

As filed with the Securities and Exchange Commission on May 7, 1996.

Registration No. ___ - _____

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

CUC INTERNATIONAL INC.
(Exact name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

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

06-0918165

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

CUC International Inc. 1992 Employee Stock Option Plan
(Full Title of the Plan)

Cosmo Corigliano
CUC INTERNATIONAL INC.
707 Summer Street
Stamford, Connecticut 06901
(203) 324-9261

(Name, Address, including zip code, and Telephone Number, including Area Code,
of Agent for Service)

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount of Additional Securities to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, \$.01 par value	3,000,000 shares	\$33.125(1)	\$99,375,000(1)	\$34,267.24

(1) Pursuant to Rule 457(c) under the Securities Act of 1933, as amended, the proposed maximum offering price and the registration fee are based on the average of the high and low prices per share of the Registrant's Common Stock reported on the New York Stock Exchange Composite Tape on April 30, 1996.

Note: The contents of the Registrant's earlier registration statements on Form S-8, filed January 10, 1994, Registration No. 33-74066, April 27, 1995, Registration No. 33-91658, and January 26, 1996, Registration No. 333-00475, with regard to the CUC International Inc. 1992 Employee Stock Option Plan, are incorporated herein by reference.

Exhibits

- 4.1 CUC International Inc. 1992 Employee Stock Option Plan
- 4.2 Form of Stock Option Agreement
- 5 Opinion of Jeffrey A. Gershowitz, Esq. as to the legality of the securities being registered
- 23.1 Consent of Ernst & Young LLP
- 23.2 Consent of Jeffrey A. Gershowitz, Esq. (included in the opinion filed as Exhibit 5 hereto)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Stamford, State of Connecticut, on this 6th day of May, 1996.

CUC INTERNATIONAL INC.
By: /s/ Walter A. Forbes
Walter A. Forbes
Chief Executive Officer
and Chairman of the Board of Directors

POWER OF ATTORNEY

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

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

Signature	Title	Date
/s/ Walter A. Forbes Walter A. Forbes	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	May 6, 1996
/s/ Cosmo Corigliano Cosmo Corigliano	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	May 6, 1996
/s/ Bartlett Burnap Bartlett Burnap	Director	May 6, 1996
/s/ T. Barnes Donnelley T. Barnes Donnelley	Director	May 6, 1996
/s/ Stephen A. Greyser Stephen A. Greyser	Director	May 6, 1996
/s/ Christopher K. McLeod Christopher K. McLeod	Director	May 6, 1996
/s/ Burton C. Perfit Burton C. Perfit	Director	May 6, 1996
Robert P. Rittereiser	Director	
/s/ Stanley M. Rumbough, Jr. Stanley M. Rumbough, Jr.	Director	May 6, 1996
/s/ E. Kirk Shelton E. Kirk Shelton	Director	May 6, 1996

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24	Powers of Attorney of certain officers and directors of the Registrant (included on the signature page of this Registration Statement)	

1992 EMPLOYEE STOCK OPTION PLAN

OF

CUC INTERNATIONAL INC.

1. PURPOSES OF THE PLAN. This stock option plan (the "Plan") is designed to provide an incentive to key employees of CUC International Inc., a Delaware corporation (the "Company"), and its present and future subsidiary corporations, as defined in Paragraph 15 ("Subsidiaries"), and to offer an additional inducement in obtaining the services of such individuals. No grant hereunder shall be made to any director, nor to any employee who the Company determines is an "officer" within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, (the "1934 Act"), as hereinafter defined. The Plan provides for the grant of "incentive stock options," within the meaning of Section 422A of the Internal Revenue Code of 1986, as amended (the "Code"), and "non-qualified stock options."
2. STOCK SUBJECT TO THE PLAN. Options may be granted under the Plan to purchase in the aggregate not more than fifteen million five hundred twenty-five thousand (15,525,000) shares of Common Stock, \$.01 par value per share, of the Company ("Common Stock"), which shares may, in the discretion of the Board of Directors, consist either in whole or in part of authorized but unissued shares of Common Stock or shares of Common Stock held in the treasury of the Company. The Company shall at all times during the term of the Plan reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of the Plan. Subject to the provision of Paragraph 12, any shares subject to an option which for any reason expires, is cancelled or is terminated unexercised as to such shares shall again become available for option under the Plan.
3. ADMINISTRATION OF THE PLAN. The Plan shall be administered by a Committee (the "Committee") consisting of not less than three members of the Board of Directors. A majority of the members shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present, and any acts approved in writing by all members without a meeting, shall be the acts of the Committee. No member of the Committee at the time he is a member of the Committee shall be eligible to be allocated stock or to receive an option or stock appreciation right (an "Allocation") under the Plan or any other plan of the Company or any Subsidiary, except for formula plans as defined in Rule 16b-3(c)(2) or its successors under the 1934 Act and no individual may serve as a member of the Committee if, within one year prior to the commencement of such individual's proposed membership on the Committee, he shall have been eligible to receive an Allocation under the Plan or any other plan of the Company or any Subsidiary.

Subject to the express provisions of the Plan, the Committee shall have the authority, in its sole discretion, to determine the individuals who shall receive options; the times when they shall receive them; whether an incentive and/or a non-qualified stock option shall be granted; the number of shares to be subject to each option; the term of each option; the date each option shall become exercisable; whether an option shall be exercisable in whole, in part or in installments, and if in installments, the number of shares to be subject to each installment; the date each installment shall become exercisable and the term of each installment; to accelerate the date of exercise of any installment; whether shares may be issued on exercise of an option as partly paid, and, if so, the dates when future installments of the exercise price shall become due and the amounts of each installments; the exercise price; the form of payment upon exercise; to require that the individual remain employed in some capacity with the Company or its

Subsidiaries for a period of time from and after the date the option is granted to him; the amount necessary to satisfy the Company's withholding obligation; to restrict the sale or other disposition of the shares of Common Stock acquired upon the exercise of an option and to waive any such restriction; to construe the respective option agreements and the Plan; to prescribe, amend and rescind rules and regulations relating to the Plan; to make all other determinations necessary or advisable for administering the Plan; and, with the consent of the optionee, to cancel or modify an option, provided such option as modified does not violate the terms of the Plan. The determinations of the Committee on the matters referred to in this Paragraph 3 shall be conclusive.

No member of the Committee shall be liable for anything whatsoever in connection with the administration of the Plan except such member's own willful misconduct. Under no circumstances shall any member of the Committee be liable for any act or omission of any other member of the Committee. In the performance of its functions with respect to the Plan, the Committee shall be entitled to rely upon information and advice furnished by the Company's officers, the Company's accountants, the Company's counsel and any other party the Committee deems necessary and no member of the Committee shall be liable for any action taken or not taken in reliance upon any such advice.

4. ELIGIBILITY. The Committee may, consistent with the purposes of the Plan, grant options from time to time, within 10 years from the date of adoption of the Plan by the Board of Directors, to key employees of the Company or any of its Subsidiaries and covering such number of shares of Common Stock as it may determine; provided, however, that the aggregate market value (determined at the time the stock option is granted) of the shares for which any eligible person may be granted incentive stock options under the Plan or any other plan of the Company, or of a Subsidiary of the Company which are exercisable for the first time by such optionee during any calendar year shall not exceed \$100,000. Any option (or the portion thereof) granted in excess of such amount shall be treated as a non-qualified stock option.

5. EXERCISE PRICE. The exercise price of the shares of Common Stock under each option shall be determined by the Committee, but in no event shall such purchase price be less than 100% of the fair market value of the Common Stock on the date of grant; provided, however, that if, at the time an option is granted, the optionee owns (or is deemed to own) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any of its Subsidiaries, the exercise price shall not be less than 110% of the fair market value of the Common Stock subject to the option at the time of the granting of such option. The fair market value of the Common Stock on any day shall be (a) if the principal market for the Common Stock is a national securities exchange, the closing sale price of the Common Stock on such day as reported by such exchange or on a consolidated tape reflecting transactions on such exchange, (b) if the principal market for the Common Stock is not a national securities exchange and the Common Stock is quoted on the National Association of Securities Dealers Automated Quotations System ("NASDAQ"), and (i) if the Common Stock is quoted on the NASDAQ National Market System, the closing sale price of the Common Stock on such day, or (ii) if the Common Stock is not quoted on the NASDAQ National Market System, the average between the highest bid and the lowest asked prices for the Common Stock on such day on NASDAQ, or (c) if the principal market for the Common Stock is not a national securities exchange and the Common Stock is not quoted on NASDAQ, the average between the highest bid and lowest asked prices for the Common Stock on such day as reported by National Quotation Bureau, Incorporated; provided that if clauses (a), (b) and (c) of this Paragraph are all inapplicable, or if no trades have been made or no quotes are available for such day, the fair market value of the Common Stock shall be determined by the Committee by any method consistent with applicable regulations adopted by the Treasury Department relating to stock options. The determination of the Committee shall be conclusive in determining the fair market value of the stock.

6. **TERM OF OPTION.** The term of each option granted pursuant to the Plan shall be such term as is established by the Committee, in its sole discretion, at the time such option is granted; provided, however, that the term of each incentive stock option granted pursuant to the Plan shall be for a period not exceeding 10 years from the date of granting thereof, and further, provided, that if, at the time an option is granted, the optionee owns (or is deemed to own) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, or of any of its Subsidiaries, the term of the incentive stock option shall be for a period not exceeding five years. Options shall be subject to earlier termination as hereinafter provided.

7. **EXERCISE OF OPTION.** An option (or any part or installment thereof) shall be exercised by giving written notice to the Company at its principal office (at present 707 Summer Street, Stamford, Connecticut 06901), stating whether an incentive stock option or a non-qualified stock option is being exercised, specifying the number of shares as to which such option is being exercised and accompanied by payment in full of the aggregate exercise price therefor (or the amount due on exercise if the Stock Option Contract permits installment payments) (i) in cash or by certified check, (ii) with previously acquired shares of Common Stock having an aggregate fair market value, on the date of exercise, equal to the aggregate exercise price of all options being exercised, or (iii) any combination thereof.

The Company shall have the right to deduct and withhold from any cash otherwise payable to an optionee, or require that an optionee make arrangements satisfactory to the Company for payment of, such amounts as the Company shall determine for the purpose of satisfying its liability to withhold Federal, state or local income or FICA taxes incurred by reason of the grant or exercise of an option.

Certificates representing the shares purchased shall be issued as promptly as practicable, provided that the Company may postpone issuing certificates for such shares for such time as the Company, in its sole discretion, may deem necessary or desirable in order to enable it to comply with any requirements of the Securities Act of 1933, as amended ("Securities Act"), the 1934 Act, any Rules or Regulations of the Securities and Exchange Commission promulgated under either of the foregoing acts, the listing requirements of any securities exchange on which the Company's Common Stock may now or hereafter be listed, or any applicable laws of any jurisdiction relating to the authorization, issuance or sale of securities. The holder of an option shall not have the rights of a stockholder with respect to the shares covered by his option until the date of issuance of a stock certificate to him for such shares; provided, however, that until such stock certificate is issued, any option holder using previously acquired shares in payment of an option exercise price shall have the rights of a shareholder with respect to such previously acquired shares. In no case may a fraction of a share be purchased or issued under the Plan.

8. **TERMINATION OF EMPLOYMENT.** Any optionee whose employment with the Company (and its Subsidiaries) has terminated for any reason other than death or permanent and total disability (as defined in Section 22(e) (3) of the Code) may exercise his option, to the extent exercisable on the date of such termination, at any time within four months after the date of termination, but in no event after the expiration of the term of the option. Options granted to any employee under the Plan shall not be affected by any changes in the status of an optionee so long as he continues to be employed in some capacity with the Company, or any of the Subsidiaries, or a Constituent Corporation.

Nothing in the Plan or in any option granted under the Plan shall confer on any individual any right to continue in the employ of the Company or any of its Subsidiaries, or interfere in any way with the right of the Company or any of its Subsidiaries to terminate the employee's employment at any time for any reason whatsoever without liability to the Company or any of its Subsidiaries.

9. **DEATH OR DISABILITY OF AN OPTIONEE.** If an optionee dies

while he is employed by the Company or any of its Subsidiaries, or within three months after the termination of his employment, or if the optionee's employment has terminated by reason of a permanent and total disability (as defined in Section 22(e)(3) of the Code), options granted under this Plan shall become immediately exercisable by his executor, administrator or other person at the time entitled by law to his rights under the option.

10. STOCK OPTION CONTRACTS. Each option shall be evidenced by an appropriate Stock Option Contract, and may contain such terms and conditions not inconsistent herewith as may be determined by the Committee, and which may provide, among other things, (a) that in the event of the exercise of such option, unless the shares of Common Stock received upon such exercise shall have been registered under an effective registration statement under the Securities Act, such shares will be acquired for investment and not with a view to distribution thereof, and that such shares may not be sold except in compliance with the applicable provisions of the Securities Act, and (b) that in the event of any disposition of the shares of Common Stock acquired upon the exercise of an incentive stock option within two years from the date of grant of the option or one year from the date of issuance of such shares to him (a "Disqualifying Disposition") the optionee will notify the Company thereof in writing within 30 days after such disposition, pay the Company, on demand, in cash an amount necessary to satisfy its obligation, if any, to withhold any Federal, state or local income taxes or other taxes by reason of such Disqualifying Disposition and provide the Company, on demand, with such information as the Company shall reasonably request to determine such obligation.
11. ADJUSTMENTS UPON CHANGES IN COMMON STOCK. The number and kind of shares reserved for issuance hereunder shall be equitably adjusted, in the discretion of the Committee, in the event of a stock split, stock dividend, recapitalization, reorganization, merger, consolidation, extraordinary dividend, split-up, spin-off, combination, stock repurchase, exchange of shares, warrants or rights offering to purchase stock at a price substantially below fair market value or other similar corporate event affecting the stock, in order to preserve the benefits intended to be made available under the Plan. In the event of any of the foregoing, the number and kind of shares subject to any outstanding option granted pursuant to the Plan and the exercise price of any such option shall be equitably adjusted (including by payment of cash to the holder of such option) in the discretion of the Committee in order to preserve the benefits or potential benefits intended to be made available to the holder of an option granted pursuant to the Plan. The determination of the Committee as to what adjustments shall be made, and the extent thereof, shall be final. Unless otherwise determined by the Committee, such adjustments shall be subject to the same vesting schedule and restrictions to which the underlying option is subject. No fractional shares of Company Stock shall be reserved or authorized or made subject to any outstanding option by any such adjustment.
12. AMENDMENTS AND TERMINATION OF THE PLAN. The Plan was adopted by the Board of Directors on August 28, 1992. No options may be granted under the Plan after the tenth anniversary of that date. The Board of Directors, without further approval of the Company's stockholders, may at any time suspend or terminate the Plan, in whole or in part, or amend it from time to time in such respects as it may deem advisable, including, without limitation, in order that incentive stock options granted hereunder meet the requirements for "incentive stock options" under the Code, or any comparable provisions thereafter enacted and conform to any change in applicable law or to regulations or rulings of administrative agencies. No termination, suspension or amendment of the Plan shall, without the consent of the holder of an existing option affected thereby, adversely affect his rights under such option.
13. NON-TRANSFERABILITY OF OPTIONS. No option granted under the Plan shall be transferable otherwise than by will or the laws of descent and distribution, and options may be exercised, during the lifetime of the holder thereof, only by him. Except to the extent provided in Paragraph 9,

options may not be assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

14. DESIGNATION OF BENEFICIARY. The optionee may designate in writing on forms prescribed by and filed with the Committee prior to the optionee's death a beneficiary or beneficiaries to receive all or part of the options to be delivered to the optionee under this Plan in the event of the death of the optionee at any time on forms prescribed by and filed with the Committee. In the event of the optionee's death, the options to be delivered to the optionee under this Plan with respect to which a designation of a beneficiary has been made (to the extent such designation is valid and enforceable under applicable law) shall be delivered, in accordance with the Plan, to the designated beneficiary or beneficiaries. Any options to be delivered as to which a designation has not been made shall be delivered to the optionee's estate. If there is any question as to the legal right of any beneficiary to receive delivery of the Plan pursuant to the Plan, the options (and shares issuable upon the exercise thereof) may be delivered in the sole discretion of the Committee to the estate of the optionee, in which event neither the Company nor any Subsidiary shall have any further liability to anyone with respect to such options.
15. SUBSTITUTIONS AND ASSUMPTIONS OF OPTIONS OF CERTAIN CONSTITUENT CORPORATIONS. Anything in this Plan to the contrary notwithstanding, the Board of Directors may, without further approval by the stockholders, substitute new options for prior options of a Constituent Corporation (as defined in Paragraph 15) or assume the prior options of such Constituent Corporation.
16. DEFINITIONS.
 - (a) Subsidiary. The term "Subsidiary" shall have the same definition as "subsidiary corporation" in Section 425(f) of the Code.
 - (b) Parent. The term "Parent" shall have the same definition as "parent corporation" in Section 425(e) of the Code.
 - (c) Constituent Corporation. The term "Constituent Corporation" shall mean any corporation which engages with the Company or any Subsidiary in a transaction to which Section 425(a) of the Code applies (or would apply if the option assumed or substituted were an incentive stock option), or any Parent or any Subsidiary of such corporation.
17. STOCKHOLDERS' APPROVAL. The Company has determined that stockholder approval is not required in order to grant options under this Plan. In the event that, in the future, the Company determines that stockholder approval is required in order to grant options under this Plan and thereafter seeks such approval, if such approval is declined by the stockholders, then any options granted hereunder may be rescinded in whole or in part in the Company's discretion.
18. GOVERNING LAW. The Plan and all rights hereunder shall be construed in accordance with an governed by the internal laws of the State of Delaware.

May 6, 1996

CUC International Inc.
707 Summer Street
Stamford, CT 06901

RE: Registration Statement on Form S-8

Gentlemen and Ladies:

I have examined the Registration Statement on Form S-8 (the "Registration Statement") to be filed by CUC International Inc. (the "Company") with the Securities and Exchange Commission in connection with the registration under the Securities Act of 1933, as amended, of 3,000,000 additional shares of common stock, par value \$.01 per share, of the Company ("Common Stock"), reserved for issuance under the Company's 1992 Employee Stock Option Plan (the "Plan").

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

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

1. The Company is a corporation duly organized and validly existing under the laws of the State of Delaware; and
2. The 3,000,000 shares of the Company's Common Stock being registered pursuant to the Registration Statement, when issued pursuant to the provisions of the Plan and upon payment of the purchase price therefor, will be duly authorized, validly issued, fully paid and non-assessable.

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

Very truly yours,

/s/ Jeffrey A. Gershowitz

Jeffrey A. Gershowitz
Vice President and
Associate General Counsel

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the CUC International Inc. 1992 Employee Stock Option Plan and in the related Prospectus of our report dated March 19, 1996, with respect to the consolidated financial statements and schedule of CUC International Inc. included in its Annual Report (Form 10-K) for the year ended January 31, 1996, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

Stamford, Connecticut
May 6, 1996

Dear _____ :

I am pleased to advise you that the Board of Directors of CUC International Inc. (the "Corporation") on _____ authorized the granting to you of a non-statutory option to purchase shares of common stock, \$.01 par value, of the Corporation (the "Common Stock") at a price of \$ _____ per share (the "Exercise Price"), which the Board believes to be the fair market value on that date. Your option has been granted under the Company's 1992 Employee Stock Option Plan (the "Plan").

Terms not defined herein shall have the meaning set forth in the Plan.

Your option may be exercised under the following terms:

(a) This option shall not be transferrable except by will or the laws of descent and distribution;

(b) Subject to the provisions of paragraphs (e), (f) and (g) hereof, this option may be exercisable by you as follows:

You may purchase _____ (%) of the Common Stock for which options are herein granted on or after February _____, 199_____ and an additional _____ (%) on or after each successive February 1.

Your right to exercise this option shall be cumulative. The Board of Directors of the Corporation may at any time accelerate the vesting of this option. This option shall expire on the tenth anniversary of the date of grant.

(c) If required by the Corporation, prior to the delivery to you of a certificate or certificates representing the shares of Common Stock purchased by you upon the exercise of this option, you shall have deposited with the Corporation a non-disposition letter (restricting disposition by you of the shares of Common Stock) in form satisfactory to counsel for the Corporation;

(2)

(d) In the event of a stock split, stock dividend, recapitalization, reorganization, merger, consolidation, extraordinary dividend, split-up, spin-off, combination, stock repurchase, exchange of shares, warrants or rights offering to purchase stock at a price substantially below fair market value or other similar corporate event affecting the Common Stock, the number and kind of shares subject to this option and the Exercise Price shall be equitably adjusted (including by payment of cash to you) in the discretion of the committee of the Board of Directors (the "Committee") that administers the Plan in order to preserve the benefits or potential benefits intended to be made available to you under this option. The determination of the Committee as to what adjustments shall be made, and the extent thereof, shall be final. Unless otherwise determined by the Committee, such adjustments shall be subject to the same vesting schedule and restrictions to which this option is subject. No fractional shares of Common Stock shall be reserved or authorized or made subject to this option by any such adjustment.

(e) Notwithstanding anything herein to the contrary, if the Board of Directors of the Corporation or any committee of the Board of Directors, after full consideration of the facts, finds by majority vote that you have engaged in

fraud, embezzlement, theft, commission of a felony, or dishonesty in the course of your employment by the Corporation, you shall forfeit all unexercised options for which the Corporation has not yet delivered share certificates, in each case whether such options are granted by this letter or otherwise. The decision of the Board of Directors of the Corporation or such committee shall be final.

- (f) Subject to paragraph (e) hereof, if you die while in the employ of the Corporation or any of its affiliates or subsidiaries or if you die within a period of three (3) months after your employment has terminated or if your employment is terminated by reason of permanent and total disability (as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code")), this option shall become immediately exercisable in full and, in the case of your death, your estate shall have the right to exercise your options hereunder. You may designate, in writing on forms to be provided to you by the Committee, a beneficiary or beneficiaries to receive all or part of the options upon your death.
- (g) Subject to paragraph (e) hereof, in the event your employment with the Corporation or any of its affiliates or subsidiaries is terminated for any reason other than death or permanent and total disability (as defined in Section 22(e)(3) of the Code), you shall be entitled to exercise your options hereunder, to the extent exercisable on the date of termination, at any time within four (4) months from such termination, but in no event thereafter or after the expiration of the term of the option.

(3)

- (h) You may pay for shares purchased pursuant hereto as follows:
- (i) You may pay the Exercise Price per share in cash or check at the time of exercise.
- (ii) You may pay the Exercise Price by remitting to the Corporation in cash or by check an amount equal to or greater than the product of (a) the par value of the Corporation's Common Stock and (b) the number of shares of Common Stock acquired pursuant to the exercise of this option (such amount is hereinafter referred to as the "Minimum Payment") and by executing a promissory note for the balance equal to (A) the product of (i) the Exercise Price and (ii) the number of shares of Common Stock acquired pursuant to the exercise of this option less (B) the Minimum Payment (such balance is hereinafter referred to as the "Principal Amount"). Pursuant to the terms of the promissory note, interest will be charged per year at the lowest interest rate in effect at the time of exercise, which will prevent any imputation of income under Sections 483 or 7872 of the Code. Five years from the date of exercise, the Principal Amount plus interest compounded annually will be due. In the discretion of the Corporation's Board of Directors, the Corporation may demand repayment of the Principal Amount plus accrued interest upon a termination of your employment with the Corporation or any of its subsidiaries. With notice of your exercise of your option, you must give notice of your election to use the loan arrangement described above. In the discretion of the Corporation's Board of Directors, you may be required to execute a pledge agreement. The Corporation will retain possession of certificates representing shares of Common Stock acquired pursuant to the exercise of this option until the loan is repaid in full;
- (iii) You may arrange for a "cashless" stock option exercise with the Corporation's exercise facilitator pursuant to which such exercise facilitator will pay the Exercise Price per share in cash or check at the time of exercise; or
- (iv) You may pay with any other legal consideration that may be acceptable to the Committee in its sole

discretion at the time of exercise.

When you wish to exercise your stock option in whole or in part, please refer to the provisions of this letter and correspond in writing with the Secretary of the Corporation. This is not an incentive stock option under Section 422A of the Code.

Very truly yours,

E. Kirk Shelton
President and Chief Operating Officer

EKS:feh
1992plan