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**KNOWLEDGE ADVENTURE® ANNOUNCES ADDITIONAL ROUND OF FUNDING FROM
VC FIRMS AZURE CAPITAL AND TELESOFT PARTNERS**

***Funds Support Company Transition From Traditional Software
To Adventure-Based 3D Virtual Worlds***

TORRANCE, CALIF., – August 11, 2008 – [Knowledge Adventure®, the leader in adventure-based 3D virtual worlds for 3-to-10 year olds](#), announced today that it has received an additional round of funding to support a shift of focus from educational software to [adventure-based 3D virtual worlds for kids](#). The Series B funding of \$5 million dollars was led by venture capitalist firms Azure Capital and TeleSoft Partners. The funds will allow the creation and support of a new team of people who will develop and produce the 3D virtual world online environment.

“Knowledge Adventure is making a very bold and exciting move into a market that has great potential for growth,” said Arjun Gupta, founder & managing partner, TeleSoft Partners. “Kids’ software is currently about a hundred million dollar market which is poised to grow to a multi-billion dollar industry. Our investment in Knowledge Adventure is a clear indicator of the faith we have in the company’s ability to lead the pack in this growing environment.”

Virtual worlds are garnering a great deal of media coverage and consumer interest that point to a need for a viable solution for kids ages 3-10. Knowledge Adventure is a multi-faceted kid’s entertainment company with a rich history for creating learning products that children love. This new strategy will focus on solidifying Knowledge Adventure’s leadership position in the 3D virtual world market for 3-to-10 year olds through its [leading educational software brands JumpStart® and Math Blaster®](#).



"JumpStart has a rich history as the leading brand in delivering learning games to kids over the last 20 years," said Knowledge Adventure president & CEO David Lord. "By leveraging our trusted brand with parents to deliver a rich, safe and fun virtual world experience for kids 3 to 10, we see countless opportunity for the company to bring our unique adventure-based learning games to the explosive virtual world/online gaming market."

"We believe that in the future, the most successful consumer companies will blend classical retail with cutting edge web distribution" said Mike Kwatinetz, founding General partner at Azure capital. "Our investment will be a catalyst for Knowledge Adventure to further broaden from a CD-Rom based Educational Software company to a multi-faceted kids entertainment company that maintains long-term relationships with users."

Knowledge Adventure has long been the market leader in blending learning and entertainment for kids through its 3D virtual world adventure-based learning games for PC software. For more information on Knowledge Adventure visit www.knowledgeadventure.com.

About Knowledge Adventure

Knowledge Adventure® is the leader in adventure-based 3D virtual worlds for 3-to-10 year old kids. With its JumpStart® and Math Blaster® products, kids learn through endless gaming adventures in 3D virtual worlds. By blending learning and entertainment, Knowledge Adventure's adventure-based learning inspires kids' minds through immersed play. For more than 15 years, Knowledge Adventure has set the standard in kids' software by creating the finest educational products for use in the home and the classroom. The company is internationally renowned for its award-winning products. A subsidiary of Knowledge Holdings, Inc., the company is privately-held and based in Torrance, California. For more information, go to www.knowledgeadventure.com or call 310-533-3400.

About Azure Capital Partners

Azure Capital Partners is a venture capital firm with over \$650 million under management, headquartered in San Francisco, California. Our goal is to identify, invest in and help build early stage information technology companies that are at the forefront of a transformative opportunity for growth. Our partners have a long track record of identifying and helping to build some of the most successful companies in communications, consumer, enterprise and Internet technology segments. The Azure team is recognized for industry thought leadership and a unique professional investment approach to venture investing. Our proven methodology and primary research enable us to identify young companies in attractive markets whose business models provide sustainable competitive advantage. For more information, please visit <http://www.azurecap.com>.



About TeleSoft Partners

TeleSoft Partners is a venture capital firm, founded in 1996 and based in Silicon Valley. TeleSoft focuses on multi-stage venture investments and special situations in the information technology, communications, and energy value chain industries. TeleSoft is typically a contrarian investor taking a lead or co-lead role as an operational value added partner. TeleSoft manages capital commitments in excess of \$625 million in multiple funds. Over the last fifteen years, TeleSoft and its principals, pre-TeleSoft, have funded and helped build ~61 companies, resulting in ~32 mergers & acquisitions and IPOs to date. The TeleSoft team consists of 20+ world class professionals. TeleSoft's Strategic Partners include Alltel, Bechtel, Deutsche Telekom, and Salesforce.com. For more information, visit <http://www.telesoftvc.com>

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