SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

July 24, 1996

CUC INTERNATIONAL INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE	1-10308	06-0918165
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

707 SUMMER STREET, STAMFORD, CONNECTICUT 06901

(Address of Principal Executive Offices) (Zip Code)

(203) 324-9261

(Registrant's Telephone Number, Including Area Code)

NOT APPLICABLE

(Former Name or Former Address, if Changed Since Last Report)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

A. The Davidson Merger

On July 24, 1996, pursuant to an Agreement and Plan of Merger dated as of February 19, 1996, as amended by Amendment No. 1 thereto dated as of July 24, 1996 (the "Davidson Merger Agreement"), CUC International Inc., a Delaware corporation (the "Registrant"), consummated a merger (the "Davidson Merger") whereby Stealth Acquisition I Corp., a California corporation and wholly owned subsidiary of the Registrant ("Davidson Merger Sub"), was merged with and into Davidson & Associates, Inc., a California corporation ("Davidson"), with Davidson surviving the Davidson Merger as a wholly owned subsidiary of the Registrant.

In the Davidson Merger (which has been accounted for as a pooling-of-interests for accounting and financial reporting purposes), among other things, each share of the common stock, $0.00025 par value, of Davidson ("Davidson Common Stock") issued and outstanding immediately prior to the effective time of the Davidson Merger (the "Davidson Effective Time") (other than shares held by the Registrant, Davidson Merger Sub or any other subsidiary of the Registrant or any subsidiary of Davidson, or dissenters' shares under applicable California law) was converted into 0.85 of a share of the common stock, $0.01 par value, of the Registrant ("Registrant Common Stock") determined pursuant to the exchange ratio set forth in the Davidson Merger Agreement. In addition, each option to purchase shares of Davidson Common Stock outstanding immediately prior to the Davidson Effective Time was cancelled and, in lieu thereof, the Registrant has issued to each holder of each such cancelled option a substitute option to acquire, on substantially the same terms and subject to substantially the same conditions as were applicable under the cancelled option, the same number of shares of Registrant Common Stock as the holder of each such cancelled option would have been entitled to receive in the Davidson Merger had such holder exercised such cancelled option in full immediately prior to the Davidson Effective Time. Based on the total shares of Davidson Common Stock outstanding immediately prior to the Davidson Effective Time, approximately 30,039,606 shares of Registrant Common Stock (having an aggregate market value of approximately $863,638,672.50 at the Davidson Effective Time) have been issued in the Davidson Merger, not including the additional shares of Registrant Common Stock that were

issued in connection with the Davidson Real Property Purchase Agreement discussed below.

The consideration received by holders of Davidson Common Stock in the Davidson Merger (i.e., the exchange ratio of 0.85 of a share of Registrant Common Stock for each share of Davidson Common Stock) and the other material terms of the Davidson Merger Agreement and related transaction documents were determined by arms'-length negotiation between the Registrant and Davidson.

On February 19, 1996 (simultaneously with the execution of the Davidson Merger Agreement), the Registrant and the holders of approximately 72% of the then outstanding Davidson Common Stock (consisting of the Chairman and Chief Executive Officer, and the President, respectively, of Davidson, and certain trusts for which such executive officers serve as fiduciaries) entered into a Shareholders Agreement (the "Davidson Shareholders Agreement"), pursuant to which, among other things, such holders agreed to vote (and voted) all shares held of record or beneficially owned by them for adoption of the Davidson Merger Agreement at the special meeting of the holders of Davidson Common Stock held for such purpose on July 24, 1996.

In addition, in connection with and as a condition to consummation of the Davidson Merger, the Registrant and the holders of Davidson Common Stock party to the Davidson Shareholders Agreement (referred to in the preceding paragraph) entered into a Registration Rights Agreement dated July 24, 1996 (the "Davidson Registration Rights Agreement"), pursuant to which, among other things, the Registrant agreed, under certain circumstances and with certain exceptions, to effect the registration under the Securities Act of 1933, as amended, of certain securities of the Registrant issued to such holders of Davidson Common Stock.

Moreover, in connection with and as an additional condition to consummation of the Davidson Merger, CUC Real Estate Holdings, Inc., a Delaware corporation and wholly owned subsidiary of the Registrant ("CUC Real Estate"), entered into an Agreement of Sale dated July 23, 1996 (the "Davidson Real Property Purchase Agreement"), whereby CUC Real Estate purchased from the Chairman and Chief Executive Officer, and President, respectively, of Davidson, certain real property, including, without limitation, Davidson's principal executive offices. Such property, which prior to

the Davidson Effective Time was leased to Davidson by such executive officers, was purchased in consideration for the issuance by the Registrant to such executive officers of approximately 147,866 shares of Registrant Common Stock having a value on the date of issuance of approximately $4,251,147.50. Such shares were issued in addition to the 30,039,606 shares of Registrant Common Stock issued in connection with the Davidson Merger.

Effective immediately following the Davidson Effective Time, the Registrant increased the size of its Board of Directors and caused the Chairman and Chief Executive Officer, and the President, respectively, of Davidson to be appointed to such Board, and such Chairman and Chief Executive Officer was appointed as a Vice Chairman of the Registrant's Board of Directors. In addition, pursuant to the Davidson Merger Agreement, the directors of Davidson Merger Sub immediately prior to the Davidson Effective Time became, immediately after the Davidson Effective Time, and presently are, the directors of Davidson (as the surviving corporation in the Davidson Merger).

For a more complete description of the terms of the Davidson Merger and the transactions contemplated thereby, reference is hereby made to the Davidson Merger Agreement, Amendment No. 1 thereto, the Davidson Shareholders Agreement, the Davidson Registration Rights Agreement and the Davidson Real Property Purchase Agreement, which are included in this Current Report on Form 8-K as Exhibits 2.1, 2.2, 9.1, 10.1 and 10.2, respectively.

B. The Sierra Merger

On July 24, 1996, pursuant to an Agreement and Plan of Merger dated as of February 19, 1996, as amended by Amendment No. 1 thereto dated as of March 27, 1996 and as further amended by Amendment No. 2 thereto dated as of July 24, 1996 (the "Sierra Merger Agreement"), the Registrant consummated a merger (the "Sierra Merger") whereby Larry Acquisition Corp., a Delaware corporation and wholly owned subsidiary of the Registrant ("Sierra Merger Sub"), was merged with and into Sierra On-Line, Inc., a Delaware corporation ("Sierra"), with Sierra surviving the Sierra Merger as a wholly owned subsidiary of the Registrant.

In the Sierra Merger (which has been accounted for as a pooling-of-interests for accounting and financial reporting purposes), among other things, each share of the common

stock, $0.01 par value, of Sierra ("Sierra Common Stock") issued and outstanding immediately prior to the effective time of the Sierra Merger (the "Sierra Effective Time") (other than shares held by the Registrant or Sierra Merger Sub or any other subsidiary of the Registrant or by any subsidiary of Sierra) was converted into 1.225 shares of Registrant Common Stock, determined pursuant to the exchange ratio set forth in the Sierra Merger Agreement. In addition, each option to purchase shares of Sierra Common Stock outstanding immediately prior to the Sierra Effective Time was assumed by the Registrant and constitutes an option to acquire, on the same terms and subject to the same conditions as were applicable under the assumed option, the same number of shares of Registrant Common Stock as the holder of each assumed option would have been entitled to receive in the Sierra Merger had such holder exercised such assumed option in full immediately prior to the Sierra Effective Time. Based on the total shares of Sierra Common Stock outstanding immediately prior to the Sierra Effective Time, approximately 25,564,977 shares of Registrant Common Stock (having an aggregate market value of approximately $1,060,946,545.50 at the Sierra Effective Time) have been issued in the Sierra Merger.

The consideration received by holders of Sierra Common Stock in the Sierra Merger (i.e., the exchange ratio of 1.225 shares of Registrant Common Stock for each share of Sierra Common Stock) and the other material terms of the Sierra Merger Agreement and related transaction documents were determined by arms'-length negotiation between the Registrant and Sierra.

On February 19, 1996 (simultaneously with the execution of the Sierra Merger Agreement), the Registrant and the holders of approximately 9% of the then outstanding Sierra Common Stock (consisting of the Chairman and Chief Executive Officer, and a director, respectively, of Sierra) entered into a Shareholders Agreement (the "Sierra Shareholders Agreement"), pursuant to which, among other things, such holders agreed to vote (and voted) all shares held of record or beneficially owned by them for adoption of the Sierra Merger Agreement at the special meeting of the holders of Sierra Common Stock held for such purpose on July 24, 1996.

Walter A. Forbes, the Chairman of the Board and Chief Executive Officer of the Registrant, was a director of Sierra immediately prior to the Sierra Effective Time. Mr. Forbes did not participate in any of the meetings or

deliberations of Sierra's Board of Directors regarding its approval of the Sierra Merger Agreement.

Effective immediately following the Sierra Effective Time, the Registrant further increased the size of its Board of Directors and caused the Chairman and Chief Executive Officer of Sierra to be appointed to such Board to serve as a Vice Chairman of the Registrant's Board of Directors. In addition, pursuant to the Sierra Merger Agreement, the directors of Sierra immediately prior to the Sierra Effective Time have remained as the directors of Sierra (as the surviving corporation in the Sierra Merger).

For a more complete description of the terms of the Sierra Merger and the transactions contemplated thereby, reference is hereby made to the Sierra Merger Agreement, Amendment No. 1 thereto, Amendment No. 2 thereto and the Sierra Shareholders Agreement, which are included in this Current Report on Form 8-K as Exhibits 2.3, 2.4, 2.5 and 9.2, respectively.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(A) FINANCIAL STATEMENTS OF BUSINESSES ACQUIRED.

It is impracticable to provide the required financial statements for Davidson and Sierra at the date hereof. The Registrant undertakes to file such required financial statements by means of amendment to this Current Report on Form 8-K as soon as practicable, and in any case not later than September 24, 1996.

(B) PRO FORMA FINANCIAL INFORMATION.

It is impracticable to provide the required pro forma financial information required pursuant to Article 11 of Regulation S-X at the date hereof. The Registrant undertakes to file such required pro forma financial information by means of amendment to this Current Report on Form 8-K as soon as practicable, and in any case not later than September 24, 1996.

(C) EXHIBITS

2.1 Agreement and Plan of Merger dated as of February 19, 1996, among Davidson & Associates, Inc., CUC

International Inc. and Stealth Acquisition I Corp. (incorporated herein by reference to Exhibit 2(a) to the Registrant's Current Report on Form 8-K filed with the Commission on March 12, 1996).

2.2 Amendment No. 1 dated as of July 24, 1996, among Davidson & Associates, Inc., CUC International Inc. and Stealth Acquisition I Corp.

2.3 Agreement and Plan of Merger dated as of February 19, 1996, among Sierra On-Line, Inc., CUC International Inc. and Larry Acquisition Corp. (incorporated herein by reference to Exhibit 2(b) to the Registrant's Current Report on Form 8-K filed with the Commission on March 12, 1996).

2.4 Amendment No. 1 dated as of March 27, 1996, among Sierra On-Line, Inc., CUC International Inc. and Larry Acquisition Corp.

2.5 Amendment No. 2 dated as of July 24, 1996, among Sierra On-Line, Inc., CUC International Inc. and Larry Acquisition Corp.

9.1 Shareholders Agreement dated February 19, 1996, by and among CUC International Inc. and each of the other parties signatory thereto (incorporated herein by reference to Exhibit 10(a) to the Registrant's Current Report on Form 8-K filed with the Commission on March 12, 1996).

9.2 Shareholders Agreement dated February 19, 1996, by and among CUC International Inc. and each of the other parties signatory thereto (incorporated herein by reference to Exhibit 10(b) to the Registrant's Current Report on Form 8-K filed with the Commission on March 12, 1996).

10.1 Registration Rights Agreement dated July 24, 1996, among CUC International and the other parties signatory thereto.

10.2 Agreement of Sale dated July 23, 1996, between Robert M. Davidson and Janice G. Davidson and CUC Real Estate Holdings, Inc.

99.1 Press Release issued by the Registrant on July 24, 1996.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

CUC INTERNATIONAL INC.

By: /s/ Christopher K. McLeod

Name: Christopher K. McLeod
Title: Executive Vice President

Dated: August 5, 1996

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger dated as of February 19, 1996, among Davidson & Associates, Inc., CUC International Inc. and Stealth Acquisition I Corp. (incorporated herein by reference to Exhibit 2(a) to the Registrant's Current Report on Form 8-K filed with the Commission on March 12, 1996).
2.2	Amendment No. 1 dated as of July 24, 1996, among Davidson & Associates, Inc., CUC International Inc. and Stealth Acquisition I Corp.
2.3	Agreement and Plan of Merger dated as of February 19, 1996, among Sierra On-Line, Inc., CUC International Inc. and Larry Acquisition Corp. (incorporated herein by reference to Exhibit 2(b) to the Registrant's Current Report on Form 8-K filed with the Commission on March 12, 1996).
2.4	Amendment No. 1 dated as of March 27, 1996, among Sierra On-Line, Inc., CUC International Inc. and Larry Acquisition Corp.
2.5	Amendment No. 2 dated as of July 24, 1996, among Sierra On-Line, Inc., CUC International Inc. and Larry Acquisition Corp.
9.1	Shareholders Agreement dated February 19, 1996, by and among CUC International Inc. and each of the other parties signatory thereto (incorporated herein by reference to Exhibit 10(a) to the Registrant's Current Report on Form 8-K filed with the Commission on March 12, 1996).
9.2	Shareholders Agreement dated February 19, 1996, by and among CUC International Inc. and each of the other parties signatory thereto (incorporated herein by reference to Exhibit 10(b) to the Registrant's Current Report on Form 8-K filed with the Commission on March 12, 1996).
10.1	Registration Rights Agreement dated July 24, 1996, among CUC International and the other parties signatory thereto.
10.2	Agreement of Sale dated July 23, 1996, between Robert M. Davidson and Janice G. Davidson and CUC Real Estate Holdings, Inc.
99.1	Press Release issued by the Registrant on July 24, 1996.

EXHIBIT 2.2

THIS AMENDMENT NO. 1 dated as of July 24, 1996 to the Agreement and Plan of Merger dated as of February 19, 1996, among DAVIDSON & ASSOCIATES, INC., a California corporation (the "Company"), CUC INTERNATIONAL INC., a Delaware corporation ("Parent"), and STEALTH ACQUISITION I CORP., a California corporation and wholly owned subsidiary of Parent ("Merger Sub").

W I T N E S S E T H :

WHEREAS, effective on February 19, 1996, the Company, Parent and Merger Sub entered into an Agreement and Plan of Merger (the "Merger Agreement"), providing, among other matters, for the merger of Merger Sub with and into the Company, upon the terms and subject to the conditions set forth therein;

WHEREAS, the Company, Parent and Merger Sub each desires to enter into this Amendment No. 1 to make certain technical amendments to Section 1.11 of the Merger Agreement; and

WHEREAS, all capitalized terms used and not defined in this Amendment No. 1 have the respective meanings assigned to them in the Merger Agreement.

NOW, THEREFORE, in consideration of the premises set forth above, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Section 1.11(a) of the Merger Agreement is hereby amended by deleting therefrom the words: "a cash payment shall be made for any fractional share based upon the Closing Price (as hereinafter defined) of a share of Parent Common Stock on the trading day immediately preceding the date of exercise." appearing in the first sentence of such Section, and by substituting in lieu and stead thereof, the following:

> "any fractional share shall instead be rounded up to the nearest whole share."

2. Section 1.11(a) of the Merger Agreement is hereby further amended by deleting the second sentence thereof in its entirety.

3. Except as otherwise modified by the provisions of this Amendment No. 1, the Merger Agreement shall remain, in all respects, in full force and effect.

IN WITNESSETH WHEREOF, each of the parties has caused this Amendment No. 1 to be duly executed on its behalf as of the date first above written.

DAVIDSON & ASSOCIATES, INC.

By: /s/ Robert M. Davidson

Name: Robert M. Davidson
Title: Chairman and Chief
Operating Officer

CUC INTERNATIONAL INC.

By: /s/ E. Kirk Shelton

Name: E. Kirk Shelton
Title: President

STEALTH ACQUISITION I CORP.

By: /s/ E. Kirk Shelton

Name: E. Kirk Shelton
Title: President

EXHIBIT 2.4

THIS AMENDMENT NO. 1 dated as of March 27, 1996 to the Agreement and Plan of Merger dated as of February 19, 1996, among SIERRA ON-LINE, INC., a Delaware corporation (the "Company"), CUC INTERNATIONAL INC., a Delaware corporation ("Parent"), and LARRY ACQUISITION CORP., a Delaware corporation and wholly owned subsidiary of Parent ("Merger Sub").

W I T N E S S E T H :

WHEREAS, effective on February 19, 1996, the Company, Parent and Merger Sub entered into an Agreement and Plan of Merger (the "Merger Agreement"), providing, among other matters, for the merger of Merger Sub with and into the Company, upon the terms and subject to the conditions set forth therein;

WHEREAS, the Company, Parent and Merger Sub each desires to enter into this Amendment No. 1 to make certain technical amendments to Section 1.10 of the Merger Agreement; and

WHEREAS, all capitalized terms used and not defined in this Amendment No. 1 have the respective meanings assigned to them in the Merger Agreement.

NOW, THEREFORE, in consideration of the premises set forth above, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Section 1.10(a) of the Merger Agreement is hereby amended by deleting the words: "cancelled and, in lieu thereof, Parent shall issue to each holder of a Company Stock Option an option (each, a "Parent Option"), to acquire, on substantially the same terms and subject to substantially the same conditions as were applicable under such Company Stock Option, including, without limitation, term, exercisability, vesting schedule, status as an "incentive stock option" under section 422 of the Code, acceleration and termination provisions, the same number of shares of Parent Common Stock", appearing in the ninth through sixteenth lines of the first sentence of such Section, and by substituting in lieu and stead thereof, the following:

> "assumed by Parent and shall constitute an option to acquire, on the same terms and subject to the same conditions as were applicable under such Company Stock Option, including, without limitation, term, exercisability, vesting schedule, status as an "incentive stock option" under section 422 of the Code, acceleration and termination provisions, the same number of shares of Parent Common Stock (each, a "Parent Option")"

2. Section 1.10(a) of the Merger Agreement is hereby further amended by deleting the third and fourth sentences of such Section in their entirety.

3. Section 1.10(b) of the Merger Agreement is hereby amended by deleting such Section in its entirety and by substituting in lieu and stead thereof, the following:

> "As soon as practicable after the Effective Time, but not later than 30 days thereafter, Parent shall deliver to holders of Company Stock Options notices informing such holders that such Company Stock Options have been assumed by Parent and will constitute options to purchase shares of Parent Common Stock on the same terms and subject to the same conditions as their Company Stock Options (subject to the adjustments required by this Section 1.10 after giving effect to the Merger)."

4. Except as otherwise modified by the provisions of this Amendment No. 1, the Merger Agreement shall remain, in all respects, in full force and effect.

IN WITNESSETH WHEREOF, each of the parties has caused this Amendment No. 1 to be duly executed on its behalf as of the date first above written.

SIERRA ON-LINE, INC.

By: /s/ Kenneth A. Williams

Name: Kenneth A. Williams
Title: Chairman and Chief Operating Officer

CUC INTERNATIONAL INC.

By: /s/ E. Kirk Shelton

Name: E. Kirk Shelton
Title: President

LARRY ACQUISITION CORP.

By: /s/ E. Kirk Shelton

Name: E. Kirk Shelton
Title: President

EXHIBIT 2.5

THIS AMENDMENT NO. 2 dated as of July 24, 1996 to the Agreement and Plan of Merger dated as of February 19, 1996, as amended by an Amendment No. 1 thereto dated as of March 27, 1996, among SIERRA ON-LINE, INC., a Delaware corporation (the "Company"), CUC INTERNATIONAL INC., a Delaware corporation ("Parent"), and LARRY ACQUISITION CORP., a Delaware corporation and wholly owned subsidiary of Parent ("Merger Sub").

W I T N E S S E T H :

WHEREAS, effective on February 19, 1996, the Company, Parent and Merger Sub entered into an Agreement and Plan of Merger providing, among other things, for the merger of Merger Sub with and into the Company, upon the terms and subject to the conditions set forth therein;

WHEREAS, the Company, Parent and Merger Sub entered into an Amendment No. 1, dated as of March 27, 1996, to the Agreement and Plan of Merger to make certain technical amendments to Section 1.10 of the Agreement and Plan of Merger (as so amended, the "Merger Agreement");

WHEREAS, the Company, Parent and Merger Sub each desires to enter into this Amendment No. 2 to make certain additional technical amendments to Section 1.10 of the Merger Agreement; and

WHEREAS, all capitalized terms used and not defined in this Amendment No. 2 have the respective meanings assigned to them in the Merger Agreement.

NOW, THEREFORE, in consideration of the premises set forth above, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Section 1.10(a) of the Merger Agreement is hereby amended by deleting the words: "same number of shares of Parent Common Stock (each, a "Parent Option") as the holder of such Company Stock Option would have been entitled to receive pursuant to the Merger had such holder exercised such option in full immediately prior to the Effective Time, at a price per share equal to (y) the aggregate exercise price for the shares of Company Common Stock otherwise purchasable pursuant to such Company Stock Option divided by (z) the number of full shares of Parent Common Stock deemed purchasable pursuant to such Company Stock Option; provided, however, that the number of shares of Parent Comon Stock that may be purchased upon exercise of any such Parent Option shall not include any fractional share and, upon exercise of the Parent Option, a cash payment shall be made

for any fractional share based upon the Closing Price (as hereinafter defined) of a share of Parent Common Stock on the trading day immediately preceding the date of exercise. "Closing Price" shall mean, on any day, the last reported sale price of one share of Parent Common Stock on the NYSE.", appearing in the first sentence of such Section, and by substituting in lieu and stead thereof, the following:

> "number of shares of Parent Common Stock (a "Parent Option"), rounded down to the nearest whole share, determined by multiplying the number of shares of Company Common Stock subject to such Company Stock Option immediately prior to the Effective Time by 1.225, at an exercise price per share of Parent Common Stock (increased to the nearest whole cent) equal to the exercise price per share of Company Common Stock immediately prior to the Effective Time divided by 1.225; provided, however, that in the case of any Company Stock Option to which Section 421 of the Code applies by reason of its qualification as an incentive stock option under Section 422 of the Code, the conversion formula shall be adjusted if necessary to comply with Section 424(a) of the Code".

2. Except as otherwise modified by the provisions of this Amendment No. 2, the Merger Agreement shall remain, in all respects, in full force and effect.

IN WITNESSETH WHEREOF, each of the parties has caused this Amendment No. 2 to be duly executed on its behalf as of the date first above written.

SIERRA ON-LINE, INC.

By: /s/ Kenneth A. Williams

Name: Kenneth A. Williams
Title: Chairman and Chief Operating Officer

CUC INTERNATIONAL INC.

By: /s/ E. Kirk Shelton

Name: E. Kirk Shelton
Title: President

LARRY ACQUISITION CORP.

By: /s/ E. Kirk Shelton

Name: E. Kirk Shelton
Title: President

EXHIBIT 10.1

REGISTRATION RIGHTS AGREEMENT

AGREEMENT made and entered into this 24th day of July, 1996 (this "Agreement"), among CUC INTERNATIONAL INC., a corporation organized and existing under the laws of the State of Delaware ("Parent"), and the shareholders named on the signature pages hereto (the "Shareholders").

W I T N E S E T H :

WHEREAS, in order to induce DAVIDSON & ASSOCIATES, INC. (the "Company") to enter into a certain Agreement and Plan of Merger, dated as of February 19, 1996, among the Company, Parent and STEALTH ACQUISITION II CORP. (the "Merger Agreement"), Parent and the Shareholders have agreed to enter into this Agreement with respect to Parent's common stock, $.01 par value ("Parent Common Stock") to be received (i) by the Shareholders in the merger (the "Merger") in exchange for the shares of common stock of the Company beneficially owned by them on the date hereof and (ii) by certain of the Shareholders pursuant to the Agreement of Sale, dated the date hereof, between such Shareholders and Parent with respect to the sale of certain real property; and

WHEREAS, it is intended by Parent and the Shareholders that this Agreement shall become effective immediately upon the issuance to the Shareholders of Parent Common Stock pursuant to the Merger;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of Parent and the Shareholders, intending to be legally bound, hereby agrees as follows:

1. DEFINITIONS. Capitalized terms used but not defined in this Agreement shall have the meaning ascribed to such terms in the Merger Agreement.

2. REGISTRATION RIGHTS.

(a) Registration Upon Request. (i) At any time, and from time to time, commencing with the Effective Date and ending six years thereafter (the "Effective Period"), upon the written request of any Qualified Holder(s) (as hereinafter defined) requesting that Parent effect the registration under the Securities Act of 1933, as amended (the "Securities Act") of Registrable Securities (as hereinafter defined), which, in the aggregate, constitute at least 2,000,000 shares of Parent Common Stock for each registration hereunder, Parent shall use its best efforts to register under the Securities Act (a "Demand Registration"), as expeditiously as may be practicable (but not until there are publicly available financial statements reflecting at least 30 days of combined operations of Parent and the Company), the Registrable Securities which Parent has been requested to register, all to the extent requisite to permit the disposition of such Registrable Securities in accordance with the methods intended by the sellers thereof; provided that (A) no Qualified Holder(s) shall be permitted to exercise a Demand Registration within three months of the effective date of any registration statement for equity securities of Parent (other than on Form S-4 or Form S-8 or any successor or similar form) and (B) Parent shall not be required to effect any registration if Parent reasonably determines the sale of the Registrable Securities reasonably likely would cause the Merger not to be accounted for as a "pooling of interests". An exercise of a Demand Registration right will not count as the use of such right unless the registration statement to which it relates is declared effective under the Securities Act and remains effective for a period (not less than 30 days) sufficient to allow for the orderly sale of the Registrable Securities covered thereby, except that such exercise shall count if such registration statement is withdrawn because (a) the Qualifying Holders, for any reason whatsoever, determine not to proceed with such registration and (b) the Qualifying Holders do not reimburse Parent for all Registration Expenses (as hereinafter defined) incurred in connection with the preparation and filing of such registration statement.

(ii) It is hereby agreed that (A) if Parent shall have previously effected a Demand Registration pursuant to this Section 2(a), it shall not be required to effect a subsequent Demand Registration until a period of at least 120 days shall have elapsed from the effective date of the registration statement used in connection with such previous Demand Registration and (B) Parent shall not be required to effect more than three Demand Registrations pursuant to this Section 2(a) during any thirty-six month period during the Effective Period.

(iii) If any underwritten Demand Registration pursuant to this Section 2(a) is proposed to be effected by means of the use of Form S-3 (or any similar short-form registration statement which is a successor to Form S-3) and the Managing Underwriter (as

hereinafter defined) shall advise Parent in writing that in its opinion the use of another permitted form is of material importance to the success of the offering, then such registration shall be effected by the use of such other permitted form.

(iv) As used in this Agreement, the term "Registrable Securities" means any and all (i) shares of Parent Common Stock received by the Qualified Holders in the Merger in exchange for the shares of common stock of the Company beneficially owned by them on the date hereof and any shares of Parent Common Stock received by a Qualified Holder pursuant to the Agreement of Sale, dated the date hereof, between such Qualified Holder and Parent with respect to the sale of certain real property and (ii) any other securities issued or issuable with respect to any shares of Parent Common Stock described in clause (i) above by way of a stock dividend or stock split or in connection with a combination, exchange, reorganization, recapitalization or reclassification of Parent securities, or pursuant to a merger, consolidation or other similar business combination transaction involving Parent. Reference in this Section 2(a) to specified numbers of shares shall be equitably adjusted to reflect any such occurrences referred to in the preceding sentence.

(v) As to any particular Registrable Securities, such securities shall cease to constitute Registrable Securities when (a) a registration statement with respect to the sale of such securities shall have been declared effective under the Securities Act and such securities shall have been disposed of in accordance with the methods contemplated by the registration statement, (b) such securities shall have been sold in satisfaction of all applicable conditions to the resale provisions of Rule 144 under the Securities Act (or any successor provision thereto), (c) such securities shall have been transferred, new certificates evidencing such securities without legends restricting further transfer shall have been delivered by Parent, and subsequent public distribution of such securities shall neither require registration under the Securities Act nor qualification (or any similar filing) under any state securities or "blue sky" law then in effect, or (d) such securities shall have ceased to be issued and outstanding.

(vi) The term "Qualified Holder(s)" means any Shareholder and those succeeding to the interest of such holder by gift or by virtue of the laws of descent and distribution. The term "Majority Qualified Holders" means a majority in interest of the Qualified Holders participating in a registration of Registrable Securities pursuant hereto.

(vii) It is hereby further agreed that with respect to any Demand Registration requested pursuant to this Section 2(a) Parent may defer the filing or effectiveness of any registration statement related thereto for a reasonable period of time not

to exceed 90 days after such request if (A) Parent is, at such time, working on an underwritten public offering of Parent Common Stock ("Parent Common Stock Offering") and is advised by its managing underwriter(s) that such offering would in its or their opinion be adversely affected by such filing or (B) Parent determines, in its good faith and reasonable judgment, that any such filing or the offering of any Registrable Securities would materially impede, delay or interfere with any material proposed financing, offer or sale of securities, acquisition, corporate reorganization or other significant transaction involving Parent; provided that, with respect to clause
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(B), Parent gives the Qualified Holders written notice of such determination; and provided further, however, with respect to both
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clauses (A) and (B), Parent shall not be entitled to postpone such filing or effectiveness if, within the preceding 12 months, it had effected two postponements pursuant to this paragraph (vii) and, following such postponements, the Registrable Securities to be sold pursuant to the postponed registration statements were not sold (for any reason); provided further, however, that, during the period
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commencing on the date hereof and ending 120 days after the date hereof, Parent shall not so defer the filing or effectiveness of the first Demand Registration requested pursuant to this Section 2(a) for more than 30 days. Parent agrees that the Effective Period shall be extended by a period which is not less than the aggregate number of days included in the periods during which Parent deferred the filing or effectiveness of a registration statement as provided above (each, a "Suspension Period"). A Suspension Period shall commence on and include the date on which Parent provides such written notice and shall end on the date when the affected registration statement is filed or declared effective.

(b) Piggyback Registration.

(i) If at any time Parent proposes to register shares of Parent Common Stock under the Securities Act for its own account (other than a registration on Form S-4 or Form S-8, or any successor or similar forms), in a manner that would permit registration of Registrable Securities for sale to the public under the Securities Act, it will each such time promptly give written notice to all Qualified Holders of its intention to do so, of the registration form of the Commission that has been selected by Parent and of rights of Qualified Holders under this Section 2(b) (the "Section 2(b) Notice"). Parent will use its best efforts to include in the proposed registration all Registrable Securities that Parent is requested in writing, within 15 days after the Section 2(b) Notice is given, to register by the Qualified Holders thereof; provided, however, that (i)
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if, at any time after giving written notice of its intention to register shares of Parent Common Stock and prior to the effective date of the registration statement filed in connection with such registration, Parent shall determine for any reason not to register such equity securities, Parent may, at its election, give written notice of such determination to all Qualified Holders and, thereupon, shall be relieved of its obligation to register any Registrable Securities in connection with such

abandoned registration, without prejudice, however, to the rights of Qualified Holders under Section 2(a) hereof and (ii) in case of a determination by Parent to delay registration of Parent Common Stock, Parent shall be permitted to delay the registration of such Registrable Securities for the same period as the delay in registering such Parent Common Stock. No registration effected under this Section 2(b) shall relieve Parent of its obligations to effect a Demand Registration under Section 2(a) and, notwithstanding anything to the contrary in Section 2(a), no Qualified Holder shall have the right to require Parent to register any Registrable Securities pursuant to Section 2(a) until the later of (A) the completion of the distribution of the securities offered and registered pursuant to the Section 2(b) Notice and (B) 90 days after the date each registration statement effected under this Section 2(b) is declared effective.

(ii) Parent shall pay all Registration Expenses in connection with each registration of Registrable Securities requested pursuant to this Section 2(b); provided, however, that Parent shall
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not be required to pay, and the Qualified Holders shall pay, regardless of whether the registration statement becomes effective, all fees and out-of-pocket expenses of counsel selected by the Qualified Holders, all transfer taxes, any fees or disbursements of the Managing Underwriters and their counsel, participating underwriters and brokers-dealers and any discounts, commissions or fees of underwriters, selling brokers and dealers relating to the distribution of the Registrable Securities pursuant to this Section 2(b).

(iii) If the Managing Underwriter for a registration pursuant to this Section 2(b) that involves an underwritten offering shall advise Parent (Parent hereby agreeing to request that such advice be written) that, in its opinion, the inclusion of the amount and kind of Registrable Securities to be sold for the account of Qualified Holders would adversely affect the price per unit Parent will derive from the offering or otherwise materially and adversely affect the success of the offering for Parent, then the number and kind of Registrable Securities to be sold for the account of such Qualified Holders shall be reduced (and may be reduced to zero) in accordance with the Managing Underwriter's recommendation to the minimum extent necessary to eliminate such adverse effect. If the number of Registrable Securities to be included in any registration is reduced (but not to zero), the number of such Registrable Securities included in such registration shall be allocated pro rata among all requesting Qualified Holders and any other shareholders of Parent who may hold registration rights ("Other Holders") with respect to shares of Parent Common Stock ("Other Shares"), on the basis of the relative number of shares of such Registrable Securities or Other Shares each such Qualified Holder or Other Holder has requested to be included in such registration. If, as a result of the proration provisions of this Section 2(b), any Qualified Holder shall not be entitled to include all Registrable

Securities in a registration pursuant to this Section 2(b) that such Qualified Holder has requested be included, such Qualified Holder may elect to withdraw its Registrable Securities from the registration; provided, however, that such withdrawal election shall be irrevocable
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and, after making a withdrawal election, a Qualified Holder shall no longer have any right to include Registrable Securities in the registration as to which such withdrawal election was made.

(iv) Notwithstanding anything in this Section 2(b) to the contrary, Qualified Holders shall not have any right to include their Registrable Securities in any distribution or registration of Parent Common Stock by Parent, which is a result of a merger, consolidation, acquisition, exchange offer (or other offering of securities solely to Parent's existing stockholders), recapitalization, other reorganization, dividend reinvestment plan, stock option plan or other employee benefit plan, or any similar transaction having the same effect.

(c) Registration Procedures. If and whenever Parent is
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required by the provisions of this Agreement to effect or cause the registration of any Registrable Securities under the Securities Act as provided in this Agreement, Parent shall, as expeditiously as practicable:

(i) prepare and file with the Securities and Exchange Commission (the "Commission"), a registration statement on a form which is available for the sale of Registrable Securities by the holders thereof in accordance with the intended methods of distribution thereof (including such audited financial statements as the Board of Directors of Parent may, in good faith, deem appropriate) and reasonably acceptable to the holders of Registrable Securities participating therein, and use its best efforts to cause such registration statement to become and remain effective under the Securities Act for not less than a period of 30 days (unless the Registrable Securities registered thereunder have been sold or disposed of prior to the expiration of such 30-day period); provided,
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however, that (A) with respect to any request for registration
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pursuant to Section 2(a) made within the period commencing 60 days next preceding the end of Parent's fiscal year and ending 90 days after the end of Parent's fiscal year, if Parent is not then eligible to effect a registration under the Securities Act by use of Form S-3 (or other comparable short-form registration statement), Parent shall be entitled to delay such registration until ten days after the earlier of (1) such time as Parent receives audited financial statements for such fiscal year and (2) the expiration of 90 days after the last day of such fiscal year and (B) in no event shall Parent be required in connection with any request for registration pursuant to Section 2(a) to cause to be prepared or to release, other than in the ordinary course of business consistent with past practices, audited financial statements of Parent;

(ii) prepare and file with the Commission such amendments, post-effective amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for such period of time as is necessary to complete the offering and the distribution of the securities covered thereby (but, in no event, longer than 30 days after such registration statement becomes effective) in each case exclusive of any period during which the prospectus used in connection with such registration statement shall not comply with the requirements of Section 10 of the Securities Act; and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during said 30-day period;

(iii) furnish to each seller of Registrable Securities and each underwriter of the securities being sold by such seller, (A) such number of copies (including manually executed and conformed copies) of such registration statement and of each such amendment thereof and supplement thereto (including all annexes, appendices, schedules and exhibits), (B) such number of copies of the prospectus used in connection with such registration statement (including each preliminary prospectus and any summary prospectus and the final prospectus filed pursuant to Rule 424(b) under the Securities Act), and (C) such number of copies of other documents, as such seller and underwriter may reasonably request in order to facilitate the disposition of Registrable Securities in accordance with the methods intended by the sellers thereof;

(iv) use its best efforts to register or qualify the Registrable Securities covered by such registration statement under the securities or "blue sky" laws of such jurisdictions as any seller and each underwriter of the Registrable Securities shall reasonably request, and do any and all other acts and things which may be necessary or desirable to enable such seller and underwriter to consummate the offering and disposition of Registrable Securities in such jurisdictions; provided, however, Parent shall not, by virtue of
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this Agreement, be required to qualify generally to do business as a foreign corporation, subject itself to taxation, or consent to general service of process, in any jurisdiction wherein it would not, but for the requirements of this Section 2(c), be obligated to be qualified;

(v) use its best efforts to cause the Registrable Securities covered by such registration statement to be registered with, or approved by, such other public, governmental or regulatory authorities as may be necessary to facilitate the disposition of such Registrable Securities in accordance with the methods of disposition intended by the sellers thereof;

(vi) notify each seller of any Registrable Securities covered by such registration statement and the Managing Underwriter (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), if any, promptly and, if requested by any such person, confirm such notification in writing, (A) when a prospectus or any prospectus supplement has been filed with the Commission, and, with respect to a registration statement or any post-effective amendment thereto, when the same has been declared effective by the Commission, (B) of any request by the Commission for amendments or supplements to a registration statement or related prospectus, or for additional information, (C) of the issuance by the Commission of any stop order or the initiation of any proceedings for such or a similar purpose (and Parent shall make every reasonable effort to obtain the withdrawal of any such order at the earliest practicable moment), (D) of the receipt by Parent of any notification with respect to the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose (and Parent shall make every reasonable effort to obtain the withdrawal of any such suspension at the earliest practicable moment), (E) of the occurrence of any event which requires the making of any changes to a registration statement or related prospectus so that such documents will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (and Parent shall promptly prepare and furnish to such seller and Managing Underwriter a reasonable number of copies of a supplemented or amended prospectus such that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading), and (F) of Parent's determination that the filing of a post-effective amendment to the Registration Statement shall be necessary or appropriate. Each holder of Registrable Securities agrees that, such holder will, as expeditiously as possible, notify Parent at any time when a prospectus relating to a registration statement covering such seller's Registrable Securities is required to be delivered under the Securities Act, of the happening of any event of the kind described in this Section 2(c)(vi) as a result of any information provided by such seller for inclusion in such prospectus included in such registration statement and, at the request of Parent, promptly prepare and furnish to it such information as may be necessary so that, after incorporation into a supplement or amendment of such prospectus as thereafter delivered to the purchasers of such securities, the information provided by such seller shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Each holder of Registrable Securities shall be deemed to have agreed by acquisition of such Registrable Securities that upon the receipt of any notice

from Parent of the occurrence of any event of the kind described in clause (E) of this Section 2(c)(vi), such holder shall forthwith discontinue such holder's offer and disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such holder shall have received copies of a supplemented or amended prospectus which is no longer defective as contemplated by clause (E) of this Section 2(c)(vi) and, if so directed by Parent, shall deliver to Parent, at Parent's expense, all copies (other than permanent file copies) of the defective prospectus covering such Registrable Securities which are then in such holder's possession. In the event Parent shall provide any notice of the type referred to in the preceding sentence, the 30-day period mentioned in Sections 2(c)(i) and 2(c)(ii) shall be extended by the number of days from and including the date such notice is provided, to and including the date when each seller of any Registrable Securities covered by such registration statement shall have received copies of the corrected prospectus contemplated by clause (E) of this Section 2(c)(vi), plus an additional seven days;

(vii) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, as the same may hereafter be amended, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of twelve months beginning with the first day of Parent's first fiscal quarter next succeeding the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act;

(viii) use its best efforts to cause all such Registrable Securities covered by such registration statement to be listed on each securities exchange on which similar securities issued by Parent are then listed, if the listing of such Registrable Securities is then permitted under the rules and regulations of such exchange;

(ix) engage and provide a transfer agent for all Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(x) in the case of a Demand Registration effected pursuant to Section 2(a) and at the request of the Majority Qualified Holders, enter into one or more underwriting agreements (in customary form and substance and including customary representations and warranties of Parent, indemnities and contribution) and take all such other actions as the holders shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities in accordance with the methods of disposition intended by the sellers thereof; it being hereby acknowledged and agreed that the selection of any Managing Underwriter(s) shall be made by the Majority Qualified Holders with the consent of Parent (Parent shall be entitled to withhold consent in its sole discretion to any

Managing Underwriter(s), except, in the case of any Demand Registration, consent may not be withheld as to Smith Barney Inc.;

(xi) use its reasonable efforts to obtain an opinion from counsel to Parent, and a "cold comfort" letter from an independent certified public accounting firm of national recognition and standing who have certified Parent's financial statements included in the registration statement or any amendment thereto, in each case in form and substance reasonably satisfactory to the Majority Qualified Holders, and covering such matters of the type customarily covered by such opinions and "cold comfort" letters as the Majority Qualified Holders shall reasonably request; and

(xii) permit any holder of Registrable Securities, which holder, in its reasonable judgment, might be deemed to be a "control person" of Parent (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), to participate in the preparation of such registration statement and include therein material, furnished to Parent in writing which, in the reasonable judgment of such holder and its counsel, is required to be included therein.

(d) Registration Expenses. Except as otherwise provided in Section 2(b)(ii) or in this Section 2(d), whether or not any registration statement prepared and filed pursuant to this Section 2 is declared effective by the Commission (except where a Demand Registration is terminated, withdrawn or abandoned at the written request of the Majority Qualified Holders), Parent shall pay all expenses incident to Parent's performance of or compliance with the registration requirements of this Agreement, including, without limitation, the following: (A) all Commission and any NYSE registration and filing fees and expenses; (B) any and all expenses incident to its performance of, or compliance with, this Agreement, including, without limitation, any allocation of salaries and expenses of Parent personnel or other general overhead expenses of Parent, or other expenses for the preparation of historical and pro forma financial statements or other data normally prepared by Parent in the ordinary course of its business; (C) all listing, transfer and/or exchange agent and registrar fees; (D) fees and expenses in connection with the qualification of the Registrable Securities under securities or "blue sky" laws including reasonable fees and disbursements of counsel for the underwriters in connection therewith; (E) printing expenses; (F) messenger and delivery expenses; and (G) fees and out-of-pocket expenses of counsel for Parent and its independent certified public accountants (including the expenses of any audit, review and/or "cold comfort" letters) and other persons, including special experts, retained by Parent (collectively, clause (A) through (G), "Registration Expenses"); provided, however, that Parent shall not be required to pay, and the Qualified Holders shall pay, (1) 50% of all Registration Expenses (other than those described in clause (B) above) for all Demand

Registrations after the third Demand Registration and (2) all fees and out-of-pocket expenses of counsel selected by the Qualified Holders, any fees or disbursements of Managing Underwriters and their counsel, participating underwriters and brokers-dealers or any discounts, commissions or fees of underwriters, selling brokers and dealers relating to the distribution of the Registrable Securities.

(e) Indemnification; Contribution.

(i) Parent hereby agrees to indemnify and hold harmless to the fullest extent permitted by law, each holder (a "Participating Holder") of Registrable Securities registered pursuant to Section 2(a) or Section 2(b) hereof, its officers and directors, if any, and each person, if any, who controls such holder within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act, against all losses, claims, damages, liabilities (or proceedings in respect thereof) and expenses (under the Securities Act, common law and otherwise) (collectively, "Claims"), joint or several, which arise out of or are based upon (A) any untrue statement or alleged untrue statement of a material fact contained in any registration statement, prospectus, preliminary prospectus, any amendment or supplement thereto or any document incorporated by reference or in any filing made in connection with the registration or qualification of the offering under "blue sky" or other securities laws of jurisdictions in which the Participating Holder's Registrable Securities are offered (collectively, "Security Filings"), 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 light of the circumstances under which they were made, not misleading, and (B) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, if used prior to the effective date of such registration statement (unless such statement is corrected in the final prospectus and Parent has previously furnished copies thereof to any Participating Holder seeking such indemnification and to the underwriters of the registration in question and the Participating Holder and/or the underwriters shall have failed to deliver such final prospectus to the purchaser of securities), or contained in the final prospectus (as amended or supplemented if Parent shall have filed with the Commission any amendment thereof or supplement thereto) if used within the period during which Parent is required to keep the registration statement to which such prospectus relates current, or the omission or alleged omission to state therein a material fact necessary in order to make the statements therein in light of the circumstances under which they were made, not misleading; and Parent shall, and it hereby agrees to, reimburse such holders for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Claim provided, however, that such indemnification shall not extend to any Claims which are caused by any untrue statement or alleged untrue statement contained in, or by any omission

or alleged omission from, information furnished in writing to Parent by such Participating holder specifically for use in any such Security Filing.

(ii) In the case of an underwritten offering in which the registration statement covers Registrable Securities, Parent agrees to enter into an underwriting agreement in customary form and substance with such underwriters and to indemnify the underwriters, their officers and directors, if any, and each person, if any, who controls such underwriters within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act, to the same extent as provided in the preceding paragraph with respect to the indemnification of the holders of Registrable Securities; provided, however, Parent shall not be required to indemnify any such underwriter, or any officer or director of such underwriter or any person who controls such underwriter within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act, to the extent that the loss, claim, damage, liability (or proceedings in respect thereof) or expense for which indemnification is sought results from such underwriter's failure to deliver or otherwise provide a copy of the final prospectus to the person asserting an untrue statement or omission or alleged untrue statement or omission at or prior to the written confirmation of the sale of securities to such person, if such statement or omission was in fact corrected in such final prospectus.

(iii) Each Participating Holder shall furnish to Parent in writing such information regarding such holder and the intended method of distribution as shall be reasonably requested by Parent and as required by law or the Commission for use in any Security Filing (and Parent may exclude from registration the Registrable Securities of any such Participating Holder if such holder fails to furnish such information with a reasonable time after receiving such request) and hereby indemnifies jointly and severally, to the fullest extent permitted by law, Parent, its officers and directors and each person, if any, who controls Parent within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act, against any Claims resulting from any untrue statement or alleged untrue statement of a material fact or any omission or alleged omission of a material fact required to be stated or necessary to make the statements in the registration statement or prospectus, or any amendment thereof or supplement thereto, not misleading; provided, however, each such holder shall be liable hereunder if and only to the extent that any such Claim arises out of or is based upon an untrue statement, or alleged untrue statement or omission or alleged omission, made in reliance upon and in conformity with information pertaining to such holder, which is requested by Parent and furnished in writing to Parent by such holder specifically for use in any such Security Filing.

(iv) In the case of an underwritten offering of Registrable Securities, each Participating Holder shall enter into an underwriting agreement in customary form and

substance with such underwriters, and agree to indemnify such underwriters, their officers and directors, if any, and each person, if any, who controls such underwriters within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act, to the same extent as provided in the preceding paragraph with respect to indemnification by such holder to Parent, but subject to the same limitation as provided in Section 2(e)(ii) with respect to indemnification by Parent of such underwriters, officers, directors and control persons.

(v) Any person seeking indemnification under the provisions of this Section 2(e) shall, promptly after receipt by such person of notice of the commencement of any action, suit, claim or proceeding, notify each party against whom indemnification is to be sought in writing of the commencement thereof; provided, however, the
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failure so to notify an indemnifying party shall not relieve the indemnifying party from any liability which it may have under this Section 2(e) (except to the extent that it has been prejudiced in any material respect by such failure) or from any liability which the indemnifying party may otherwise have. In case any such action, suit, claim or proceeding is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party. Notwithstanding the foregoing, the indemnified party shall have the right to employ its own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (A) the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such suit, action, claim or proceeding, (B) the indemnifying party shall not have employed counsel (reasonably satisfactory to the indemnified party) to take charge of the defense of such action, suit, claim or proceeding within a reasonable time after notice of commencement of the action, suit, claim or proceeding, or (C) such indemnified party shall have reasonably concluded that there may be defenses available to it which are different from or additional to those available to the indemnifying party which, if the indemnifying party and the indemnified party were to be represented by the same counsel, could result in a conflict of interest for such counsel or materially prejudice the prosecution of the defenses available to such indemnified party. If any of the events specified in clauses (B) or (C) of the preceding sentence shall have occurred or shall otherwise be applicable, then the fees and expenses of one counsel or firm of counsel selected by a majority in interest of the indemnified parties shall be borne by the indemnifying party. If, in any case, the indemnified party employs separate counsel, the indemnifying party shall not have the right to direct the defense of such action, suit, claim or proceeding on behalf of the indemnified party. Anything in this paragraph to the contrary notwithstanding, an indemnifying party shall not be liable for the settlement of any action, suit, claim or proceeding effected without

its prior written consent (which consent in the case of an action, suit, claim or proceeding exclusively seeking monetary relief shall not be unreasonably withheld). Such indemnification shall remain in full force and effect irrespective of any investigation made by or on behalf of an indemnified party.

(vi) If the indemnification from the indemnifying party as provided in this Section 2(e) is unavailable or is otherwise insufficient to hold harmless an indemnified party in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative benefits received by and the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses. The relative fault of such indemnifying party shall be determined by reference to, among other things, whether any action in question, including any untrue (or alleged untrue) statement of a material fact or omission (or alleged omission) to state a material fact, has been made, or relates to information supplied by such indemnifying party or such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 2(e)(v) hereof, any legal or other fees or expenses reasonably incurred by such party in connection with any such investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2(c) were determined by pro rata allocation or by any other method of allocation other than as described above. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

If, however, indemnification is available under this Section 2(e), the indemnifying parties shall indemnify each indemnified party to the fullest extent provided in Sections 2(e)(i) through 2(e)(v) hereof without regard to the relative fault of said indemnifying party or indemnified party or any other equitable consideration.

(f) Certain Requirements in Connection with Registration Rights. In the case of a Demand Registration pursuant to Section 2(a), if the holders of securities initially requesting such Demand Registration have determined to enter into one or more underwriting agreements in connection therewith, all shares constituting Registrable Securities to be included in such Demand Registration shall be subject to such underwriting agreements and

no person may participate in such Demand Registration unless such person agrees to sell his or its securities on the basis provided in the underwriting arrangements and completes all questionnaires, powers of attorney, indemnities, underwriting agreements, "lock up" letters and other documents which are reasonable and customary under the circumstances.

3. RULE 144.

Parent shall comply with the requirements of Rule 144(c) under the Securities Act, as such Rule may be amended from time to time (or any similar rule or regulation hereafter adopted by the Commission), regarding the availability of current public information to the extent required to enable any Qualified Holder to sell Registrable Securities without registration under the Securities Act pursuant to Rule 144 (or any similar rule or regulation).

4. NOTICES.

Except as otherwise provided below, whenever it is provided in this Agreement that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties hereto, or whenever any of the parties hereto, desires to provide to or serve upon any person any other communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and either shall be delivered in person with receipt acknowledged or sent by registered or certified mail (return receipt requested, postage prepaid), or by overnight mail, courier, or delivery service or by telecopy and confirmed by telecopy addressed as follows:

(a) If to Parent, to:

CUC International Inc.
707 Summer Street
Stamford, Connecticut 06901
Telephone: (203) 324-9261
Facsimile: (203) 977-8501
Attention: Amy N. Lipton, Esq.

- With a copy to -

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Attention: Howard Chatzinoff, Esq.

(b) If to the Shareholders, to:
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c/o: Robert M. Davidson and
Janice G. Davidson
c/o Davidson & Associates, Inc.
19840 Pioneer Avenue
Torrance, CA 90503
Tel: (310) 793-0600
Facsimile: (310) 793-0601

with a copy to: Gibson, Dunn & Crutcher
333 South Grand Avenue
Los Angeles, California 90071
Telephone (213) 229-7000
Facsimile: (213) 229-7520
Attention: Peter F. Ziegler, Esq.

or at such other address as may be substituted by notice delivered as provided herein. The furnishing of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration or other communication hereunder shall be deemed to have been duly furnished or served on (i) the date on which personally delivered, with receipt acknowledged, (ii) the date on which telecopied and confirmed by telecopy answerback, (iii) the next business day if delivered by overnight or express mail, courier or delivery service, or (iv) three business days after the same shall have been deposited in the United States mail, as the case may be. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to the persons designated above to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

5. ENTIRE AGREEMENT.

This Agreement represents the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes any and all prior oral and written agreements, arrangements and understandings among the parties hereto with respect to such subject matter; and can be amended, supplemented or changed, and any provision hereof can be waived, only by a written instrument making specific reference to this Agreement signed by Parent on the one hand, and the holders of a majority of the Registrable Securities on the other hand.

6. SUCCESSORS.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors.

7. PARAGRAPH HEADINGS.

The paragraph headings contained in this Agreement are for general reference purposes only and shall not affect in any manner the meaning, interpretation or construction of the terms or other provisions of this Agreement.

8. APPLICABLE LAW.

This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of New York, applicable to contracts to be made, executed, delivered and performed wholly within such state and, in any case, without regard to the conflicts of law principles of such state.

9. SEVERABILITY.

If at any time subsequent to the date hereof, any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

10. SPECIFIC PERFORMANCE.

Parent acknowledges that it would be impossible to determine the amount of damages that would result from any breach by it of any of the provisions of this Agreement and that the remedy at law for any breach, or threatened breach, of any of such provisions would likely be inadequate and, accordingly, agrees that each Shareholder shall, in addition to any other rights or remedies which it may have, be entitled to seek such equitable and injunctive relief as may be available from any court of competent jurisdiction to compel specific performance of, or restrain Parent from violating any of, such provisions. In connection with any action or proceeding for injunctive relief, Parent hereby waives the claim or defense that a remedy at law alone is adequate and agrees, to the maximum extent permitted by law, to have such provision of this Agreement specifically enforced against it, without the necessity of posting bond or other security against it, and consents to the entry of injunctive relief against it enjoining or restraining any breach or threatened breach of this Agreement.

11. ARBITRATION.

Any controversy, dispute or claim arising out of or relating to this Agreement or the breach hereof which cannot be settled by mutual agreement shall be finally settled by arbitration as follows: Any party who is aggrieved shall deliver a notice to other party setting forth the specific points in dispute. Any points remaining in dispute twenty (20) days after the giving of such notice shall be submitted to arbitration in New York, New York, or Los Angeles, California, whichever the complaining party may choose, to JAMS/Endispute, before a single arbitrator (who shall be an attorney expert in the federal securities laws) appointed in accordance with JAMS/Endispute's Arbitration Rules, modified only as herein expressly provided. The arbitrator may enter a default decision against any party who fails to participate in the arbitration proceedings. The decision of the arbitrator on the points in dispute will be final, unappealable and binding and judgment on the award may be entered in any court having jurisdiction thereof. The arbitrator will be authorized to apportion its fees and expenses and the reasonable attorney's fees and expenses of Parent and the Qualified Holder(s) as the arbitrator deems appropriate. In the absence of any such apportionment, the fees and expense of the arbitrator will be borne equally by each party, and each party will bear the fees and expenses of its own attorney. The parties agree that this clause has been included to rapidly and inexpensively resolve any disputes between them with respect to this Agreement, and that this clause shall be grounds for dismissal of any court action commenced by either party with respect to this Agreement, other than post-arbitration actions seeking to enforce an arbitration award. The parties shall keep confidential, and shall not disclose to any person, except as may be required by law, the existence of any controversy hereunder, the referral of any such controversy to arbitration or the status or resolution

thereof. Notwithstanding the provisions of this Section 11, nothing contained herein shall prevent either party from seeking specific performance of the provisions of this Agreement pursuant to Section 10 in any court having jurisdiction over any matter in dispute under this Agreement.

12. NO WAIVER.

The failure of any party at any time or times to require performance of any provision hereof shall not affect the right at a later time to enforce the same. No waiver by any party of any condition, and no breach of any provision, term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be construed as a further or continuing waiver of any such condition or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

13. COUNTERPARTS.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same original instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

CUC INTERNATIONAL INC.

By: /s/ E. Kirk Shelton

Name: E. Kirk Shelton
Title: President

ROBERT M. DAVIDSON

By: /s/ Robert M. Davidson

Robert M. Davidson

CHARITABLE REMAINDER TRUST

By: /s/ Robert M. Davidson

Robert M. Davidson, Trustee

By: /s/ Janice G. Davidson

Janice G. Davidson

JANICE G. DAVIDSON CHARITABLE REMAINDER TRUST

By: /s/ Janice G. Davidson

Janice G. Davidson, Trustee

ELIZABETH A. DAVIDSON TRUST

By: /s/ Robert M. Davidson

Robert M. Davidson, Co-Trustee

By: /s/ Janice G. Davidson

Janice G. Davidson, Co-Trustee

JOHN R. DAVIDSON TRUST

By: /s/ Robert M. Davidson

Robert M. Davidson, Co-Trustee

By: /s/ Janice G. Davidson

Janice G. Davidson, Co-Trustee

EMILIE A. DAVIDSON TRUST

By: /s/ Robert M. Davidson

Robert M. Davidson, Co-Trustee

By: /s/ Janice G. Davidson

Janice G. Davidson, Co-Trustee

EXHIBIT 10.2

AGREEMENT OF SALE

between

ROBERT M. DAVIDSON AND JANICE G. DAVIDSON,

Seller,

and

CUC REAL ESTATE HOLDINGS, INC.

Purchaser

Premises

19840 Pioneer Avenue
Torrance, CA 90503

Dated as of July 23, 1996

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
(212) 310-8000

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THIS AGREEMENT OF SALE (the "Agreement"), made as of the 23rd day of July, 1996, between ROBERT M. DAVIDSON AND JANICE G. DAVIDSON (collectively, "Seller"), individuals having an address c/o Davidson & Associates, Inc., 19840 Pioneer Avenue, Torrance, CA 90503 and CUC REAL ESTATE HOLDINGS, INC. ("Purchaser"), a Delaware corporation, having an office at 707 Summer Street, Stamford, Connecticut 06901.

W I T N E S S E T H :

1. Sale-Purchase. In consideration of the mutual covenants and agreements hereinafter set forth, and subject to the consummation of the Merger (as hereinafter defined) Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller, all of Seller's right, title and interest in and to that certain plot, piece or parcel of land located in the City of Torrance, County of Los Angeles, State of California, more particularly described in Exhibit "A" annexed hereto and made a part hereof (the "Land"), together with: (a) all easements, rights of way, privileges, appurtenances and other rights pertaining thereto; (b) all buildings and improvements and fixtures now or hereafter erected thereon (collectively, the "Building"), and all fixtures, machinery, equipment and other articles of personal property now or hereafter attached or appurtenant thereto, or used in connection therewith which are owned by Seller, if any; (c) leases in which Seller is the lessee, if any, of equipment used in the operation or maintenance of the Premises, if and to the extent same are transferrable, and, if the consent of the lessor thereunder is required, if such consent is obtained by Purchaser prior to the Closing Date; and (d) all right, title and interest, if any, of Seller in and to any land lying in the bed of any street, road or avenue opened or proposed, public or private, in front of or adjoining the Premises, to the center line thereof, and all right, title and interest of Seller in and to any award made or to be made in lieu thereof and in and to any unpaid award for damage to the Premises by reason of change of grade of any street (the Land, the Building and other rights, improvements and property heretofore mentioned being hereinafter collectively referred to as the "Premises"). Seller shall execute and deliver to Purchaser, on the delivery of the Deed (hereinafter defined) and the consummation of the transactions contemplated hereby (the "Closing"), all proper instruments for the conveyance of such title and the assignment and collection of any such award.

2. Purchase Price. The purchase price for the Premises (the "Purchase Price") shall be Five Million Five Hundred Forty-Five Thousand and 00/100 Dollars ($5,545,000.00)

3. Manner of Payment. The Purchase Price, as the same may be affected by apportionments, shall be paid at Closing (hereinafter defined) as provided in this Section.

A. At the Closing and upon the terms and subject to the conditions of this Agreement, Purchaser shall deliver to Seller a certificate or certificates representing the number of shares of Purchaser's common stock equal to (x) the Purchase Price hereunder, divided by (y) Thirty-Seven and 50/100 Dollars ($37.50) (the closing price for Purchaser's common stock on February 16, 1996), registered in the name of Seller (the "Shares"), and cash in lieu of fractional shares. All shares of Purchaser's common stock delivered to Seller under this Agreement shall be free and clear of all liens and encumbrances, fully paid and non-assessable.

B. Purchaser agrees that the Shares shall be deemed Registrable Securities under the Registration Rights Agreement (as such term is defined in the Merger Agreement referred to in Section 5 hereof).

C. The parties acknowledge and agree that no portion of the Purchase Price has been allocated to any personal property to be conveyed hereunder.

4. Permitted Exceptions. The Premises shall be sold, and fee simple title thereto shall be conveyed, free and clear of any and all liens or encumbrances, other than (i) the exceptions to title shown on the Title Report (hereinafter defined) and (ii) non-delinquent real property taxes ("Permitted Exceptions"). The issuance by the title company of the Title Policy (as hereinafter defined) shall be conclusive evidence of Seller's compliance herewith.

5. Closing Date. The closing of the sale of the Premises hereunder (the "Closing") shall be held simultaneously with and at the same location as the closing of the merger (the "Merger") under that certain Agreement

and Plan of Merger (the "Merger Agreement"), dated as of February 19, 1996, among Davidson & Associates, Inc., CUC International Inc. and Stealth Acquisition II Corp.

6. Violations. The work required to eliminate any violations of law or municipal ordinances, orders or requirements which have been noted in, or issued by, the departments of building, fire, labor, health or other Federal, State, County or Municipal departments having jurisdiction against or affecting the Premises on or prior to the Closing Date shall be performed by Seller, at Seller's sole cost and expense, by the Closing Date. Purchaser and Purchaser's representatives shall have the right to enter upon and inspect the Premises for any such violations from time to time on or before the Closing Date. Notwithstanding the foregoing, Seller shall not be required to perform work with respect to a given violation in the event that either (i) Purchaser has received notice of such violation from Seller prior to March 29, 1996 or (ii) Purchaser had actual knowledge of such violation prior to March 29, 1996.

7. Apportionments.

A. Purchaser and Seller agree to make apportionments as of 11:59 p.m. of the day next preceding the Closing Date of non-delinquent real property taxes, water rates and charges, sewer taxes, assessments, rental income and expenses and other items which may customarily be apportioned at real estate closings.

B. Seller has made and agrees to continue to make available for Purchaser's examination at any time after the date hereof, all records, statements and accounts bearing on or relating to (a) rents and revenues and the collection thereof, and (b) the operation of the Premises and expenditures made in connection therewith. On the Closing Date, Seller shall furnish Purchaser with a comprehensive and complete statement of prepaid rents and other revenues and uncollected rents and other revenues certified as true and complete, and shall pay over to Purchaser any rents and other revenues collected by Seller which pertain to any period of time commencing with the Closing Date.

C. If any refund of real property taxes, water rates and charges or sewer taxes and rents is made after the Closing Date for a period prior to the Closing Date, the same shall be applied first to the costs incurred in obtaining same and the balance, if any, shall be paid to the Seller (for the period prior to the Closing Date) and the Purchaser (for the period commencing with the Closing Date).

D. To the extent that rents are received by Purchaser or Seller after the Closing Date, the amount thereof shall be applied in the following order of priority: (i) first, to the month in which the Closing occurred; (ii) second, to any month or months following the month in which the Closing occurred; and (iii) third, to any month or months prior to the month in which the Closing occurred. If rents or any portion thereof received by Purchaser or Seller after the Closing are payable to the other party by reason of this allocation, the appropriate sum, less a proportionate share of any reasonable attorneys' fees, costs and expenses of collection thereof shall be paid promptly to the other party, which obligations shall survive the Closing.

8. Title Insurance.

A. Seller has furnished to Purchaser a current preliminary title insurance report and commitment (the "Title Report"). Seller shall forthwith undertake, with due diligence, to eliminate those exceptions appearing in the Title Report which Purchaser is not required to accept under the terms of this Agreement (i.e., exceptions other than Permitted Exceptions). If the Title Report discloses judgments, bankruptcies or other returns against other persons having names the same as or similar to that of Seller, Seller on request, shall deliver to Purchaser affidavits showing that such judgments, bankruptcies or other returns are not against Seller. Seller also shall deliver any affidavits and documentary evidence required by the Title Company to eliminate exceptions appearing in the Title Report which Seller contests.

B. At the Closing, Seller shall deliver to Purchaser a CLTA title insurance policy (the "Title Policy") showing fee simple title vested in Purchaser subject only to Permitted Encumbrances.

C. The premium for the Title Policy to be issued by the Title Company to Purchaser shall be paid at the Closing by Seller. Seller shall pay any additional premium or charge required by the Title Company to remove (a) exceptions relating to mechanic's liens, and (b) any other exceptions that Seller elects to remove by making such payment. Seller shall also pay any and all recording and filing fees and transaction taxes incurred in connection with the transfer of the Premises for Purchaser, including, without limitation, all transfer, transfer gains, stamp and sales taxes.

D. The Seller shall eliminate any liens or encumbrances affecting the Premises which may be removed or satisfied by the payment of a liquidated sum of money, and Seller shall not be deemed unable to convey title in accordance with the terms of this Agreement if it shall fail or refuse to eliminate any such liens or encumbrances. Notwithstanding the foregoing, Seller, in lieu of satisfying such liens or encumbrances, may deposit with the Title Company such amount of money as may be determined by the Title Company as being sufficient to induce it to insure the Purchaser against collection of such liens and/or encumbrances, including interest and penalties, out of or against the Premises, in which event such liens and encumbrances shall not be objections to title. Notwithstanding the foregoing, Seller shall not be required to eliminate a given lien or encumbrance of which Purchaser had actual knowledge prior to March 29, 1996.

9. Closing Documents.

A. At the Closing, Seller, at its sole cost and expense, shall deliver to Purchaser the following:

(i) a grant deed in the form annexed hereto as Exhibit "B" (the "Deed"), so as to convey to Purchaser good, marketable and insurable fee simple absolute title to the Premises, free and clear of all liens and encumbrances other than Permitted Exceptions, which Deed shall be in recordable form, duly executed and acknowledged, and shall have affixed thereto, at Seller's sole cost and expense, any requisite surtax, documentary tax stamps, and/or transfer tax in the proper amount. Seller shall defend, indemnify and hold Purchaser harmless from and against any damage, loss, cost and expense, including attorney's fees and disbursements, arising out of or resulting from Seller's failure to pay for any transfer taxes which are or may become due and payable as a result of the sale of the Premises. The provisions of this Section 10A(i) shall survive the Closing;

(ii) a bill of sale in the form annexed hereto as Exhibit "C" (the "Bill of Sale") conveying, transferring and selling to Purchaser all right, title and interest of Seller in and to all of the personal property of Seller being sold to Purchaser, if any, which Bill of Sale shall contain a warranty that such property is free and clear of all liens, encumbrances and security interests (other than the Permitted Exceptions) and adverse claims. Seller shall prepare, execute and file any required sales tax return and pay any sales tax due thereon. Seller shall defend, indemnify and hold Purchaser harmless from and against any damage, loss, cost and expense, including attorney's fees and disbursements, arising out of or resulting from Seller's failure to pay for any sales tax which is or may become due and payable as a result of the sale of such personal property. The provisions of this Section 10A(ii) shall survive the Closing;

(iii) all required permanent certificates of occupancy for the Building and improvements comprising a part of the Premises to the extent in the possession of Seller at Closing;

(iv) all original (a) licenses and permits pertaining to the Premises and which may be required for the use or occupancy thereof, (b) records and other documents pertaining to the ownership, operation and maintenance of the Premises as may be in Seller's possession, and (c) insurance policies affecting the Premises and which are to be transferred to Purchaser at Purchaser's request and (d) service and other contracts relating to the Premises, all to the extent in the possession of Seller at Closing, together with an assignment (the "General Assignment") of such items thereof as shall be assignable;

(v) all assignable guaranties and warranties which Seller has received in connection with any work or services performed, or to be performed with respect to, or equipment installed in the Premises, all to the extent in the possession of Seller at Closing, and Seller shall cooperate with Purchaser in enforcing any such guaranties and warranties not assignable, which obligation shall survive the Closing;

(vi) an assignment of any leases in the form of the Assignment and Assumption of Lease annexed hereto as Exhibit "D";

(vii) Seller's executed counterparts of any lease and any amendments, and other letters or other documents

relating thereto, together with schedules of security deposits paid by the tenant thereunder, applications thereof heretofore made by the Seller, current deposit balances and the Seller's separate certified check, payable to the order of the Purchaser (or as otherwise directed by the Purchaser), in the amount of the security deposit held under the lease, it being agreed that the Seller shall not apply, release or return any such security deposit prior to the Closing Date. The Purchaser shall execute a receipt for the security deposit paid over to it at the Closing, and shall execute an agreement whereby the Purchaser holds the Seller free and harmless from any liability for any application thereof made after the Closing Date;

(viii) the original Title Policy showing only such exceptions as are Permitted Exceptions;

(ix) an executed Affidavit of Non-Foreign Status, in form acceptable to Purchaser, certifying that Seller is not a "foreign person" pursuant to Section 1445 of the Internal Revenue Code of 1986 and the Temporary and Proposed Treasury Regulations promulgated thereunder;

(x) any keys in Seller's possession to entrance doors to, and equipment and utility rooms located in, the Premises, which keys shall be properly tagged for identification; and

(xi) such other documents as may be reasonably required to effectuate the transaction contemplated by this Agreement.

10. Representations and Warranties.

A. Seller represents, warrants and agrees that:

(i) Seller owns legal and beneficial title to the Premises;

(ii) the lease set forth in Exhibit "E" (the "Lease") is true, correct and complete and has not been modified or amended and is valid and enforceable in accordance with its terms, is in full force and effect, and neither the landlord nor, to the knowledge of Seller, the tenant thereunder (the "Tenant") is in default of any of its obligations under the Lease; the Tenant is in possession of the premises leased by it; the rents under the Lease are actually being paid; the Tenant has not paid any rent for more than one (1) month in advance; other than as specifically provided in the lease, the Tenant does not claim and

is not entitled to "free" rent, rent concessions, rebates, rent abatements, set-offs or offsets against rent or other charges; all work required to be performed by the landlord under the Lease, if any, has been completed and fully paid for; Seller has assigned none of its rights under the Lease; no representation or covenant has been made by Seller to the Tenant except as incorporated in the Lease; all representations made by the landlord in the Lease or any documents relating thereto are true and correct; any consents or notices required to be obtained or given under the terms of the Lease in connection with this transaction have been obtained or given, as the case may be; and that neither the Lease nor any security deposit made thereunder are then subject to any liens, security interests or adverse claims;

(iii) the copies of the real property tax bills for the Premises for the current tax year which have been furnished by Seller to Purchaser are true and correct copies of all of the tax bills for the Premises;

(iv) to Seller's knowledge, the Premises comply with all building, fire, zoning and other ordinances and regulations applicable thereto;

(v) to Seller's knowledge, the Premises and the present condition thereof do not violate any applicable deed restrictions or other covenants, restrictions or agreements, site plan approvals, zoning or subdivision regulations or urban redevelopment plans applicable to the Premises, as modified by any duly issued variances;

(vi) no notes or notices of violation of law or municipal ordinances or of Federal, State, County or municipal or other governmental agency regulations, orders or requirements relating to the Premises have been entered or received by Seller, and Seller has no reason to believe that any such note or notice may or will be entered;

(vii) to Seller's knowledge, all water, sewer, gas, electricity, telephone and other utilities serving the Premises are supplied directly to the Premises by facilities of public utilities and the cost of installation of such utilities has been fully paid for;

(viii) there is no action or proceeding (zoning or otherwise) or governmental investigation pending, or, to the knowledge of Seller, threatened against or relating to Seller, the Premises or the transaction contemplated by this Agreement,

nor, to the knowledge of Seller, is there any basis for such action, and Seller shall indemnify Purchaser against, and shall hold Purchaser harmless from, any and all damages, costs, expenses and liability, including, without limitation, attorney's fees and disbursements, incurred or sustained by Purchaser because of said litigation or the prosecution or defense thereof or any appeals or ancillary proceedings with respect thereto;

(ix) Seller has no knowledge of any federal, state, county or municipal plans to change the highway or road system in the vicinity of the Premises or to restrict or change access from any such highway or road to the Premises or of any pending or threatened condemnation of the Premises or any part thereof or of any plans for improvements which might result in a special assessment against the Premises;

(x) to Seller's knowledge, all roads bounding the Premises are public roads and the Deed is the only instrument necessary to convey to Purchaser full access to and the right to such roads freely as well as all rights appurtenant to the Premises in such roads;

(xi) all fixtures, machinery and equipment included in this sale are owned free and clear of any liens and encumbrances, except for the Permitted Exceptions;

(xii) to Seller's knowledge, the foundation, structure and roof of the Building are sound;

(xiii) Seller has not retained anyone to file notices of protest against, or to commence actions to review, real property tax assessments against the Premises, and is not aware that any such action has been taken by or on behalf of the Tenant;

(xiv) (a) to Seller's knowledge, the Premises are free of contamination from any substance or material presently identified to be toxic or hazardous (collectively, "Hazardous
----
Material") according to any applicable federal, state or local
----
statute, rule or regulation (collectively, the "Law"), including,
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without limitation, any asbestos, pcb, radioactive substance, methane, volatile hydrocarbons, industrial solvents or any other material or substance which has in the past or could presently or at any time in the future cause or constitute a health, safety or other environmental hazard to any person or property; (b) to Seller's knowledge, no discharge, spillage, uncontrolled loss, seepage or filtration of oil or petroleum or chemical liquids or solids, liquid or gaseous products or

hazardous waste, or hazardous substance has occurred at, upon, under or within the Premises or any contiguous real estate; (c) neither the Seller nor, to Seller's knowledge, any other party has been, is or will be involved in operations at or near the Premises which could lead to the imposition on the Seller or any other owner of the Premises of liability or the creation of a lien on the Premises under the Law or under any similar applicable laws or regulations; and (d) to Seller's knowledge, neither the Premises, nor any portion thereof, now contain, nor in the past have contained, any underground or aboveground tanks for the storage of fuel oil, gasoline and/or other petroleum products or by-products. Seller shall defend, indemnify and hold Purchaser harmless from and against any claims against Purchaser and any loss, cost, damage and expense, including, without limitation, attorney's fees and disbursements, suffered by Purchaser, arising out of or in any way related to a breach of the aforesaid representation and warranty and the provisions of this Section 11(xiv) shall survive the Closing;

(xv) Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code of 1986 and the Temporary and Proposed Treasury Regulations promulgated thereunder;

(xvi) other than as set forth on Exhibit "F" annexed hereto and made a part hereof, there are no service, maintenance, employment or any other contracts or agreements to which Seller is a signatory and which affect the Premises;

(xvii) other than the Lease, there are no leases executed with the respect to the Premises and no person or entity other than the Tenant has any right of possession to all or any portion of the Premises;

(xviii) no person or entity has any option to purchase to the Premises and no person has a right of first refusal to purchase the Premises;

(xix) Seller has furnished to Purchaser an accurate schedule of all insurance policies now affecting the Premises and the only insurance policies carried on the Premises are those set forth on said Schedule; and

(xx) Seller hereby represents, warrants and covenants that it has not taken and will not take or agree to take any action with respect to the Premises or the sale thereof to Purchaser which would prevent the Merger (as defined in the

Merger Agreement) from qualifying, or being accounted for, as a pooling of interests.

B. Seller acknowledges that each of the representations, warranties and agreements made by it in this Section 11 and elsewhere in this Agreement is material to Purchaser hereunder.

C. All of the representations, warranties and agreements set forth herein and elsewhere in this Agreement shall be true upon the execution of this Agreement and shall be deemed to be repeated at and as of the Closing Date.

D. Notwithstanding anything to the contrary herein contained, if Purchaser determines that any of Seller's representations or warranties are untrue or Seller has not complied with any of its obligations under this Agreement, then Purchaser shall have no recourse against Seller for any such breach or failure to perform or under any indemnification provision provided in this Agreement unless and until Seller's liabilities, damages, costs and expenses exceed $100,000.00, and then only for such excess, and Seller's liability in respect of such indemnities (i) shall not exceed 10% of the Purchase Price, and (ii) shall be satisfied solely by delivery to Purchaser of shares of Purchaser's common stock valued at the date preceding delivery of such shares to Purchaser.

11. Seller's Covenants. Seller covenants that, between the date hereof and the Closing Date:

A. Seller shall perform all of Seller's obligations as landlord under the Lease, will not modify, cancel, extend or otherwise change in any manner any of the terms, covenants or conditions of the Lease, any guaranty, the insurance policies carried on the Premises, or any of the other agreements affecting the Premises or enter into any new leases of space in the Premises or any other occupancy agreements affecting the Premises, without the prior written consent of Purchaser;

B. Seller shall not enter into any employment contract, service contract or any other agreement in respect of the Premises without the prior written consent of Purchaser;

C. Seller shall not permit any mechanic's or other lien, charge or order for the payment of money to be filed against the Premises;

D. Seller shall cause the conditions of Purchaser's obligation to close title to be met subject, however, to the provisions of Section 8A hereof; and

E. Seller shall execute such documentation and take such action in connection with the transaction contemplated hereby as Purchaser shall reasonably request in order that the Merger shall qualify, and be accounted for, as a pooling of interests.

F. Other than the use and storage of Hazardous Materials incidental to Seller's business and provided such use or storage, as the case may be, is in compliance with Law, from the date hereof until the Closing hereunder, the Premises shall remain free from Hazardous Material in any form. If Hazardous Material shall be discovered at any time prior to the Closing hereunder, the work required to eliminate any such Hazardous Material affecting the Premises shall be performed by Seller, at Seller's sole cost and expense, by the Closing Date. Seller shall use its best efforts and due diligence to have all such Hazardous Material removed before the Closing Date. In the event that any of such work is not completed, or all Hazardous Material has not been removed from the Premises, prior to the Closing, Seller shall deposit with Purchaser's attorneys in escrow, at the Closing, an amount sufficient to cover the cost of said removal, as estimated in good faith by Purchaser, and Seller shall remove such Hazardous Material, as promptly as possible after the Closing at Seller's sole cost and expense, notwithstanding the amount of any such estimate. If the work required to remove such Hazardous Material has not been completed within sixty (60) days after the Closing, Purchaser shall be entitled to take the necessary action to remove such Hazardous Material and shall be entitled to reimbursement for sums expended in that regard from sums held in escrow by Purchaser's attorneys. In the event the amount of funds remaining in the escrow shall be insufficient to complete the work necessary to remove such Hazardous Material from the Premises, Seller shall promptly upon demand deposit in escrow the amount reasonably estimated by Purchaser to be sufficient to complete such work. After all Hazardous Material in the Premises has been removed, any sums remaining in such escrow shall be promptly returned to Seller. Promptly upon request made by Purchaser, Seller shall furnish Purchaser with any required authorization to make searches for such Hazardous Material. The provisions of this Section 12F shall survive the Closing.

12. Mechanic's Liens. If, subsequent to the Closing Date, any mechanic's or other lien, charge or order for the

payment of money shall be filed against the Premises or against Purchaser or Purchaser's assigns, based upon any act or omission, or alleged act or omission before or after the Closing Date, of Seller, its agents, servants or employees, or any contractor, subcontractor or materialman connected with the construction and completion by Seller of improvements at the Premises, or repairs made to the Premises by or on behalf of Seller (whether or not such lien, charge or order shall be valid or enforceable as such), within ten (10) days after notice to Seller of the filing thereof, Seller shall take such action, by bonding, deposit, payment or otherwise, as will remove or satisfy such lien of record against the Premises. The provisions of this Section 13 shall survive the Closing.

13. Broker. Seller and Purchaser each represent to the other that they have dealt with no real estate brokers or other persons acting as such in connection with this transaction. Seller and Purchaser each agree to indemnify, hold harmless and defend the other party from or against any claim for brokerage commissions asserted as a result of such party's acts or omissions. The provisions of this Section 14 shall survive the Closing.

14. Condemnation and Destruction.

A. If, prior to the Closing Date, all or any significant portion of the Premises is taken by eminent domain (or is the subject of a pending or contemplated taking which has not been consummated), Seller shall notify Purchaser of such fact and Purchaser shall have the option to (A) terminate this Agreement upon notice to Seller given not later than ten (10) days after receipt of Seller's notice, or (B) take title to the Premises or such portion thereof as shall not have been taken, in which event Seller shall assign and turn over, and Purchaser shall be entitled to receive and keep, all awards for the taking by eminent domain. For purposes hereof, a "significant portion" includes any portion of the Building comprising a part of the Premises, the parking areas or driveways thereon, any means of ingress thereto or egress therefrom or any other portion of the Premises on which improvements have not yet been constructed. Notwithstanding the foregoing, Purchaser shall have no right to terminate this Agreement pursuant to this Section 15A unless the Tenant has the similar right to terminate the Lease pursuant to the terms thereof.

B. If a material part of the Building comprising a part of the Premises, the parking areas or driveways, any means of ingress thereto or egress therefrom or the personal property

subject to this Agreement is destroyed by fire or other casualty ("material" herein deemed to be any destruction greater than "immaterial" as defined below), or if the Tenant shall have exercised any right to terminate the Lease pursuant to the terms thereof, Seller shall notify Purchaser of such fact and Purchaser shall have the option to terminate this Agreement upon notice to Seller given not later than thirty (30) days after receipt of Seller's notice. In the event there is damage to or destruction of an immaterial part of said Building, parking areas, driveways, means of ingress or egress or personal property by fire or other casualty, or if the Tenant shall have failed, or shall be deemed to have failed, to exercise any right to terminate the Lease pursuant to the terms thereof, the damage shall be repaired by Seller and the Closing Date shall be adjourned at Seller's request for one or more specified periods, not exceeding sixty (60) days in the aggregate, in order to permit Seller to make such repairs, it being agreed that if such repairs are not completed within said sixty (60) day period, Purchaser may elect (i) to postpone the Closing Date for one or more further periods until such repairs are completed, or (ii) to close title notwithstanding that such repairs have not been completed, in which event Seller's obligation to make such repairs shall survive the Closing hereunder. An "immaterial" part of the buildings, parking areas, driveways, means of ingress or egress or personal property shall be deemed to have been damaged or destroyed if the cost of repair or replacement shall be Two Hundred Fifty Thousand Dollars ($250,000) or less. Notwithstanding the foregoing, Purchaser shall have no right to terminate this Agreement pursuant to this Section 15B unless the Tenant has the similar right to terminate the Lease pursuant to the terms thereof.

15. Environmental Inspection. Purchaser or Purchaser's representative shall have the right, from time to time or at any time prior to the Closing, at Purchaser's sole cost and expense, to obtain an environmental study of the Premises to determine the existence of any Hazardous Material. Purchaser or Purchaser's representatives shall be permitted to conduct such tests as Purchaser or Purchaser's representatives may deem appropriate and shall be entitled to access to the Premises for such purposes upon reasonable advance oral notice, provided that reasonable precautions shall be taken to avoid disturbing the operations at the Property. Purchaser shall pay all costs incurred in making such studies and shall indemnify, defend and hold Seller harmless from any loss incurred by Seller resulting from any damage or personal injury incurred in connection therewith (provided that such indemnity shall not encompass any liability arising out of the presence or existence

of hazardous substances discovered during the course of such studies). The indemnification provisions of this Section 16 shall survive the Closing.

16. Default. Subject to Section 8E hereof, if Seller is unable to convey title to the Premises in accordance with the terms of this Agreement, or in the event Seller fails to comply with any provisions of this Agreement, then Purchaser shall have all legal rights and remedies available at law or in equity by reason of Seller's default, including, without limitation, the right to obtain specific performance of Seller's obligations hereunder and/or injunctive relief.

17. Indemnification. (a) Seller hereby agrees to defend, indemnify and hold Purchaser harmless from and against all losses, damages, costs and expenses, including, without limitation, legal fees and disbursements, incurred by Purchaser subsequent to the date of this Agreement by reason of any claims made against Seller or others relating to the Premises and arising from acts, occurrences or matters that took place or were claimed to have taken place prior to the Closing hereunder. The provisions of this Section 18 shall survive the Closing.

(b) Purchaser hereby agrees to defend, indemnify and hold Seller harmless from and against all losses, damages, costs and expenses, including, without limitation, legal fees and disbursements, incurred by Seller subsequent to the date of this Agreement by reason of any claims made against Purchaser or others relating to the Premises and arising from acts, occurrences or matters that took place or were claimed to have taken place after the Closing hereunder. The provisions of this Section 18 shall survive the Closing.

18. Non Liability. Seller agrees that neither the partners, directors, officers, employees nor agents of Purchaser have any personal obligation hereunder, and that Seller shall not seek to assert any claim or enforce any rights hereunder against such partners, directors, officers, employees, or agents of Purchaser.

19. Notices. All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and mailed to the party to which the notice, demand or request is being made by certified or registered mail, return receipt requested, or by overnight express hand delivery, or by facsimile transmission provided telephonic confirmation of receipt is obtained promptly after receipt of transmission, as follows:

if to Purchaser:

CUC Real Estate Holdings, Inc.
707 Summer Street
Stamford, CT 06901
Attention: Amy N. Lipton, Esq.
Facsimile: (203) 348-1982

with a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attention: Howard Chatzinoff, Esq.
and Elliot L. Hurwitz, Esq.
Facsimile: (212) 310-8007

if to Seller:

c/o Davidson & Associates, Inc.
19840 Pioneer Avenue
Torrance, CA 90503
Attention: Robert M. Davidson
Facsimile: (310) 793-0601

with a copy to:

Gibson, Dunn & Crutcher
333 South Grand Avenue, 48th Floor
Los Angeles, CA 90071
Attention: Peter F. Ziegler, Esq.
Facsimile: (213) 229-7520

or to such other address as the person to whom notice is given may have previously furnished to the other in writing in the manner set forth above. Notices hereunder may be given by a party or such party's attorneys named above.

20. Entire Agreement. This Agreement contains all of the terms agreed upon between the parties with respect to the subject matter hereof.

21. Amendments. This Agreement may not be changed, modified or terminated, except by an instrument executed by the parties hereto who are or will be affected by the terms of such instrument.

22. Waiver. No waiver by either party of any failure or refusal to comply with its obligations shall be deemed a waiver of any other or subsequent failure or refusal to so comply.

23. Successors and Assigns. The stipulations aforesaid shall inure to the benefit of, and shall bind, the heirs, executors, administrators, successors and assigns of the respective parties.

24. Paragraph Headings. The headings of the various paragraphs of this Agreement have been inserted only for the purposes of convenience, and are not part of this Agreement and shall not be deemed in any manner to modify, explain, explore or restrict any of the provisions of this Agreement.

26. No Third Party Rights. Subject to Section 24 hereof, nothing in this Agreement is intended or shall be construed to confer upon or to give to any person, firm or corporation other than the parties hereto any right, remedy or claim under or by reason of this agreement. All terms and conditions of this Agreement shall be for the sole and exclusive benefit of the parties hereto.

27. Governing Law. This Agreement shall be governed by the laws of the State of New York.

28. Restrictions on Assignment. This Agreement may not be assigned by Purchaser or Seller without the prior written consent of the other which may be withheld in the sole and absolute discretion of either party; provided, however, Purchaser shall have the right to assign this Agreement without the consent of Seller to a wholly-owned subsidiary of Purchaser and Purchaser may designate a subsidiary or affiliate to accept title to the Premises at Closing.

29. Time of the Essence. Time is of the essence for all time periods specified in this Agreement.

30. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute an original but all of which, taken together, shall constitute but one and the same instrument.

31. Separability. Except as herein otherwise expressly provided, no waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any

preceding or succeeding breach thereof or of any other agreement or provision herein contained.

32. Termination. This Agreement shall terminate upon the termination of the Merger Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

SELLER:

/s/ Robert M. Davidson

Robert M. Davidson

/s/ Janice G. Davidson

Janice G. Davidson

PURCHASER:

CUC REAL ESTATE HOLDINGS, INC.

By: /s/ E. Kirk Shelton

Name: E. Kirk Shelton
Title: Vice-President

EXHIBIT "A"

LEGAL DESCRIPTION

[ATTACH LEGAL FROM TITLE POLICY]

EXHIBIT "B"

DEED

[TO BE PREPARED BY SELLER'S COUNSEL]

EXHIBIT "C"

BILL OF SALE

EXHIBIT "D"

ASSIGNMENT AND ASSUMPTION OF LEASE

EXHIBIT "E"

LEASE

EXHIBIT "F"

CONTRACTS

NONE

EXHIBIT 99.1

CUC INTERNATIONAL INC. COMPLETES ACQUISITIONS OF
DAVIDSON & ASSOCIATES, INC. AND SIERRA ON-LINE, INC.

Stamford, CT -- July 24, 1996 -- CUC International Inc. (NYSE:CU) announced today that it has completed its previously announced acquisitions of Davidson & Associates, Inc. (NASDAQ:DAVD) and Sierra On-Line, Inc. (NASDAQ:SIER). Davidson and Sierra On-Line are now wholly owned subsidiaries of CUC International Inc. Davidson, based in Torrance, California, is a leading publisher and distributor of educational and entertainment software. Sierra On-Line, based in Bellevue, Washington, is a leading entertainment software company.

Walter A. Forbes, chairman and chief executive officer of CUC International, commented, "With the completion of these acquisitions, we can move forward aggressively with our interactive strategy. Davidson and Sierra On-Line's development expertise will enable us to build one of the most compelling sits in the interactive world - one that will offer families and individual consumers an exciting combination of entertainment, education, value-oriented consumer services, and the ability to transact."

Pursuant to the mergers, each outstanding share of Davidson Common Stock has been converted into .85 of a share of CUC International Common Stock, and each outstanding share of Sierra On-Line Common Stock has been converted into 1.225 shares of CUC International Common Stock. In each case, cash will be paid in lieu of fractional shares.

CUC International Inc. is a leading membership-services company, currently providing over 48 million consumers with access to a variety of services including home shopping, travel, insurance, auto, dining, home improvement, lifestyle clubs, checking account enhancements, and discount coupon programs.

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