation S Global Note may only be held through Morgan Guaranty Trust Company of New York, Brussels office, as operator of Euroclear or Cedel or another agent member of Euroclear and Cedel acting for and on behalf of them, unless delivery is made through the Restricted Global Note in accordance with the certification requirements hereof. During the

Restricted Period, interests in the Regulation S Global Note may be exchanged for interests in the Restricted Global Note or for definitive Notes only in accordance with the certification requirements described in Section 2.5 below."

SECTION 1.3. Each of the last paragraph of Section 2.2 of the Indenture, the first paragraph of Section 2.3 of the Indenture and the first paragraph of Section 2.4 of the Indenture is hereby amended by deleting the phrase "Exhibits A and B" therein in its entirety and substituting the phrase "Exhibits A, B and C".

SECTION 1.4. Section 2.5(b) of the Indenture is hereby amended by deleting the first paragraph in its entirety and substituting the following:

"So long as the Notes are eligible for book-entry settlement with the Depositary, or unless otherwise required by law, all Notes to be traded on the PORTAL Market shall be represented by the Restricted Global Note registered in the name of the Depositary or the nominee of the Depositary. The transfer and exchange of beneficial interests in any global Note, which does not involve the issuance of a definitive Note or the transfer of interests to another global Note, shall be effected through the Depositary (but not the Trustee or the Custodian) in accordance with this Indenture (including the restrictions on transfer set forth herein) and the procedures of the Depositary therefor. Neither the Trustee nor the Custodian (in such respective capacities) will have any responsibility for the transfer and exchange of beneficial interests in such global Note that does not involve the issuance of a definitive Note or the transfer of interests to another global Note."

SECTION 1.5. (a) The first paragraph of Section 2.5(c) of the Indenture is hereby amended by (i) deleting the phrase "together with a certification from the transferor that the transferee is a QIB" in its entirety and substituting the phrase "together with a certificate in the form of Exhibit E hereto from the transferor that the transferor reasonably believes the transferee is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A and any applicable securities laws of any state of the United States or any other jurisdiction" and (ii) deleting the phrase "the Note in global form" in its entirety wherever it appears therein and substituting the phrase "the Restricted Global Note".

(b) Section 2.5(c) of the Indenture is hereby amended by adding the following paragraphs after the first paragraph thereof:

"So long as the Notes are eligible for book-entry settlement, or unless otherwise required by law, upon any transfer of a definitive Note in accordance with Regulation S, if requested by the transferor, and upon receipt of the definitive Note or Notes being so transferred, together with a certificate in the form of Exhibit E hereto from the transferor that the transfer was made in accordance with Rule 903 or 904 of Regulation S or Rule 144 under the Securities Act (or other evidence satisfactory to the Trustee), the Trustee shall make or direct the Custodian to make, an endorsement on the Regulation S Global Note to reflect an increase in the aggregate principal amount of the Notes represented by the Regulation S Global Note, the Trustee shall cancel such definitive Note or Notes and cause, or direct the Custodian to cause, in accordance with the standing instructions and procedures existing between the Depository and the Custodian, the aggregate principal amount of Notes represented by the Regulation S Global Note to be increased accordingly.

If a holder of a beneficial interest in the Restricted Global Note wishes at any time to exchange its interest in the Restricted Global Note for an interest in the Regulation S Global Note, or to transfer its interest in the Restricted Global Note to a person who wishes to take delivery thereof in the form of an interest in the Regulation S Global Note, such holder may, subject to the rules and procedures of the Depository and to the requirements set forth in the following sentence, exchange or cause the exchange or transfer or cause the transfer of such interest for an equivalent beneficial interest in the Regulation S Global Note. Upon receipt by the Trustee, as transfer agent of (1) instructions given in accordance with the Depository's procedures from or on behalf of a holder of a beneficial interest in the Restricted Global Note, directing the Trustee (via DWAC), as transfer agent, to credit or cause to be credited a beneficial interest in the Regulation S Global Note in an amount equal to the beneficial interest in the Restricted Global Note to be exchanged or transferred, (2) a written order given in accordance with the Depository's procedures containing information regarding the Euroclear or Cedel account to be credited with such increase and the name of such account, and (3) a certificate in the form of Exhibit D given by the holder of such beneficial interest stating that the exchange or transfer of such interest has been made pursuant to and in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 under the Securities Act (or other evidence satisfactory to the Trustee), the Trustee, as transfer agent, shall promptly deliver appropriate instructions to the Depository (via DWAC), its nominee, or the custodian for

the Depositary, as the case may be, to reduce or reflect on its records a reduction of the Restricted Global Note by the aggregate principal amount of the beneficial interest in such Restricted Global Note to be so exchanged or transferred from the relevant participant, and the Trustee, as transfer agent, shall promptly deliver appropriate instructions (via DWAC) to the Depositary, its nominee, or the custodian for the Depositary, as the case may be, concurrently with such reduction, to increase or reflect on its records an increase of the principal amount of such Regulation S Global Note by the aggregate principal amount of the beneficial interest in such Restricted Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the person specified in such instructions (who shall be Morgan Guaranty Trust Company of New York, Brussels office, as operator of Euroclear or Cedel or another agent member of Euroclear or Cedel, or both, as the case may be, acting for and on behalf of them) a beneficial interest in such Regulation S Global Note equal to the reduction in the principal amount of such Restricted Global Note.

If a holder of a beneficial interest in the Regulation S Global Note wishes at any time to exchange its interest in the Regulation S Global Note for an interest in the Restricted Global Note, or to transfer its interest in the Regulation S Global Note to a person who wishes to take delivery thereof in the form of an interest in the Restricted Global Note, such holder may, subject to the rules and procedures of Euroclear or Cedel and the Depositary, as the case may be, and to the requirements set forth in the following sentence, exchange or cause the exchange or transfer or cause the transfer of such interest for an equivalent beneficial interest in such Restricted Global Note. Upon receipt by the Trustee, as transfer agent of (1) instructions given in accordance with the procedures of Euroclear or Cedel and the Depositary, as the case may be, from or on behalf of a beneficial owner of an interest in the Regulation S Global Note directing the Trustee, as transfer agent, to credit or cause to be credited a beneficial interest in the Restricted Global Note in an amount equal to the beneficial interest in the Regulation S Global Note to be exchanged or transferred, (2) a written order given in accordance with the procedures of Euroclear or Cedel and the Depositary, as the case may be, containing information regarding the account with the Depositary to be credited with such increase and the name of such account, and (3) prior to the expiration of the Restricted Period, a certificate in the form of Exhibit E given by the holder of such beneficial interest and stating that the person transferring such interest in such Regulation S Global Note

reasonably believes that the person acquiring such interest in the Restricted Global Note is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A and any applicable securities laws of any state of the United States or any other jurisdiction (or other evidence satisfactory to the Trustee), the Trustee, as transfer agent, shall promptly deliver (via DWAC) appropriate instructions to the Depositary, its nominee, or the custodian for the Depositary, as the case may be, to reduce or reflect on its records a reduction of the Regulation S Global Note by the aggregate principal amount of the beneficial interest in such Regulation S Global Note to be exchanged or transferred, and the Trustee, as transfer agent, shall promptly deliver (via DWAC) appropriate instructions to the Depositary, its nominee, or the custodian for the Depositary, as the case may be, concurrently with such reduction, to increase or reflect on its records an increase of the principal amount of the Restricted Global Note by the aggregate principal amount of the beneficial interest in the Regulation S Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in the Restricted Global Note equal to the reduction in the principal amount of the Regulation S Global Note. After the expiration of the Restricted Period, the certification requirement set forth in clause (3) of the second sentence of this Section 2.5(b)(iii) will no longer apply to such exchanges and transfers.

If a holder of a definitive Note wishes at any time to exchange its Note for a beneficial interest in any global Note (or vice versa), or to transfer its definitive Note to a person who wishes to take delivery thereof in the form of a beneficial interest in a global Note (or vice versa), such Notes and beneficial interests may be exchanged or transferred for one another only in accordance with such procedures as are substantially consistent with the provisions of the two preceding paragraphs (including the certification requirements intended to ensure that such exchanges or transfers comply with Rule 144, Rule 144A or Regulation S, as the case may be) and as may be from time to time adopted by the Company and the Trustee.

Any beneficial interest in one of the global Notes that is transferred to a person who takes delivery in the form of an interest in the other global Note will, upon transfer, cease to be an interest in such global Note and become an interest in the other global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial

interests in such other global Note for as long as it remains such an interest."

(c) The second paragraph of Section 2.5(c) of the Indenture is hereby amended by adding the phrase "or with Regulation S" after the phrase "or required to comply with any applicable law or any regulation thereunder".

SECTION 1.6. (a) The second paragraph of Section 2.5(d) of the Indenture is hereby amended by adding after the first reference to "Note" therein the parenthetical phrase "(other than any Note represented by the Regulation S Global Note)".

(b) Section 2.5(d) of the Indenture is hereby amended by adding after the last paragraph therein the following:

"The Company and the Trustee may for all purposes, including the making of payments due on the Notes, deal with the Depositary as the authorized representative of the Noteholders for the purposes of exercising the rights of Noteholders hereunder. The rights of the owner of any beneficial interest in a global Note shall be limited to those established by law and agreements between such owners and depository participants or Euroclear and Cedel; provided, that no such agreement shall give any rights to any person against the Company or the Trustee without the written consent of the parties so affected. Multiple requests and directions from and votes of, the Depositary as holder of notes in book entry form with respect to any particular matter shall not be deemed inconsistent to the extent they do not represent an amount of notes in excess of those held in the name of the Depositary or its nominee."

(c) The fourth, fifth, sixth and eighth paragraphs of Section 2.5(d) of the Indenture are hereby amended by changing every reference therein to a global "Note" in singular form to a reference to global "Notes" in plural form and every reference therein to "a Note in global form" to "global Notes".

SECTION 1.7. (a) The first paragraph of Section 2.5(e) of the Indenture is hereby amended by adding after the first reference to "Note" therein the parenthetical phrase "(other than any Note represented by the Regulation S Global Note)".

SECTION 1.8. Exhibit B of the Indenture is hereby amended by deleting Exhibit B in its entirety and substituting the following:

[FORM OF FACE OF NOTE]

No. A-1

§ _____
CUSIP 83402NAA7

SOFTKEY INTERNATIONAL INC.

5 1/2% Senior Convertible Note Due 2000

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS RESTRICTED GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE NOTE EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT ("INSTITUTIONAL ACCREDITED INVESTOR")) OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THE NOTE EVIDENCED HEREBY IN AN OFFSHORE TRANSACTION; (2) AGREES THAT IT WILL NOT PRIOR TO THE DATE THAT IS THREE YEARS AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THE NOTE EVIDENCED HEREBY AND THE LAST DATE ON WHICH SOFTKEY INTERNATIONAL INC. (THE "COMPANY") OR ANY "AFFILIATE" (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) OF THE COMPANY WAS THE OWNER OF THE NOTE (THE "RESTRICTION TERMINATION DATE") RESELL OR OTHERWISE TRANSFER THE NOTE EVIDENCED HEREBY OR THE COMMON STOCK ISSUABLE UPON CONVERSION OF SUCH NOTE EXCEPT (A) TO THE COMPANY OR ANY

SUBSIDIARY THEREOF, (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) TO AN INSTITUTIONAL ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE, A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM SUCH TRUSTEE), (D) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT OR (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE); AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE NOTE EVIDENCED HEREBY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THE NOTE EVIDENCED HEREBY BEFORE THE RESTRICTION TERMINATION DATE, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE. IF THE PROPOSED TRANSFER IS PURSUANT TO CLAUSE (C), (D) OR (E) ABOVE, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE, SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE COMPANY MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS LEGEND WILL BE REMOVED UPON THE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

SOFTKEY INTERNATIONAL INC., a corporation duly organized and validly existing under the laws of the State of Delaware (herein called the "Company"), which term includes any Successor Company under the Indenture referred to on the reverse hereof, for value received hereby promises to pay to

_____, or registered assigns, the principal sum of

_____ Dollars (subject to adjustment as set forth in the next paragraph hereof) on November 1, 2000, at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, or, at the option of the holder of this Restricted Global Note, at the Corporate Trust Office of the Trustee, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, semi-annually on May 1 and November 1 of each year, commencing

May 1, 1996, on said principal sum at said office or agency, in like coin or currency, at the rate per annum specified in the title of this Restricted Global Note, from the May 1 or November 1, as the case may be, next preceding the date of this Restricted Global Note to which interest has been paid or duly provided for, unless the date hereof is a date to which interest has been paid or duly provided for, in which case from the date of this Restricted Global Note, or unless no interest has been paid or duly provided for on the Notes, in which case from October 23, 1995, until payment of said principal sum has been made or duly provided for. Notwithstanding the foregoing, if the date hereof is after any April 15 or October 15, as the case may be, and before the following May 1 or November 1 other than October 15, 1995, this Restricted Global Note shall bear interest from such May 1 or November 1, respectively; provided, however, that if the Company shall default in the payment of interest due on such May 1 or November 1, then this Restricted Global Note shall bear interest from the next preceding May 1 or November 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for on such Note, from October 23, 1995. The interest so payable on any May 1 or November 1 will be paid to the person in whose name this Restricted Global Note (or one or more Predecessor Notes) is registered at the close of business on the record date, which shall be the April 15 or October 15 (whether or not a Business Day) next preceding such May 1 or November 1, respectively; provided that any such interest not punctually paid or duly provided for shall be payable as provided in the Indenture. Interest may, at the option of the Company, be paid by check mailed to the registered address of such person.

The aggregate principal amount of this Restricted Global Note represented hereby may from time to time be reduced or increased to reflect exchanges of a part of this Restricted Global Note for interests in the Regulation S Global Note or definitive Notes or exchanges of interests in the Regulation S Global Note or definitive Notes for a part of this Restricted Global Note or conversions or redemptions of a part of this Restricted Global Note or cancellations of a part of this Restricted Global Note or transfers of interests in the Regulation S Global Note or definitive Notes in return for a part of this Restricted Global Note or transfers of a part of this Restricted Global Note effected by delivery of interests in the Regulation S Global Note or definitive Notes, in each case, and in any such case, by means of notations on the Schedule of Exchanges, Conversions, Redemptions, Cancellations and Transfers on the last page hereof. Notwithstanding any provision of this Restricted Global Note to the contrary, (i) exchanges of a part of this Restricted Global Note for interests in the Regulation S Global Note or definitive Notes, (ii) exchanges of interests in the Regulation S Global Note or definitive Notes for a part of

this Restricted Global Note, (iii) conversions or redemptions of a part of this Restricted Global Note, (iv) cancellations of a part of this Restricted Global Note, (v) transfers of interests in the Regulation S Global Note or definitive Notes in return for a part of this Restricted Global Note and (vi) transfers of a part of this Restricted Global Note effected by delivery of interests in the Regulation S Global Note or definitive Notes may be effected without the surrendering of this Restricted Global Note, provided that appropriate notations on the Schedule of Exchanges, Conversions, Redemptions, Cancellations and Transfers are made by the Trustee, or the Custodian at the direction of the Trustee, to reflect the appropriate reduction or increase, as the case may be, in the aggregate principal amount of this Restricted Global Note resulting therefrom or as a consequence thereof.

Reference is made to the further provisions of this Restricted Global Note set forth on the reverse hereof, including, without limitation, provisions giving the holder of this Restricted Global Note the right to convert this Restricted Global Note into Common Stock of the Company on the terms and subject to the limitations referred to on the reverse hereof and as more fully specified in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Restricted Global Note shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of said State.

This Restricted Global Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee or a duly authorized authenticating agent under the Indenture.

IN WITNESS WHEREOF, the Company has caused this Restricted Global Note to be duly executed under its corporate seal.

SOFTKEY INTERNATIONAL INC.

By:

Name:

Title:

Dated: _____

Attest:

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION]

CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-named indenture.

STATE STREET BANK AND TRUST
COMPANY, as Trustee

By:

Authorized Officer
As Authenticating Agent
(if different from Trustee)

By:

Authorized Officer

[FORM OF REVERSE OF RESTRICTED GLOBAL NOTE]

SoftKey International Inc.

5 1/2% Senior Convertible Note Due 2000

This Restricted Global Note is one of a duly authorized issue of Notes of the Company, designated as its 5 1/2% Senior Convertible Notes Due 2000 (herein called the "Notes"), limited to the aggregate principal amount of \$402,500,000 all issued or to be issued under and pursuant to an Indenture dated as of October 16, 1995 (herein called the "Indenture"), between the Company and State Street Bank and Trust Company (herein called the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders of the Notes.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of and accrued interest on all Notes may be declared, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding, evidenced as in the Indenture provided,

to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Notes; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of any Note, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or premium, if any, thereon, or reduce any amount payable on redemption thereof, alter the obligation of the Company to redeem the Notes at the option of the holders upon the occurrence of a Change of Control or impair or affect the right of any Noteholder to institute suit for the payment thereof, or make the principal thereof or interest or premium, if any, thereon payable in any coin or currency other than that provided in the Notes or impair the right to convert the Notes into Common Stock subject to the terms set forth in the Indenture, including Section 15.6 thereof, without the consent of the holder of each Note so affected or (ii) reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Notes then outstanding. It is also provided in the Indenture that, prior to any declaration accelerating the maturity of the Notes, the holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the holders of all of the Notes waive any past default or Event of Default under the Indenture and its consequences except a default in the payment of interest or any premium on or the principal of any of the Notes, a failure by the Company to convert any Notes into Common Stock of the Company or a default in respect of a covenant or provision of the Indenture which under Article XI thereof cannot be modified or amended without the consent of the holders of all Notes then outstanding. Any such consent or waiver by the holder of this Restricted Global Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Restricted Global Note and any Notes which may be issued in exchange or substitution hereof, irrespective of whether or not any notation thereof is made upon this Restricted Global Note or such other Notes.

No reference herein to the Indenture and no provision of this Restricted Global Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Restricted Global Note at the place, at the respective times, at the rate and in the coin or currency herein prescribed.

Interest on the Notes shall be computed on the basis of a year of twelve 30-day months.

The Notes are issuable in registered form without

coupons in denominations of \$1,000 principal amount and integral multiples thereof. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, without payment of any service charge but with payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration or exchange of Notes, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations.

The Notes will not be redeemable at the option of the Company prior to November 2, 1998. On or after such date and prior to maturity the Notes may be redeemed at the option of the Company as a whole, or from time to time in part, upon mailing a notice of such redemption not less than 30 nor more than 60 days before the date fixed for redemption to the holders of Notes at their last registered addresses, all as provided in the Indenture, at the following optional redemption prices (expressed as percentages of the principal amount), together in each case with accrued interest to the date fixed for redemption.

If redeemed during the 12-month period beginning:

Date	Percentage
November 2, 1998	102.2%
November 1, 1999	101.1%

and 100% at November 1, 2000; provided that if the date fixed for redemption is a May 1 or November 1, then the interest payable on such date shall be paid to the holder of record on the next preceding April 15 or October 15, respectively.

If a Change of Control (as defined in the Indenture) shall occur at any time, then each holder of Notes shall have the right to require that the Company purchase such holder's Notes in whole or in part in integral multiples of \$1,000, at a purchase price in cash in an amount equal to 101% of the principal amount of such Notes, plus accrued and unpaid interest, if any, to the repurchase date pursuant to an offer to be made by the Company and in accordance with the procedures set forth in the Indenture.

Subject to the provisions of the Indenture, the holder hereof has the right, at its option, at any time after 60 days following the latest date of original issuance of the Notes and prior to the close of business on November 1, 2000, or, as to all or any portion hereof called for redemption, prior to the close of business on the Business Day next preceding the date fixed for redemption (unless the Company shall default in payment due upon redemption thereof), to convert the principal hereof or any portion of such principal which is \$1,000 or an integral multiple

thereof, into that number of fully paid and non-assessable shares of Company's Common Stock, as said shares shall be constituted at the date of conversion, obtained by dividing the principal amount of this Restricted Global Note or portion thereof to be converted by the conversion price of \$53.00 or such conversion price as adjusted from time to time as provided in the Indenture, upon surrender of this Restricted Global Note, together with a conversion notice as provided in the Indenture, to the Company at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, or at the option of such holder, the Corporate Trust Office of the Trustee, and, unless the shares issuable on conversion are to be issued in the same name as this Restricted Global Note, duly endorsed by, or accompanied by instruments of transfer in form satisfactory to the Company duly executed by, the holder or by his duly authorized attorney. No adjustment in respect of interest or dividends will be made upon any conversion; provided, however, that if this Restricted Global Note shall be surrendered for conversion during the period from the close of business on any record date for the payment of interest through the close of business on the Business Day next preceding the following interest payment date, this Restricted Global Note (unless it or the portion being converted shall have been called for redemption on a date in such period) must be accompanied by an amount, in funds acceptable to the Company, equal to the interest payable on such interest payment date on the principal amount being converted. No fractional shares will be issued upon any conversion, but an adjustment in cash will be made, as provided in the Indenture, in respect of any fraction of a share which would otherwise be issuable upon the surrender of any Note or Notes for conversion.

Any Notes called for redemption, unless surrendered for conversion on or before the close of business on the date fixed for redemption, may be deemed to be purchased from the holder of such Notes at an amount equal to the applicable redemption price, together with accrued interest to the date fixed for redemption, by one or more investment bankers or other purchasers who may agree with the Company to purchase such Notes from the holders thereof and convert them into Common Stock of the Company and to make payment for such Notes as aforesaid to the Trustee in trust for such holders.

Upon due presentment for registration of transfer of this Restricted Global Note at the office or agency of the Company in the Borough of Manhattan, The City of New York, or at the option of the holder of this Restricted Global Note, at the Corporate Trust Office of the Trustee, a new Note or Notes of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange thereof, subject to the limitations provided in the Indenture, without charge except

for any tax or other governmental charge imposed in connection therewith.

The Company, the Trustee, any authenticating agent, any paying agent, any conversion agent and any Note registrar may deem and treat the registered holder hereof as the absolute owner of this Restricted Global Note (whether or not this Restricted Global Note shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the Company or any Note registrar), for the purpose of receiving payment hereof, or on account hereof, for the conversion hereof and for all other purposes, and neither the Company nor the Trustee nor any other authenticating agent nor any paying agent nor any other conversion agent nor any Note registrar shall be affected by any notice to the contrary. All payments made to or upon the order of such registered holder shall, to the extent of the sum or sums paid, satisfy and discharge liability for monies payable on this Restricted Global Note.

No recourse for the payment of the principal of or any premium or interest on this Restricted Global Note, or for any claim based hereon or otherwise in respect hereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Note, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any Successor Company, either directly or through the Company or any Successor Company, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

Terms used in this Restricted Global Note and defined in the Indenture are used herein as therein defined.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Restricted Global Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT -	
	_____	Custodian
	(Cust)	
TEN ENT - as tenants by the entireties	_____	under
	(Minor)	

JT TEN - as joint tenants with
right of survivorship
and not as tenants in
common

Uniform Gifts to
Minors Act _____

(State)

Additional abbreviations may also be used
though not in the above list.

[FORM OF CONVERSION NOTICE]

CONVERSION NOTICE

To: SoftKey International Inc.

The undersigned registered owner of this Restricted Global Note hereby irrevocably exercises the option to convert this Restricted Global Note, or the portion hereof (which is \$1,000 principal amount or an integral multiple thereof) below designated, into shares of Common Stock in accordance with the terms of the Indenture referred to in this Restricted Global Note, and directs that the shares issuable and deliverable upon such conversion, together with any check in payment for fractional shares and any Notes representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares or any portion of this Restricted Global Note not converted are to be issued in the name of a person other than the undersigned, the undersigned will check the appropriate box below and pay all transfer taxes payable with respect thereto. Any amount required to be paid to the undersigned on account of interest accompanies this Restricted Global Note.

Dated: _____

Signature(s)

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if shares of Common Stock are to be issued, or Notes to be delivered, other than to and in the name of the registered holder.

Signature Guarantee

Fill in for registration of shares if to be issued, and Notes if to be delivered, other than to and in the name of the registered holder:

(Name)

(Street Address)

(City, State and Zip Code)

Please print name and address

Principal amount to be converted (if less than all) \$ _____

[FORM OF OPTION TO ELECT REPAYMENT
UPON A CHANGE OF CONTROL]

To: SoftKey International Inc.

The undersigned registered owner of this Restricted Global Note hereby irrevocably acknowledges receipt of a notice from SoftKey International Inc. (the "Company") as to the occurrence of a Change of Control with respect to the Company and requests and instructs the Company to repay the entire principal amount of this Restricted Global Note, or the portion thereof (which is \$1,000 principal amount or an integral multiple thereof) below designated, in accordance with the terms of the Indenture referred to in this Restricted Global Note, together with accrued interest to such date, to the registered holder hereof.

Dated: _____

Signature(s)

Social Security or Other Taxpayer
Identification Number

Principal amount to be repaid (if less than all):

\$ _____

[FORM OF ASSIGNMENT]

For value received _____ hereby
sell(s), assign(s) and transfer(s) unto
(please insert social security or other identifying number of
assignee) the within Note, and hereby irrevocably constitutes and
appoints _____ attorney to transfer
the said Note on the books of the Company, with full power of
substitution in the premises.

In connection with any transfer of the within Note (or
any issuance of shares of Common Stock upon conversion of the
within Note) occurring prior to the third anniversary of the date
of original issuance of such Note, the undersigned confirms that
such Note (or shares of Common Stock, as the case may be) are
being transferred:

- () To SoftKey International Inc. or a subsidiary thereof;
or
- () Pursuant to and in compliance with Rule 144A under the
Securities Act of 1933, as amended; or
- () To an Institutional Accredited Investor pursuant to and
in compliance with the Securities Act of 1933, as
amended; or
- () Pursuant to and in compliance with Regulation S under
the Securities Act of 1933, as amended; or
- () Pursuant to and in compliance with Rule 144 under the
Securities Act of 1933, as amended.

Unless one of the boxes above is checked, the Trustee
will refuse to register any of the within Notes (or such shares
of Common Stock, as the case may be) in the name of any person
other than the registered holder thereof (or hereof); provided,
however, that the Trustee may, in its sole discretion, register
the transfer of such Notes (or such shares of Common Stock, as
the case may be) if it has received such certifications, legal
opinions and/or other information as the Company has reasonably
requested to confirm that such transfer is being made pursuant to
an exemption from, or in a transaction not subject to, the
registration requirements of the Securities Act of 1933, as
amended.

In addition, if the transferee is an institutional accredited investor or a purchaser who is not a U.S. person, the holder must furnish to the Trustee (i) in the case of an institutional accredited investor, a signed letter containing certain representations and agreements relating to the restrictions on transfer of the security evidenced hereby, and (ii) such other certifications, legal opinions or other information as it may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, as amended.

Dated: _____

Signature(s)

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15.

Signature Guarantee

NOTICE: The signature on the conversion notice, the option to elect payment upon a Change of Control or the assignment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

SCHEDULE A

SCHEDULE OF EXCHANGES

The initial principal amount of this Restricted Global Note is U.S. \$ _____. The following additions to principal, redemptions, exchanges of a part of this Restricted Global Note for an interest in the Regulation S Global Note or definitive Note and conversions into Common Shares have been made:

Principal
Amount
Redeemed,

Date of Addition to Principal, Redemption, Exchange or Conversion	Principal Amount Added on Exchange of Interest in the Regulation S Global Note or Definitive Notes	Exchanged for Interest in the Regulation S Global Note or Definitive Notes or Converted into Common Shares	Remaining Principal Amount Outstanding Following such Transaction	Notation Made by or on behalf of the Trustee
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SECTION 1.9. The Exhibits to the Indenture are amended by adding the following "EXHIBIT C", "EXHIBIT D" and "EXHIBIT E" in the appropriate alphabetical order at the end of "EXHIBIT B":

EXHIBIT C - FORM OF REGULATION S GLOBAL NOTE

[FORM OF FACE OF NOTE]

No. C-1

\$ _____
CUSIP U83395AA8

SOFTKEY INTERNATIONAL INC.

5 1/2% Senior Convertible Note Due 2000

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS REGULATION S GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS REGULATION S GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

SOFTKEY INTERNATIONAL INC., a corporation duly organized and validly existing under the laws of the State of Delaware (herein called the "Company"), which term includes any

Successor Company under the Indenture referred to on the reverse hereof, for value received hereby promises to pay to

_____, or registered assigns, the principal sum of

_____ Dollars (subject to adjustment as set forth in the next paragraph hereof) on November 1, 2000, at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, or, at the option of the holder of this Regulation S Global Note, at the Corporate Trust Office of the Trustee, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, semi-annually on May 1 and November 1 of each year, commencing May 1, 1996, on said principal sum at said office or agency, in like coin or currency, at the rate per annum specified in the title of this Regulation S Global Note, from the May 1 or November 1, as the case may be, next preceding the date of this Regulation S Global Note to which interest has been paid or duly provided for, unless the date hereof is a date to which interest has been paid or duly provided for, in which case from the date of this Regulation S Global Note, or unless no interest has been paid or duly provided for on the Notes, in which case from October 23, 1995, until payment of said principal sum has been made or duly provided for. Notwithstanding the foregoing, if the date hereof is after any April 15 or October 15, as the case may be, and before the following May 1 or November 1 other than October 15, 1995, this Regulation S Global Note shall bear interest from such May 1 or November 1, respectively; provided, however, that if the Company shall default in the payment of interest due on such May 1 or November 1, then this Regulation S Global Note shall bear interest from the next preceding May 1 or November 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for on such Note, from October 23, 1995. The interest so payable on any May 1 or November 1 will be paid to the person in whose name this Regulation S Global Note (or one or more Predecessor Notes) is registered at the close of business on the record date, which shall be the April 15 or October 15 (whether or not a Business Day) next preceding such May 1 or November 1, respectively; provided that any such interest not punctually paid or duly provided for shall be payable as provided in the Indenture. Interest may, at the option of the Company, be paid by check mailed to the registered address of such person.

The aggregate principal amount of this Regulation S Global Note represented hereby may from time to time be reduced or increased to reflect exchanges of a part of this Regulation S Global Note for interests in the Restricted Global Note or

definitive Notes or exchanges of interests in the Restricted Global Note or definitive Notes for a part of this Regulation S Global Note or conversions or redemptions of a part of this Regulation S Global Note or cancellations of a part of this Regulation S Global Note or transfers of interests in the Restricted Global Note or definitive Notes in return for a part of this Regulation S Global Note or transfers of a part of this Regulation S Global Note effected by delivery of interests in the Restricted Global Note or definitive Notes, in each case, and in any such case, by means of notations on the Schedule of Exchanges, Conversions, Redemptions, Cancellations and Transfers on the last page hereof. Notwithstanding any provision of this Regulation S Global Note to the contrary, (i) exchanges of a part of this Regulation S Global Note for interests in the Restricted Global Note or definitive Notes, (ii) exchanges of interests in the Restricted Global Note or definitive Notes for a part of this Regulation S Global Note, (iii) conversions or redemptions of a part of this Regulation S Global Note, (iv) cancellations of a part of this Regulation S Global Note, (v) transfers of interests in the Restricted Global Note or definitive Notes in return for a part of this Regulation S Global Note and (vi) transfers of a part of this Regulation S Global Note effected by delivery of interests in the Restricted Global Note or definitive Notes may be effected without the surrendering of this Regulation S Global Note, provided that appropriate notations on the Schedule of Exchanges, Conversions, Redemptions, Cancellations and Transfers are made by the Trustee, or the Custodian at the direction of the Trustee, to reflect the appropriate reduction or increase, as the case may be, in the aggregate principal amount of this Regulation S Global Note resulting therefrom or as a consequence thereof.

Reference is made to the further provisions of this Regulation S Global Note set forth on the reverse hereof, including, without limitation, provisions giving the holder of this Regulation S Global Note the right to convert this Regulation S Global Note into Common Stock of the Company on the terms and subject to the limitations referred to on the reverse hereof and as more fully specified in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Regulation S Global Note shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of said State.

This Regulation S Global Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee or a duly authorized authenticating agent under the Indenture.

IN WITNESS WHEREOF, the Company has caused this Regulation S Global Note to be duly executed under its corporate seal.

SOFTKEY INTERNATIONAL INC.

By:

Name:

Title:

Dated: _____

Attest:

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION]

CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-named indenture.

STATE STREET BANK AND TRUST
COMPANY, as Trustee

By:

Authorized Officer
As Authenticating Agent
(if different from Trustee)

By:

Authorized Officer

[FORM OF REVERSE OF REGULATION S GLOBAL NOTE]

SoftKey International Inc.

5 1/2% Senior Convertible Note Due 2000

This Regulation S Global Note is one of a duly authorized issue of Notes of the Company, designated as its 5 1/2% Senior Convertible Notes Due 2000 (herein called the "Notes"), limited to the aggregate principal amount of \$402,500,000 all issued or to be issued under and pursuant to an Indenture dated as of October 16, 1995 (herein called the "Indenture"), between the Company and State Street Bank and Trust

Company (herein called the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders of the Notes.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of and accrued interest on all Notes may be declared, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Notes; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of any Note, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or premium, if any, thereon, or reduce any amount payable on redemption thereof, alter the obligation of the Company to redeem the Notes at the option of the holders upon the occurrence of a Change of Control or impair or affect the right of any Noteholder to institute suit for the payment thereof, or make the principal thereof or interest or premium, if any, thereon payable in any coin or currency other than that provided in the Notes or impair the right to convert the Notes into Common Stock subject to the terms set forth in the Indenture, including Section 15.6 thereof, without the consent of the holder of each Note so affected or (ii) reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Notes then outstanding. It is also provided in the Indenture that, prior to any declaration accelerating the maturity of the Notes, the holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the holders of all of the Notes waive any past default or Event of Default under the Indenture and its consequences except a default in the payment of interest or any premium on or the principal of any of the Notes, a failure by the Company to convert any Notes into Common Stock of the Company or a default in respect of a covenant or provision of the Indenture which under Article XI thereof cannot be modified or amended without the consent of the holders of all Notes then outstanding. Any such consent or waiver by the holder of this Regulation S Global Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder

and upon all future holders and owners of this Regulation S Global Note and any Notes which may be issued in exchange or substitution hereof, irrespective of whether or not any notation thereof is made upon this Regulation S Global Note or such other Notes.

No reference herein to the Indenture and no provision of this Regulation S Global Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Regulation S Global Note at the place, at the respective times, at the rate and in the coin or currency herein prescribed.

Interest on the Notes shall be computed on the basis of a year of twelve 30-day months.

The Notes are issuable in registered form without coupons in denominations of \$1,000 principal amount and integral multiples thereof. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, without payment of any service charge but with payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration or exchange of Notes, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations.

The Notes will not be redeemable at the option of the Company prior to November 2, 1998. On or after such date and prior to maturity the Notes may be redeemed at the option of the Company as a whole, or from time to time in part, upon mailing a notice of such redemption not less than 30 nor more than 60 days before the date fixed for redemption to the holders of Notes at their last registered addresses, all as provided in the Indenture, at the following optional redemption prices (expressed as percentages of the principal amount), together in each case with accrued interest to the date fixed for redemption.

If redeemed during the 12-month period beginning:

Date	Percentage
November 2, 1998	102.2%
November 1, 1999	101.1%

and 100% at November 1, 2000; provided that if the date fixed for redemption is a May 1 or November 1, then the interest payable on such date shall be paid to the holder of record on the next preceding April 15 or October 15, respectively.

If a Change of Control (as defined in the Indenture) shall occur at any time, then each holder of Notes shall have the right to require that the Company purchase such holder's Notes in whole or in part in integral multiples of \$1,000, at a purchase price in cash in an amount equal to 101% of the principal amount of such Notes, plus accrued and unpaid interest, if any, to the repurchase date pursuant to an offer to be made by the Company and in accordance with the procedures set forth in the Indenture.

Subject to the provisions of the Indenture, the holder hereof has the right, at its option, at any time after 60 days following the latest date of original issuance of the Notes and prior to the close of business on November 1, 2000, or, as to all or any portion hereof called for redemption, prior to the close of business on the Business Day next preceding the date fixed for redemption (unless the Company shall default in payment due upon redemption thereof), to convert the principal hereof or any portion of such principal which is \$1,000 or an integral multiple thereof, into that number of fully paid and non-assessable shares of Company's Common Stock, as said shares shall be constituted at the date of conversion, obtained by dividing the principal amount of this Regulation S Global Note or portion thereof to be converted by the conversion price of \$53.00 or such conversion price as adjusted from time to time as provided in the Indenture, upon surrender of this Regulation S Global Note, together with a conversion notice as provided in the Indenture, to the Company at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, or at the option of such holder, the Corporate Trust Office of the Trustee, and, unless the shares issuable on conversion are to be issued in the same name as this Regulation S Global Note, duly endorsed by, or accompanied by instruments of transfer in form satisfactory to the Company duly executed by, the holder or by his duly authorized attorney. No adjustment in respect of interest or dividends will be made upon any conversion; provided, however, that if this Regulation S Global Note shall be surrendered for conversion during the period from the close of business on any record date for the payment of interest through the close of business on the Business Day next preceding the following interest payment date, this Regulation S Global Note (unless it or the portion being converted shall have been called for redemption on a date in such period) must be accompanied by an amount, in funds acceptable to the Company, equal to the interest payable on such interest payment date on the principal amount being converted. No fractional shares will be issued upon any conversion, but an adjustment in cash will be made, as provided in the Indenture, in respect of any fraction of a share which would otherwise be issuable upon the surrender of any Note or Notes for conversion.

Any Notes called for redemption, unless surrendered for

conversion on or before the close of business on the date fixed for redemption, may be deemed to be purchased from the holder of such Notes at an amount equal to the applicable redemption price, together with accrued interest to the date fixed for redemption, by one or more investment bankers or other purchasers who may agree with the Company to purchase such Notes from the holders thereof and convert them into Common Stock of the Company and to make payment for such Notes as aforesaid to the Trustee in trust for such holders.

Upon due presentment for registration of transfer of this Regulation S Global Note at the office or agency of the Company in the Borough of Manhattan, The City of New York, or at the option of the holder of this Regulation S Global Note, at the Corporate Trust Office of the Trustee, a new Note or Notes of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange thereof, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company, the Trustee, any authenticating agent, any paying agent, any conversion agent and any Note registrar may deem and treat the registered holder hereof as the absolute owner of this Regulation S Global Note (whether or not this Regulation S Global Note shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the Company or any Note registrar), for the purpose of receiving payment hereof, or on account hereof, for the conversion hereof and for all other purposes, and neither the Company nor the Trustee nor any other authenticating agent nor any paying agent nor any other conversion agent nor any Note registrar shall be affected by any notice to the contrary. All payments made to or upon the order of such registered holder shall, to the extent of the sum or sums paid, satisfy and discharge liability for monies payable on this Regulation S Global Note.

No recourse for the payment of the principal of or any premium or interest on this Regulation S Global Note, or for any claim based hereon or otherwise in respect hereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Note, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any Successor Company, either directly or through the Company or any Successor Company, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and

released.

Terms used in this Regulation S Global Note and defined in the Indenture are used herein as therein defined.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Regulation S Global Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT - _____ Custodian (Cust)
TEN ENT - as tenants by the entireties	_____ under (Minor)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

[FORM OF CONVERSION NOTICE)

CONVERSION NOTICE

To: SoftKey International Inc.

The undersigned registered owner of this Regulation S Global Note hereby irrevocably exercises the option to convert this Regulation S Global Note, or the portion hereof (which is \$1,000 principal amount or an integral multiple thereof) below designated, into shares of Common Stock in accordance with the terms of the Indenture referred to in this Regulation S Global Note, and directs that the shares issuable and deliverable upon such conversion, together with any check in payment for fractional shares and any Notes representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares or any portion of this Regulation S Global Note not converted are to be issued in the name of a person other than the undersigned, the undersigned will check the appropriate box below and pay all transfer taxes payable with respect thereto. Any amount required to be paid to the undersigned on account of interest accompanies this Regulation S Global Note.

Dated: _____

Signature(s)

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if shares of Common Stock are to be issued, or Notes to be delivered, other than to and in the name of the registered holder.

Signature Guarantee

Fill in for registration of shares if to be issued, and Notes if to be delivered, other than to and in the name of the registered holder:

(Name)

(Street Address)

(City, State and Zip Code)

Please print name and address

Principal amount to be converted
(if less than all) \$ _____

[FORM OF OPTION TO ELECT REPAYMENT
UPON A CHANGE OF CONTROL]

To: SoftKey International Inc.

The undersigned registered owner of this Regulation S Global Note hereby irrevocably acknowledges receipt of a notice from SoftKey International Inc. (the "Company") as to the occurrence of a Change of Control with respect to the Company and requests and instructs the Company to repay the entire principal amount of this Regulation S Global Note, or the portion thereof (which is \$1,000 principal amount or an integral multiple thereof) below designated, in accordance with the terms of the Indenture referred to in this Regulation S Global Note, together

with accrued interest to such date, to the registered holder hereof.

Dated: _____

Signature(s)

Social Security or Other Taxpayer
Identification Number

Principal amount to be repaid (if less
than all): \$ _____

(FORM OF ASSIGNMENT)

For value received _____ hereby
sell(s), assign(s) and transfer(s) unto
(please insert social security or other identifying number of
assignee) the within Note, and hereby irrevocably constitutes and
appoints _____ attorney to transfer
the said Note on the books of the Company, with full power of
substitution in the premises.

In connection with any transfer of the within Note (or
any issuance of shares of Common Stock upon conversion of the
within Note) occurring prior to the third anniversary of the date
of original issuance of such Note, the undersigned confirms that
such Note (or shares of Common Stock, as the case may be) are
being transferred:

- () To SoftKey International Inc. or a subsidiary thereof;
or
- () Pursuant to and in compliance with Rule 144A under the
Securities Act of 1933, as amended; or
- () To an Institutional Accredited Investor pursuant to and
in compliance with the Securities Act of 1933, as
amended; or
- () Pursuant to and in compliance with Regulation S under
the Securities Act of 1933, as amended; or
- () Pursuant to and in compliance with Rule 144 under the
Securities Act of 1933, as amended.

Unless one of the boxes above is checked, the Trustee will refuse to register any of the within Notes (or such shares of Common Stock, as the case may be) in the name of any person other than the registered holder thereof (or hereof); provided, however, that the Trustee may, in its sole discretion, register the transfer of such Notes (or such shares of Common Stock, as the case may be) if it has received such certifications, legal opinions and/or other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, as amended.

In addition, if the transferee is an institutional accredited investor or a purchaser who is not a U.S. person, the holder must furnish to the Trustee (i) in the case of an institutional accredited investor, a signed letter containing certain representations and agreements relating to the restrictions on transfer of the security evidenced hereby, and (ii) such other certifications, legal opinions or other information as it may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, as amended.

Dated: _____

Signature(s)

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15.

Signature Guarantee

NOTICE: The signature on the conversion notice, the option to elect payment upon a Change of Control or the assignment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change

whatever.

SCHEDULE A

SCHEDULE OF EXCHANGES

The initial principal amount of this Regulation S Global Note is U.S.\$ _____. The following additions to principal, redemptions, exchanges of a part of this Regulation S Global Note for an interest in the Restricted Global Note, definitive Note and conversions into Common Shares have been made:

Date of Addition to Principal, Redemption, Exchange or Conversion	Principal Amount Added on Exchange of Interest in the Restricted Global Note or Definitive Note	Principal Amount Redeemed, Exchanged for Interest in the Restricted Global Note or Definitive Notes or Converted into Common Shares	Remaining Principal Amount Outstanding following such Transaction	Notation Made by or on behalf of the Trustee
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EXHIBIT D

FORM OF TRANSFER CERTIFICATE
FOR TRANSFER FROM RESTRICTED GLOBAL
NOTE TO REGULATION S GLOBAL NOTE
(Transfers pursuant to SECTION 2.5(c)
of the Indenture)

State Street Bank and Trust Company,
as Trustee
Two International Place
Boston, Massachusetts 02110
Attention: Corporate Trust Department

Re: SoftKey International Inc.
5 1/2% Senior Convertible
Notes Due 2000 (the "Notes")

Reference is hereby made to the Indenture dated as of October 16,

1995 (as supplemented from time to time, the "Indenture") between SoftKey International Inc. and State Street Bank and Trust Company, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to U.S.\$_____ (being U.S.\$1,000 and any integral multiple of U.S.\$1,000 in excess thereof) principal amount of Notes beneficially held through interests in the Restricted Global Note (CUSIP No. 83402NAA7) with DTC in the name of _____ (the "Transferor") account no. _____. The Transferor hereby requests that on [INSERT DATE] such beneficial interest in the Restricted Global Note be transferred or exchanged for an interest in the Regulation S Global Note (CUSIP (CINS) No. U83395AA8) in the same principal denomination and transfer to (account no. _____). If this is a partial transfer, a minimum amount of U.S.\$1,000 and any integral multiple of U.S.\$1,000 in excess thereof of the Restricted Global Note will remain outstanding.

In connection with such request and in respect of such Notes, the Transferor does hereby certify that such transfer has been effected in accordance with the transfer restrictions set forth in the Indenture and the Notes and pursuant to and in accordance with Rule 903 or 904 of Regulation S under the Securities Act of 1933, as amended (the "Securities Act"), and accordingly, the Transferor further certifies that:

(A) (1) the offer of the Notes was not made to a person in the United States;

(2) either (a) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (b) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on our behalf knows that the transaction was prearranged with a buyer in the United States;

(3) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or 904(b) of Regulation S, as applicable; and

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

OR

(B) Such transfer is being made in accordance with Rule 144A under the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company. Terms used in this certificate and not otherwise defined in the Indenture have the meaning set forth in Regulation S under the Securities Act.

Dated: _____, _____

[Name of Transferor]

By: _____

Name:

Title:

Telephone No.:

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the transfer agent, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the transfer agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Signature Guarantee

Please print name and address (including zip code number)

cc: SoftKey International Inc.

EXHIBIT E

FORM OF TRANSFER CERTIFICATE
FOR TRANSFER FROM REGULATION S GLOBAL
NOTE TO RESTRICTED GLOBAL NOTE
PRIOR TO EXPIRATION OF RESTRICTED PERIOD
(Transfers pursuant to SECTION 2.5(c)
of the Indenture)

State Street Bank and Trust Company
as Trustee
Two International Place
Boston, Massachusetts 02110
Attention: Corporate Trust Department

Re: SoftKey International Inc.
51/2% Senior Convertible
Notes Due 2000 (the "Notes")

Reference is hereby made to the Indenture dated as of October 16, 1995 (as supplemented from time to time, the "Indenture") between SoftKey International Inc. and State Street Bank and Trust Company, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to U.S.\$_____ (being U.S.\$1,000 and any integral multiple of U.S.\$1,000 in excess thereof) principal amount of Notes beneficially held through interests in the Regulation S Global Note (CUSIP (CINS) No. U83395AA8) with [Euroclear] [CEDEL] (Common Code No. _____) through the Depository in the name of _____ (the "Transferor") [Euroclear] [CEDEL] account no. _____. The Transferor hereby requests that on [INSERT DATE] such beneficial interest in the Regulation S Global Note be transferred or exchanged for an interest in the Restricted Global Note (CUSIP No. 83402NAA7) in the same principal denomination and transferred to _____ (the Depository account no. _____). If this is a partial transfer, a minimum of U.S.\$1,000 and any integral multiple of U.S.\$1,000 in excess thereof of the Regulation S Global Note will remain outstanding.

In connection with such request, and in respect of such Notes, the Transferor does hereby certify that such Notes are being transferred in accordance with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), to a transferee that the Transferor reasonably believes is purchasing the Notes for its own account or an account with respect to which the transferee exercises sole investment discretion and the transferee and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

Dated: _____, _____

[Name of Transferor]

By: _____

Name:
Title:
Telephone No.:

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the

transfer agent, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the transfer agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Signature Guarantee

Please print name and address (including zip code number)

cc: SoftKey International Inc.

ARTICLE II.

MISCELLANEOUS

SECTION 2.1. Except to the extent specifically provided therein, no provision of this First Supplemental Indenture or any future supplemental indenture is intended to modify, and the parties do hereby adopt and confirm, the provisions of Section 318(c) of the Trust Indenture Act of 1939, as amended, which amend and supersede provisions of the Indenture, as amended by this First Supplemental Indenture.

SECTION 2.2. Nothing in this First Supplemental Indenture is intended to or shall provide any rights to any parties other than those expressly contemplated by this First Supplemental Indenture.

SECTION 2.3. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

SECTION 2.4. This First Supplemental Indenture shall be deemed to be a contract made under the substantive laws of New York and for all purposes shall be construed in accordance with the substantive laws of New York.

SECTION 2.5. This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 2.6. Except as expressly modified hereby, all the provisions of the Indenture are and shall continue to be in full force and effect. Each reference in the Indenture to "this Indenture", "hereunder", "hereof" and words of like import referring to the Indenture and each reference in any other transaction document relating to the Indenture shall mean the Indenture as amended hereby.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested all as of the day and year first above written.

SOFTKEY INTERNATIONAL INC.

By _____
Name:
Title:

Attest:

STATE STREET BANK AND TRUST
COMPANY, as Trustee

By _____
Name:
Title:

Attest:

STATE OF MASSACHUSETTS)
 : ss.:
COUNTY OF SUFFOLK)

On this ____ day of November, 1995, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of STATE STREET BANK AND TRUST COMPANY, a Massachusetts corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official

seal.

Notary Public

[SEAL]

STATE OF MASSACHUSETTS)
 : ss.:
COUNTY OF MIDDLESEX)

On this ____ day of November, 1995, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of SOFTKEY INTERNATIONAL INC., a Delaware corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

[SEAL]

This Note Resale Registration Rights Agreement (this "Agreement") is made and entered into as of October 23, 1995 by and among SOFTKEY INTERNATIONAL INC., a Delaware corporation (the "Company"), and BEAR, STEARNS & CO. INC. and MONTGOMERY SECURITIES (collectively, the "Purchasers"), which Purchasers have agreed to purchase from the Company up to \$402,500,000 principal amount of 5 1/2% Senior Convertible Notes due 2000 (the "Notes") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement dated October 17, 1995 (the "Purchase Agreement") by and among the Company and the Purchasers. In order to induce the Purchasers to purchase the Notes, the Company has agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is provided for in the Purchase Agreement.

The parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

Act: Securities Act of 1933, as amended.

Agreement: As defined in the preamble hereto.

Broker-Dealer: Any broker or dealer registered under the Exchange Act (as hereinafter defined).

Closing Date: The date of this Agreement.

Commission: Securities and Exchange Commission.

Common Stock: Common Stock of the Company issuable upon conversion of the Notes.

Company: As defined in the preamble hereto.

Consummate: An Exchange Offer (as hereinafter defined) shall be deemed "Consummated" for purposes of this Agreement upon (i) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the New Notes (as hereinafter defined) to be issued in the Exchange Offer, (ii) the maintenance of such Exchange Offer Registration Statement continuously effective and the keeping of the Exchange Offer open for a period of not less than the minimum period required under

applicable federal and state securities laws to consummate the Exchange Offer, provided, however, that in no event shall such period be less than 20 business days, and (iii) the delivery by the Company to the registrar under the Indenture (as hereinafter defined) of New Notes in the same aggregate principal amount as the aggregate principal amount of Notes that were tendered by Holders (as hereinafter defined) thereof pursuant to the Exchange Offer.

Effectiveness Target Date: As defined in Section 3 hereof.

Exchange Act: Securities Exchange Act of 1934, as amended.

Exchange Offer: The registration by the Company under the Act of the New Notes pursuant to the Exchange Offer Registration Statement through which the Company offers the Holders of all outstanding Transfer Restricted Securities (as hereinafter defined) the opportunity to exchange all such outstanding Transfer Restricted Securities held by such Holders for New Notes in an aggregate principal amount equal to the aggregate principal amount of the Transfer Restricted Securities tendered in such exchange offer by such Holders.

Exchange Offer Registration Statement: As defined in Section 3(c).

Exempt Resales: The transactions in which the Purchasers propose to sell the Notes (i) to certain "qualified institutional buyers," as such term is defined in Rule 144A under the Act ("QIBs"), (ii) to certain institutional "accredited investors," as such term is defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Act ("Accredited Institutions") and (iii) outside the United States, to certain persons in offshore transactions in reliance on Regulation S under the Act.

Holder: As defined in Section 2(b) hereof.

Indemnified Holder: As defined in Section 6(a) hereof.

Indenture: The Indenture dated as of October 16, 1995 by and among the Company and State Street Bank and Trust Company, as trustee (the "Trustee"), pursuant to which the Notes are to be issued, as such Indenture is amended, modified or supplemented from time to time in accordance with the terms thereof.

Interest Payment Date: As defined in the Indenture and the Notes.

NASD: National Association of Securities Dealers, Inc.

New Notes: As defined in Section 3(c) hereof.

Person: An individual, partnership, corporation, trust, unincorporated organization or a government, agency or political subdivision thereof.

Prospectus: The prospectus included in any Registration Statement, as amended or supplemented including without limitation by any post-effective amendments thereto, and all material incorporated by reference into such prospectus.

Purchase Agreement: As defined in the preamble hereto.

Purchasers: As defined in the preamble hereto.

Registration Statement: The Shelf Registration Statement or the Exchange Offer Registration Statement of the Company which is filed pursuant to the provisions of Section 3 of this Agreement, including the Prospectus included therein, all amendments and supplements thereto (including any post-effective amendments) and all exhibits and material incorporated by reference therein.

Shelf Filing Deadline: As defined to Section 3 hereof.

Shelf Registration Statement: As defined in Section 3 hereof.

TIA: The Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbb), as amended and in effect on the date of the Indenture.

Transfer Restricted Securities: Each Note, and any Common Stock issued upon conversion of any Note, until the earliest to occur of (a) the date on which such Note or Common Stock, as the case may be, has been effectively registered under the Act and disposed of in accordance with an effective Shelf Registration Statement, (b) the date on which such Note is exchanged for a New Note in the Exchange Offer and entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act, (c) the date on which such Note or Common Stock, as the case may be, is distributed to the public pursuant to Rule 144 under the Act or by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including delivery of the Prospectus contained therein), and (d) the date on which such Note is converted into Common Stock in accordance with the terms and provisions of the Note and the Indenture.

Underwritten Registration or Underwritten Offering: A registration in which securities of the Company are sold to an underwriter for reoffering to the public.

SECTION 2. SECURITIES SUBJECT TO THIS AGREEMENT

(a) Transfer Restricted Securities. The securities entitled to the benefits of this Agreement are the Transfer Restricted Securities.

(b) Holders of Transfer Restricted Securities. A Person is deemed to be a holder of Transfer Restricted Securities (each, a "Holder") whenever such Person owns Transfer Restricted Securities of record.

SECTION 3. REGISTRATION

(a) Shelf Registration. The Company hereby agrees to:

(i) use its best efforts to file or cause to be filed a continuous registration statement pursuant to Rule 415 under the Act (together with the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and materials incorporated by reference therein, the "Shelf Registration Statement") on or prior to the 90th day after the Closing Date (the "Shelf Filing Deadline"), which Shelf Registration Statement shall provide for resales of all Transfer Restricted Securities, provided that the Holders thereof shall have provided the information required pursuant to Section 3(b) hereof; and

(ii) use all reasonable efforts to cause the Shelf Registration Statement to be declared effective by the Commission as promptly as practicable after the Closing Date (the "Effectiveness Target Date").

Subject to any notice by the Company in accordance with Section 4(b) hereof of the existence of any fact or event of the kind described in Section 4(b)(iii)(D) hereof, the Company shall use all reasonable efforts to keep the Shelf Registration Statement continuously effective, supplemented and amended as required by the provisions of Sections 4(a) and (b) hereof to the extent necessary to ensure that it is available for resales of Transfer Restricted Securities by the Holders of Transfer Restricted Securities entitled to the benefit of this Section 3(a) and to ensure that the Shelf Registration Statement conforms to the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time thereunder for a period of at least three years following the Closing Date.

(b) **Certificated Securities; Provision by Holders of Certain Information in Connection with the Shelf Registration Statement.** No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless (i) such Holder holds such Transfer Restricted Securities in the form of definitive Notes (as provided in the Indenture) which are evidenced by physical certificates and (ii) until such Holder furnishes to the Company in writing, within 20 business days after receipt of a request therefor, such information as the Company may reasonably request for use in connection with the Shelf Registration Statement or any Prospectus or preliminary Prospectus included therein. In connection with all such requests for information from Holders of Transfer Restricted Securities, the Company shall notify such Holders of the requirements set forth in the preceding sentence. Each Holder as to which any Shelf Registration Statement is being effected agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading.

(c) **Registered Exchange Offer.** If, based upon a written opinion of counsel (other than in-house counsel) to the Company addressed and delivered to the Holders, the Company determines that it is permissible under applicable law and Commission policy to consummate an Exchange Offer, the Company may consummate an Exchange Offer in lieu of filing and maintaining the Shelf Registration Statement described herein. If the Company elects to consummate an Exchange Offer in accordance with the provisions hereof, the Company shall (i) cause to be filed with the Commission no later than the Shelf Filing Deadline, a Registration Statement (the "Exchange Offer Registration Statement") under the Act relating to (A) a new issue of notes identical in all material respects to the Notes except as to transfer restrictions (the "New Notes") and (B) the shares of Common Stock issuable upon conversion of such New Notes), (ii) use all reasonable efforts to cause such Registration Statement to become effective no later than the Effectiveness Target Date, (iii) in connection with the foregoing, file (A) all pre-effective amendments to such Registration Statement as may be necessary in order to cause such Registration Statement to become effective, (B) if applicable, a post-effective amendment to such Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings in connection with the registration and qualification of the New Notes to be made under the Blue Sky laws of such jurisdictions as are necessary to permit consummation of the Exchange Offer and (iv) upon the effectiveness of the Registration Statement, commence the Exchange Offer. The Company shall cause the

Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the New Notes (and the shares of Common Stock issuable upon conversion of such New Notes) shall be included in the Exchange Offer Registration Statement. The Company shall use all reasonable efforts to cause the Exchange Offer to be Consummated on the earliest practicable date after the Exchange Offer Registration Statement has become effective, but in no event later than 30 business days after such effectiveness. The Exchange Offer shall be on the appropriate form permitting registration of the New Notes to be offered in exchange for the Notes and to permit resales of New Notes and shares of Common Stock received by Broker-Dealers in the Exchange Offer by delivering the Prospectus contained in the Exchange Offer Registration Statement. The "Plan of Distribution" section in the Prospectus contained in the Exchange Offer Registration Statement shall not name any such Broker-Dealer or disclose the amount of Notes held by any such Broker-Dealer except to the extent required by Commission policy. The Company shall use its best efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented and amended to the extent necessary to ensure that it is available for resales of New Notes acquired by Broker-Dealers for their own accounts as a result of market-making activities or other trading activities, and to ensure that it conforms with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of one year from the date on which the Exchange Offer Registration Statement is declared effective. The Company shall provide sufficient copies of the latest version of such Prospectus to Broker-Dealers promptly upon request at any time during such one-year period in order to facilitate such resales. Notwithstanding anything herein to the contrary, despite the Consummation of an Exchange Offer, the Company shall be required to file the Shelf Registration Statement in accordance with Section 3(a) hereof if any Holder of Transfer Restricted Securities shall notify the Company within 20 business days of the Consummation of the Exchange Offer (x) that such Holder is prohibited by applicable law or Commission policy from participating in the Exchange Offer, (y) that such Holder may not resell the New Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and that the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder or (z) that such Holder is a Broker-Dealer and holds Notes acquired directly from the Company or one of its affiliates.

SECTION 4. REGISTRATION PROCEDURES

(a) In connection with any Shelf Registration Statement, the Company shall comply with all the provisions of Section 4(b) below and shall use all reasonable efforts to effect

such registration to permit the resale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof.

(b) In connection with any Registration Statement and any Prospectus required by this Agreement, the Company shall:

(i) subject to any notice by the Company in accordance with this Section 4(b) of the existence of any fact or event of the kind described in Section 4(b)(iii)(D) hereof, use all reasonable efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 of this Agreement; upon the occurrence of any event that would cause such Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resales of Transfer Restricted Securities during the period required by this Agreement, the Company shall file promptly an appropriate amendment to such Registration Statement correcting any such misstatement or omission, and, in the case of either clause (A) or (B), except as set forth in Section 4(b)(xv) below, use all reasonable efforts to cause such amendment to be declared effective and such Registration Statement and the related Prospectus to become usable for their intended purpose(s) as soon as practicable thereafter;

(ii) prepare and file with the Commission such amendments and post-effective amendments to such Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period set forth in Section 3 hereof, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented, cause the Prospectus to be filed pursuant to Rule 424 under the Act and to comply fully with the applicable provisions of Rules 424 and 430A under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) advise the underwriter(s), if any, and selling Holders promptly and, if requested by such

Persons, to confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment to any Registration Statement has been filed, and, with respect to any Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction or of the initiation of any proceeding for any of the preceding purposes, (D) of the existence of any fact or the happening of any event (including without limitation pending negotiations relating to, or the consummation of, a transaction or the occurrence of any event which would require additional disclosure of material, non-public information by the Company in the Registration Statement as to which the Company has a bona fide business purpose for preserving confidentiality or which renders the Company unable to comply with Commission requirements) that makes untrue any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto or any document incorporated by reference therein, or that requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Company shall use its best efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(iv) furnish to each of the selling Holders, upon request, and to each of the underwriter(s), if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein and any amendments or supplements thereto (including all documents incorporated by reference prior to the effectiveness of such Registration Statement), which documents, other than documents incorporated by reference, will be subject to the

review of such Holders and underwriter(s), if any, for a period of at least five business days, and the Company shall not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus to which a selling Holder of Transfer Restricted Securities covered by such Registration Statement or the underwriter(s), if any, shall reasonably object within five business days after the receipt thereof; a selling Holder or underwriter, if any, shall be deemed to have reasonably objected to such filing only if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains a material misstatement or omission;

(v) if practicable, promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus subsequent to the effectiveness thereof, and in any event no later than the date such document is filed with the Commission, provide copies of such document to the selling Holders, if requested, and to the underwriter(s), if any, make representatives of the Company available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such selling Holders or underwriter(s), if any, reasonably may request;

(vi) make available at reasonable times for inspection by the selling Holders, any underwriter(s) participating in any disposition pursuant to such Registration Statement and any attorney or accountant retained by such selling Holders or any of the underwriter(s), all financial and other records, pertinent corporate documents and properties of the Company and cause the officers, directors and employees of the Company to supply all information reasonably requested by any such Holder, underwriter(s), attorney or accountant in connection with such Registration Statement subsequent to the filing thereof and prior to its effectiveness;

(vii) if requested by any selling Holders or the underwriter(s), if any, promptly incorporate in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders and underwriter(s), if any, may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of

the Transfer Restricted Securities or New Notes, information with respect to the principal amount of Transfer Restricted Securities or New Notes being sold to such underwriter(s), the purchase price being paid therefor and any other terms of the offering of the Transfer Restricted Securities or New Notes to be sold in such offering; and make all required filings of any such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(viii) cause the Transfer Restricted Securities covered by the Registration Statement to be rated with the appropriate rating agencies, if so requested by the Holders of a majority in aggregate principal amount of Notes or New Notes covered thereby or the underwriter(s), if any;

(ix) [Intentionally omitted]

(x) deliver to each selling Holder and each of the underwriter(s), if any, without charge, as many copies of the Prospectus (including each preliminary prospectus intended for public distribution) and any amendment or supplement thereto as such Persons reasonably may request; the Company hereby consents to the use of the Prospectus and any amendment or supplement thereto by each of the selling Holders and each of the underwriter(s), if any, in connection with the offering and the sale of the Transfer Restricted Securities or New Notes covered by the Prospectus or any amendment or supplement thereto;

(xi) enter into such customary agreements (including an underwriting agreement), and make such customary representations and warranties, and, subject to any notice by the Company in accordance with this Section 4(b) of the existence of any fact or event of the kinds described in Section 4(b)(iii)(D) hereof, take all such other customary actions in connection therewith in order to expedite or facilitate the disposition of the Transfer Restricted Securities or New Notes pursuant to any Registration Statement contemplated by this Agreement, all to such extent as may be requested by any Purchaser or by any Holder of Transfer Restricted Securities or underwriter in connection with any sale or resale pursuant to any Registration Statement contemplated by this Agreement; and whether or not an underwriting agreement is entered into and whether or not the registration is an

Underwritten Registration, the Company shall:

(A) furnish to each Purchaser, each selling Holder and each underwriter, if any (including any Broker-Dealer who may be deemed to be an underwriter), in such substance and scope as they may request and as are customarily made by issuers to underwriters in primary underwritten offerings, upon the date of the effectiveness of the Shelf Registration Statement, and, to the extent applicable, upon the Consummation of the Exchange Offer:

(1) a certificate, dated the date of effectiveness of the Shelf Registration Statement (or, to the extent applicable, dated the date of Consummation of the Exchange Offer) signed by (y) the president or chief executive officer of the Company and (z) the chief financial officer or the principal financial or accounting officer or the Company, confirming, as of the date thereof, the matters set forth in Section 6(e)(i) and (iii) of the Purchase Agreement and such other matters as such parties may reasonably request;

(2) opinions, dated the date of effectiveness of the Shelf Registration Statement (or, to the extent applicable, dated the date of Consummation of the Exchange Offer) of outside and in-house counsel, respectively, for the Company, covering the matters set forth in Sections 6(a) and (b) of the Purchase Agreement and such other matters as such parties may reasonably request; and

(3) a customary comfort letter, dated as of the date of effectiveness of the Shelf Registration Statement (and, to the extent applicable, as of the date of Consummation of the Exchange Offer) from the independent certified public accountants of the Company, in the customary form and covering matters of the type customarily covered in comfort letters by underwriters in connection with primary underwritten offerings, and addressing the matters set forth in the comfort letters delivered pursuant to Section 6(f) of the Purchase Agreement, without

exception;

(B) set forth in full or incorporate by reference in the underwriting agreement, if any, indemnification provisions and procedures substantially in the form of those set forth in Section 6 hereof with respect to all parties required to be indemnified pursuant to said Section 6; and

(C) deliver such other documents and certificates as may be reasonably requested by such parties to evidence compliance with clause (A) above and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company pursuant to this clause (xi), if any.

If at any time the representations and warranties of the Company indirectly referenced in clause (A)(1) above cease to be true and correct, the Company shall so advise the Purchasers and the underwriter(s), if any, and each selling Holder promptly and, if requested by such Persons, shall confirm such advice in writing;

(xii) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders or underwriter(s) may request; and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the Shelf Registration Statement; provided, however, that the Company shall not be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject;

(xiii) cooperate with the selling Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and enable such Transfer Restricted Securities to be in such denominations and registered in such names as the

Holder(s) or the underwriter(s), if any, may request at least two business days prior to any sale of Transfer Restricted Securities made by such underwriter(s);

(xiv) use all reasonable efforts to cause the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter(s), if any, to consummate the disposition of such Transfer Restricted Securities, subject to the proviso contained in clause (xii) above;

(xv) as soon as reasonably practicable after the occurrence of any fact or event of the kind described in clause (b)(iii)(D) above, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary, in light of the circumstances in which it was made, to make the statements therein not misleading, provided, however, that notwithstanding anything to the contrary herein, the Company shall not be required to prepare and file such a supplement or post-effective amendment or document if the fact no longer exists; and provided further, however, that, in the event of a material business transaction (including without limitation pending negotiations relating to such a transaction) which, based upon the advice of outside counsel reasonably acceptable to the Purchasers, would require disclosure by the Company in the Registration Statement of material, nonpublic information which the Company has a bona fide business purpose for not disclosing, then for so long as such circumstances and such business purpose continue to exist, the Company shall not be required to prepare and file a supplement or post-effective amendment hereunder;

(xvi) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of the Registration Statement and provide the Trustee under the Indenture with printed certificates for the Notes or New Notes, as the case may be, which are in a form eligible for deposit with the Depositary Trust Company;

(xvii) cooperate in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter (including any "qualified independent underwriter") that is required to be retained in accordance with the rules and regulations of the NASD, and use all reasonable efforts to cause such Registration Statement to become effective and be approved by such governmental agencies or authorities as may be necessary to enable the Holders selling Transfer Restricted Securities to consummate the disposition of such Transfer Restricted Securities;

(xviii) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) for the twelve-month period (A) commencing at the end of any fiscal quarter in which Transfer Restricted Securities are sold to underwriters in a firm commitment or best efforts Underwritten Offering or (B) if not sold to underwriters in such an offering, beginning with the first month of the Company's first fiscal quarter, as applicable, commencing after the effective date of the Registration Statement;

(xix) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required to be filed by this Agreement, and, in connection therewith: cooperate with the Trustee and the Holders of Notes to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use all reasonable efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner;

(xx) cause all Transfer Restricted Securities covered by the Registration Statement to be listed on each securities exchange on which similar securities issued by the Company are then listed if requested by the Holders of a majority in aggregate principal amount of Notes or the managing underwriter(s), if any; and

(xxi) provide promptly to each Holder upon

request any document filed with the Commission pursuant to the requirements of Section 13 and Section 15 of the Exchange Act.

Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of any notice from the Company of the existence of any fact or event of the kind described in Section 4(b)(iii)(D) hereof, such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until such Holder's receipt of the copies of a supplemented or amended Prospectus as contemplated by Section 4(b)(xv) hereof, or until it is advised in writing (the "Advice") by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus. If so directed by the Company, each Holder will deliver to the Company (at the expense of the Company) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of such notice. In the event the Company shall give any such notice, the time period regarding the effectiveness of such Registration Statement set forth in Section 3 hereof shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 4(b)(iii)(D) hereof to and including the date when each selling Holder covered by such Registration Statement shall have received the copies of the supplemented or amended prospectus contemplated by Section 4(b)(xv) hereof or shall have received the Advice.

(c) In connection with the Exchange Offer, the Company shall comply with all of the provisions of Section 4(b) (other than those which are not applicable) and shall use its best efforts to effect such exchange to permit the sale of Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof. In addition, prior to effectiveness of the Exchange Offer Registration Statement, the Company shall provide a supplemental letter to the Commission (i) stating that they are registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991) and, if applicable, any no-action letter obtained by the Company and (ii) including a representation that the Company has not entered into any arrangement or understanding with any Person to distribute the New Notes to be received in the Exchange Offer and that, to the best of the Company's information and belief, each Holder participating in the Exchange Offer is acquiring the New Notes in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution

of the New Notes received in the Exchange Offer. As a condition to its participation in the Exchange Offer pursuant to the terms of this Agreement, each Holder of Transfer Restricted Securities shall furnish, upon the request of the Company, prior to the Consummation thereof, a written representation to the Company (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an affiliate of the Company, (B) it is not engaged in and does not intend to engage in and has no arrangement or understanding with any person to participate in, a distribution of the New Notes to be issued in the Exchange Offer and (C) it is acquiring the New Notes in its ordinary course of business. In addition, all such Holders of Transfer Restricted Securities shall otherwise cooperate in the Company's preparations for the Exchange Offer. Each Holder hereby acknowledges and agrees that any Broker-Dealer and any such Holder using the Exchange Offer to participate in a distribution of the securities to be acquired in the Exchange Offer (1) could not under Commission policy as in effect on the date of this Agreement rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction should be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K if the resales are of New Notes obtained by such Holder in exchange for Notes acquired by such Holder directly from the Company.

SECTION 5. REGISTRATION EXPENSES

(a) All expenses incident to the Company's performance of or compliance with this Agreement will be borne by the Company regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses (including filings made by any Purchaser or Holder with the NASD (and, if applicable, the fees and expenses of any "qualified independent underwriter" and its counsel that may be required by the rules and regulations of the NASD)); (ii) all fees and expenses associated with compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including printing of any certificates evidencing the Notes and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Company and, as provided for in Section 5(b) below, the Holders of Transfer Restricted Securities; (v) all application and filing fees in connection with listing any securities on a national securities exchange or automated

quotation system pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Company (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Company will, in any event, bear its own internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company.

(b) In connection with any Registration Statement required by this Agreement, the Company agrees to reimburse the Purchasers and the Holders of Transfer Restricted Securities being registered pursuant to the Shelf Registration Statement (or, to the extent applicable, being tendered in the Exchange Offer and/or resold pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement) for the reasonable fees and disbursements of not more than one counsel, who shall be Simpson Thacher & Bartlett or such other counsel as may be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

SECTION 6. INDEMNIFICATION

(a) The Company agrees to indemnify and hold harmless (i) each Holder and (ii) each person, if any, who controls (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) any Holder (any of the persons referred to in this clause (ii) being hereinafter referred to as a "controlling person") and (iii) the respective officers, directors, partners, employees, representatives and agents of any Holder or any controlling person (any person referred to in clause (i), (ii) or (iii) may hereinafter be referred to as an "Indemnified Holder"), to the fullest extent lawful, from and against any and all losses, claims, damages, liabilities, judgments, costs and expenses ("Losses") (including, without limitation and as incurred, reimbursement of all costs of investigating, preparing, pursuing or defending any claim or action, or any investigation or proceeding by any governmental agency or body, commenced or threatened, including the reasonable fees and expenses of counsel to any Indemnified Holder) directly or indirectly caused by, related to, based upon, arising out of or in connection with any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus (or any amendment or supplement thereto) or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light

of the circumstances under which they were made, not misleading, except insofar as such Losses are caused by an untrue statement or omission or alleged untrue statement or omission that is made in reliance upon and in conformity with information relating to any of the Holders furnished in writing to the Company by any of the Holders for use therein. The Company shall notify the Holders promptly of the institution, threat or assertion of any claim, proceeding (including any governmental investigation) or litigation in connection with the matters addressed by this Agreement which involves the Company or any Indemnified Holder.

(b) In case any action or proceeding (including, without limitation, any governmental or regulatory investigation or proceeding) shall be brought or asserted against any of the Indemnified Holders with respect to which indemnity may be sought against the Company, such Indemnified Holder (or the Indemnified Holder controlled by such controlling person) shall promptly notify the Company in writing (provided that the failure to give such notice shall not relieve the Company of its obligations pursuant to this Agreement). Any Indemnified Holder shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Holder, provided, however, that the fees and expenses of such counsel shall be at the expense of the Company if (i) the Company has failed to assume the defense and employ counsel reasonably satisfactory to the Holders or (ii) the named parties to any such action (including any impleaded parties) include such indemnified Holder and the Company and such Indemnified Holder shall have reasonably concluded that there may be one or more legal defenses available to it that are different from or in addition to those available to the Company; provided, further that the Company shall not in such event be responsible hereunder for the fees and expenses of more than one firm of separate counsel, which firm shall be designated by the Holders, in connection with any action in the same jurisdiction, in addition to any local counsel. The Company shall not be liable for any settlement of any such action or proceeding effected with its prior written consent, which consent shall not be unreasonably withheld or delayed, and the Company agrees to indemnify and hold harmless any Indemnified Holder from and against any Loss by reason of any settlement of any action effected with its written consent. The Company shall not, without the prior written consent of each Indemnified Holder, settle or compromise or consent to the entry of a judgment in or otherwise seek to terminate any pending or threatened action, claim, litigation or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not any Indemnified Holder is a party thereto), unless such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Holder from all liability arising out of such action, claim, litigation or

proceeding.

(c) Each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers, and any person controlling (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Company, and the respective officers, directors, partners, employees, representatives and agents of each such person, to the same extent as the foregoing indemnity from the Company to each of the Indemnified Holders, but only with respect to claims and actions based on information relating to such Holder furnished in writing by such Holder for use in any Registration Statement or Prospectus. In case any action or proceeding shall be brought against any of Company or its directors or officers or any such controlling person in respect of which indemnity may be sought against a Holder of Transfer Restricted Securities, such Holder shall have the rights and duties given the Company, and each of the Company or its directors or officers of such controlling person shall have the rights and duties given to each Holder by the proceeding paragraph. In no event shall the liability or any selling Holder hereunder be greater in amount than the dollar amount of the proceeds received by such Holder upon the sale of the securities registered pursuant to provisions hereof giving rise to such indemnification obligation.

(d) If the indemnification provided for in this Section 6 is unavailable to a party entitled to indemnification in respect of any Losses referred to herein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Losses (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Holders on the other hand from their sale of Transfer Restricted Securities or (ii) if such allocation is not permitted by applicable law, the relative fault of the Company on the one hand and of the Indemnified Holder on the other in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Indemnified Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Indemnified Holder and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The indemnity and contribution obligations of each indemnifying party set forth herein shall be in addition to any liability or obligation such indemnifying party may otherwise have to any indemnified party.

The Company and each Holder of Transfer Restricted Securities agree that it would not be just and equitable if contribution pursuant to this Section 6(d) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the Losses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6, none of the Holders (and their related Indemnified Holders) shall be required to contribute, in the aggregate, any amount in excess of the amount by which the total proceeds received by such Holder with respect to the Notes exceeds the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 6(d) are several in proportion to the respective principal amount of Notes held by each of the Holders hereunder and not joint.

SECTION 7. RULE 144A

The Company hereby agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding, to make available to any Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchase of such Transfer Restricted Securities from such Holder or beneficial owner, any information required to be supplied to a Holder by Rule 144A(d)(4) under the Act in order to permit offers and sales of such Transfer Restricted Securities pursuant to Rule 144A.

SECTION 8. PARTICIPATION IN UNDERWRITTEN REGISTRATIONS

No Holder may participate in any Underwritten Registration hereunder unless such Holder (a) agrees to sell such Holder's Transfer Restricted Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such underwriting arrangements.

SECTION 9. SELECTION OF UNDERWRITERS

The Holders of Transfer Restricted Securities covered by the Shelf Registration Statement who desire to do so may sell such Transfer Restricted Securities in an Underwritten Offering. In any such Underwritten Offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities included in such offering; provided, that such investment bankers and managers must be reasonably satisfactory to the Company.

SECTION 10. MISCELLANEOUS

(a) Remedies. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. The Company will not, on or after the date of this Agreement, enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder are not inconsistent with the rights granted to the holders of the Company's securities under any agreement in effect on the date hereof.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given, unless the Company has obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities.

(d) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return-receipt requested), telex, telecopier or courier guaranteeing overnight delivery;

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to the Company:

SoftKey International Inc.
One Athenaeum Street

Cambridge, MA 02142
Attention: General Counsel

with a copy to:

Skadden, Arps, Slate Meagher & Flom
One Beacon Street
Boston, MA 02108
Attention: Louis A. Goodman

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to a courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders of Transfer Restricted Securities; provided, however, that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign acquired Transfer Restricted Securities from such Holder.

(f) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

(i) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in

every other respect and the remaining provisions contained herein shall not be affected or impaired thereby.

(j) Entire Agreement. This Agreement, together with the other Transaction Documents (as defined in the Purchase Agreement), is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

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

SOFTKEY INTERNATIONAL INC.

By: _____
Name:
Title:

BEAR, STEARNS & CO. INC.

By: _____
Name:
Title:

MONTGOMERY SECURITIES

By: _____
Name:
Title:

NOTE RESALE REGISTRATION RIGHTS AGREEMENT

Dated as of October 23, 1995

by and among

SOFTKEY INTERNATIONAL INC.

and

BEAR, STEARNS & CO. INC.
MONTGOMERY SECURITIES

November 22, 1995

Bear, Stearns & Co. Inc.
Montgomery Securities
c/o Bear, Stearns & Co. Inc.
245 Park Avenue, 2nd Floor
New York, New York 10167

Ladies and Gentlemen:

This letter is written in connection with the offering of \$350,000,000 5 1/2% Senior Convertible Notes Due 2000 by SoftKey International Inc. (the "Company") and the Note Resale Registration Rights Agreement (the "Note Resale Registration Rights Agreement"), dated October 23, 1995, among the Company, Bear, Stearns & Co. Inc. and Montgomery Securities (collectively, the "Initial Purchasers"). Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the the Note Resale Registration Rights Agreement.

1. The Company and the Initial Purchasers hereby agree to amend the definition of "Transfer Restricted Securities" contained in Section 1 of the Note Resale Registration Rights Agreement by deleting such definition in its entirety and substituting the following:

"Transfer Restricted Securities: Each Note (other than any Note represented by the Regulation S Global Note or any definitive Note not bearing the legend required by Section 2.5(d) of the Indenture), and any Common Stock issued upon conversion of any such Note, until the earliest to occur of (a) the date on which such Note or Common Stock, as the case may be, has been effectively registered under the Act and disposed of in accordance with an effective Shelf Registration Statement, (b) the date on which such Note is exchanged for a New Note in the Exchange Offer and entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act, (c) the date on which such New Note or Common Stock, as the case may be, is distributed to the public pursuant to Rule 144 under the Act or by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including delivery of the Prospectus contained therein), and (d) the date on which such Note is

converted into Common Stock in accordance with the terms and provisions of the Note and the Indenture."

2. Except as expressly modified hereby, all the provisions of the Note Resale Registration Rights Agreement are and shall continue to be in full force and effect. Each reference in the Note Resale Registration Rights Agreement to "this Agreement", "hereunder", "hereof" and words of like import referring to the Note Resale Registration Rights Agreement and each reference in any other transaction documents relating thereto shall mean the Note Resale Registration Rights Agreement as amended hereby.

If the above correctly reflects your understanding and agreement with respect to the foregoing matters, please so confirm by signing the enclosed copy of this letter agreement.

SOFTKEY INTERNATIONAL INC.

By:

Name:

Title:

Accepted:

BEAR, STEARNS & CO. INC.

By:

Name:

Title:

MONTGOMERY SECURITIES

By:

Name:

Title:

January 10, 1996

SoftKey International Inc.
One Athenaeum Street
Cambridge, MA 02146

Re: SoftKey International Inc.
Registration Statement on Form S-3

Ladies and Gentlemen:

I am Vice President and General Counsel of SoftKey International Inc., a Delaware corporation (the "Company"), and am issuing this opinion in connection with the filing today of a Registration Statement on Form S-3 (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") relating to the registration by the Company of (a) \$350,000,000 aggregate principal amount of its 5 1/2% Senior Convertible Notes due 2000 (the "Notes") and (b) 6,603,773 (or such other number as may be issuable upon conversion of the Notes as a result of the antidilution provisions thereof) shares of common stock, par value \$.01 per share, of the Company (the "Common Stock" and, together with the Notes, the "Securities") issuable upon conversion of the Notes, in each case to be sold by certain holders of the Securities (the "Selling Holders"). The Notes were originally issued under an Indenture dated as of October 16, 1995 (the "Indenture") by and between the Company and State Street Bank and Trust Company, as trustee (the "Trustee").

This opinion is being furnished in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act of 1933, as amended (the "Act"). Capitalized terms used and not otherwise defined herein shall have the respective meanings set forth in the Registration Statement.

In connection with this opinion and as General Counsel of the Company, I have examined originals or copies, certified or otherwise identified to my satisfaction, of: (i) the Registration Statement; (ii) the Indenture; (iii) the First Supplemental Indenture dated as of November 17, 1995 by and between the Company and the Trustee; (iv) the Restated Certificate of Incorporation of the Company, as amended, as currently in

effect; (v) the Bylaws of the Company, as amended, as currently in effect; and (vi) certain resolutions of the Board of Directors of the Company and the Pricing Committee appointed by the Board of Directors of the Company relating to, among other things, the issuance and sale of the Notes by the Company, the filing of the Registration Statement and certain related matters. I have also examined originals or copies, certified or otherwise identified to my satisfaction, of such records of the Company and such agreements, certificates of public officials, certificates of other officers or representatives of the Company and others and such other documents, certificates and records as I have deemed necessary or appropriate as a basis for the opinions set forth herein.

In my examination, I have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified or photostatic copies and the authenticity of the originals of such latter documents.

I am admitted to the Bar in the Commonwealth of Massachusetts and do not purport to be an expert on, or express any opinion concerning, any law other than the substantive law of the Commonwealth of Massachusetts.

Based upon and subject to the limitations, qualifications, exceptions and assumptions set forth herein, I am of the opinion that:

1. The Notes have been duly authorized by requisite corporate action on the part of the Company and constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms and are entitled to the benefits (and are subject to all of the limitations) provided for by the Indenture, except that (a) enforcement may be subject to or limited by (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights and remedies generally and (ii) general principles of equity (regardless of whether such enforcement may be sought in a proceeding in equity or at law) and (b) the provisions contained in Section 16.1 of the Indenture may be deemed unenforceable.

2. The shares of Common Stock initially issuable upon conversion of the Notes have been

duly authorized by the Company and, when issued and delivered upon such conversion in accordance with the terms and provisions of the Notes and the Indenture, will be validly issued, fully paid and nonassessable.

I hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement. I also consent to the reference to my name under the caption "Legal Matters" in the Registration Statement. In giving this consent, I do not thereby admit that I am included in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission.

Very truly yours,

/s/ Neal S. Winneg
Neal S. Winneg
Vice President
and General Counsel

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of SoftKey International Inc. on Form S-3 of our report dated March 3, 1995, on our audit of the consolidated financial statements and financial statement schedule of SoftKey International Inc. as of December 31, 1994 and for the year then ended, which report is included in the 1994 Annual Report on Form 10-K. We also consent to the reference to our firm under the caption "Experts".

/s/ COOPERS & LYBRAND L.L.P.
COOPERS & LYBRAND L.L.P.

Boston, Massachusetts
January 8, 1996

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated January 16, 1995 included in SoftKey International Inc.'s Form 10-K for the year ended December 31, 1994 and to all references to our Firm included in this registration statement.

/s/ ARTHUR ANDERSEN LLP

Boston, Massachusetts
January 8, 1996

CONSENT OF INDEPENDENT AUDITORS

We consent to the use of our report dated September 13, 1993, relating to the consolidated balance sheet of WordStar International Incorporated and subsidiaries as of June 30, 1993, and their related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended June 30, 1993, and the related schedule, incorporated by reference in this registration statement on Form S-3 and to the reference to our firm under the heading "Experts" in

the prospectus.

/s/ KPMG PEAT MARWICK LLP

San Francisco, California
January 8, 1996

EXHIBIT 23.4

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement of SoftKey International Inc. on Form S-3 of the report of Deloitte & Touche dated September 30, 1992 (except for Note 12, for which the date is October 12, 1992) (which report expresses an unqualified opinion and includes an explanatory paragraph referring to an uncertainty in connection with an arbitration proceeding) relating to the financial statements of Spinnaker Software Corporation (not presented separately herein) and to the reference to Deloitte & Touche LLP under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
January 8, 1996

EXHIBIT 23.5

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of this Registration Statement on Form S-3 of our report dated September 28, 1993, except as to Note 12 which is as of December 3, 1993, relating to the consolidated financial statements of Spinnaker Software Corporation, appearing on page 27 of SoftKey International Inc.'s Annual Report on Form 10-K for the year ended December 31, 1994. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ PRICE WATERHOUSE LLP
PRICE WATERHOUSE LLP

Boston, Massachusetts
January 8, 1996

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE
TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

Check if an Application to Determine Eligibility
of a Trustee Pursuant to Section 305(b) (2)

STATE STREET BANK AND TRUST COMPANY
(Exact name of trustee as specified in its charter)

Massachusetts 04-1867445
(Jurisdiction of incorporation or (I.R.S. Employer
organization if not a U.S. national bank) Identification No.)

225 Franklin Street, Boston, Massachusetts 02110
(Address of principal executive offices) (Zip code)

John R. Towers, Esq. Senior Vice President and Corporate Secretary
225 Franklin Street, Boston, Massachusetts 02110
(617) 654-3253
(Name, address and telephone number of agent for service)

SOFTKEY INTERNATIONAL INC.
(Exact name of obligor as specified in its charter)

Delaware 94-2562108
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

One Athenaeum Street
Cambridge, Massachusetts 02142
(Address of principal executive offices) (Zip code)

5 1/2% Senior Convertible Notes due 2000
(Title of indenture securities)

GENERAL

ITEM 1. GENERAL INFORMATION.

FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

- (A) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

Department of Banking and Insurance of The Commonwealth of Massachusetts, 100 Cambridge Street, Boston, Massachusetts.

Board of Governors of the Federal Reserve System, Washington, D.C.,
Federal Deposit Insurance Corporation, Washington, D.C.

- (B) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH OBLIGOR.

IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

The obligor is not an affiliate of the trustee or of its parent, State Street Boston Corporation.

(See Note on page 6.)

ITEM 3. VOTING SECURITIES OF THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF VOTING SECURITIES OF THE TRUSTEE:

As of:

Col. A

Col. B

Title of Class

Amount outstanding

Not applicable.

ITEM 4. TRUSTEESHIPS UNDER OTHER INDENTURES.

IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY OTHER SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, FURNISH THE FOLLOWING INFORMATION:

- (A) TITLE OF THE SECURITIES OUTSTANDING UNDER EACH SUCH OTHER INDENTURE.

Not applicable.

(B) A BRIEF STATEMENT OF THE FACTS RELIED UPON AS A BASIS FOR THE CLAIM THAT NO CONFLICTING INTEREST WITHIN THE MEANING OF SECTION 310(B)(1) OF THE ACT ARISES AS A RESULT OF THE TRUSTEESHIP UNDER ANY SUCH OTHER INDENTURE, INCLUDING A STATEMENT AS TO HOW THE INDENTURE SECURITIES WILL RANK AS COMPARED WITH THE SECURITIES ISSUED UNDER SUCH OTHER INDENTURE.

Not applicable.

ITEM 5. INTERLOCKING DIRECTORATES AND SIMILAR RELATIONSHIPS WITH THE OBLIGOR OR UNDERWRITERS.

IF THE TRUSTEE OR ANY OF THE DIRECTORS OR EXECUTIVE OFFICERS OF THE TRUSTEE IS A DIRECTOR, OFFICER, PARTNER, EMPLOYEE, APPOINTEE OR REPRESENTATIVE OF THE OBLIGOR OR OF ANY UNDERWRITER FOR THE OBLIGOR, IDENTIFY EACH SUCH PERSON HAVING ANY SUCH CONNECTION AND STATE THE NATURE OF EACH SUCH CONNECTION.

Not applicable.

ITEM 6. VOTING SECURITIES OF THE TRUSTEE OWNED BY THE OBLIGOR OR ITS OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY THE OBLIGOR AND EACH DIRECTOR, PARTNER AND EXECUTIVE OFFICER OF THE OBLIGOR:

As of:

Col. A	Col. B	Col. C	Col. D
Name of owner	Title of class	Amount owned beneficially	Percentage of voting securities represented by amount given in Col. C

Not applicable.

ITEM 7. VOTING SECURITIES OF THE TRUSTEE OWNED BY UNDERWRITERS OR THEIR OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY EACH UNDERWRITER FOR THE OBLIGOR AND EACH DIRECTOR, PARTNER AND EXECUTIVE OFFICER OF EACH SUCH UNDERWRITER:

As of:

Col. A	Col. B	Col. C	Col. D
--------	--------	--------	--------

Name of owner	Title of class	Amount owned beneficially	Percentage of voting securities represented by amount given in Col. C
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Not applicable.

ITEM 8. SECURITIES OF THE OBLIGOR OWNED OR HELD BY THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO SECURITIES OF THE OBLIGOR OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY THE TRUSTEE:

As of:

Col. A	Col. B	Col. C	Col. D
Title of class	Whether the securities are voting or non-voting securities	Amount owned beneficially or held as collateral security for obligations in default	Percent of class represented by amount given in Col. C

Not applicable.

ITEM 9. SECURITIES OF UNDERWRITERS OWNED OR HELD BY THE TRUSTEE.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF AN UNDERWRITER FOR THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF SECURITIES OF SUCH UNDERWRITER ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE:

As of:

Col. A	Col. B	Col. C	Col. D
Title of issuer and title of class	Amount outstanding	Amount owned beneficially or held as collateral security for obligations in default by trustee	Percent of class represented by amount given in Col. C

Not applicable.

ITEM 10. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF VOTING SECURITIES OF CERTAIN AFFILIATES OR SECURITY HOLDERS OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT VOTING SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE (1) OWNS 10 PERCENT OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR OR (2) IS AN AFFILIATE, OTHER THAN A SUBSIDIARY, OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF SUCH PERSON:

As of:

Col. A	Col. B	Col. C	Col. D
Title of issuer and title of class	Amount outstanding	Amount owned beneficially or held as collateral security for obligations in default by trustee	Percent of class represented by amount given in Col. C

Not applicable.

ITEM 11. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF ANY SECURITIES OF A PERSON OWNING 50 PERCENT OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE, OWNS 50 PERCENT OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF SECURITIES OF SUCH PERSON ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE:

As of:

Col. A	Col. B	Col. C	Col. D
Title of issuer and title of class	Amount outstanding	Amount owned beneficially or held as collateral security for obligations in default by trustee	Percent of class represented by amount given in Col. C

Not applicable.

ITEM 12. INDEBTEDNESS OF THE OBLIGOR TO THE TRUSTEE.

EXCEPT AS NOTED IN THE INSTRUCTIONS, IF THE OBLIGOR IS INDEBTED TO THE TRUSTEE, FURNISH THE FOLLOWING INFORMATION:

As of:

Col. A	Col. B	Col. C
Nature of	Amount	Date due

Not applicable.

ITEM 13. DEFAULTS BY THE OBLIGOR.

(A) STATE WHETHER THERE IS OR HAS BEEN A DEFAULT WITH RESPECT TO THE SECURITIES UNDER THIS INDENTURE. EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

Not applicable.

(B) IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY OTHER SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, OR IS A TRUSTEE FOR MORE THAN ONE OUTSTANDING SERIES OF SECURITIES UNDER THE INDENTURE, STATE WHETHER THERE HAS BEEN A DEFAULT UNDER ANY SUCH INDENTURE OR SERIES, IDENTIFY THE INDENTURE OR SERIES AFFECTED, AND EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

To the best of the knowledge of the Trustee, there has not been a default under any such indenture or series.

ITEM 14. AFFILIATIONS WITH THE UNDERWRITERS.

IF AN UNDERWRITER IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

Not applicable.

ITEM 15. FOREIGN TRUSTEE.

IDENTIFY THE ORDER OR RULE PURSUANT TO WHICH THE FOREIGN TRUSTEE IS AUTHORIZED TO ACT AS SOLE TRUSTEE UNDER INDENTURES QUALIFIED OR TO BE QUALIFIED UNDER THE ACT.

Not applicable.

ITEM 16. LIST OF EXHIBITS.

LIST BELOW ALL EXHIBITS FILED AS A PART OF THIS STATEMENT OF ELIGIBILITY.

1. A COPY OF THE ARTICLES OF ASSOCIATION OF THE TRUSTEE AS NOW IN EFFECT.

A copy of the Articles of Association of the trustee, as now in effect, is on file with the Securities and Exchange Commission as Exhibit 1 to Amendment No. 1 to the Statement of Eligibility and Qualification of Trustee (Form T-1) filed with Registration Statement of Morse Shoe, Inc. (File No. 22-17940) and is incorporated herein by reference thereto.

2. A COPY OF THE CERTIFICATE OF AUTHORITY OF THE TRUSTEE TO COMMENCE

BUSINESS, IF NOT CONTAINED IN THE ARTICLES OF ASSOCIATION.

A copy of a Statement from the Commissioner of Banks of Massachusetts that no certificate of authority for the trustee to commence business was necessary or issued is on file with the Securities and Exchange Commission as Exhibit 2 to Amendment No. 1 to the Statement of Eligibility and Qualification of Trustee (Form T-1) filed with Registration Statement of Morse Shoe, Inc. (File No. 22-17940) and is incorporated herein by reference thereto.

3. A COPY OF THE AUTHORIZATION OF THE TRUSTEE TO EXERCISE CORPORATE TRUST POWERS, IF SUCH AUTHORIZATION IS NOT CONTAINED IN THE DOCUMENTS SPECIFIED IN PARAGRAPH (1) OR (2) ABOVE.

A copy of the authorization of the trustee to exercise corporate trust powers is on file with the Securities and Exchange Commission as Exhibit 3 to Amendment No. 1 to the Statement of Eligibility and Qualification of Trustee (Form T-1) filed with Registration Statement of Morse Shoe, Inc. (File No. 22-17940) and is incorporated herein by reference thereto.

4. A COPY OF THE EXISTING BY-LAWS OF THE TRUSTEE, OR INSTRUMENTS CORRESPONDING THERETO.

A copy of the By-Laws of the trustee, as now in effect, is on file with the Securities and Exchange Commission as Exhibit 4 to the Statement of Eligibility and Qualification of Trustee (Form T-1) filed with Registration Statement of Eastern Edison Company (File No. 33-37823) and is incorporated herein by reference thereto.

5. A COPY OF EACH INDENTURE REFERRED TO IN ITEM 4, IF THE OBLIGOR IS IN DEFAULT.

Not applicable.

6. THE CONSENTS OF THE UNITED STATES INSTITUTIONAL TRUSTEES REQUIRED BY SECTION 321(B) OF THE ACT.

The consent of the trustee required by Section 321(b) of the Act is annexed hereto as Exhibit 6 and made a part hereof.

7. A COPY OF THE LATEST REPORT OF CONDITION OF THE TRUSTEE PUBLISHED PURSUANT TO LAW OR THE REQUIREMENTS OF ITS SUPERVISING OR EXAMINING AUTHORITY.

A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority is annexed hereto as Exhibit 7 and made a part hereof.

8. A COPY OF ANY ORDER PURSUANT TO WHICH THE FOREIGN TRUSTEE IS

AUTHORIZED TO ACT AS SOLE TRUSTEE UNDER INDENTURES QUALIFIED OR TO BE QUALIFIED UNDER THE ACT.

Not applicable.

9. FOREIGN TRUSTEES ARE REQUIRED TO FURNISH A CONSENT TO SERVICE OF PROCESS.

Not applicable.

NOTE

The answers to this statement insofar as such answers relate to persons who are affiliates of the obligors are based upon information furnished to the trustee by the obligors. While the trustee has no reason to doubt the accuracy of any such information, it cannot accept any responsibility therefor.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the trustee, State Street Bank and Trust Company, a corporation organized and existing under the laws of The Commonwealth of Massachusetts, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Boston and The Commonwealth of Massachusetts, on the 5th day of January, 1996.

STATE STREET BANK AND TRUST COMPANY

By /s/ Henry W. Seemore
Henry W. Seemore
Assistant Vice President

EXHIBIT 6

CONSENT OF TRUSTEE

Pursuant to the requirements of Section 321(b) of the Trust Indenture Act of 1939 in connection with the proposed registration by SoftKey International Inc. of its 5 1/2% Senior Convertible Notes due 2000, we hereby consent that reports of examination by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

STATE STREET BANK AND TRUST COMPANY

By /s/ Henry W. Seemore
Henry W. Seemore
Assistant Vice President

Dated: January 5, 1996

EXHIBIT 7

Consolidated Report of Condition of State Street Bank and Trust Company of Boston, Massachusetts and foreign and domestic subsidiaries, a state banking institution organized and operating under the banking laws of this commonwealth and a member of the Federal Reserve System, at the close of business December 31, 1994, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act and in accordance with a call made by the Commissioner of Banks under General Laws, Chapter 172, Section 22(a).

THOUSANDS OF
DOLLARS

ASSETS

Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	942,661
Interest-bearing balances	4,843,628
Securities	8,410,339
Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and of its Edge subsidiary	2,240,374
Loans and lease financing receivables:	
Loans and leases, net of unearned income	3,257,795
Allowance for loan and lease losses	58,184
Loans and leases, net of unearned income and allowance	3,199,611
Assets held in trading accounts	825,549
Premises and fixed assets	375,086
Other real estate owned	4,359
Investments in unconsolidated subsidiaries	25,051
Customers' liability to this bank on acceptances outstanding	55,358
Intangible Assets	34,862
Other Assets	653,750
Total Assets	21,610,628

LIABILITIES

Deposits:	
In domestic offices	5,946,262
Noninterest-bearing	4,175,167
Interest-bearing	1,771,095
In foreign offices and Edge subsidiary	8,147,182
Noninterest-bearing	44,817
Interest-bearing	8,102,365

Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge subsidiary	4,912,704
Demand notes issued to the U.S. Treasury and Trading Liabilities	423,324
Other borrowed money	386,049
Bank's liability on acceptances executed and outstanding .	55,621
Other liabilities	530,536
 Total liabilities:	 20,401,678

EQUITY CAPITAL

Common Stock	28,043
Surplus	177,736
Undivided profits	1,003,171
 Total equity capital	 1,208,950
 Total liabilities and equity capital	 21,610,628

I, Rex S. Schuette, Senior Vice President and Comptroller of the above named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true to the best of my knowledge and belief.

Rex S. Schuette

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the Board of Governors of the Federal Reserve System and is true and correct.

David A. Spina
Marshall N. Carter
Charles F. Kaye