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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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**Form 8-K**

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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Date of Report (Date of earliest event reported) **October 20, 2004 (October 19, 2004)**

**Cendant Corporation**

*(Exact name of Registrant as specified in its charter)*

**Delaware**  
*(State or other jurisdiction  
of incorporation)*

**1-10308**  
*(Commission File No.)*

**06-0918165**  
*(I.R.S. Employer  
Identification Number)*

**9 West 57th Street**  
**New York, NY**  
*(Address of principal  
executive office)*

**10019**  
*(Zip Code)*

Registrant's telephone number, including area code **(212) 413-1800**

**None**

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*(Former name or former address if changed since last report)*

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Securities Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 2.02 Results of Operations and Financial Condition.**

On October 20, 2004, we reported our third quarter 2004 results. Our third quarter 2004 results are discussed in detail in the press release attached hereto as Exhibit 99.1, which is incorporated by reference in its entirety.

Such release contains our projected increase in earnings per share from continuing operations for 2004 excluding the one-time tax benefit of \$0.10 per share recorded in the first quarter 2004 related to our first quarter transaction with TRL Group, Inc. (formerly Trilegiant Corporation). We believe that this disclosure is useful to more accurately depict the growth of our operations given the anomalous nature of the tax benefit.

The information furnished under Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall be deemed to be "filed" for purposes of the Securities Exchange Act of 1934, as amended, and incorporated by reference in any of our filings under the Securities Act of 1933, as amended, as may be specified in such filing.

## **Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

On October 19, 2004, we announced that our Chief Financial Officer, Ronald L. Nelson, had been appointed as President of Cendant. Mr. Nelson will continue to serve as our Chief Financial Officer and report to our Chairman and Chief Executive Officer, Henry R. Silverman, who previously held the title of President as well. Mr. Nelson, 52, has been a director of Cendant since April 2003 and our Chief Financial Officer since May 2003. From April 2003 to May 2003, Mr. Nelson was Senior Executive Vice President, Finance. From November 1994 until March 2003, Mr. Nelson was Co-Chief Operating Officer of DreamWorks SKG. Prior thereto, he was Executive Vice President, Chief Financial Officer and a director at Paramount Communications, Inc., formerly Gulf & Western Industries, Inc. Mr. Nelson is a director of PHH Corporation, a wholly owned subsidiary of Cendant, which files reports pursuant to the Securities Exchange Act of 1934. The terms of Mr. Nelson's employment agreement with Cendant are contained in the Agreement with Ronald L. Nelson, dated April 14, 2003, filed as Exhibit 99.2 to our Current Report on Form 8-K dated April 16, 2003 and incorporated by reference herein.

## **Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

On October 19, 2004, our Board of Directors amended and restated our by-laws. The following is a brief summary of the changes:

- Article IV was amended to describe the respective duties of each of the chief executive officer and president of Cendant, including, without limitation:
    - the ability of each of the chief executive officer and president to preside over meetings of our board of directors and stockholders under certain circumstances; and
    - the president's responsibilities with respect to, among other things, the general day-to-day supervision, direction and control over the administrative functions of Cendant.
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- Article IV also was amended to delineate the respective duties of each of the general counsel and secretary of Cendant.
- Articles III and IV were amended to set forth the ability of certain of our officers to call special meetings of the Board of Directors and its committees.

This summary is not intended to be complete and is qualified in its entirety by reference to our Amended and Restated By-laws attached hereto as Exhibit 3.1 and incorporated by reference herein.

#### **Item 8.01 Other Events.**

On October 19, 2004, we announced that Linda C. Coughlin had been named as our Chief Administrative Officer. Ms. Coughlin joins Cendant from Linkage, Inc., a leadership and organization development firm, where she was President. Ms. Coughlin previously held senior positions at Zurich Scudder Investments, Scudder, Stevens & Clark, Citibank and American Express Company since 1976.

In addition, a copy of our press release, announcing our Board of Director's approval of a regular quarterly cash dividend of \$.09 per common share and an increase in our common stock repurchase program, attached hereto as Exhibit 99.2, is incorporated by reference herein.

#### **Item 9.01 Financial Statements and Exhibits.**

##### (c) Exhibits

3.1 Amended and Restated By-laws of Cendant Corporation

99.1 Press Release: Cendant Reports Record Results for Third Quarter 2004

99.2 Press Release: Cendant's Board of Directors Approves Regular Quarterly Cash Dividend of \$0.09 Per Common Share

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**SIGNATURE**

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 hereunto duly authorized.

**CENDANT CORPORATION**

**By:** /s/ Virginia M. Wilson  
Virginia M. Wilson  
Executive Vice President and  
Chief Accounting Officer

Date: October 20, 2004

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**CENDANT CORPORATION**  
**CURRENT REPORT ON FORM 8-K**  
**Report Dated October 20, 2004 (October 19, 2004)**

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
3.1	Amended and Restated By-laws of Cendant Corporation
99.1	Press Release: Cendant Reports Record Results for Third Quarter 2004
99.2	Press Release: Cendant's Board of Directors Approves Regular Quarterly Cash Dividend of \$0.09 Per Common Share

**AMENDED AND RESTATED BY-LAWS  
(As of October 19, 2004)  
OF  
CENDANT CORPORATION  
(the "Corporation")**

**ARTICLE I.  
Offices**

SECTION 1. Offices.

The registered office of the Corporation in the State of Delaware shall be in the City of Wilmington, County of New Castle, State of Delaware.

The Corporation shall have offices at such other places as the Board of Directors may from time to time determine.

**ARTICLE II.  
Stockholders**

SECTION 1. Annual Meeting.

The annual meeting of the stockholders for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held at such place, within or without the State of Delaware, and hour as shall be determined by the Board of Directors. The day, place and hour of each annual meeting shall be specified in the notice of annual meeting.

The meeting may be adjourned from time to time and place to place until its business is completed.

At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not less than sixty days nor more than ninety days prior to the meeting; provided, however, that in the event that less than seventy days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth day following the date on which such notice of the date of the annual meeting was mailed or such public disclosure was made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (a) a brief description of the business desired to be brought before the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the stockholder, and (d) any material interest of the stockholder in such business. Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 1.

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The presiding officer of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this Section 1, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

#### SECTION 2. Special Meeting.

Except as otherwise required by law, special meetings of the stockholders may be called only by the Chairman of the Board, the President, or the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors.

#### SECTION 3. Stockholder Action; How Taken.

Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders.

#### SECTION 4. Notice of Meeting.

Notice of every meeting of the stockholders shall be given in the manner prescribed by law.

#### SECTION 5. Quorum.

Except as otherwise required by law, the Certificate of Incorporation or these By-Laws, the holders of not less than one-third of the shares entitled to vote at any meeting of the stockholders, present in person or by proxy, shall constitute a quorum and the act of the majority of such quorum shall be deemed the act of the stockholders.

If a quorum shall fail to attend any meeting, the chairman of the meeting may adjourn the meeting to another place, date or time.

If a notice of any adjourned special meeting of stockholders is sent to all stockholders entitled to vote thereat, stating that it will be held with those present constituting a quorum, then, except as otherwise required by law, those present at such adjourned meeting shall constitute a quorum and all matters shall be determined by a majority of votes cast at such meeting.

#### SECTION 6. Qualification of Voters.

The Board of Directors (hereinafter sometimes referred to as the "Board") may fix a day and hour not more than sixty nor less than ten days prior to the day of holding any meeting of the stockholders as the time which the stockholders entitled to notice of and to vote at such meeting shall be determined. Only those persons who were holders of record of voting stock at such time shall be entitled to notice of and to vote at such meeting.

#### SECTION 7. Procedure.

The order of business and all other matters of procedure at every meeting of the stockholders may be determined by the presiding officer.

The Board shall appoint two or more Inspectors of Election to serve at every meeting of the stockholders at which Directors are to be elected.

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**ARTICLE III.**  
**Directors**

**SECTION 1. Number, Election and Terms.**

The number of Directors shall be fixed from time to time by the Board of Directors but shall not be less than three. From and after the annual meeting of stockholders to be held in 2004, the Directors shall hold office for a term expiring at the annual meeting of stockholders to be held in the year following their election with each members to hold office until their successors are elected and qualified; provided that the term of any Director appointed prior to the annual meeting of stockholders to be held in 2004 shall be unaffected. At each annual meeting of stockholders, the successors of the Directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the year following the year of their election.

The term "entire Board" as used in these By-Laws means the total number of Directors which the Corporation would have if there were no vacancies.

Nominations for the election of Directors may be made by the Board of Directors or a committee appointed by the Board of Directors or by any stockholder entitled to vote in the election of Directors generally. However, any stockholder entitled to vote in the election of Directors generally may nominate one or more persons for election as Directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation not later than (i) with respect to an election to be held at an annual meeting of stockholders, ninety days prior to the anniversary date of the immediately preceding annual meeting, and (ii) with respect to an election to be held at a special meeting of stockholders for the election of Directors, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission; and (e) the consent of each nominee to serve as a Director of the Corporation of so elected. The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

**SECTION 2. Newly Created Directorships and Vacancies.**

Newly created directorships resulting from any increase in the number of Directors and any vacancies on the Board of Directors resulting from the death, resignation, disqualification, or removal of a director shall be filled solely by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board of Directors. Any Directors elected (a) to fill any vacancy resulting from the death, resignation, disqualification or removal of a Director shall hold office for the remainder of the full term of the Director whose death, resignation, disqualification or removal created such vacancy and (b) to fill any vacancy resulting from a newly created directorship shall hold office until the next annual meeting of stockholders. And, in each case, until such Director's successor shall have been elected and qualified. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

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### SECTION 3. Removal.

Any Director may be removed from office, with or without cause, only by the affirmative vote of the holders of a majority of the combined voting power of the then outstanding shares of stock entitled to vote generally in the election of Directors, voting together as a single class.

### SECTION 4. Regular Meetings.

Regular meetings of the Board shall be held at such times and places as the Board may from time to time determine.

### SECTION 5. Special Meetings.

Special meetings of the Board may be called at any time, at any place and for any purpose by the Chairman of the Executive Committee, the Chairman of the Board, or by any officer of the Corporation upon the request of a majority of the entire Board.

### SECTION 6. Notice of Meeting.

Notice of regular meetings of the Board need not be given.

Notice of every special meeting of the Board shall be given to each Director at his usual place of business, or at such other address as shall have been furnished by him for the purpose. Such notice shall be given at least twenty-four hours before the meeting by telephone or by being personally delivered, mailed, or telegraphed. Such notice need not include a statement of the business to be transacted at, or the purpose of, any such meeting.

### SECTION 7. Quorum.

Except as may be otherwise provided by law or in these By-Laws, the presence of a majority of the Board shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board, and the act of a majority of such quorum shall be deemed the act of the Board.

Less than a quorum may adjourn any meeting of the Board from time to time without notice.

### SECTION 8. Participation In Meetings By Conference Telephone.

Members of the Board, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

### SECTION 9. Powers.

The business, property and affairs of the Corporation shall be managed by or under the direction of its Board of Directors, which shall have and may exercise all the powers of the Corporation to do all such lawful acts and things as are not by law, or by the Certificate of Incorporation, or by these By-Laws, directed or required to be exercised or done by the stockholders.

### SECTION 10. Compensation of Directors.

Directors shall receive such compensation for their services as shall be determined by a majority of the Board provided that Directors who are serving the Corporation as officers or employees and who receive

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compensation for their services as such officers or employers shall not receive any salary or other compensation for their services as Directors.

**ARTICLE IV.**  
**Officers**

SECTION 1. Number.

a) General. The officers of the Corporation shall be appointed or elected by the Board of Directors. The officers shall be a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Chairmen of the Board, a Chief Financial Officer, a General Counsel, such number of vice presidents as the Board may from time to time determine and a Secretary. The Chairman of the Board or, in his absence or if such office be vacant, the Chief Executive Officer, shall preside at all meetings of the stockholders and of the Board. In the absence of the Chairman of the Board and the Chief Executive Officer, a Vice Chairman of the Board or the President shall preside at all meetings of the stockholders and of the Board. Any person may hold two or more offices, other than the offices of Chairman of the Board and Vice Chairman of the Board, at the same time. Subject to this Section 1, the Chairman of the Board and the Vice Chairmen of the Board shall be chosen from among the members of the Board, but the other officers need not be members of the Board.

b) Chairman of the Board. The Chairman of the Board shall be a member of the Board of Directors and shall be an officer of the Corporation.

c) Chief Executive Officer. The Chief Executive Officer shall be a member of the Board of Directors and an officer of the Corporation. The Chief Executive Officer shall be the chief executive officer of the Corporation and shall supervise, coordinate and manage the Corporation's business and activities and supervise, coordinate and manage its operating expenses and capital allocation, shall have general authority to exercise all the powers necessary for the Chief Executive Officer of the Corporation and shall perform such other duties and have such other powers as may be prescribed by the Board or these By-laws, all in accordance with basic policies as established by and subject to the oversight of the Board. In the absence or disability of the Chairman of the Board, the duties of the Chairman of the Board shall be performed and the Chairman of the Board's authority may be exercised by the Chief Executive Officer, or, in the absence or disability of the Chief Executive Officer, the President, or, in the absence or disability of the President, a Vice Chairman, provided, in each case, that such person is a member of the Board.

d) President. The President shall be a member of the Board of Directors and an officer of the Corporation. The President shall have general day-to-day supervision, direction and control over the administrative functions of the Corporation and the officers, employees and agents relating to such functions (other than the legal and compliance functions). The President shall perform such other duties and have such other powers as may be prescribed by the Board, the Chief Executive Officer or these By-laws, all in accordance with the basic policies as established by and subject to the oversight of the Board, the Chairman of the Board and the Chief Executive Officer.

e) Chief Financial Officer. The Chief Financial Officer shall have responsibility for the financial affairs of the Corporation and shall exercise supervisory responsibility for the performance of the duties of the Treasurer, the Controller and the Chief Accounting Officer. The Chief Financial Officer shall perform such other duties and have such other powers as may be prescribed by the Board or these By-laws, all in accordance with basic policies as established by and subject to the oversight of the Board, the Chairman of the Board, the Chief Executive Officer or the President.

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f) General Counsel. The General Counsel shall have responsibility for the legal affairs of the Corporation. The General Counsel shall perform such other duties and have such other powers as may be prescribed by the Board or these By-laws, all in accordance with basic policies as established by and subject to the oversight of the Board, the Chairman of the Board and the Chief Executive Officer.

g) Secretary. The Secretary shall act as Secretary of all meetings of the stockholders and of the Board at which the Secretary is present, shall record all the proceedings of all such meetings in a book to be kept for that purpose, shall have supervision over the giving and service of notices of the Corporation, and shall have supervision over the care and custody of the corporate records and the corporate seal of the Corporation. The Secretary shall be empowered to affix the corporate seal to documents, the execution of which on behalf of the Corporation under its seal, is duly authorized, and when so affixed, may attest the same. The Secretary shall have all powers and duties usually incident to the office of Secretary, except as specifically limited by a resolution of the Board, and may delegate such powers and duties to duly appointed or elected Assistant Secretaries. The Secretary shall exercise such other powers and perform such other duties as may be assigned to the Secretary from time to time by the Board, the Chairman of the Board or the General Counsel.

#### SECTION 2. Additional Officers.

The Board may appoint such other officers, agents and employees as it shall deem appropriate. All references in these By-laws to a particular officer shall be deemed to refer to the person holding such office regardless of whether such person holds additional offices.

#### SECTION 3. Terms of Office.

All officers, agents and employees of the Corporation shall hold their respective offices or positions at the pleasure of the Board of Directors and may be removed at any time by the Board of Directors with or without cause.

#### SECTION 4. Duties.

The officers, agents and employees shall perform the duties and exercise the powers usually incident to the offices or positions held by them respectively, and/or such other duties and powers as may be assigned to them from time to time by the Board of Directors or the Chief Executive Officer.

### **ARTICLE V. Committees of the Board of Directors**

#### SECTION 1. Designation.

The Board of Directors of the Corporation shall have the following committees:

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a) An Executive Committee consisting of not less than three Directors may be elected by a majority vote of the Board to serve until the Board shall otherwise determine. The Executive Committee shall have and may exercise all of the powers of the Board of Directors when the Board is not in session, including the power to authorize the issuance of stock, except that the Executive Committee shall have no power to (i) alter, amend or repeal these By-Laws or any resolution or resolutions of the Board of Directors; (ii) declare any dividend or make any other distribution to the stockholders of the Corporation; (iii) appoint any member of the Executive Committee; or (iv) take any other action which legally may be taken only by the Board. The Chairman of the Board will also serve as Chairman of the Executive Committee. Each resolution of the Executive Committee will require approval by a majority of the members of such Committee.

b) A Compensation Committee consisting of not less than three Directors may be elected by a majority vote of the Board to serve until the Board shall otherwise determine. The Compensation Committee will have the following powers and authority: (i) determining and fixing the compensation for all senior officers of the Corporation and those of its subsidiaries that the Compensation Committee shall from time to time consider appropriate, as well as all employees of the Corporation and its subsidiaries compensated at a rate in excess of such amount per annum as may be fixed or determined from time to time by the Board; (ii) performing the duties of the committees of the Board provided for in any present or future stock option, incentive compensation or employee benefit plan of the Corporation or, if the Compensation Committee shall so determine, any such plan of any subsidiary; and (iii) reviewing the operations of and policies pertaining to any present or future stock option, incentive compensation or employee benefit plan of the Corporation or any subsidiary that the Compensation Committee shall from time to time consider appropriate. Each resolution of the Compensation Committee will require approval by a majority of the members of such committee. Notwithstanding anything to the contrary contained herein or in any option plan adopted from time to time by the Corporation, neither the Board of Directors nor the Compensation Committee shall have the authority, without prior shareholder approval, to alter the price at which options, once granted, may be exercised, except to the extent any such alteration may be contemplated in such option plan or the applicable stock option agreement in connection with a change of capitalization of the Corporation.

c) An Audit Committee consisting of not less than four Directors may be elected by a majority vote of the Board to serve until the Board shall otherwise determine. The Audit Committee will have the following powers and authority: (i) employing independent public accountants to audit the books of account, accounting procedures, and financial statements of the Corporation and to perform such other duties from time to time as the Audit Committee may prescribe; (ii) receiving the reports and comments of the Corporation's internal auditors and of the independent public accountants employed by the Audit Committee and to take such action with respect thereto as may seem appropriate; (iii) requesting the Corporation's consolidated subsidiaries and affiliated companies to employ independent public accountants to audit their respective books of account, accounting procedures, and financial statements; (iv) requesting the independent public accountants to furnish to the Compensation Committee the certifications required under any present or future stock option, incentive compensation or employee benefit plan of the Corporation; (v) reviewing the adequacy of internal financial controls; (vi) approving the accounting principles employed in financial reporting; (vii) approving the appointment or removal of the Corporation's general auditor; and (viii) reviewing the accounting principles employed in financial reporting. Each resolution of the Audit Committee will require approval by a majority of the members of such committee. Notwithstanding the foregoing, there will be no changes in the composition of the Audit Committee prior to the date of the adoption of a resolution of the Audit Committee approving its final report concerning the Accounting Issues (as defined in Section 1(d)).

## SECTION 2. Meetings; Notice.

Regular meetings of committees shall be held at such times and places as the Board or the committee in question may from time to time determine. Special meetings of any committee may be

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called at any time, at any place and for any purpose by the Chairman of such committee, the Chairman of the Board, or by any officer of the Corporation upon the request of a majority of the members of such committee. Notice of regular meetings of the committees need not be given. Notice of every special meeting of any committee shall be given to each member at his usual place of business, or at such other address as shall have been furnished by him for the purpose. Such notice shall be given at least twenty-four hours before the meeting by telephone or by being personally delivered, mailed, or telegraphed. Such notice need not include a statement of the business to be transacted at, or the purpose of, any such meeting.

### SECTION 3. Committee Members; Board of Director Nominations.

a) Each member of any committee of the Board shall hold office until such member's successor is elected and has qualified, unless such member sooner dies, resigns or is removed.

b) Subject to Section 3(d) of this Article V, the Board may remove a director from a committee or change the chairmanship of a committee by resolution adopted by a majority of the Board.

c) Subject to Section 3(d) of this Article V, the Board may designate one or more Directors as alternate members of any committee to fill any vacancy on a committee and to fill a vacant chairmanship of a committee, occurring as a result of a member or chairman leaving the committee, whether through death, resignation, removal or otherwise. Any such designation may be made or amended by the affirmative vote of a majority of the Board.

(d) From and after August 28, 1998, any new appointees to the Audit Committee shall be composed solely of independent directors. For this purpose, an independent director is one who:

- (1) has not been employed by the Corporation or an affiliate of the Corporation in an executive capacity within the last five years;
  - (2) is not an employee of a company that is one of the Corporation's paid advisors or consultants;
  - (3) is not employed by a significant customer or supplier of the Corporation;
  - (4) is not remunerated by the Corporation for personal services (consisting of legal, accounting, investment banking, and management consulting services) whether or not as an employee of a corporation, division, or similar organization that actually provides the personal services, nor is an employee of an entity which derives more than 50 percent of its gross revenues from the Corporation;
  - (5) is not employed by a tax-exempt organization that receives significant contributions from the Corporation;
  - (6) is not a relative of any member of the senior management of the Corporation;
  - (7) has no business or financial ties to the Corporation's Chief Executive Officer or other executive officers or directors other than relationships with the Corporation; and
  - (8) is not part of an interlocking directorate in which the Chief Executive Officer or another executive officer of the Corporation serves on the board of another corporation that employs the director.
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**ARTICLE VI.**  
**Indemnification of Directors, Officers and Employees**

**SECTION 1. Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation.**

Subject to Section 3 of this Article VI, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

**SECTION 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation.**

Subject to Section 3 of this Article VI, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

**SECTION 3. Authorization of Indemnification.**

Any indemnification under this Article VI (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VI, as the case may be. Such determination shall be made (i) by a majority vote of the Directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) if there are no such Directors, or if such Directors so direct, by independent legal counsel in a written opinion or (iii) by the stockholders. To the extent, however, that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

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#### SECTION 4. Good Faith Defined.

For purposes of any determination under Section 3 of this Article VI, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or 2 of this Article VI, as the case may be.

#### SECTION 5. Indemnification by a Court.

Notwithstanding any contrary determination in the specific case under Section 3 of this Article VI, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VI. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standards of conduct set forth in Section 1 or 2 of this Article VI, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VI nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

#### SECTION 6. Expenses Payable in Advance.

Expenses incurred by a current or former director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VI. Any disagreement concerning the foregoing expense advancement provisions shall be resolved in a summary proceeding as expeditiously as possible.

#### SECTION 7. Nonexclusivity of Indemnification and Advancement of Expenses.

The indemnification and advancement of expenses provided by or granted pursuant to this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, any By-Law, agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VI shall be made to the fullest

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extent permitted by law. The provisions of this Article VI shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or 2 of this Article VI but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise.

#### SECTION 8. Insurance.

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VI.

#### SECTION 9. Certain Definitions.

For purposes of this Article VI, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its Directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VI with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VI, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VI.

#### SECTION 10. Survival of Indemnification and Advancement of Expenses.

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

#### SECTION 11. Limitation on Indemnification.

Notwithstanding anything contained in this Article VI to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Corporation shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

#### SECTION 12. Indemnification of Employees and Agents.

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The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VI to Directors and officers of the Corporation.

**ARTICLE VII.**  
**Seal**

SECTION 1.

The Corporate seal shall bear the name of the Corporation and the words "Corporate Seal, Delaware."

**ARTICLE VIII.**  
**Amendments**

SECTION 1. Amendments of By-Laws.

Subject to the provisions of the Certificate of Incorporation and the provisions of these By-Laws, these By-Laws may be altered, amended or repealed at any regular meeting of the stockholders (or at any special meeting thereof duly called for that purpose) by the vote of a majority of the shares outstanding and entitled to vote at such meeting; provided that in the notice of such special meeting notice of such purpose shall be given. Subject to the laws of the State of Delaware, the provisions of Certificate of Incorporation and the provisions of these By-Laws, the Board of Directors may by majority vote of those present at any meeting at which a quorum is present amend these By-Laws, or enact such other bylaws as in their judgment may be advisable for the regulation of the conduct of the affairs of the Corporation.



**CENDANT REPORTS RECORD RESULTS FOR THIRD  
QUARTER 2004**

3Q 2004 EPS from Continuing Operations Increased 19% to \$0.56  
Versus \$0.47 in 3Q 2003

3Q 2004 Net Cash Provided by Operating Activities Was \$2.4 Billion

3Q 2004 Free Cash Flow Was \$729 Million

Company Projects 2004 EPS from Continuing Operations of \$1.70 — \$1.71

**New York, NY, October 20, 2004** - Cendant Corporation (**NYSE: CD**) today reported record results for third quarter 2004. EPS from Continuing Operations increased 19% to \$0.56, versus \$0.47 in third quarter 2003. Both of the Company's core residential real estate and travel services verticals reported record operating results, despite weather related challenges in the Southeast, which affected real estate and travel alike. Driving the results was continued strong performance from the Company's real estate franchise and brokerage businesses, double-digit growth at the Company's hospitality businesses, and continuing margin improvement in car rental.

Cendant's President and Chief Financial Officer, Ronald L. Nelson, stated: "In addition to another quarter of record results, we also have made substantial progress toward our strategic objective to focus on our core travel and real estate businesses, reduce complexity and increase financial transparency. First, we will secure a leading position in the rapidly growing online travel business through the pending acquisition of Orbitz, using the proceeds from our prior sale of Jackson Hewitt and cash on hand. Second, we announced that the Company intends to spin-off its mortgage and fleet operations, and establish a mutually beneficial joint venture with Cendant Mortgage designed to preserve the cross-selling benefits that exist between it and the Company's residential real estate, relocation and settlement services businesses. We believe these actions will both enhance the Company's growth rate and help to unlock shareholder value."

Cendant projects fourth quarter 2004 EPS of \$0.32 — \$0.33, an increase of 10% — 14% versus the \$0.29 earned in fourth quarter 2003. In addition, the Company has narrowed the range of its projected EPS from Continuing Operations for full year 2004 to \$1.70 — \$1.71, a 23% — 24% increase versus 2003. Excluding the one-time tax benefit of \$0.10 per share recorded in first quarter 2004, EPS from Continuing Operations is projected to increase 16% — 17% in 2004 as compared with 2003. The Company also continues to forecast 2004 Net Cash Provided by Operating Activities of approximately \$5 billion and Free Cash Flow of more than \$2 billion.

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### **Third Quarter 2004 Results of Reportable Segments**

The following discussion of operating results focuses on revenue and EBITDA for each of our reportable operating segments. EBITDA is defined as income from continuing operations before non-program related depreciation and amortization, non-program related interest, amortization of pendings and listings, income taxes and minority interest. EBITDA is the measure that we use to evaluate performance in each of our reportable operating segments. Our presentation of EBITDA may not be comparable to similarly titled measures used by other companies. Revenue and EBITDA are expressed in millions.

#### **Real Estate Franchise and Operations**

(Consisting of the Company's real estate franchise brands, brokerage operations and relocation services)

	2004	2003	% change
Revenue	\$ 1,774	\$ 1,593	11%
EBITDA	\$ 358	\$ 325	10%

Revenue and EBITDA increased principally due to strong growth in royalties earned by our real estate franchise businesses and real estate commissions earned by NRT, our real estate brokerage unit. Real estate franchise royalty and marketing fund revenue increased 15%, primarily due to an 11% increase in the average price of homes sold and an 8% increase in the number of homes sold. Revenue generated by NRT increased 12%, principally due to a 17% increase in average price.

#### **Mortgage Services**

(Consisting of mortgage services and settlement services)

	2004	2003	% change
Revenue	\$ 283	\$ 411	(31%)
EBITDA	\$ 55	\$ 111	(50%)

Revenue and EBITDA decreased due to lower production revenues resulting from the industry-wide decline in mortgage refinancing volumes, as expected, and also, we believe, due to the temporary uncertainty created by our July announcement that we were considering strategic alternatives for the mortgage business. These effects were partially offset by a \$206 million increase in net revenues from mortgage servicing activities, driven by a 12% increase in the average size of the servicing portfolio, substantially lower amortization and an increase in the value of our servicing asset, net of hedging activity.

#### **Hospitality Services**

(Consisting of the Company's franchised lodging brands, timeshare exchange, timeshare sales and marketing, and vacation rental businesses)

	2004	2003	% change
Revenue	\$ 789	\$ 696	13%
EBITDA	\$ 211	\$ 189	12%

Revenue and EBITDA increased due to growth in virtually all of our hospitality businesses. Revenue from the European Vacation Rental Group increased substantially, due primarily to the May 2004 acquisition of Landal Green Parks, the largest vacation rental company in Holland. Revenue from RCI, the Company's timeshare exchange business, increased 13% and revenue from lodging franchise increased 7%. Revenue from the Timeshare Resort Group increased 3%, reflecting higher close rates and revenue per tour. This was partially offset by the negative effects of the recent hurricanes in Florida on Fairfield's tour flow and of telemarketing restrictions on Trendwest's tour flow. In addition, year-over-year EBITDA comparisons were negatively impacted by \$10 million due to the absence of gain on sale accounting and the consolidation of the timeshare securitization structures effective in third quarter 2003.

**Travel Distribution Services**

(Consisting of electronic global distribution services for the travel industry, corporate and consumer online travel services, and travel agency services)

	2004	2003	% change
Revenue	\$ 437	\$ 424	3%
EBITDA	\$ 123	\$ 119	3%

Revenue and EBITDA were positively impacted principally by the acquisitions of Flairview Travel in second quarter 2004 and Travel 2/Travel 4 in fourth quarter 2003. The impact of these acquisitions was partially offset by a 1% decrease in Galileo worldwide booking fees, which was driven by a 3% decline in global volume partially offset by improvements in global yield. Booking volumes were affected by labor uncertainty surrounding an air carrier in Italy where we have a significant presence and by continued soft travel demand in Europe. In addition, revenue and EBITDA were positively impacted by a 39% increase in global gross online travel bookings, including a 51% increase at our CheapTickets.com site, where conversion rates and gross margins also significantly improved.

**Vehicle Services**

(Consisting of vehicle rental, vehicle management services and fleet card services)

	2004	2003	% change
Revenue	\$ 1,693	\$ 1,610	5%
EBITDA	\$ 221	\$ 187	18%

EBITDA increased in part due to operating efficiencies realized from the successful integration of Budget, as well as growth in car rental volume, particularly at Budget. Revenue and EBITDA were also positively impacted by growth in our Wright Express fuel card management business and by our PHH Fleet Management unit's February 2004 acquisition of First Fleet Corporation. Avis and Budget car rental experienced increases in car rental day volume of 1% and 9%, respectively, which were offset by decreases in price of 2% and 7%, respectively. The increased volume and reduced pricing at Budget resulted primarily from the Company's strategic decision to reduce its cost structure and pricing to be more competitive with other leisure-focused car rental brands. In addition, pricing at both Avis and Budget was negatively impacted

by higher industry fleet levels due to increased incentives from car manufacturers. The impact of lower prices was partially offset in EBITDA by lower fleet costs.

### **Marketing Services**

(Consisting of individual membership products, insurance-related services and financial services enhancement products)

	<i>2004</i>	<i>2003</i>	<i>% change</i>
Revenue	\$ 389	\$ 358	9%
EBITDA	\$ 111	\$ 67	66%

Revenue and EBITDA were positively impacted by \$34 million due to the early termination of a contractual relationship originally expected to extend into 2005, which resulted in a cash payment to the Company of \$51 million. This early termination will cause the fourth quarter results of the Marketing Services segment to be modestly reduced. In addition, EBITDA was positively impacted by reduced operating costs at Cims, the Company's international membership business.

### **Other Items**

The early termination of a contractual relationship in the Marketing Services segment positively impacted third quarter EPS by approximately \$0.02. However, this benefit was offset by the negative impact of the recent hurricanes on many of the Company's businesses in Florida and the adverse consequences to the Company's mortgage business arising from our announcement that we were exploring strategic alternatives for that business.

### **Recent Achievements and Strategic Initiatives**

During the third quarter, the Company made considerable progress toward its cash flow generation, debt reduction and share repurchase goals:

- Generated Net Cash Provided by Operating Activities of \$2.4 billion and Free Cash Flow of \$729 million. See Table 7 for a description of Free Cash Flow and a reconciliation to Net Cash Provided by Operating Activities.
- Reduced corporate debt, net of cash on the balance sheet, by \$1.2 billion (corporate debt excludes Debt under Management and Mortgage Programs). As of September 30, 2004, the Company had Net Debt of approximately \$2.8 billion, consisting of \$1.6 billion of cash and cash equivalents and \$4.5 billion of corporate debt outstanding. This cash balance includes approximately \$863 million received in August 2004 in connection with the Company's issuance of approximately 38 million shares of common stock pursuant to the terms of its Upper DECS securities. See Table 5 for more detailed information. The Company projects year-end corporate debt, net of cash on the balance sheet, to be approximately \$4 billion, including the impact of the Orbitz acquisition.
- Utilized \$103 million of cash for the repurchase of common stock, net of proceeds from option exercises. For the nine months ended September 30, 2004, the

Company has utilized \$669 million of cash for the repurchase of common stock, net of proceeds from option exercises.

In addition, the Company recently:

- Announced that it intends to distribute the mortgage and fleet operations of PHH Corporation to its shareholders. The transaction will be structured as a tax-free distribution of the common stock of PHH Corporation. The Company's relocation and fuel card businesses will remain a part of Cendant. The Company anticipates it will establish a joint venture with Cendant Mortgage designed to preserve the mutual cross-selling benefits that exist between the mortgage business and the Company's residential real estate, relocation and settlement services businesses. The spin-off is expected to take place in the first quarter of 2005.
- Announced an agreement to acquire Orbitz, a leading online travel agency, for approximately \$1.25 billion in cash. Orbitz is debt-free and, as of June 30, 2004, had approximately \$200 million of cash on hand. The acquisition will place Cendant in a leading position in the domestic online travel distribution business and is expected to be accretive to EPS by \$0.00 — \$0.01 in 2005 and \$0.07 — \$0.09 in 2006. It is expected to close in fourth quarter 2004 and adversely impact 2004 EPS by approximately \$0.02 due to transaction related expenses and integration costs.
- Announced a regular quarterly cash dividend of \$0.09 per common share payable December 14, 2004 to stockholders of record as of November 22, 2004 and an increase in the Company's stock repurchase program by \$500 million plus an additional repurchase amount equal to the principal amount of any of the Company's 3 7/8 % convertible senior debentures due 2011 which are converted into shares of Cendant common stock in the fourth quarter of 2004.
- Announced its intent to purchase Ramada International Hotels & Resorts, primarily a franchised brand of 204 hotels in 26 countries and territories, from Marriott International Inc. This transaction will complete the acquisition of all worldwide trademark rights for the Ramada® brand by Cendant's Hotel Group. Cendant has operated the Ramada franchise system in the United States since 1990.

#### **2004 Outlook**

The Company projects the following EPS for 2004:

	<u>Fourth Quarter<sup>(a)</sup></u>	<u>Full Year<sup>(a)</sup></u>
<b>2004 EPS</b>	\$ 0.32-\$0.33 <sup>(b)</sup>	\$ 1.95-\$1.96 <sup>(d)(e)</sup>
<b>2004 EPS from Continuing Operations</b>	\$ 0.32-\$0.33 <sup>(b)</sup>	\$ 1.70-\$1.71 <sup>(c)(e)</sup>
<b>2003 EPS from Continuing Operations</b>	\$0.29 <sup>(c)</sup>	\$1.38 <sup>(c)</sup>
<b>% Increase in EPS from Continuing Operations</b>	10% - 14%	23% - 24%

- (a) 2003 results and 2004 projections do not reflect any impact from the planned distribution of the mortgage and fleet operations of PHH Corporation to the Company's shareholders.
- (b) Projection reflects a negative \$0.02 impact from transaction-related expenses and integration costs associated with the Orbitz acquisition, more than offset by a positive impact from the favorable resolution of certain tax matters. It also reflects a \$0.02 — \$0.03 reduction due primarily to lower mortgage production volumes and a car rental pricing environment consistent with the third quarter.
- (c) 2003 results and full year 2004 projections have been revised to recast the results of Jackson Hewitt Tax Service as a discontinued operation as required by GAAP.
- (d) Includes \$0.06 EPS from Discontinued Operations from Jackson Hewitt recorded in first and second quarter 2004 and the \$0.19 gain on sale of Jackson Hewitt recorded in second quarter 2004.
- (e) Includes the one-time tax benefit of \$0.10 per share recorded in first quarter 2004 related to the transaction with Trilegiant. Excluding this benefit, 2004 EPS from Continuing Operations is expected to increase 16% — 17% year-over-year.

The Company also announced the following detailed financial projections for full year 2004 (in millions):

	Full Year 2003 Actual (a)	Full Year 2004 Projected (a)(b)
<b>Revenue</b>		
Real Estate Franchise and Operations	\$ 5,258	\$ 6,125-6,175
Mortgage Services	1,483	1,100-1,160
Total Real Estate Services	6,741	7,225-7,335
Hospitality Services	2,523	2,830-2,900
Travel Distribution Services	1,659	1,800-1,850
Vehicle Services	5,851	6,100-6,150
Total Travel Services	10,033	10,730-10,900
Marketing Services	1,224	1,450-1,500
Total Reportable Segments	\$ 17,998	\$ 19,480-19,600
Corporate and Other	17	20-50
Total Company	\$ 18,015	\$ 19,500-19,650
<b>EBITDA</b>		
Real Estate Franchise and Operations	\$ 892	\$ 1,030-1,050
Mortgage Services	380	200-225
Hospitality Services	633	740-765
Travel Distribution Services	459	470-500
Vehicle Services	442	600-625
Marketing Services	296	340-365
Total Reportable Segments	\$ 3,102	\$ 3,440-3,460



	<u>Full Year 2003</u> <u>Actual (a)</u>	<u>Full Year 2004</u> <u>Projected (a)(b)</u>
Corporate and Other	(38)	(5)-0
Depreciation and amortization (c)	(507)	(565 - 560)
Amortization of pendings/listings	(20)	(20 - 15)
Interest expense, net (c)(d)	(364)	(270 - 265)
Pretax income	\$ 2,173	\$ 2,580-2,620
Provision for income taxes (e)	(722)	(749 - 765)
Minority interest	(21)	(10 - 5)
Income from continuing operations	<u>\$ 1,430</u>	<u>\$ 1,821-1,850</u>
Diluted weighted average shares outstanding (f)	1,040	1,080-1,070

- (a) Full year 2003 results and 2004 projections have been revised to recast the results of Jackson Hewitt Tax Service as a discontinued operation as required by GAAP, but do not reflect any impact from the planned distribution of the mortgage and fleet operations of PHH Corporation to the Company's shareholders.
- (b) Projections do not total because we do not expect the actual results of all segments to be at the lowest or highest end of any projected range simultaneously.
- (c) Depreciation and amortization excludes amounts related to our assets under management and mortgage programs, and interest expense excludes amounts related to our debt under management and mortgage programs, both of which are already reflected in EBITDA.
- (d) 2003 and 2004 interest expense includes approximately \$58 million and \$18 million, respectively, of losses on the early extinguishment of debt. In addition, 2004 interest expense reflects interest income of approximately \$26 million in the third quarter related to a federal tax refund, which had been included in our prior projections.
- (e) Includes the one-time tax benefit of \$109 million recorded in first quarter 2004 related to the transaction with Trilegiant. Excluding this benefit, the effective tax rate is expected to be approximately 33.3% in 2004.
- (f) Forecasted diluted weighted average shares outstanding for 2004 reflect the settlement of the Upper DECS, the treatment of the Company's 3-7/8% notes under the "if converted" method in fourth quarter 2004, and incremental dilution from employee stock options, net of actual and anticipated common stock repurchases.

#### **Investor Conference Call**

Cendant will host a conference call to discuss the second quarter results on Thursday, October 21, 2004, at 11:00 a.m. (EST). Investors may access the call live at [www.cendant.com](http://www.cendant.com) or by dialing (312) 461-9314. A web replay will be available at [www.cendant.com](http://www.cendant.com) following the call. A telephone replay will be available from 2:00 p.m. (EST) on October 21, 2004 until 8:00 p.m. (EST) on October 28, 2004 at (719) 457-0820, access code: 813979.

Cendant Corporation is primarily a provider of travel and residential real estate services. With approximately 90,000 employees, New York City-based Cendant provides these services to businesses and consumers in over 100 countries. More information about Cendant, its companies, brands and current SEC filings may be obtained by visiting the Company's Web site at [www.cendant.com](http://www.cendant.com) or by calling 877-4-INFOCD (877-446-3623).

*Statements about future results made in this release, including the projections, the planned spin-off of PHH Corporation and the pending acquisition of Orbitz, and the statements attached hereto constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations and the current economic environment. The Company cautions that these statements are not guarantees of future performance. Actual results may*

differ materially from those expressed or implied in the forward-looking statements. Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements are specified in Cendant's Form 10-Q for the quarter ended June 30, 2004 and Forms 8-K dated September 29, 2004 and October 13, 2004 regarding the acquisition of Orbitz and the spin-off of PHH Corporation, respectively.

Such forward-looking statements include projections. Such projections were not prepared in accordance with published guidelines of the American Institute of Certified Public Accountants or the SEC regarding projections and forecasts, nor have such projections been audited, examined or otherwise reviewed by independent auditors of Cendant or its affiliates. In addition, such projections are based upon many estimates and are inherently subject to significant economic, competitive and other uncertainties and contingencies, including but not limited to the impact of war or terrorism, which are beyond the control of management of Cendant and its affiliates. Accordingly, actual results may be materially higher or lower than those projected. The inclusion of such projections herein should not be regarded as a representation by Cendant or its affiliates that the projections will prove to be correct.

This release includes certain non-GAAP financial measures as defined under SEC rules. As required by SEC rules, we have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is contained in the tables to this release and on our web site at [www.cendant.com](http://www.cendant.com).

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Tables Follow

Table 1

**Cendant Corporation and Subsidiaries**  
**SUMMARY DATA SHEET**  
(Dollars in millions, except per share data)

	Third Quarter		% Change
	2004	2003	
<b><u>Income Statement Items</u></b>			
Net Revenues	\$ 5,363	\$ 5,085	5%
Pretax Income (A)	890	746	19%
Income from Continuing Operations	593	490	21%
EPS from Continuing Operations (diluted)	0.56	0.47	19%
<b><u>Cash Flow Items</u></b>			
Net Cash Provided by Operating Activities	\$ 2,363	\$ 1,218	
Free Cash Flow (B)	729	1,011	
Payments Made for Current Period Acquisitions, Net of Cash Acquired	(48)	(36)	
Net Debt Repayments	(228)	(444)	
Issuance of Common Stock in Connection with the Upper DECS	863	—	
Net Repurchases of Common Stock	(103)	(128)	
Payment of Dividends	(93)	—	
<b><u>Balance Sheet Items</u></b>			
	As of September 30, 2004	As of December 31, 2003	
Total Corporate Debt	\$ 4,465	\$ 6,002	
Cash and Cash Equivalents	1,633	839	
Total Stockholders' Equity	12,411	10,186	
<b><u>Reportable Operating Segment Results</u></b>			
	Third Quarter		
	2004	2003	% Change
<b><u>Net Revenues</u></b>			
Real Estate Franchise and Operations	\$ 1,774	\$ 1,593	11%
Mortgage Services	283	411	(31%)
Total Real Estate Services	2,057	2,004	3%
Hospitality Services	789	696	13%
Travel Distribution Services	437	424	3%
Vehicle Services	1,693	1,610	5%
Total Travel Services	2,919	2,730	7%
Marketing Services	389	358	9%
Total Reportable Segments	5,365	5,092	5%
Corporate and Other	(2)	(7)	*
Total Company	<u>\$ 5,363</u>	<u>\$ 5,085</u>	5%
<b><u>EBITDA</u></b>			
Real Estate Franchise and Operations	\$ 358	\$ 325	10%
Mortgage Services	55	111	(50%)
Hospitality Services	211	189	12%
Travel Distribution Services	123	119	3%
Vehicle Services	221	187	18%
Marketing Services	111	67	66%
Total Reportable Segments	1,079	998	8%
Corporate and Other	(15)	(43)	*
Total Company	<u>\$ 1,064</u>	<u>\$ 955</u>	
<b><u>Reconciliation of EBITDA to Pretax Income</u></b>			
Total Company EBITDA	\$ 1,064	\$ 955	
Less: Non-program related depreciation and amortization	136	126	
Non-program related interest expense, net	33	74	
Early extinguishment of debt	—	4	
Amortization of pendings and listings	5	5	
Pretax Income (A)	<u>\$ 890</u>	<u>\$ 746</u>	19%

\* Not meaningful.

(A) Referred to as "Income before income taxes and minority interest" on the Consolidated Condensed Statements of Income presented on Table 2.

**(B)** See Table 7 for the underlying calculations and reconciliations.

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**Cendant Corporation and Subsidiaries**  
**CONSOLIDATED CONDENSED STATEMENTS OF INCOME**  
(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003 (*)	2004	2003 (*)
<b>Revenues</b>				
Service fees and membership, net	\$ 3,727	\$ 3,503	\$ 10,363	\$ 9,305
Vehicle-related	1,630	1,574	4,449	4,317
Other	6	8	69	49
Net revenues	<u>5,363</u>	<u>5,085</u>	<u>14,881</u>	<u>13,671</u>
<b>Expenses</b>				
Operating	2,777	2,621	7,717	7,063
Vehicle depreciation, lease charges and interest, net	667	651	1,882	1,865
Marketing and reservation	517	489	1,514	1,292
General and administrative	347	354	1,122	1,024
Non-program related depreciation and amortization	136	126	395	378
Non-program related interest, net:				
Interest expense, net	33	74	184	235
Early extinguishment of debt	—	4	18	58
Acquisition and integration related costs:				
Amortization of pendings and listings	5	5	13	12
Other	(9)	15	(3)	30
Total expenses	<u>4,473</u>	<u>4,339</u>	<u>12,842</u>	<u>11,957</u>
<b>Income before income taxes and minority interest</b>	890	746	2,039	1,714
Provision for income taxes	296	252	570	566
Minority interest, net of tax	1	4	6	17
<b>Income from continuing operations</b>	593	490	1,463	1,131
Income (loss) from discontinued operations, net of tax	—	(4)	64	46
Gain on disposal of discontinued operations, net of tax	—	—	198	—
<b>Income before cumulative effect of accounting changes</b>	593	486	1,725	1,177
Cumulative effect of accounting changes, net of tax	—	(293)	—	(293)
<b>Net income</b>	<u>\$ 593</u>	<u>\$ 193</u>	<u>\$ 1,725</u>	<u>\$ 884</u>
<b>Earnings per share</b>				
<b>Basic</b>				
Income from continuing operations	\$ 0.57	\$ 0.48	\$ 1.43	\$ 1.11
Income from discontinued operations	—	—	0.06	0.04
Gain on disposal of discontinued operations	—	—	0.20	—
Cumulative effect of accounting changes	—	(0.29)	—	(0.28)
Net income	<u>\$ 0.57</u>	<u>\$ 0.19</u>	<u>\$ 1.69</u>	<u>\$ 0.87</u>
<b>Diluted</b>				
Income from continuing operations	\$ 0.56	\$ 0.47	\$ 1.38	\$ 1.09
Income from discontinued operations	—	—	0.06	0.04
Gain on disposal of discontinued operations	—	—	0.19	—
Cumulative effect of accounting changes	—	(0.28)	—	(0.28)
Net income	<u>\$ 0.56</u>	<u>\$ 0.19</u>	<u>\$ 1.63</u>	<u>\$ 0.85</u>
<b>Weighted average shares</b>				
Basic	1,036	1,013	1,024	1,019
Diluted	1,064	1,039	1,059	1,039

(\*) Certain reclassifications have been made to conform to the current presentation.

**Cendant Corporation and Affiliates**  
**SEGMENT REVENUE DRIVER ANALYSIS**  
(Revenue dollars in thousands)

	Third Quarter		% Change
	2004	2003	
<b>REAL ESTATE FRANCHISE AND OPERATIONS SEGMENT</b>			
<b>Real Estate Franchise (A)</b>			
Closed Sides	516,747	478,308	8%
Average Price	\$ 201,952	\$ 181,232	11%
Royalty and Marketing Revenue	\$ 145,477	\$ 126,367	15%
Total Revenue	\$ 152,553	\$ 135,467	13%
<b>Real Estate Brokerage</b>			
Closed Sides	137,805	142,259	(3%)
Average Price	\$ 412,058	\$ 353,611	17%
Net Revenue from Real Estate Transactions	\$ 1,481,887	\$ 1,327,563	12%
Total Revenue	\$ 1,494,002	\$ 1,338,617	12%
<b>Relocation</b>			
Service Based Revenue (Referrals, Outsourcing, etc.)	\$ 90,120	\$ 81,657	10%
Asset Based Revenue (Home Sale Closings and Financial Income)	\$ 37,831	\$ 37,562	1%
Total Revenue	\$ 127,951	\$ 119,219	7%
<b>MORTGAGE SERVICES SEGMENT</b>			
<b>Mortgage</b>			
Production Loans Closed to be Securitized (millions)	\$ 8,217	\$ 21,121	(61%)
Other Production Loans Closed (millions)	\$ 4,469	\$ 6,473	(31%)
Production Loans Sold (millions)	\$ 8,686	\$ 19,228	(55%)
Average Servicing Loan Portfolio (millions)	\$ 140,208	\$ 125,244	12%
Production Revenue	\$ 122,256	\$ 428,206	(71%)
Gross Recurring Servicing Revenue	\$ 122,038	\$ 112,096	9%
Amortization and Impairment of Mortgage Servicing Rights	\$ (321,026)	\$ (282,285)	*
Hedging Activity for Mortgage Servicing Rights	\$ 240,026	\$ 18,295	*
Other Servicing Revenue (B)	\$ 11,913	\$ (1,064)	*
Net Revenue from Mortgage Servicing Activities	\$ 52,951	\$ (152,958)	*
Total Revenue	\$ 175,207	\$ 275,248	(36%)
<b>Settlement Services</b>			
Title and Appraisal Units	97,762	157,305	(38%)
Total Revenue	\$ 107,823	\$ 135,889	(21%)
<b>HOSPITALITY SERVICES SEGMENT</b>			
<b>Lodging</b>			
RevPAR	\$ 33.39	\$ 30.97	8%
Weighted Average Rooms Available	469,387	485,491	(3%)
Royalty, Marketing and Reservation Revenue	\$ 112,765	\$ 108,828	4%
Total Revenue	\$ 132,349	\$ 123,124	7%
<b>RCI</b>			
Average Subscriptions	3,073,811	2,954,236	4%
Number of Exchanges (C)	325,189	357,003	(9%)
Exchange and Subscription Revenue (C)	\$ 94,676	\$ 93,053	2%
Points and Rental Transaction Revenue (C)	\$ 25,814	\$ 22,210	16%
Other Revenue (C)	\$ 26,734	\$ 15,498	72%
Total Revenue	\$ 147,224	\$ 130,761	13%
<b>Fairfield Resorts</b>			
Tours	160,239	164,880	(3%)
Total Revenue	\$ 274,657	\$ 253,225	8%
<b>Trendwest Resorts</b>			
Tours	85,581	109,863	(22%)
Total Revenue	\$ 149,368	\$ 157,663	(5%)
<b>Vacation Rental Group</b>			

Cottage Weeks Sold  
Total Revenue **(D)**

	223,850	132,148	69%
\$	85,871	\$ 31,807	170%

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\* Not meaningful.

- (A)** The 2003 amounts have been revised to reflect a new presentation of drivers adopted during second quarter 2004 whereby contributions from NRT, our wholly-owned real estate brokerage firm, have been excluded. All prior period amounts have been revised to reflect this new presentation and are available on the Cendant website, which may be accessed at [www.cendant.com](http://www.cendant.com). During the three months ended September 30, 2004 and 2003, intercompany royalties paid by NRT were \$96 million and \$87 million, respectively.
- (B)** Includes net interest expense of \$1 million and \$16 million for the three months ended September 30, 2004 and 2003, respectively.
- (C)** The 2003 amounts have been revised to reflect a new presentation of drivers during 2004. All prior period amounts have been revised to reflect this new presentation and are available on the Cendant website, which may be accessed at [www.cendant.com](http://www.cendant.com).
- (D)** The 2004 amount includes the revenues of businesses acquired during or subsequent to the third quarter of 2003 and is therefore not comparable to the 2003 amount.
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**Cendant Corporation and Affiliates**  
**SEGMENT REVENUE DRIVER ANALYSIS**  
(Revenue dollars in thousands)

	Third Quarter		% Change
	2004	2003	
<b>TRAVEL DISTRIBUTION SERVICES SEGMENT (A)</b>			
Transaction Volume, by Region (000's)			
United States	25,349	25,203	1%
International	41,926	43,836	(4%)
Transaction Volume, by Channel (000's)			
Traditional Agency	60,381	64,319	(6%)
Online	6,894	4,720	46%
Air/Non-Air Transaction Volume (000's)			
Air	61,319	63,006	(3%)
Car and Hotel	5,956	6,033	(1%)
Galileo GDS/Other Volume (000's)			
Galileo GDS	66,885	68,779	(3%)
Other	390	260	50%
Galileo Revenue	\$ 370,822	\$ 379,277	(2%)
Online Gross Bookings (000's) (C)	\$ 380,919	\$ 274,128	39%
Offline Gross Bookings (000's) (C)	\$ 173,567	\$ 253,257	(31%)
Total Revenue (B)	\$ 437,010	\$ 423,968	3%
<b>VEHICLE SERVICES SEGMENT</b>			
<b>Avis</b>			
Rental Days (000's)	15,983	15,784	1%
Time and Mileage Revenue per Day	\$ 40.55	\$ 41.21	(2%)
Average Length of Rental (stated in Days)	3.83	3.81	1%
Total Revenue (C)	\$ 733,438	\$ 731,181	—
<b>Budget (D)</b>			
Car Rental Days (000's)	8,600	7,896	9%
Time and Mileage Revenue per Day	\$ 34.43	\$ 37.21	(7%)
Average Length of Rental (stated in Days)	4.22	4.21	—
Car Rental Revenue (C)	\$ 348,519	\$ 351,790	(1%)
Truck Rental Revenue (C)	\$ 160,952	\$ 150,934	7%
Total Revenue (C)	\$ 509,471	\$ 502,724	1%
<b>Vehicle Management and Fuel Card Services</b>			
Average Fleet (Leased)	317,943	313,858	1%
Average Number of Cards (000's)	4,127	3,833	8%
Service Based Revenue	\$ 67,840	\$ 58,824	15%
Asset Based Revenue	\$ 382,672	\$ 317,282	21%
Total Revenue	\$ 450,512	\$ 376,106	20%
<b>MARKETING SERVICES SEGMENT</b>			
Loyalty/Insurance Marketing Revenue	\$ 157,445	\$ 155,472	1%
Individual Membership Revenue	\$ 233,464	\$ 203,178	15%

\* Not meaningful.

(A) The 2003 drivers have been revised to reflect a new presentation adopted during third quarter 2004. All prior period drivers have been revised to reflect this new presentation and are available on the Cendant website, which may be accessed at [www.cendant.com](http://www.cendant.com).

(B) The 2004 amounts include the revenues of businesses acquired during or subsequent to the third quarter of 2003 and is therefore not comparable to the 2003 amount.

(C) Certain reclassifications have been made to the 2003 amounts to conform to the current presentation. All prior period amounts have been revised to reflect this new presentation and are available on the Cendant website, which may be accessed at [www.cendant.com](http://www.cendant.com).

(D) The 2003 amounts have been revised to reflect a new presentation of drivers during 2004 consistent with the methodology used for the Avis business now that Budget has been integrated onto the Company's system. All prior period amounts have been revised to reflect this new presentation and are available on the Cendant website, which may be accessed at [www.cendant.com](http://www.cendant.com).



**Cendant Corporation and Subsidiaries**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**  
(In billions)

	As of September 30, 2004	As of December 31, 2003
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1.6	\$ 0.8
Assets of discontinued operations	—	0.6
Other current assets	3.3	3.6
Total current assets	4.9	5.0
Property and equipment, net	1.7	1.8
Goodwill	11.0	10.7
Other non-current assets	5.1	4.4
Total assets exclusive of assets under programs	22.7	21.9
Assets under management and mortgage programs	18.9	17.6
<b>Total assets</b>	<b>\$ 41.6</b>	<b>\$ 39.5</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 0.9	\$ 1.6
Liabilities of discontinued operations	—	0.1
Other current liabilities	5.2	5.5
Total current liabilities	6.1	7.2
Long-term debt	3.6	4.4
Other non-current liabilities	1.2	1.2
Total liabilities exclusive of liabilities under programs	10.9	12.8
Liabilities under management and mortgage programs (*)	18.3	16.5
Total stockholders' equity	12.4	10.2
<b>Total liabilities and stockholders' equity</b>	<b>\$ 41.6</b>	<b>\$ 39.5</b>

(\*) Liabilities under management and mortgage programs includes deferred income tax liabilities of \$2.7 billion and \$1.4 billion as of September 30, 2004 and December 31, 2003, respectively.

**Cendant Corporation and Subsidiaries**  
**SCHEDULE OF CORPORATE DEBT (A)**  
(In millions)

<u>Earliest Mandatory Redemption Date</u>	<u>Maturity Date</u>		<u>September 30, 2004</u>	<u>June 30, 2004</u>	<u>March 31, 2004</u>	<u>December 31, 2003</u>
		<b>Net Debt</b>				
February 2004	n/a	Zero coupon senior convertible contingent notes	\$ —	\$ —	\$ —	\$ 430
May 2009	n/a	11% senior subordinated notes	—	—	329	333
May 2004	n/a	Zero coupon convertible debentures	—	—	7	7
November 2004	November 2011	3 7/8% convertible senior debentures (B)	804	804	804	804
August 2006	August 2006	6 7/8% notes	849	849	849	849
January 2008	January 2008	6 1/4% notes	797	797	797	797
March 2010	March 2010	6 1/4% notes	349	348	348	348
January 2013	January 2013	7 3/8% notes	1,191	1,190	1,190	1,190
March 2015	March 2015	7 1/8% notes	250	250	250	250
August 2006	August 2006	4.89% notes (C)	100	100	—	—
		Net hedging gains (losses) (D)	28	(41)	99	31
		Other	97	320	118	100
		<b>Total corporate debt, excluding Upper DECS</b>	<b>4,465</b>	<b>4,617</b>	<b>4,791</b>	<b>5,139</b>
		Plus: Upper DECS (E)	—	—	863	863
		<b>Total Debt</b>	<b>4,465</b>	<b>4,617</b>	<b>5,654</b>	<b>6,002</b>
		Less: Cash and cash equivalents	1,633	566	631	839
		<b>Net Debt</b>	<b>\$ 2,832</b>	<b>\$ 4,051</b>	<b>\$ 5,023</b>	<b>\$ 5,163</b>
		<b>Net Capitalization</b>				
		Total Stockholders' Equity	\$ 12,411	\$ 11,114	\$ 10,637	\$ 10,186
		Total Debt (per above)	4,465	4,617	5,654	6,002
		<b>Total Capitalization</b>	<b>16,876</b>	<b>15,731</b>	<b>16,291</b>	<b>16,188</b>
		Less: Cash and cash equivalents	1,633	566	631	839
		<b>Net Capitalization</b>	<b>\$ 15,243</b>	<b>\$ 15,165</b>	<b>\$ 15,660</b>	<b>\$ 15,349</b>
		<b>Net Debt to Net Capitalization Ratio (F)</b>	<b>18.6%</b>	<b>26.7%</b>	<b>32.1%</b>	<b>33.6%</b>
		<b>Total Debt to Total Capitalization Ratio</b>	<b>26.5%</b>	<b>29.3%</b>	<b>34.7%</b>	<b>37.1%</b>

(A) Amounts presented herein exclude debt under management and mortgage programs.

(B) Each \$1,000 principal amount is convertible into 41.58 shares of CD common stock during 2004 if the average price of CD common stock exceeds \$28.32 during the stipulated measurement periods. Redeemable by the Company after November 27, 2004. Holders may require the Company to repurchase the debentures on November 27, 2004 and 2008. The Company intends to redeem these debentures during fourth quarter 2004, at which time holders will have the right to convert their debentures into shares of CD common stock.

(C) Represents amount of senior notes outstanding following the Company's remarketing in May 2004 of the \$863 million principal amount of senior notes forming a part of the Company's Upper DECS securities. These notes were previously pledged to the Company as security for the holders' obligations under the forward purchase contract component of the Upper DECS. The Company did not receive any proceeds from the remarketing; rather, the proceeds were used to purchase a portfolio of U.S. Treasury securities, which was pledged to the Company as collateral for the forward purchase contracts until the settlement of those contracts in August 2004.

(D) As of September 30, 2004, this balance represents \$162 million of realized gains resulting from the termination of interest rate hedges, which will be amortized by the Company to reduce future interest expense, partially offset by \$134 million of mark to market adjustments on current interest rate hedges.

(E) In May 2004, these senior notes were remarketed and as a result no longer formed a portion of the Upper DECS. In connection with such remarketing, the Company purchased and retired \$763 million principal amount of notes (see Note (C) above).

(F) The "Net Debt to Net Capitalization Ratio" is useful in measuring the Company's leverage and indicating the strength of its financial condition. This ratio is calculated by dividing (i) net corporate debt (which reflects total debt adjusted to assume the application of available cash to reduce outstanding indebtedness) by (ii) net capitalization (which reflects total capitalization also adjusted for the application of available cash). A reconciliation of the "Net Debt to Net Capitalization Ratio" to the appropriate measure recognized under generally accepted accounting principles (Total Debt to Total Capitalization Ratio) is presented in the above table.

**Cendant Corporation and Subsidiaries**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**  
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
<b>Operating Activities</b>				
Net cash provided by operating activities exclusive of management and mortgage programs	\$ 921	\$ 1,040	\$ 2,240	\$ 2,307
Net cash provided by operating activities of management and mortgage programs	1,442	178	1,854	1,198
<b>Net Cash Provided by Operating Activities</b>	<b>2,363</b>	<b>1,218</b>	<b>4,094</b>	<b>3,505</b>
<b>Investing Activities</b>				
Property and equipment additions	(111)	(111)	(311)	(307)
Net assets acquired, net of cash acquired, and acquisition-related payments	(65)	(99)	(443)	(234)
Proceeds received on asset sales	6	34	30	120
Proceeds from disposition of businesses, net of transaction-related payments	(5)	—	821	—
Other, net	2	20	42	90
Net cash provided by (used in) investing activities exclusive of management and mortgage programs	(173)	(156)	139	(331)
<i>Management and mortgage programs:</i>				
Net change in program cash	(87)	24	87	66
Net investment in vehicles	939	(285)	(2,395)	(1,904)
Net change in relocation receivables	(47)	36	(62)	(56)
Net change in mortgage servicing rights, related derivatives and mortgage-backed securities	130	(595)	(215)	(514)
	935	(820)	(2,585)	(2,408)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>762</b>	<b>(976)</b>	<b>(2,446)</b>	<b>(2,739)</b>
<b>Financing Activities</b>				
Proceeds from borrowings	7	—	26	2,588
Principal payments on borrowings	(235)	(444)	(1,353)	(3,215)
Issuances of common stock	951	121	1,347	247
Repurchases of common stock	(191)	(249)	(1,153)	(710)
Payment of dividends	(93)	—	(237)	—
Other, net	—	—	(22)	(86)
Net cash provided by (used in) financing activities exclusive of management and mortgage programs	439	(572)	(1,392)	(1,176)
<i>Management and mortgage programs:</i>				
Proceeds from borrowings	3,701	8,945	12,145	22,570
Principal payments on borrowings	(5,297)	(8,216)	(11,679)	(21,041)
Net change in short-term borrowings	(864)	(38)	50	(276)
Other	(4)	(1)	(21)	(10)
	(2,464)	690	495	1,243
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(2,025)</b>	<b>118</b>	<b>(897)</b>	<b>67</b>
Effect of changes in exchange rates on cash and cash equivalents	(33)	10	5	(10)
Cash provided by discontinued operations	—	7	38	56
Net increase in cash and cash equivalents	1,067	377	794	879
Cash and cash equivalents, beginning of period	566	627	839	125
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,633</b>	<b>\$ 1,004</b>	<b>\$ 1,633</b>	<b>\$ 1,004</b>

**Cendant Corporation and Subsidiaries**  
**CONSOLIDATED SCHEDULES OF FREE CASH FLOWS**  
(In millions)

Free Cash Flow is useful to management and the Company's investors in measuring the cash generated by the Company that is available to be used to repurchase stock, repay debt obligations, pay dividends and invest in future growth through new business development activities or acquisitions. Free Cash Flow should not be construed as a substitute in measuring operating results or liquidity. Such metric may not be comparable to similarly titled measures used by other companies and is not a measurement recognized under generally accepted accounting principles. A reconciliation of Free Cash Flow to the appropriate measure recognized under generally accepted accounting principles (Net Cash Provided by Operating Activities) is presented below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Pretax income	\$ 890	\$ 746	\$ 2,039	\$ 1,714
Addback of non-cash depreciation and amortization:				
Non-program related	136	126	395	378
Pendings and listings	5	5	13	12
Tax payments, net of refunds	(30)	107	(127)	58
Working capital and other	(74)	90	(50)	265
Capital expenditures	(111)	(111)	(311)	(307)
Management and mortgage programs (A)	(87)	48	(236)	33
<b>Free Cash Flow</b>	<b>729</b>	<b>1,011</b>	<b>1,723</b>	<b>2,153</b>
Current period acquisitions, net of cash acquired	(48)	(36)	(370)	(80)
Payments related to prior period acquisitions	(17)	(63)	(73)	(154)
Proceeds from disposition of businesses, net	(5)	—	821	—
Issuance of common stock in connection with the Upper DECS	863	—	863	—
Net repurchases of common stock	(103)	(128)	(669)	(463)
Payment of dividends	(93)	—	(237)	—
Investments and other (B)	(31)	37	63	50
Net debt repayments	(228)	(444)	(1,327)	(627)
<b>Net increase in cash and cash equivalents (per Table 6)</b>	<b>\$ 1,067</b>	<b>\$ 377</b>	<b>\$ 794</b>	<b>\$ 879</b>

(A) Cash flows related to management and mortgage programs may fluctuate significantly from period to period due to the timing of the underlying management and mortgage program transactions (i.e., timing of mortgage loan origination versus sale). For the three months ended September 30, 2004 and 2003, the net cash flows from the activities of management and mortgage programs are reflected on Table 6 as follows: (i) net cash provided by operating activities of \$1,442 million and \$178 million, respectively, (ii) net cash provided by (used in) investing activities of \$935 million and (\$820) million, respectively, and (iii) net cash provided by (used in) financing activities of (\$2,464) million and \$690 million, respectively. For the nine months ended September 30, 2004 and 2003, the net cash flows from the activities of management and mortgage programs are reflected on Table 6 as follows: (i) net cash provided by operating activities of \$1,854 million and \$1,198 million, respectively, (ii) net cash used in investing activities of (\$2,585) million and (\$2,408) million, respectively, and (iii) net cash provided by financing activities of \$495 million and \$1,243 million, respectively.

(B) Includes net cash provided by (used in) discontinued operations, the effects of exchange rates on cash and cash equivalents and other investing and financing activities.

**RECONCILIATION OF FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES**  
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
<b>Free Cash Flow (per above)</b>	\$ 729	\$ 1,011	\$ 1,723	\$ 2,153
Cash (inflows) outflows included in Free Cash Flow but not reflected in Net Cash Provided by Operating Activities:				
Investing activities of management and mortgage programs	(935)	820	2,585	2,408
Financing activities of management and mortgage programs	2,464	(690)	(495)	(1,243)
Capital expenditures	111	111	311	307
Proceeds received on asset sales	(6)	(34)	(30)	(120)
<b>Net Cash Provided by Operating Activities (per Table 6)</b>	<b>\$ 2,363</b>	<b>\$ 1,218</b>	<b>\$ 4,094</b>	<b>\$ 3,505</b>
	<b>Full Year 2004 Projected</b>			
<b>Free Cash Flow</b>	\$ 2,000-\$2,100			
Cash outflows included in Free Cash Flow but not reflected in Net Cash Provided by Operating Activities:				
Investing and financing activities of management and mortgage programs	1,975-2,625			
Capital expenditures	490-540			
Cash inflows included in Free Cash Flow but not reflected in Net Cash Provided by Operating Activities:				
Proceeds received on asset sales	(50)-(30)			
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 4,415-\$5,235</b>			



Cendant's Board of Directors Approves Regular Quarterly Cash Dividend  
of \$0.09 Per Common Share

Board Approves Increase in Common Stock Repurchase Program

**NEW YORK, October 19, 2004** – Cendant Corporation's (**NYSE: CD**) board of directors approved the Company's regular quarterly cash dividend of \$0.09 per common share, payable December 14, 2004 to stockholders of record as of November 22, 2004 at a regularly scheduled board meeting held today.

In addition, the board of directors increased the Company's stock repurchase program by \$500 million plus an additional repurchase amount equal to the principal amount of any of the Company's 3 7/8% convertible senior debentures due 2011 which are converted into shares of Cendant common stock in the fourth quarter of 2004.

About Cendant Corporation

Cendant Corporation is primarily a provider of travel and residential real estate services. With approximately 90,000 employees, New York City-based Cendant provides these services to business and consumers in over 100 countries. More information about Cendant, its companies, brands and current SEC filings may be obtained by visiting the Company's Web site at <http://www.cendant.com> or by calling 877-4-INFOCD (877-446-3623).

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