

TAX INFORMATION FOR STOCKHOLDERS OF CENDANT CORPORATION

On January 31, 2005, Cendant Corporation (“Cendant”) completed the distribution of its mortgage and fleet management businesses to its stockholders through the distribution to its stockholders (the “spin-off”) of all of the outstanding shares of common stock of its former subsidiary PHH Corporation (“PHH”). Cendant and PHH are now two fully independent, publicly owned companies. This document contains the following information relating to the distribution.

- An explanation of the U.S. Federal income tax consequences of the distribution for Cendant stockholders.
- A worksheet that will help you complete important tax calculations.
- A statement you can use for purposes of filing your 2005 U.S. Federal income tax return.

BACKGROUND INFORMATION

Cendant stockholders as of January 19, 2005 received one share of PHH’s common stock for every 20 shares of Cendant common stock. As previously announced, stockholders entitled to a fractional share of PHH received a cash payment in lieu of a fractional share. The fractional shares of PHH common stock were aggregated and sold through an independent agent and the net proceeds were paid to Cendant common stockholders entitled to a fractional share of PHH common stock.

TAX INFORMATION

Shares of PHH common stock were distributed to Cendant stockholders in the form of a tax-free stock dividend. As a result, Cendant stockholders will not recognize gain or loss on the receipt of shares of PHH common stock, except in connection with cash received in lieu of a fractional share.

A Cendant stockholder who receives cash in lieu of a fractional share of PHH common stock in the spin-off will be treated as having sold such fractional share for cash, and will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the Cendant stockholder’s tax basis in the fractional share.

That gain or loss generally will be long-term capital gain or loss if the Cendant stockholder’s holding period for its Cendant common stock exceeds one year. A Cendant stockholder’s holding period for PHH common stock received in the spin-off (including any fractional share interest of PHH common stock for which cash is received) will include the period during which such stockholder’s Cendant common stock was held.

TAX BASIS ALLOCATION

To calculate your net gain or loss on the sale of stock, you must calculate your tax basis in the stock. If your sales proceeds exceed your tax basis in the stock sold, you will realize a gain on the sale of the stock equal to the difference between the sales proceeds and your tax basis. Conversely, if your sales proceeds are less than your tax basis in the stock sold, you will realize a loss on the sale equal to the difference between the sales proceeds and your tax basis.

If you bought your shares of Cendant common stock and did not acquire them as a gift or in a similar manner, your tax basis in those shares is generally your cost of acquiring the shares. If you did not acquire your shares of Cendant common stock by purchasing them, consult your tax adviser to determine your tax basis in those shares.

Because of the spin-off of PHH, you must allocate the tax basis of your pre-spin-off shares of Cendant common stock between your post-spin-off shares of Cendant common stock and your newly received shares of PHH common stock. The worksheet will help you calculate your new tax basis in your shares of Cendant common stock and PHH common stock. If you acquired your shares of Cendant common stock at different times and costs, including shares received through a dividend reinvestment plan, you will need to calculate a separate tax basis for each group of shares of Cendant common stock, as well as the shares of PHH common stock received in connection with those shares of Cendant common stock.

STOCKHOLDER STATEMENT

U.S. Treasury regulations require that you sign and attach to your U.S. Federal income tax return a statement setting forth certain prescribed information about the distribution of shares of PHH common stock. Below is a statement you can use for this purpose when you file your 2005 U.S. Federal income tax return. **The statement should be attached to your 2005 U.S. Federal income tax return.**

CONSULT YOUR TAX ADVISER

The information in this document represents our understanding of the U.S. Federal income tax laws and regulations, and does not constitute tax advice. It does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. You should consult your tax adviser regarding the particular consequences of the spin-off, including any applicability and effect of any state, local and foreign tax laws.

HOW TO CALCULATE YOUR TAX BASIS

You can use the following worksheet to calculate your basis in your Cendant common stock and PHH common stock, as well as your gain or loss in respect of any cash received in lieu of a fractional share of PHH common stock.

Based on the closing price at which Cendant common stock and PHH common stock traded on February 1, 2005, \$22.79 and \$21.90, respectively, as reported for the New York Stock Exchange transactions, 95.42% of your pre-spin-off tax basis should be allocated to your shares of Cendant common stock and 4.58% should be allocated to your shares of PHH common stock (including any fractional share interest).

A hypothetical example is provided along with space to fill in your actual numbers. In order to use the worksheet, you will need to know the tax basis of your shares of Cendant common stock before the spin-off. If you bought Cendant common stock on more than one occasion, you will need to perform this computation separately for each purchase.

HYPOTHETICAL EXAMPLE

In this example, 75 shares of Cendant common stock were purchased for \$20.00 per share, resulting in a tax basis of \$1,500.00. The original tax basis of \$1,500.00 must now be allocated to the post-spin-off shares of Cendant common stock and the newly received shares of PHH common stock (including any fractional share interest).

CENDANT TAX BASIS CALCULATION						
Example:	\$1,500.00	X	0.9542	=	\$1,431.30	÷ 75 = \$19.08
	Original tax basis		Allocated ratio		New total tax basis of Cendant common stock	Total number of shares New tax basis per share of Cendant common stock
Calculate your new tax basis per share of Cendant common stock						
	<input type="text"/>	X	0.9542	=	<input type="text"/>	÷ <input type="text"/> = <input type="text"/>
	Original tax basis		Allocated ratio		New total tax basis of Cendant common stock	Total number of shares New tax basis per share of Cendant common stock
PHH COMMON STOCK TAX BASIS CALCULATION						
Example:	\$1,500.00	X	0.0458	=	\$68.70	÷ 3.75 = \$18.32
	Original tax basis		Allocated ratio		New total tax basis of PHH common stock (including any fractional share interest)	Total number of shares (including any fractional share interest) New tax basis per share of PHH common stock (including any fractional share interest)
Calculate your new tax basis per share of PHH common stock						
	<input type="text"/>	X	0.0458	=	<input type="text"/>	÷ <input type="text"/> = <input type="text"/>
	Original tax basis		Allocated ratio		New total tax basis of PHH common stock (including any fractional share interest)	Total number of shares (including any fractional share interest) New tax basis per share of PHH common stock (including any fractional share interest)
PHH COMMON STOCK FRACTIONAL SHARE BASIS						
Example:	\$18.32	X	0.75	=	\$13.74	
	New per share tax basis of PHH common stock		Number of fractional share of PHH common stock		Tax basis of fractional share of PHH common stock	
Calculate your PHH common stock fractional share tax basis						
	<input type="text"/>	X	<input type="text"/>	=	<input type="text"/>	
	New per share tax basis of PHH common stock		Number of fractional share of PHH common stock		Tax basis of fractional share of PHH common stock	
LOSS OR GAIN FROM SALE OF FRACTIONAL SHARE OF PHH COMMON STOCK						
Example:	\$16.54	-	\$13.74	=	\$2.80	
	Cash received in lieu of fractional share of PHH common stock		Tax basis of fractional share of PHH common stock		Gain from sale of fractional share of PHH common stock	
Calculate your gain or loss from sale of fractional share of PHH common stock						
	<input type="text"/>	-	<input type="text"/>	=	<input type="text"/>	
	Cash received in lieu of fractional share		Tax basis of fractional share of PHH common stock		Gain from sale of fractional share of PHH common stock	

**STATEMENT OF STOCKHOLDER
RECEIVING DISTRIBUTION FROM
CENDANT CORPORATION OF
PHH CORPORATION COMMON STOCK
FILED PURSUANT TO TREASURY REGULATION SECTION 1.355-5(b)**

1. The undersigned, an owner of shares of common stock of Cendant Corporation (“Cendant”) as of January 19, 2005, received shares of common stock of PHH Corporation (“PHH”) in a distribution on January 31, 2005 to which Section 355 of the Internal Revenue Code of 1986, as amended, applies.

2. The names and addresses of the corporations involved in the distribution are:
 - (a) Cendant Corporation
9 West 57th Street
New York, New York 10019

 - (b) PHH Corporation
3000 Leadenhall Road
Mt. Laurel, New Jersey 08054

3. The undersigned surrendered no stock or securities in Cendant in connection with the distribution.

4. The undersigned received _____ whole share(s) of PHH Corporation common stock.

Stockholder Signature

Stockholder Signature

Attach this statement to your 2005 U.S. Federal Income Tax Return.