

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended October 31, 1995

or

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

For the transition period from _____ to _____

Commission File Number: 1-10308

CUC International Inc.

(Exact name of registrant as specified in its charter)

Delaware 06-0918165
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) 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, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED
IN BANKRUPTCY PROCEEDINGS DURING
THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
Common Stock, \$.01 par value - 182,294,108 shares as of November 30, 1995

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PART I. FINANCIAL INFORMATION
CUC INTERNATIONAL INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	Oct. 31, 1995	Jan. 31, 1995
	(Unaudited)	
Assets		
Current Assets		
Cash and cash equivalents	\$160,261	\$180,648
Receivables	255,303	188,185
Membership solicitations in process	57,203	45,636
Prepaid membership materials	44,830	26,503
Ppd expenses, deferred taxes & other	88,859	62,929
Total Current Assets	606,456	503,901
Contract renewal rights & intangible assets - net of accumulated amortization of \$85,541 and \$71,646		
	262,973	195,688
Properties, at cost, less accumulated depreciation of \$66,187 and \$48,918	55,027	35,089
Deferred income taxes	5,106	16,778
Other	28,061	16,696
	\$957,623	\$768,152
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable & accrued expenses & federal & state income taxes payable	\$102,942	\$109,489
Total Current Liabilities	102,942	109,489
Deferred membership income, net	211,024	197,010
Zero coupon convertible notes - net of unamortized original issue discount of \$1,022 and \$2,507	14,347	15,046
Other	3,833	3,285
Shareholders' Equity		
Common stock-par value \$.01 per share; authorized 400 million shares and 200 million shares; issued 184,782,714 shares and 174,538,445 shares	1,848	1,745
Additional paid-in capital	304,549	216,286
Retained earnings	344,242	235,796
Treasury stock, at cost, 3,250,036 shares and 2,757,894 shares	(25,162)	(10,505)
Total Shareholders' Equity	625,477	443,322
	\$957,623	\$768,152

See notes to condensed consolidated financial statements.

CUC INTERNATIONAL INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In thousands, except per share amounts)

	Three Months Ended	
	October 31,	
	1995	1994
REVENUES		
Membership & service fees & other	\$341,406	\$263,735
Total Revenues	341,406	263,735
EXPENSES		
Operating	90,784	70,694
Marketing	134,631	106,363
General and administrative	50,049	37,329
Interest (income) expense, net, and amort. of restricted stock comp.	(643)	211
Total Expenses	274,821	214,597
INCOME BEFORE INCOME TAXES	66,585	49,138
Provision for income taxes	25,831	18,893
NET INCOME	\$40,754	\$30,245
Net Income Per Common Share	\$0.22	\$0.17
Weighted Average Number of Common and Dilutive Common Equivalent Shares Outstanding	188,734	177,428

See notes to condensed consolidated financial statements.

CUC INTERNATIONAL INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In thousands, except per share amounts)

	Nine Months Ended	
	October 31,	
	1995	1994
REVENUES		
Membership & service fees & other	\$979,886	\$762,940
Total Revenues	979,886	762,940
EXPENSES		
Operating	263,404	206,868
Marketing	385,684	307,771
General and administrative	145,345	109,390
Interest (income) expense, net, and amort. of restricted stock comp.	(838)	1,123
Total Expenses	793,595	625,152
INCOME BEFORE INCOME TAXES	186,291	137,788
Provision for income taxes	70,884	52,979
NET INCOME	\$115,407	\$84,809
Net Income Per Common Share	\$0.62	\$0.48
Weighted Average Number of Common and Dilutive Common Equivalent Shares Outstanding	186,873	176,400

See notes to condensed consolidated financial statements.

CUC INTERNATIONAL INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)

NINE MONTHS ENDED	OCTOBER 31,	
	1995	1994
OPERATING ACTIVITIES:		
Net income	\$115,407	\$84,809
Adjustments to reconcile net income to net cash provided by operating activities:		
Membership acquisition costs	(330,357)	(262,626)
Amort of membership acquisition costs	305,472	261,335
Deferred membership income	10,960	(7,004)
Amort of contract renewal rights & rights and excess cost	13,793	10,652
Deferred income taxes	13,986	11,402
Amortization of original issue discount on convertible notes	1,236	1,094
Amort of restricted stock compensation		303
Depreciation	9,850	6,336
Changes in working capital items, net of acquisitions:		
Increase in receivables	(48,530)	(29,539)
Increase in membership solicitations in process	(11,567)	(3,349)
Incr in ppd membership mat'ls	(12,439)	(15,654)
Increase in prepaid expenses	(21,349)	(19,409)
Net (decrease) increase in accounts payable & accrued expenses and federal and state income taxes payable	(17,776)	12,114
Other, net	(12,781)	(2,387)
Net cash provided by operating activities	15,905	48,077
INVESTING ACTIVITIES:		
Acquisitions, net of cash acquired	(42,352)	(5,045)
Acquisitions of properties	(20,272)	(10,375)
Net cash used in investing activities	(62,624)	(15,420)
FINANCING ACTIVITIES:		
Issuance of Common Stock	26,332	9,084
Net cash provided by financing activities	26,332	9,084
Net (decr) incr in cash & cash equivalents	(20,387)	41,741
Cash & cash equiv at beginning of period	180,648	116,937
Cash & cash equivalents at end of period	\$160,261	\$158,678

See notes to condensed consolidated financial statements.

CUC INTERNATIONAL INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 -- BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine months ended October 31, 1995 are not necessarily indicative of the results that may be expected for the year ending January 31, 1996. For further information, refer to the financial statements and footnotes thereto included in the Company's Form 10-K filing for the year ended January 31, 1995. The condensed consolidated financial statements at October 31, 1995 and for the three and nine months ended October 31, 1995 and 1994 are unaudited, but have been reviewed by independent accountants and their report is included herein.

NOTE 2 -- DEFERRED MEMBERSHIP INCOME, NET

Deferred membership income, net, included in the condensed consolidated balance sheets is comprised of the following (in thousands):

	October 31, 1995	January 31, 1995
Deferred membership income	\$462,745	\$408,426
Less unamortized membership acquisition costs	(251,721)	(211,416)
Deferred membership income, net	\$211,024	\$197,010

NOTE 3 -- MERGERS AND ACQUISITIONS

During February 1995, the Company acquired all of the outstanding capital stock of Welcome Wagon International, Inc. ("Welcome Wagon") and substantially all of the assets of a related entity, Gifts International, Inc., for \$19.5 million in cash. Welcome Wagon provides merchant advertising through direct visits by its representatives to consumer households.

During March 1995, the Company acquired all of the outstanding capital stock of the parent of its European licensee, CUC Europe Limited, for \$13 million. The purchase price was satisfied by the payment of \$12 million in cash and the issuance of 42,147 shares of the Company's common stock, par value \$.01 per share ("Common Stock").

During March 1995, the Company acquired all of the outstanding capital stock of Credit Card Sentinel (U.K.) Limited ("CCS") for \$22.5 million in cash. CCS is a leading provider of credit card enhancement services, which are generally marketed through European financial institutions.

CUC INTERNATIONAL INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)

NOTE 3 -- MERGERS AND ACQUISITIONS (continued)

These acquisitions were accounted for in accordance with the purchase method of accounting and, accordingly, their results of operations have been included in the consolidated results of operations from the respective dates of acquisition. The results of these entities' operations for the periods prior to their acquisition were not significant to the Company's operations.

During June 1995, the Company acquired all of the outstanding capital stock of Getko Group Inc. ("Getko") for a purchase price of approximately \$100 million, which was satisfied by the issuance of approximately 3.7 million shares of Common Stock. Getko distributes complimentary welcoming packages to new homeowners throughout the United States and Canada. The acquisition was accounted for as a pooling-of-interests; however, financial statements for periods prior to February 1, 1995 have not been restated due to immateriality.

During September 1995, the Company acquired all of the outstanding capital stock of North American Outdoor Group, Inc. ("NAOG") for a purchase price of approximately \$52 million, which was satisfied by the issuance of approximately 1.5 million shares of Common Stock. NAOG owns one of the largest private, for-profit hunting and general interest fishing membership organizations in the United States, and also owns a handyman membership organization. The acquisition was accounted for as a pooling-of-interests; however, financial statements for periods prior to February 1, 1995 have not been restated due to immateriality.

During October 1995, the Company and one of its wholly owned subsidiaries ("Merger Sub") entered into an Agreement and Plan of Merger with Advance Ross Corporation ("Advance Ross") pursuant to which the Company, Merger Sub and Advance Ross plan to consummate a merger (the "Merger") in which Merger Sub will be merged with and into Advance Ross. In the Merger, each share of common stock, par value \$.01 per share, of Advance Ross issued and outstanding immediately prior to the effective time of the Merger will be converted into five-sixths (5/6) of one share of Common Stock, subject to certain adjustments. In addition, all shares of 5% Cumulative Preferred Stock, \$25 par value, of Advance Ross

issued and outstanding immediately prior to the effective time of the Merger will be converted in the Merger into shares of Common Stock having a value equal to the liquidation preference of such shares, subject to the obligation of Advance Ross to redeem such shares under certain circumstances in lieu of such conversion. The consummation of the Merger is subject to certain customary closing conditions, including the approval of the holders of Advance Ross common stock. This transaction will be accounted for under the pooling-of-interests method of accounting and is expected to be completed during January 1996.

CUC INTERNATIONAL INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)

NOTE 4 -- SHAREHOLDERS' EQUITY

On June 7, 1995, the Company's Board of Directors declared a three-for-two split of the Common Stock, in the nature of a stock dividend, effective June 30, 1995, payable to shareholders of record on June 19, 1995. Accordingly, the financial statements and all common share and per common share data have been retroactively adjusted to reflect the stock split. The par value of the additional shares of Common Stock issued in connection with the stock split was credited to Common Stock and charged to retained earnings.

For the three and nine months ended October 31, 1995, \$95,100 and \$2.2 million principal of zero coupon convertible notes were converted into 14,432 shares and 331,471 shares of Common Stock, respectively, and the related unamortized original issue discount (\$87,000 and \$1.9 million, respectively) was charged against additional paid-in capital. The balance of the change in additional paid-in capital and treasury stock relates to stock option activity.

Net income per share, assuming the conversions of the zero coupon convertible notes occurred at the beginning of the periods, would not differ significantly from the Company's actual earnings per share for the three and nine month periods ended October 31, 1995.

NOTE 5 -- INCOME TAXES

The Company's effective tax rate differs from the Federal statutory rate principally because of state income taxes and non-deductible amortization of the excess of cost over net assets acquired.

Independent Accountants' Review Report

Shareholders and Board of Directors
CUC International Inc.

We have reviewed the accompanying condensed consolidated balance sheet of CUC International Inc. as of October 31, 1995, and the related condensed consolidated statements of income for the three-month and nine-month periods ended October 31, 1995 and 1994, and the condensed consolidated statements of cash flows for the nine-month periods ended October 31, 1995 and 1994. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established

by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of CUC International Inc. as of January 31, 1995, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended, not presented herein, and in our report dated March 21, 1995, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of January 31, 1995, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

ERNST & YOUNG LLP

Stamford, Connecticut
November 29, 1995

CUC INTERNATIONAL INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Three Months Ended October 31, 1995 vs.
Three Months Ended October 31, 1994

The Company's overall membership base continues to grow at a rapid rate (from 32.9 million members at October 31, 1994 to 40 million members at October 31, 1995), which is the largest contributing factor to the 29% increase in revenues (from \$263.7 million for the quarter ended October 31, 1994 to \$341.4 million for the quarter ended October 31, 1995). While the overall membership base increased by approximately 2 million members during the quarter (of which approximately 1 million members came from an acquisition completed during the quarter (members resulting from acquisitions being "Acquired Members")), the average annual fee collected for the Company's membership services increased by less than 1%. The change in the average annual fee is principally due to the addition of Acquired Members at a lower average annual fee. The Company divides its memberships into three categories: individual, wholesale and discount coupon program memberships. All of these categories share various aspects of the Company's marketing and operating resources. Compared to the previous year's third quarter, individual, wholesale and discount coupon program memberships grew by 29%, 10% and 19%, respectively. For the quarter ended October 31, 1995, individual, wholesale and discount coupon program memberships represented 70%, 13% and 17% of revenues, respectively. The Company maintains a flexible marketing plan so that it is not dependent on any one service for the future growth of the total membership base.

As the Company's services continue to mature, a greater percentage of the total individual membership base is in its renewal years. This results in increased profit margins for the Company due to the significant decrease in certain marketing costs incurred on renewing members. As a result, operating income before interest, amortization of restricted stock compensation, and taxes ("EBIT") increased from \$49.3 million to

\$65.9 million, and EBIT margins improved from 18.7% to 19.3%. The Company has not experienced any difficulty in acquiring or renewing members in the current economic climate.

Individual membership usage continues to increase, which contributes to additional service fees and indirectly contributes to the Company's strong renewal rate. Historically, an increase in overall membership usage has had a favorable impact on renewal rates. The Company records its deferred revenue net of estimated cancellations which are anticipated in the Company's marketing programs.

Operating costs increased 28% (from \$70.7 million to \$90.8 million). The major components of the Company's operating costs continue to be personnel, telephone, computer processing, participant insurance premiums (the cost of obtaining insurance coverage for members) and travel cash awards. Travel members are entitled to receive cash awards based on travel booked with the Company. For the quarter ended October 31, 1995, these awards represent less than 5% of total operating costs. The increase in overall operating costs is due principally to the variable nature of many of these costs and, therefore, the additional costs incurred to support the growth in the membership base. Historically, the Company has seen a direct correlation between providing a high level of service to its members and improved retention.

CUC INTERNATIONAL INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (continued)

Three Months Ended October 31, 1995 vs.
Three Months Ended October 31, 1994

Marketing costs decreased as a percentage of revenue (from 40% to 39%). This is primarily due to improved per member acquisition costs and an increase in renewing members. Membership acquisition costs incurred increased 40% (from \$103 million to \$144.3 million). Marketing costs include the amortization of membership acquisition costs and other marketing costs, which primarily consist of membership communications and sales expenses. Amortization of membership acquisition costs increased by 22% (from \$90.1 million to \$110.3 million). Other marketing costs increased by 49% (from \$16.3 million to \$24.3 million). These increases resulted primarily from the costs of servicing a larger membership base. The marketing functions for the Company's various consumer services are combined.

The Company routinely reviews all renewal rates and has not seen any material change over the last year in the average renewal rate. Based on current information, the Company does not anticipate that the average renewal rate will change significantly. Renewal rates are calculated by dividing the total number of renewing members not requesting a refund during their renewal year by the total number of members up for renewal.

General and administrative costs increased as a percentage of revenue (from 14% to 15%). This is principally due to the acquisitions completed during the nine months ended October 31, 1995. Interest (income) expense, net, decreased from \$.2 million to (\$.6 million) primarily due to the reduced level of amortization associated with the Company's zero coupon convertible notes and the net interest income from the increased level of cash generated by the Company for investment.

During the first nine months of fiscal 1996, the Company completed several acquisitions (the "Acquisitions") (see Note 3 in Notes to Condensed Consolidated Financial Statements). The operating activity of the companies acquired in the Acquisitions is included in both revenues and pre-tax profits for the third quarter; however, the operating activity resulting from the Acquisitions is not included in the prior year's third quarter. The Acquisitions were not significant to the Company's results of operations.

CUC INTERNATIONAL INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Nine Months Ended October 31, 1995 vs.
Nine Months Ended October 31, 1994

The Company's overall membership base continues to grow at a rapid rate (from 32.9 million members at October 31, 1994 to 40 million members at October 31, 1995), which is the largest contributing factor to the 28% increase in revenues (from \$762.9 million for the nine months ended October 31, 1994 to \$979.9 million for the nine months ended October 31, 1995). While the overall membership base increased by approximately 6.1 million members during the nine months (of which approximately 3.1 million were Acquired Members), the average annual fee collected for the Company's membership services increased by 1%. The change in the average annual fee is principally due to the addition of Acquired Members at a lower average annual fee. The Company divides its memberships into three categories: individual, wholesale and discount coupon program memberships. All of these categories share various aspects of the Company's marketing and operating resources. Compared to the previous year's first nine months, individual, wholesale and discount coupon program memberships grew by 21%, 9% and 15%, respectively. For the nine months ended October 31, 1995, individual, wholesale and discount coupon program memberships represented 70%, 13% and 17% of revenues, respectively. The Company maintains a flexible marketing plan so that it is not dependent on any one service for the future growth of the total membership base.

As the Company's services continue to mature, a greater percentage of the total individual membership base is in its renewal years. This results in increased profit margins for the Company due to the significant decrease in certain marketing costs incurred on renewing members. As a result, EBIT increased from \$138.9 million to \$185.5 million, and EBIT margins improved from 18.2% to 18.9%. The Company has not experienced any difficulty in acquiring or renewing members in the current economic climate.

Individual membership usage continues to increase, which contributes to additional service fees and indirectly contributes to the Company's strong renewal rate. Historically, an increase in overall membership usage has had a favorable impact on renewal rates. The Company records its deferred revenue net of estimated cancellations which are anticipated in the Company's marketing programs.

Operating costs increased 27% (from \$206.9 million to \$263.4 million). The major components of the Company's operating costs continue to be personnel, telephone, computer processing, participant insurance premiums (the cost of obtaining insurance coverage for members) and travel cash awards. Travel members are entitled to receive cash awards based on travel booked with the Company. For the nine months ended October 31, 1995, these awards represent less than 5% of total operating costs. The increase in overall operating costs is due principally to the variable nature of many of these costs and, therefore, the additional costs incurred to support the growth in the membership base. Historically, the Company has seen a direct correlation between providing a high level of service to its members and improved retention.

CUC INTERNATIONAL INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (continued)

Nine Months Ended October 31, 1995 vs.
Nine Months Ended October 31, 1994

Marketing costs decreased as a percentage of revenue (from 40% to 39%). This is primarily due to improved per member acquisition

costs and an increase in renewing members. Membership acquisition costs incurred increased 26% (from \$262.6 million to \$330.4 million). Marketing costs include the amortization of membership acquisition costs and other marketing costs, which primarily consist of membership communications and sales expenses. Amortization of membership acquisition costs increased by 17% (from \$261.3 million to \$305.5 million). Other marketing costs increased by 72% (from \$46.5 million to \$80.2 million). These increases resulted primarily from the costs of servicing a larger membership base. The marketing functions for the Company's various consumer services are combined.

The Company routinely reviews all renewal rates and has not seen any material change over the last year in the average renewal rate. Based on current information, the Company does not anticipate that the average renewal rate will change significantly. Renewal rates are calculated by dividing the total number of renewing members not requesting a refund during their renewal year by the total number of members up for renewal.

General and administrative costs increased as a percentage of revenue (from 14% to 15%). This is principally due to the acquisitions completed during the nine months ended October 31, 1995. Interest (income) expense, net, and amortization of restricted stock compensation decreased from \$1.1 million to (\$.8 million) primarily due to the reduced level of amortization associated with the Company's restricted stock and zero coupon convertible notes and the net interest income from the increased level of cash generated by the Company for investment.

During the first nine months of fiscal 1996, the Company completed the Acquisitions (see Note 3 in Notes to Condensed Consolidated Financial Statements). The operating activity of the companies acquired in the Acquisitions is included in both revenues and pre-tax profits for the nine months ended October 31, 1995; however, the operating activity resulting from the Acquisitions is not included in the prior year's first nine months. The Acquisitions were not significant to the Company's results of operations.

CUC INTERNATIONAL INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (continued)

Membership Information

The following chart sets forth the approximate number of members and net additions for the respective periods.

Period	Number of Members	Net New Member Additions for the Period
Nine Months Ended October 31, 1995	39,985,000	6,135,000*
Year Ended January 31, 1995	33,850,000	3,000,000
Nine Months Ended October 31, 1994	32,925,000	2,075,000
Year Ended January 31, 1994	30,850,000	3,250,000
Quarter Ended October 31, 1995	39,985,000	1,960,000**
Quarter Ended October 31, 1994	32,925,000	600,000

*Includes approximately 3.1 million Acquired Members.

**Includes approximately 1 million Acquired Members.

The membership acquisition costs incurred applicable to obtaining a new member, for memberships other than coupon book memberships, generally approximate the initial membership fee. Initial membership fees for coupon book memberships generally exceed the membership acquisition costs incurred applicable to obtaining a new member.

Membership cancellations processed by certain of the Company's clients report membership information only on a net basis. Accordingly, the Company does not receive actual numbers of gross additions and gross cancellations for certain types of memberships. In calculating the number of members, the Company has deducted its best estimate of cancellations which may occur during the trial membership periods offered in its marketing programs. Typically these periods range from one to three months.

Liquidity And Capital Resources; Inflation; Seasonality

Funds for the Company's operations and acquisitions have been provided through cash flow from operations. The Company also has a credit agreement with General Electric Capital Corporation that currently provides for a \$100 million revolving credit facility (the "Credit Agreement"). The amount of borrowings available to the Company under the Credit Agreement was \$100 million at October 31, 1995, as there were no borrowings under the Credit Agreement at that date. The Credit Agreement is scheduled to expire June 1, 1997. The Company invested approximately \$42.4 million in acquisitions, net of cash acquired, during the nine months ended October 31, 1995.

CUC INTERNATIONAL INC. AND SUBSIDIARIES MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Liquidity And Capital Resources; Inflation; Seasonality (continued)

The Company is not aware of any trends, demands or uncertainties that will have a material effect on the Company's liquidity other than those relating to accounts receivable. The Company anticipates that cash flow from operations and the Credit Agreement will be sufficient to achieve its current long-term objectives. All of the assets of the Company and many of its subsidiaries, and all of the stock of many of the Company's subsidiaries, have been pledged to secure the Credit Agreement. Obligations under the Credit Agreement are guaranteed by certain of the Company's subsidiaries. The Credit Agreement contains certain customary restrictive covenants including, without limitation, financial covenants, as well as restrictions that preclude the payment of cash dividends on shares of Common Stock. The Credit Agreement also contains various event of default provisions including, without limitation, defaults arising from certain changes in corporate structure.

The Company does not anticipate any material capital expenditures for the next year. Total capital expenditures were \$20.3 million for the nine months ended October 31, 1995.

The Company intends to continue to review potential acquisitions that it believes would enhance the Company's growth and profitability. Any acquisitions paid in cash will initially be financed through excess cash flow from operations and the Credit Agreement. However, depending on the financing necessary to complete an acquisition, additional funding may be required.

To date, the overall impact of inflation on the Company has not been material. Except for the cash receipts from the sale of discount coupon memberships, the Company's business is not seasonal. Most cash receipts from these memberships are received in the fourth quarter and, to a lesser extent, in the first and the third quarters of each fiscal year.

For the nine months ended October 31, 1995, the Company's international businesses represented less than 1% of EBIT. To date, currency exposure has not been a significant competitive factor at the local market operating level. As international operations continue to expand and the number of cross-border transactions increases, the Company intends to continue monitoring its currency exposures closely and take prudent actions as appropriate.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit

No.	Description
3.1	Restated Certificate of Incorporation of the Company, as filed November 21, 1991, as amended June 25, 1992, and as amended June 7, 1995 (filed as Exhibit 3.1 to Company's Annual Report on Form 10-Q for the period ended April 30, 1995).*
10.	Management Contracts, Compensatory Plans and Arrangements
10.1	Form of Employment Contract with E. Kirk Shelton and Christopher K. McLeod, dated February 1, 1987, as amended November 1, 1991 (filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year end January 31, 1994).*
10.2	Employment Contract with Walter A. Forbes, dated January 1, 1987, as amended January 1, 1991, January 1, 1993 and October 1, 1993 (filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1994) (the "Forbes Employment Agreement").*
10.3	Fourth Amendment to Forbes Employment Agreement, dated as of June 1, 1994 (filed as Exhibit 10.3 to the Company's Form 10-Q for the period ended July 31, 1994).*
10.4	Agreement with Cosmo Corigliano, dated February 1, 1994 (filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1995).*
10.5	Agreement with Amy N. Lipton, dated April 1, 1987, as amended April 21, 1993 and March 2, 1994 (filed as Exhibit 10.7 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1995).*
10.6	Form of Employee Stock Option under the 1987 Stock Option Plan (filed as Exhibit 10.6 to the Company's Form 10-Q for the period ended April 30, 1995).*
10.7	Form of Director Stock Option for 1990 and 1992 Directors Stock Options Plans (filed as Exhibit 10.4 to the Company's Annual Report for the fiscal year ended January 31, 1991, as amended December 12, 1991 and December 19, 1991).*
10.8	Form of Director Stock Option for 1994 Directors Stock Option Plan (filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1995).*
10.9	1987 Stock Option Plan, as amended (filed as Exhibit 10.9 to the Company's Form 10-Q for the period ended April 30, 1995).*
10.10	1990 Directors Stock Option Plan, as amended (filed as Exhibit 10.10. to the Company's Form 10-Q for the period ended April 30, 1995).*

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K (continued)

10.11 1992 Directors Stock Option Plan, as amended (filed as Exhibit 10.11 to the Company's Form 10-Q for

the period ended April 30, 1995).*

10.12 1994 Directors Stock Option Plan (filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1995).*

10.13 Restricted Stock Plan and Form of Restricted Stock Plan Agreement (filed as Exhibit 10.24 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1991, as amended December 12, 1991 and December 19, 1991).*

10.14 Amended and Restated Credit Agreement between the Company and General Electric Capital Corporation dated June 30, 1994 (filed as Exhibit 10.12 to the Company's Form 10-Q for the period ended July 31, 1994).*

10.15 Agreement and Plan of Merger, dated October 17, 1995, among CUC International Inc., Retreat Acquisition Corporation and Advance Ross Corporation (filed as Exhibit 2 to the Company's Registration Statement on Form S-4, Registration No. 33-64801, filed on December 7, 1995).*

11. Statement re: Computation of Per Share Earnings (Unaudited)

15. Letter re: Unaudited Interim Financial Information

(b) During the quarter ended October 31, 1995, the Company filed the following Current Reports on Form 8-K:

- (1) Current Report on Form 8-K, filed on September 5, 1995, reporting an Item 5 ("Other Events") event.
- (2) Current Report on Form 8-K, filed on October 18, 1995, reporting an Item 5 ("Other Events") event.
- (3) Current Report on Form 8-K, filed on October 20, 1995, reporting an Item 5 ("Other Events") event.

*Incorporated by reference

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CUC INTERNATIONAL INC.
(Registrant)

Date: December 11, 1995 By: WALTER A. FORBES
Walter A. Forbes - Chief Executive Officer
and Chairman of the Board
(Principal Executive Officer)

Date: December 11, 1995 By: COSMO CORIGLIANO

INDEX TO EXHIBITS

Exhibit No.	Description	Page
3.1	Restated Certificate of Incorporation of the Company, as filed November 21, 1991, as amended June 25, 1992, and as amended June 7, 1995 (filed as Exhibit 3.1 to the Company's Form 10-Q for the period ended April 30, 1995).*	
10.	Management Contracts, Compensatory Plans and Arrangements	
10.1	Form of Employment Contract with E. Kirk Shelton and Christopher K. McLeod, dated February 1, 1987, as amended November 1, 1991 (filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1994).*	
10.2	Employment Contract with Walter A. Forbes, dated January 1, 1987, as amended January 1, 1991, January 1, 1993 and October 1, 1993 (filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1994) (the "Forbes Employment Agreement").*	
10.3	Fourth Amendment to Forbes Employment Agreement, dated as of June 1, 1994 (filed as Exhibit 10.3 to the Company's Form 10-Q for the period ended July 31, 1994).*	
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April 30, 1995).*

INDEX TO EXHIBITS (continued)

Exhibit No.	Description	Page
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11.	Statement re: Computation of Per Share Earnings (Unaudited)	
15.	Letter re: Unaudited Interim Financial Information	

*Incorporated by reference

CUC INTERNATIONAL INC. AND SUBSIDIARIES
EXHIBIT 11 - COMPUTATION OF PER SHARE EARNINGS (UNAUDITED)
(In thousands, except per share amounts)

	Three Months Ended October 31,	
	1995	1994
PRIMARY	-----	
Average shares outstanding	175,051	166,959
Net effect of dilutive stock options - based on the treasury stock method using average market price	13,683	10,469
	-----	-----
Total	188,734	177,428
	=====	=====
Net Income	\$40,754	\$30,245
	=====	=====
Net income per common share	\$0.216	\$0.170
	=====	=====

FULLY DILUTED		
Average shares outstanding	175,051	166,959
Net effect of dilutive stock options - based on the treasury stock method using the period - end market price, if higher than the average market price	13,975	10,469
Net effect of zero coupon convertible notes - based on the if converted method	2,342	2,709
	-----	-----
Total	191,368	180,137
	=====	=====
Net Income	\$40,754	\$30,245
Zero Coupon Convertible Notes	250	171
	-----	-----
	\$41,004	\$30,416
	=====	=====
Net income per common share	\$0.214	\$0.169
	=====	=====

CUC INTERNATIONAL INC. AND SUBSIDIARIES
EXHIBIT 11 - COMPUTATION OF PER SHARE EARNINGS (UNAUDITED)
(In thousands, except per share amounts)

	Nine Months Ended October 31,	
	1995	1994
PRIMARY	-----	
Average shares outstanding	174,368	166,226
Net effect of dilutive stock options - based on the treasury stock method using average market price	12,505	10,174
	-----	-----
Total	186,873	176,400
	=====	=====
Net Income	\$115,407	\$84,809
	=====	=====
Net income per common share	\$0.618	\$0.481
	=====	=====

FULLY DILUTED		
Average shares outstanding	174,368	166,226
Net effect of dilutive stock options - based on the treasury stock method using the period - end market price, if higher than the average market price	13,238	10,371

Net effect of zero coupon convertible notes - based on the if converted method	2,485	2,814
	-----	-----
Total	190,091	179,411
	=====	=====
Net Income	\$115,407	\$84,809
Zero Coupon Convertible Notes	766	673
	-----	-----
	\$116,173	\$85,482
	=====	=====
Net income per common share	\$0.611	\$0.476
	=====	=====

December 8, 1995

Shareholders and Board of Directors
CUC International Inc.

We are aware of the incorporation by reference in the Registration Statements (Form S-8s: Numbers 2-91291, 33-17247, 33-17248, 33-17249, 33-26875, 33-75682, 33-93322, 33-41823, 3348175, 33-58896, 33-91656, 33-74068, 33-74066, 33-91658, 33-75684, 33-80834 and 33-93372) of CUC International Inc. for the CUC International Inc. Employee Stock Purchase Plan, the CUC International Inc. 1985 Non-Qualified Stock Option Plan, the CUC International Inc. 1985 Incentive Stock Option Plan, the CUC International Inc. 1987 Performance Share Stock Option Plan, the CUC International Inc. 1987 Stock Option Plan, the CUC International Inc. 1987 Stock Option Plan as amended, the CUC International Inc. 1987 Stock Option Plan as amended, the CUC International Inc. 1990 Directors' Stock Option Plan, the Entertainment Publications, Inc. 1988 Non-Qualified Stock Option Plan, the CUC International Inc. 1992 Bonus and Salary Replacement Stock Option Plan, the CUC International Inc. 1992 Bonus and Salary Replacement Stock Option Plan as amended, the CUC International Inc. 1992 Directors Stock Option Plan, the CUC International Inc. 1992 Employee Stock Option Plan, the CUC International Inc. 1992 Employee Stock Option Plan as amended, the CUC International Inc. 1994 Employee Stock Purchase Plan, the CUC International Inc. Savings Incentive Plan, and the CUC International Inc. 1994 Directors Stock Option Plan, respectively and in the Registration Statements (Form S-3s: Numbers 33-30306, 33-47271, 33-58598 and 33-63237) of CUC International Inc. for the registration of 738,057 shares, 3,450,000 shares, 331,797 shares and 1,498,888 shares, respectively, of its common stock, and in the Registration Statement (Form S-4: Number 33-64801) of CUC International Inc., of our report dated November 29, 1995 relating to the unaudited condensed consolidated interim financial statements of CUC International Inc. which are included in its Form 10-Q for the quarter ended October 31, 1995.

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

ERNST & YOUNG LLP

Stamford, Connecticut

In thousands, except per share data.

0000723612

CUC INTERNATIONAL INC.

9-MOS	JAN-31-1995	OCT-31-1995
		160,261
		0
	255,303	0
		0
	606,456	121,214
	66,187	
	957,623	
102,942		14,347
		1,848
	0	0
		623,629
957,623		979,886
	979,886	0
	794,433	
	0	
	0	
	(838)	
	186,291	
	70,884	
115,407		0
	0	0
	115,407	
	.618	
	.611	