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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2002
COMMISSION FILE NO. 1-10308

CENDANT CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	06-0918165 (I.R.S. EMPLOYER IDENTIFICATION NUMBER)
9 WEST 57TH STREET NEW YORK, NY (ADDRESS OF PRINCIPAL EXECUTIVE OFFICE)	10019 (ZIP CODE)
(212) 413-1800 (REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)	

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of the Registrant's common stock was 1,040,187,369 shares as of July 31, 2002.

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CENDANT CORPORATION AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholders of
Cendant Corporation
New York, New York

We have reviewed the accompanying consolidated condensed balance sheet of
Cendant Corporation and subsidiaries (the "Company") as of June 30, 2002 and the

related consolidated condensed statements of income and cash flows for the three and six month periods ended June 30, 2002 and 2001. These financial statements are the responsibility of the Company's management.

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

Based on our review, we are not aware of any material modifications that should be made to such consolidated condensed financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Company as of December 31, 2001, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 7, 2002 (April 1, 2002 as to the subsequent events described in Note 28 and August 12, 2002 as to the effects of the discontinued operation described in Notes 1 and 5 and as to the pro forma effect of the non-amortization of goodwill disclosed in Note 1), we expressed an unqualified opinion (and included explanatory paragraphs relating to the modification of the accounting treatment relating to securitization transactions, the accounting for derivative instruments and hedging activities and the revision of certain revenue recognition policies, as discussed in Note 1 and as to the effects of the discontinued operation as discussed in Notes 1 and 5 to the consolidated financial statements) on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated condensed balance sheet as of December 31, 2001 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP
 New York, New York
 August 12, 2002

CENDANT CORPORATION AND SUBSIDIARIES
 CONSOLIDATED CONDENSED STATEMENTS OF INCOME
 (IN MILLIONS, EXCEPT PER SHARE DATA)

THREE MONTHS ENDED SIX MONTHS ENDED JUNE 30, JUNE 30, ----- ----- -- ----- ----- - 2002 2001 2002 2001 --- ----- -----
--- REVENUES
Service fees and membership- related, net
\$ 2,798 \$
1,348 \$ 4,501
\$ 2,414
Vehicle- related 981
965 1,871
1,296 Other 5
6 28 20 ----- ----- ----- --- ----- -- Net revenues
3,784 2,319

6,400 3,730 -

EXPENSES

Operating

1,831 685

2,695 1,069

Vehicle

depreciation,

lease charges

and interest,

net 510 542

1,009 721

Marketing and

reservation

358 322 679

571 General

and

administrative

286 214 556

395 Non-

program

related

depreciation

and

amortization

111 116 216

209 Other

charges:

Acquisition

and

integration

related costs

207 - 207 8

Litigation

settlement

and related

costs, net 8

9 19 19

Restructuring

and other

unusual

charges - - -

185 Non-

program

related

interest, net

60 61 126 123

----- Total

expenses

3,371 1,949

5,507 3,300 -

----- Net

gain on

dispositions

of businesses

- - - 435 ----

----- INCOME

BEFORE INCOME

TAXES,

MINORITY

INTEREST AND

EQUITY IN

HOMESTORE.COM

413 370 893

865 Provision

for income

taxes 141 127

304 330

Minority

interest, net
of tax 6 5 8
18 Losses
related to
equity in
Homestore.com,
net of tax -
18 - 36 -----

-- INCOME
FROM
CONTINUING
OPERATIONS
266 220 581
481 Income
from
discontinued
operations,
net of tax 24
22 51 38 Loss
on disposal
of
discontinued
operations,
net of tax
(256) - (256)

INCOME BEFORE
EXTRAORDINARY
LOSSES AND
CUMULATIVE
EFFECT OF
ACCOUNTING
CHANGES 34
242 376 519
Extraordinary
losses, net
of tax (27) -
(27) - -----

--- INCOME
BEFORE
CUMULATIVE
EFFECT OF
ACCOUNTING
CHANGES 7 242
349 519
Cumulative
effect of
accounting
changes, net
of tax - - -
(38) -----

NET INCOME \$
7 \$ 242 \$ 349
\$ 481

=====
=====
=====
=====
CD COMMON
STOCK INCOME
PER SHARE
BASIC Income
from
continuing
operations \$
0.26 \$ 0.26 \$
0.58 \$ 0.56
Net income
0.01 0.29

0.35	0.57
DILUTED	
Income from continuing operations \$	
0.25	\$ 0.25
0.56	\$ 0.54
Net income	
0.01	0.27
0.34	0.54

See Notes to Consolidated Condensed Financial Statements.

CENDANT CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(IN MILLIONS, EXCEPT SHARE DATA)

JUNE 30, DECEMBER 31, 2002	2001	---

ASSETS		
Current		
assets Cash and cash equivalents \$	486	\$ 1,942
Restricted cash	519	211
Receivables, net	1,438	1,313
Stockholder litigation settlement trust -	1,410	
Deferred income taxes	247	697
Assets of discontinued operations -	1,310	
Other current assets	917	834

Total current assets	3,607	7,717
Property and equipment, net	1,589	1,394
Deferred income taxes	971	771
Franchise agreements, net	838	1,656
Goodwill, net	10,110	7,360
Other intangibles, net	1,420	1,210
Other non-current assets	1,384	1,568

Total assets exclusive of assets under programs		

19,919 21,676

- - - - -

--- Assets
under
management
and mortgage
programs
Mortgage
loans held
for sale 800
1,244

Relocation
receivables
231 292

Vehicle-
related, net
8,287 8,073

Timeshare
receivables
675 222

Mortgage
servicing
rights 2,217

2,037 -----

12,210 11,868

- - - - -

--- TOTAL
ASSETS \$
32,129 \$
33,544

=====

=====

LIABILITIES

AND

STOCKHOLDERS'

EQUITY

Current

liabilities

Accounts

payable and

other current

liabilities \$

3,589 \$ 3,468

Current

portion of

long-term

debt 21 401

Stockholder

litigation

settlement -

2,850

Liabilities

of

discontinued

operations -

172 Deferred

income 750

900 -----

----- Total

current

liabilities

4,360 7,791

Long-term

debt,

excluding

Upper DECS

5,445 5,731

Upper DECS

863 863

Deferred

income 304

297 Other

non-current

liabilities

694 525 -----

Total
liabilities
exclusive of
liabilities
under
programs
11,666 15,207

Liabilities
under
management
and mortgage
programs Debt
10,109 9,844
Deferred
income taxes
1,017 1,050 -

- 11,126
10,894 -----

Mandatorily
redeemable
preferred
interest in a
subsidiary
375 375 -----

Commitments
and
contingencies
(Note 12)
Stockholders'
equity
Preferred
stock, \$.01
par value -
authorized 10
million
shares; none
issued and
outstanding -
- CD common
stock, \$.01
par value -
authorized 2
billion
shares;
issued
1,236,213,564
and
1,166,492,626
shares 12 11
Additional
paid-in
capital
10,074 8,676
Retained
earnings
2,761 2,412
Accumulated
other
comprehensive
loss (4)
(264) CD
treasury
stock, at
cost,
195,376,261
and
188,784,284
shares
(3,881)
(3,767) -----

 Total
 stockholders'
 equity 8,962
 7,068 -----

 TOTAL
 LIABILITIES
 AND
 STOCKHOLDERS'
 EQUITY \$
 32,129 \$
 33,544
 =====
 =====

See Notes to Consolidated Condensed Financial Statements.

CENDANT CORPORATION AND SUBSIDIARIES
 CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
 (IN MILLIONS)

SIX MONTHS
 ENDED JUNE
 30, -----

 2002 2001 --

 - OPERATING
 ACTIVITIES
 Net income \$
 349 \$ 481
 Adjustments
 to arrive at
 income from
 continuing
 operations
 232 - -----

 Income from
 continuing
 operations
 581 481
 Adjustments
 to reconcile
 income from
 continuing
 operations
 to net cash
 provided by
 (used in)
 operating
 activities:
 Non-program
 related
 depreciation
 and
 amortization
 216 209 Non-
 cash portion
 of other
 charges, net
 163 31 Net
 gain on
 dispositions
 of
 businesses -
 (435)
 Deferred
 income taxes
 241 233
 Proceeds
 from sales

of trading securities -
110 Net change in assets and liabilities, excluding the impact of acquisitions and

dispositions:
Receivables (119) (142)
Income taxes (294) 29
Accounts payable and other current liabilities (97) (95)
Payment of stockholder litigation settlement liability (2,850) -
Deferred income (153) (41)
Other, net 55 52 --

- NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES EXCLUSIVE OF MANAGEMENT AND MORTGAGE PROGRAMS (2,257) 432

MANAGEMENT AND MORTGAGE PROGRAMS:
Depreciation and amortization 1,053 686
Origination of mortgage loans (17,736) (18,487)
Proceeds on sale of and payments from mortgage loans held for sale 18,212
18,551 -----

1,529 750 --

- NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES (728) 1,182

INVESTING
ACTIVITIES
Property and
equipment
additions
(139) (146)
Proceeds
from
(payments
to)
stockholder
litigation
settlement
trust 1,410
(500) Net
assets
acquired
(net of cash
acquired)
and
acquisition-
related
payments
(623)
(1,727) Net
proceeds
from
dispositions
of
businesses
1,200 -
Other, net
(21) (35) --

- NET CASH
PROVIDED BY
(USED IN)
INVESTING
ACTIVITIES
EXCLUSIVE OF
MANAGEMENT
AND MORTGAGE
PROGRAMS
1,827
(2,408) ----

MANAGEMENT
AND MORTGAGE
PROGRAMS:
Investment
in vehicles
(7,577)
(4,673)
Payments
received on
investment
in vehicles
6,397 3,608
Origination
of timeshare
receivables
(498) (155)
Principal
collection
of timeshare
receivables
414 162
Equity
advances on
homes under
management
(2,909)
(3,026)
Repayment on
advances on
homes under
management
2,974 3,017

Additions to
mortgage
servicing
rights and
related
hedges, net
(377) (335)
Proceeds
from sales
of mortgage
servicing
rights 9 26

--- (1,567)
(1,376) ----

NET CASH
PROVIDED BY
(USED IN)
INVESTING
ACTIVITIES
260 (3,784)

FINANCING
ACTIVITIES
Proceeds
from
borrowings 3
2,697
Principal
payments on
borrowings
(1,126)
(845)

Issuances of
common stock
106 750
Repurchases
of common
stock (137)
(28) Other,
net (24)
(55) -----

----- NET
CASH
PROVIDED BY
(USED IN)
FINANCING
ACTIVITIES
EXCLUSIVE OF
MANAGEMENT
AND MORTGAGE
PROGRAMS
(1,178)
2,519 -----

MANAGEMENT
AND MORTGAGE
PROGRAMS:
Proceeds
from
borrowings
7,355 8,138
Principal
payments on
borrowings
(7,187)
(7,165) Net
change in
short-term
borrowings
(36) 62 ----

132 1,035 --

 - NET CASH
 PROVIDED BY
 (USED IN)
 FINANCING
 ACTIVITIES
 (1,046)
 3,554 -----

 Effect of
 changes in
 exchange
 rates on
 cash and
 cash
 equivalents
 (16) (3)
 Cash
 provided by
 discontinued
 operations
 74 77 -----

 Net increase
 (decrease)
 in cash and
 cash
 equivalents
 (1,456)
 1,026 Cash
 and cash
 equivalents,
 beginning of
 period 1,942
 856 -----

----- CASH
 AND CASH
 EQUIVALENTS,
 END OF
 PERIOD \$ 486
 \$ 1,882
 =====
 =====

See Notes to Consolidated Condensed Financial Statements.

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CENDANT CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED CONDENSED FINANCIAL
 STATEMENTS (UNLESS OTHERWISE NOTED, ALL AMOUNTS ARE IN
 MILLIONS, EXCEPT PER SHARE AMOUNTS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited Consolidated Condensed Financial Statements include the accounts and transactions of Cendant Corporation and its subsidiaries (collectively, the "Company" or "Cendant").

In management's opinion, the Consolidated Condensed Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. In addition, management is required to make estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates. The Consolidated Condensed Financial Statements should be read in conjunction with the Company's Annual Report on Form 10-K/A dated August 14, 2002.

On May 22, 2002, the Company sold its car parking facility business, National Car Parks ("NCP"). In connection with the disposition, the account balances and activities of NCP have been segregated and reported as a

discontinued operation for all periods presented. In addition, certain other reclassifications have been made to prior period amounts to conform to the current period presentation.

REVENUE RECOGNITION FOR REAL ESTATE BROKERAGE BUSINESS

In connection with the Company's acquisitions of NRT Incorporated ("NRT") and Arvida Realty Services ("Arvida"), real estate commissions are recorded as revenue on a gross basis upon the closing of a purchase or sale of a home. The amounts paid to real estate agents are recorded as a component of operating expenses. During the six months ended June 30, 2002, the amounts paid to real estate agents approximated \$657 million.

CHANGES IN ACCOUNTING POLICIES

On January 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," in its entirety. Prior to the adoption of SFAS No. 142, all intangible assets were amortized on a straight-line basis over their estimated periods to be benefited. Subsequent to the adoption, the Company did not amortize any goodwill or indefinite-lived intangible assets during 2002.

In connection with the implementation of SFAS No. 142, the Company is required to assess goodwill and indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company reviewed the carrying value of all its goodwill and other intangible assets by comparing such amounts to their fair value and determined that the carrying amounts of such assets did not exceed their respective fair values. Accordingly, the initial implementation of this standard did not result in a charge and, as such, did not impact the Company's results of operations during 2002.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2002, the Financial Accounting Standards Board issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." Such standard is effective for exit or disposal activities initiated after December 31, 2002, with earlier application encouraged. SFAS No. 146 addresses financial accounting and reporting for costs incurred in connection with exit or disposal activities, including restructurings, and nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." Under SFAS No. 146, a liability related to an exit or disposal activity is not recognized until such liability has actually been incurred, as opposed to a liability being recognized at the time of a commitment to an exit plan, which was the standard for liability recognition under EITF Issue No. 94-3. The Company does not expect the adoption of SFAS No. 146 to have a material effect on its financial condition or results of operations.

2. EARNINGS PER SHARE

Earnings per share ("EPS") for the three and six months ended June 30, 2001 was calculated using the two-class method as shares of Move.com common stock were outstanding during such periods. The Company

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ceased using the two-class method upon the repurchase of all outstanding Move.com shares on June 30, 2001. Accordingly, the calculation for the three and six months ended June 30, 2002 does not reflect the application of the two-class method.

Income per common share from continuing operations for CD common stock was computed as follows:

THREE MONTHS ENDED SIX MONTHS ENDED JUNE 30, JUNE 30, ----- ----- ----- ----- ----- -- 2002 2001 2002 2001 ----- ----- -----

SHARES
 OUTSTANDING:
 Basic 1,023
 851 1,001
 820 Stock
 options,
 warrants and
 non-vested
 shares 30 36
 32 30
 Convertible
 debt - 18 3
 18 -----
 -- -----
 - -----

Diluted
 1,053 905
 1,036 868
 =====
 =====
 =====
 =====

INCOME PER
 SHARE: Basic
 Income from
 continuing
 operations \$
 0.26 \$ 0.26
 \$ 0.58 \$
 0.56 Income
 from
 discontinued
 operations
 0.02 0.03
 0.05 0.05
 Loss on
 disposal of
 discontinued
 operations
 (0.25) -
 (0.26) -
 Extraordinary
 losses
 (0.02) -
 (0.02) -
 Cumulative
 effect of
 accounting
 changes - -
 - (0.04) ---

----- Net
 income \$
 0.01 \$ 0.29
 \$ 0.35 \$
 0.57
 =====
 =====
 =====
 =====

Diluted
 Income from
 continuing
 operations \$
 0.25 \$ 0.25
 \$ 0.56 \$
 0.54 Income
 from
 discontinued
 operations
 0.02 0.02
 0.05 0.04
 Loss on
 disposal of
 discontinued
 operations
 (0.24) -
 (0.25) -

million shares of CD common stock as of June 30, 2002, were not included in the computation of diluted EPS for the three and six months ended June 30, 2002 as the related contingency provisions were not satisfied during such periods.

Income per common share from continuing operations for Move.com common stock was computed as follows:

THREE MONTHS ENDED	SIX MONTHS ENDED
30, 2001	JUNE 30, 2001

----- INCOME FROM CONTINUING OPERATIONS: Move.com Group \$ - \$ 255 Less: Cendant Group's retained interest in Move.com Group 1 238 -----	
- Income (loss) from continuing operations for basic EPS (1) 17 Adjustment to Cendant Group's retained interest in Move.com Group (a) - 3 -----	

Income (loss) from continuing operations for diluted EPS \$ (1) \$ 20	
=====	
WEIGHTED AVERAGE SHARES OUTSTANDING: Basic and Diluted 1 2	
=====	
INCOME (LOSS) PER SHARE: Basic Income (loss) from continuing operations \$ (0.63) \$ 9.94 Cumulative effect of accounting changes - (0.07) -----	
----- Net income (loss) \$ (0.63) \$ 9.87	
=====	
Diluted Income (loss) from continuing operations \$ (0.63) \$ 9.81 Cumulative effect of accounting changes - (0.07) -----	

Net income (loss) \$ (0.63) \$ 9.74	
=====	
=====	

(a) Represents the change in Cendant Group's retained interest in Move.com Group due to the dilutive impact of Move.com common stock options.

3. ACQUISITIONS

NRT INCORPORATED. On April 17, 2002, the Company acquired all of the outstanding common stock of NRT, the largest residential real estate brokerage firm in the United States, for \$230 million, including \$3 million of estimated transaction costs and expenses and \$11 million related to the conversion of NRT employee stock appreciation rights to CD common stock

options. The acquisition consideration was funded through a tax-free exchange of 11.5 million shares of CD common stock then-valued at \$216 million, which included approximately 1.5 million shares of CD common stock then-valued at \$30 million in exchange for existing NRT options. As part of the acquisition, the Company also assumed approximately \$320 million of NRT debt, which was subsequently repaid. Prior to the acquisition, NRT operated as a joint venture between the Company and Apollo Management, L.P. that acquired independent real estate brokerages, converted them to one of the Company's real estate brands and operated under the brand pursuant to two 50-year franchise agreements with the Company. Management believes that NRT as a wholly-owned subsidiary of the Company will be a more efficient acquisition vehicle, experience greater opportunities to enhance mortgage and title penetration and achieve greater financial and operational synergies.

The preliminary allocation of the purchase price is summarized as follows:

AMOUNT ----

Issuance of
CD common
stock \$ 216
Fair value
of
converted
stock
appreciation
rights 11
Transaction
costs and
expenses 3

- Total
purchase
price 230
Book value
of
Cendant's
franchise
agreements
with NRT
923 Book
value of
Cendant's
existing
net
investment
in NRT 403

- Cendant's
basis in
NRT 1,556
Plus:
Historical
value of
liabilities
assumed in
excess of
assets
acquired
238 Less:
Fair value
adjustments
(*) 210 ---

Excess
purchase
price over
fair value
of assets
acquired
and
liabilities
assumed \$
1,584
=====

(*) Primarily represents the allocation of the purchase price to the
pendings and listings intangible asset.

The following table summarizes the estimated fair values of the assets
acquired and liabilities assumed at the date of acquisition:

AMOUNT -----

Total current assets \$ 432 Property and equipment, net 127 Intangible assets 218 Goodwill 1,584 Other non-current assets 48 - -----
TOTAL ASSETS ACQUIRED 2,409 -----

Total current liabilities 581 Long- term debt 272 -----
----- TOTAL LIABILITIES ASSUMED 853 -----
- NET ASSETS ACQUIRED \$ 1,556 =====

A portion of the purchase price (\$198 million) was allocated to the value associated with NRT's pendings and listings at the acquisition date. This intangible asset is being amortized over the related contract closing period, which is not expected to exceed five months from the date of acquisition. As of June 30, 2002, the Company had amortized \$173 million of this asset. The goodwill was assigned to the Company's Real Estate Services segment. The Company expects \$177 million of such goodwill to be deductible for tax purposes.

ARVIDA REALTY SERVICES. On April 17, 2002, the Company acquired all of the outstanding common stock of Arvida, the largest residential real estate brokerage firm in Florida, for approximately \$160 million in cash, resulting in goodwill of \$158 million. Management believes that this acquisition will further enhance the Company's residential real estate position in Florida. This acquisition was not significant.

TRENDWEST RESORTS, INC. On April 30, 2002, the Company acquired approximately 90% of the outstanding common stock of Trendwest Resorts, Inc. ("Trendwest") for \$849 million, including \$20 million of estimated transaction costs and expenses and \$25 million related to the conversion of Trendwest employee stock options into CD common stock options. The acquisition consideration was funded through a tax-free exchange of approximately 42.6 million shares of CD common stock then-valued at \$804 million. As part of the acquisition, the Company assumed \$89 million of Trendwest debt, which was subsequently repaid. The Company purchased the remaining 10% of the outstanding Trendwest shares through a short form merger on June 3, 2002 for approximately \$87 million, which was funded through a tax-free exchange of approximately 4.8 million shares of CD common stock then-valued at \$87 million. The minority interest recorded in connection with Trendwest's results between April 30, 2002 and June 30, 2002 was not material. Trendwest markets, sells and finances vacation ownership interests and is now part of the Company's Hospitality segment. Management believes that this acquisition will provide the Company with significant geographic diversification and global presence in the timeshare industry.

The preliminary allocation of the purchase price is summarized as follows:

```

AMOUNT ----
-----
Issuance of
  CD common
stock $ 891
Fair value
  of
  converted
options 25
Transaction
costs and
expenses 20
-----
- Total
  purchase
price 936
Less:
Historical
  value of
  assets
acquired in
  excess of
liabilities
  assumed 234
Plus: Fair
  value
adjustments
(*) 1 -----
-----
Excess
  purchase
price over
fair value
of assets
  acquired
  and
liabilities
  assumed $
  703
=====

```

 (*) Primarily represents deferred tax liabilities for book-tax differences, largely offset by the allocation of the purchase price to identifiable intangible assets.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

```

AMOUNT ----
-----
Total
  current
assets $
  324
Property
  and
equipment,
  net 44
Intangible
assets 24
Goodwill
703 Other
non-current
assets 34 -
-----
TOTAL
ASSETS
ACQUIRED
1,129 -----
-----
Total
  current
liabilities

```

104 Long-
term debt
89 -----
---- TOTAL
LIABILITIES
ASSUMED 193

- NET
ASSETS
ACQUIRED \$
936
=====

The goodwill was assigned to the Company's Hospitality segment. The Company does not expect any of this goodwill to be deductible for tax purposes.

OTHER. During 2002, the Company also completed other acquisitions for aggregate consideration of approximately \$487 million in cash, resulting in goodwill of \$338 million, the majority of which was allocated to the Company's Hospitality segment. Such other acquisitions included Equivest Finance, Inc., a timeshare developer, for approximately \$98 million in cash; Novasol AS, a marketer of privately owned vacation properties, for approximately \$66 million and Sigma, a distribution partner of the Company's Galileo International, Inc. subsidiary, for approximately \$112 million. These acquisitions were not significant.

Pro forma net revenues, income from continuing operations, net income and the related per share data would have been as follows had the acquisitions of Trendwest and NRT occurred on January 1st of each period presented:

SIX MONTHS ENDED JUNE 30, ----- ----- ----- 2002 2001 ----- ----- --- Net revenues \$ 7,453 \$ 5,378 Income from continuing operations 511 349 Net income 279 349 CD COMMON STOCK INCOME PER SHARE: BASIC Income from continuing operations \$ 0.49 \$ 0.38 Net income 0.27 0.38 DILUTED Income from continuing operations \$ 0.48 \$ 0.36 Net income 0.26 0.36
--

These pro forma results do not give effect to any synergies expected to result from the acquisitions of Trendwest and NRT and are not necessarily indicative of what actually would have occurred if the acquisition

7 -----
 -- -----
 --- -----
 ---- -----

 Income from
 discontinued
 operations,
 net of tax
 \$ 24 \$ 22 \$
 51 \$ 38
 =====
 =====
 =====
 =====

LOSS ON
 DISPOSAL OF
 DISCONTINUED
 OPERATIONS:

Loss on
 disposal of
 discontinued
 operations
 \$ (236) \$
 (236)
 Provision
 for income
 taxes 20 20

Loss on
 disposal of
 discontinued
 operations,
 net of tax
 \$ (256) \$
 (256)
 =====
 =====

Summarized balance sheet data for NCP consisted of:

DECEMBER 31,
 2001 -----
 ----- ASSETS
 OF DISCONTINUED
 OPERATIONS:
 Current assets
 \$ 85 Property
 and equipment
 599 Goodwill
 618 Other
 assets 8 -----

 Total assets of
 discontinued
 operations \$
 1,310
 =====
 LIABILITIES OF
 DISCONTINUED
 OPERATIONS:
 Current
 liabilities \$
 69 Other
 liabilities 103

 - Total
 liabilities of
 discontinued
 operations \$
 172
 =====

As NCP was sold on May 22, 2002, there is no balance sheet data to present

30, 2001 JUNE 30,
 2001 -----

 ----- Reported net
 income \$ 242 \$ 481
 Add back: Goodwill
 amortization, net of
 tax 40 66 Add back:
 Trademark
 amortization, net of
 tax 3 5 -----

 ----- Pro forma
 net income \$ 285 \$
 552

=====
 NET INCOME PER SHARE:
 Basic Reported net
 income \$ 0.29 \$ 0.57
 Add back: Goodwill
 amortization, net of
 tax 0.04 0.08 Add
 back: Trademark
 amortization, net of
 tax - - -----

 ----- Pro forma
 net income \$ 0.33 \$
 0.65

=====
 Diluted Reported net
 income \$ 0.27 \$ 0.54
 Add back: Goodwill
 amortization, net of
 tax 0.04 0.08 Add
 back: Trademark
 amortization, net of
 tax - - -----

 ----- Pro forma
 net income \$ 0.31 \$
 0.62

8. FOURTH QUARTER 2001 RESTRUCTURING

The liability resulting from the Company's restructuring plan committed to in fourth quarter 2001 as a result of changes in business and consumer behavior following the September 11th terrorist attacks is classified as a component of accounts payable and other current liabilities. The initial recognition of the charge and the corresponding utilization from inception are summarized by category as follows:

2001 BALANCE
 AT BALANCE AT
 RESTRUCTURING
 CASH OTHER
 DECEMBER 31,
 CASH OTHER
 JUNE 30,
 CHARGE
 PAYMENTS
 REDUCTIONS
 2001 PAYMENTS
 REDUCTIONS
 2002 -----

 Personnel
 related \$ 68
 \$ 11 \$ 5 \$ 52
 \$ 26 \$ - \$ 26
 Asset

impairments
 and contract
 terminations
 17 3 10 4 - 1
 3 Facility
 related 25 1
 - 24 6 - 18 -

 ----- Total
 \$ 110 \$ 15 \$
 15 \$ 80 \$ 32
 \$ 1 \$ 47
 =====
 =====
 =====
 =====
 =====
 =====
 =====

Personnel related costs primarily included severance resulting from the rightsizing of certain businesses and corporate functions. The Company formally communicated the termination of employment to approximately 3,000 employees, representing a wide range of employee groups and as of June 30, 2002, the Company had terminated approximately 2,700 employees. All other costs were incurred primarily in connection with facility closures and lease obligations resulting from the consolidation of business operations. These initiatives were substantially completed as of June 30, 2002. The majority of the remaining personnel related costs are expected to be paid by the end of fourth quarter 2002.

9. STOCKHOLDER LITIGATION SETTLEMENT LIABILITY

On March 18, 2002, the Supreme Court denied all final petitions relating to the Company's principal securities class action lawsuit. As of December 31, 2001, the Company deposited cash totaling \$1.41 billion to a trust established for the benefit of the plaintiffs in this lawsuit. The Company made an additional payment of \$250 million to the trust during March 2002 and funded the remaining balance of the liability with a cash payment of \$1.2 billion on May 24, 2002.

10. LONG-TERM DEBT

The zero coupon convertible debentures have been reclassified to long-term debt on the Company's Consolidated Condensed Balance Sheets at June 30, 2002 and December 31, 2001 based upon the Company's

intent and ability to refinance such debentures on a long-term basis. The Company has the ability to refinance such debt with borrowings under its revolving credit facilities (see below for capacity and availability terms).

Long-term debt consisted of:

JUNE 30, DECEMBER
 31, 2002 2001 ---

 7 3/4% notes (a)
 \$ 1,071 \$ 1,150
 6.875% notes 850
 850 11% senior
 subordinated
 notes 571 584 3
 7/8% convertible
 senior debentures
 1,200 1,200 Zero
 coupon senior
 convertible
 contingent notes
 (b) 678 920 Zero
 coupon

convertible	
debentures (c)	
1,000 1,000 3%	
convertible	
subordinated	
notes (d) - 390	
Other 96 38 -----	

5,466 6,132 Less:	
Current portion	
21 401 -----	

----- Long-	
term debt,	
excluding Upper	
DECS 5,445 5,731	
Upper DECS 863	
863 -----	

----- \$ 6,308 \$	
6,594	
=====	
=====	

-
- (a) The change in the balance at June 30, 2002 reflects the redemption of \$79 million of these notes for \$82 million of cash. In connection with such redemption, the Company recorded an extraordinary loss of approximately \$3 million (\$2 million, after tax).
 - (b) The change in the balance at June 30, 2002 reflects the redemption of \$253 million in accreted value of these notes, with a face value of \$402 million, for \$283 million of cash. In connection with such redemption, the Company recorded an extraordinary loss of approximately \$35 million (\$25 million, after tax).
 - (c) On May 2, 2002, the Company amended the interest and redemption terms of these debentures. In connection with such amendments, the Company will make cash interest payments of 3% per annum, beginning May 5, 2002 and continuing through May 4, 2003, to the holders of the debentures on a semi-annual basis and the holders were granted an additional option to put the debentures to the Company on May 4, 2003. On May 4, 2002, holders had the right to require the Company to redeem these debentures. On such date, virtually all holders declined to exercise this put option and retained their debentures.
 - (d) The change in the balance at June 30, 2002 reflects the redemption of \$390 million of these notes upon maturity in February 2002 in cash.

As of June 30, 2002, the Company maintained \$2.9 billion of revolving credit facilities under which there were no outstanding borrowings, however, letters of credit of \$336 million were issued. Accordingly, as of June 30, 2002, the Company had approximately \$2.6 billion of availability under these facilities and \$3.0 billion of availability for public debt or equity issuances under a shelf registration statement. The Company was in compliance with all of the related debt covenants as of June 30, 2002.

11. LIABILITIES UNDER MANAGEMENT AND MORTGAGE PROGRAMS

Debt under management and mortgage programs consisted of:

JUNE 30, DECEMBER	
31, 2002 2001 ---	

SECURED	
BORROWINGS Term	
notes (a) \$ 6,438	
\$ 6,237 Short-	
term borrowings	
(b) 603 582	
Commercial paper	
(c) 299 120 Other	
303 295 -----	

----- Total	
secured	
borrowings 7,643	
7,234 -----	

UNSECURED
BORROWINGS
Medium-term notes
(d) 1,232 679
Short-term
borrowings (e)
310 983
Commercial paper
895 917 Other 29
31 -----

----- Total
unsecured
borrowings 2,466
2,610 -----

----- \$
10,109 \$ 9,844
=====
=====

-
- (a) The balance at June 30, 2002 primarily represents borrowings of \$3.6 billion and \$2.7 billion outstanding under the Company's AESOP and Chesapeake Funding (formerly Greyhound Funding) programs, respectively.
 - (b) The balance at June 30, 2002 principally relates to mortgage loans sold under repurchase agreements.
 - (c) The balance at June 30, 2002 primarily represents borrowings outstanding under the Company's AESOP Funding program.
 - (d) The balance at June 30, 2002 reflects the issuance during second quarter 2002 of (i) \$443 million of unsecured medium-term notes at the Company's PHH subsidiary, with maturities ranging from May 2005 through May 2012 and (ii) \$128 million of unsecured medium-term notes at the Company's PHH subsidiary, with maturities ranging from June 2005 to June 2017, of which approximately \$85 million may be subject to repurchase by PHH in third quarter 2002.
 - (e) The balance at June 30, 2002 reflects the repayment of \$750 million during second quarter 2002 of outstanding borrowings under a revolving credit facility scheduled to mature in February 2005.

As of June 30, 2002, the Company had an additional \$291 million and \$500 million of available capacity under the AESOP and Chesapeake Funding programs, respectively, to fund vehicles under management programs and related receivables. Additionally, the Company has \$299 million of available capacity under its mortgage warehouse facilities.

During first quarter 2002, the Company's PHH subsidiary renewed its \$750 million credit facility, which matured in February 2002. The new facility bears interest at LIBOR plus an applicable margin, as defined in the agreement, and terminates on February 21, 2004. PHH is required to pay a per annum utilization fee of 25 basis points if usage under the new facility exceeds 25% of aggregate commitments. During second quarter 2002, PHH terminated \$250 million of its revolving credit facilities, which were scheduled to mature in November and December 2002. As of June 30, 2002, there were no outstanding borrowings under any of PHH's credit facilities and PHH had approximately \$1.6 billion of availability under these facilities and \$2.2 billion of availability for public debt issuances under its shelf registration statements. The Company was in compliance with all of the related debt covenants as of June 30, 2002.

OTHER SECURITIZATION FACILITIES

As of June 30, 2002, the Company was servicing \$485 million of Fairfield timeshare receivables and \$605 million of Trendwest timeshare receivables sold to special purpose entities. Additionally, PHH was servicing \$590 million of relocation receivables sold to a special purpose entity. The maximum funding capacity through the special purpose entity used to securitize relocation receivables is \$600 million. As of June 30, 2002, PHH had available capacity of \$85 million under this facility. The special purpose entities used to securitize the majority of timeshare receivables do not have maximum funding capacities. During the three and six months ended June 30, 2002 and 2001, the Company recognized pre-tax gains of approximately \$4 million and \$6 million, respectively, on the securitization of timeshare receivables. Gains recognized on the securitization of relocation receivables during the three and six months ended June 30, 2002 and 2001 were not material.

As of June 30, 2002, PHH was also servicing approximately \$1.6 billion of mortgage loans sold to a special purpose entity on a non-recourse basis. In addition to the mortgage loans sold to the special purpose entity, as of June 30, 2002, PHH was servicing \$106 billion of mortgage loans sold to the secondary market, substantially all of which were sold on a non-recourse basis. The maximum funding capacity through this special purpose entity is \$3.2 billion and PHH had available capacity of approximately \$1.6 billion as of June 30, 2002. In addition to the capacity through the special purpose entity, PHH has the capacity, under a registration statement with the Securities and Exchange Commission, to securitize approximately \$1.0 billion of mortgage loans. During the three months ended June 30, 2002 and 2001, the Company recognized pre-tax gains of \$76 million and \$125 million, respectively, on \$8.1 billion and \$9.9 billion, respectively, of mortgage loans sold into the secondary market. During the six months ended June 30, 2002 and 2001, the Company recognized pre-tax gains of \$199 million and \$209 million, respectively, on \$16.7 billion and \$15.8 billion, respectively, of mortgage loans sold into the secondary market. The sale of mortgage loans into the secondary market is customary practice in the mortgage industry.

12. COMMITMENTS AND CONTINGENCIES

The June 1999 disposition of the Company's fleet businesses was structured as a tax-free reorganization and, accordingly, no tax provision was recorded on a majority of the gain. However, pursuant to an interpretive ruling, the Internal Revenue Service ("IRS") has taken the position that similarly structured transactions do not qualify as tax-free reorganizations under the Internal Revenue Code Section 368(a)(1)(A). If the transaction is not considered a tax-free reorganization, the resultant incremental liability could range between \$10 million and

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\$170 million depending upon certain factors, including utilization of tax attributes. Notwithstanding the IRS interpretive ruling, the Company believes that, based upon analysis of current tax law, its position would prevail, if challenged.

The Company continues to be involved in litigation asserting claims associated with the accounting irregularities discovered in former CUC business units outside of the principal securities class action litigation. The Company does not believe that it is feasible to predict or determine the final outcome or resolution of these unresolved proceedings. An adverse outcome from such unresolved proceedings could be material with respect to earnings in any given reporting period. However, the Company does not believe that the impact of such unresolved proceedings should result in a material liability to us in relation to its consolidated financial position or liquidity.

The Company is involved in pending litigation in the usual course of business. In the opinion of management, such other litigation will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

13. STOCKHOLDERS' EQUITY

During the six months ended June 30, 2002, the Company repurchased \$137 million (7.7 million shares) of CD common stock under its common stock repurchase program. As of June 30, 2002, the Company had approximately \$120 million in remaining availability for repurchases under this program.

COMPREHENSIVE INCOME

The components of comprehensive income are summarized as follows:

THREE MONTHS ENDED SIX MONTHS ENDED JUNE 30, JUNE 30, ----- ----- ----- 2002 2001 2002 2001 ----- ----- -----			
Net income \$ 7			
\$ 242 \$ 349 \$			
481 Other			
comprehensive			

1, 2002 \$ (230)
 \$ (33) (21) \$ 20
 \$ (264) Current
 period change
 266 3 - (9) 260

 Balance, June
 30, 2002 \$ 36 \$
 (30) \$ (21) \$ 11
 \$ (4)
 =====
 =====
 =====
 =====
 =====

14. SEGMENT INFORMATION

Management evaluates each segment's performance based upon earnings before non-program related interest, income taxes, non-program related depreciation and amortization, minority interest and in 2001 equity in Homestore.com, all of which are not measured in assessing segment performance or are not segment specific. Such measure is then adjusted to exclude certain items which are of a non-recurring or unusual nature and are also not measured in assessing segment performance or are not segment specific ("Adjusted EBITDA"). Management believes such discussions are the most informative representation of how management evaluates

performance. However, the Company's presentation of Adjusted EBITDA may not be comparable with similar measures used by other companies.

THREE MONTHS
 ENDED JUNE 30,

 --- 2002 2001 -

ADJUSTED
 ADJUSTED
 REVENUES EBITDA
 REVENUES EBITDA

Real Estate
 Services \$
 1,440 \$ 323 \$
 474 \$ 231
 Hospitality 565
 173 448 156
 Travel
 Distribution
 438 130 26 3
 Vehicle
 Services 1,030
 123 1,028 112
 Financial
 Services 311 88
 332 70 -----

 ----- Total
 Reportable
 Segments 3,784
 837 2,308 572
 Corporate and
 Other (a) -

Total Company \$
3,784 \$ 799 \$
2,319 \$ 556

SIX MONTHS
ENDED JUNE 30,

--- 2002 2001 -

ADJUSTED
ADJUSTED
REVENUES EBITDA
REVENUES EBITDA

Real Estate
Services \$
1,850 \$ 505 \$
813 \$ 363
Hospitality 969
285 687 258
Travel
Distribution
882 276 50 6
Vehicle
Services 1,963
193 1,407 181
Financial
Services 730
252 722 201 ---

Total
Reportable
Segments 6,394
1,511 3,679
1,009 Corporate
and Other (a) 6
(50) 51 (35) --

Total Company \$
6,400 \$ 1,461 \$
3,730 \$ 974

(a) Included in Corporate and Other are the results of operations of the Company's non-strategic businesses, unallocated corporate overhead and the elimination of transactions between segments.

Provided below is a reconciliation of Adjusted EBITDA to income before income taxes, minority interest and equity in Homestore.com.

ENDED SIX
 MONTHS ENDED
 JUNE 30,
 JUNE 30, ---

 2002 2001
 2002 2001 --

Adjusted
 EBITDA \$ 799
 \$ 556 \$
 1,461 \$ 974
 Non-program
 related
 depreciation
 and
 amortization
 (111) (116)
 (216) (209)
 Other
 charges:
 Acquisition
 and
 integration
 related
 costs (207)
 - (207) (8)
 Litigation
 settlement
 and related
 costs, net
 (8) (9) (19)
 (19)
 Restructuring
 and other
 unusual
 charges - -
 - (185) Non-
 program
 related
 interest,
 net (60)
 (61) (126)
 (123) Net
 gain on
 dispositions
 of
 businesses -
 - - 435 ----

 Income
 before
 income
 taxes,
 minority
 interest and
 equity in
 Homestore.com
 \$ 413 \$ 370
 \$ 893 \$ 865
 =====
 =====
 =====
 =====

15. RELATED PARTY TRANSACTIONS

NRT INCORPORATED
 As discussed in Note 3 - Acquisitions, on April 17, 2002, the Company
 purchased all the outstanding common stock of NRT from Apollo Management.
 L.P. Prior to the Company's acquisition of NRT, NRT paid royalty and

marketing fees of \$13 million and \$62 million during the three months ended June 30, 2002 and 2001, respectively, and \$66 million and \$102 million during the six months ended June 30, 2002 and 2001, respectively. The Company also received real estate referral fees from NRT of \$1 million and \$9 million during the three months ended June 30, 2002 and 2001, respectively, and \$9 million and \$16 million during the six months ended June 30, 2002 and 2001, respectively. Additionally, during the six months ended June 30, 2002, the Company recorded \$16 million of other fees from NRT in connection with the partial termination of a franchise agreement under which NRT operated the Company's ERA real estate brand. Such amounts are

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recorded by the Company in its Consolidated Condensed Statements of Income as revenues. NRT has been included in the Company's consolidated results of operations and financial position since April 17, 2002.

FFD DEVELOPMENT COMPANY, LLC.

At June 30, 2002 and December 31, 2001, the Company's preferred equity interest in FFD Development Company ("FFD") approximated \$65 million and \$59 million, respectively. The Company recognized non-cash dividend income of \$3 million and \$1 million during the three months ended June 30, 2002 and 2001, respectively, relating to this preferred equity interest. The Company recognized non-cash dividend income of \$6 million and \$1 million during the six months ended June 30, 2002 and 2001, respectively, relating to this preferred equity interest. Such amounts were paid-in-kind and recorded by the Company in its Consolidated Condensed Statements of Income as revenues. The Company did not recognize dividend income during the three or six months ended June 30, 2001.

During the six months ended June 30, 2002, the Company purchased \$33 million of timeshare interval inventory and land from FFD, bringing the total cumulative amount purchased to \$73 million as of June 30, 2002. As of June 30, 2002, the Company was obligated to purchase an additional \$243 million of timeshare interval inventory and land from FFD.

As is customary in "build to suit" agreements, when the Company contracts with FFD for the development of a property, the Company issues a letter of credit for up to 20% of its purchase price for such property. Drawing under all such letters of credit will only be permitted if the Company fails to meet its obligation under any purchase commitment. As of June 30, 2002, the Company had issued approximately \$42 million of such letters of credit.

TRILEGIANT CORPORATION

At June 30, 2002, Trilegiant had an outstanding balance of \$72 million due to the Company related to amounts drawn on the \$75 million loan facility the Company provided in connection with certain marketing agreements under which the Company expects to receive commissions. Such amount is recorded on the Company's Consolidated Condensed Balance Sheet as a component of other non-current assets.

During the three and six months ended June 30, 2002, Trilegiant paid the Company \$29 million and \$80 million, respectively, in connection with services provided under the Third Party Administrator agreement. During the six months ended June 30, 2002, Trilegiant collected \$101 million of cash on the Company's behalf in connection with membership renewals. Additionally, as of June 30, 2002, Trilegiant owed the Company an additional \$15 million in connection with the Third Party Administration Agreement.

AVIS GROUP HOLDINGS, INC.

Prior to the Company's acquisition of Avis Group Holdings, Inc. ("Avis") on March 1, 2001, during the six months ended June 30, 2001, the Company received royalty fees of \$16 million and recorded \$5 million of equity in earnings. Such amounts are recorded by the Company in its Consolidated Condensed Statement of Income as revenues. Avis has been included in the Company's consolidated results of operations and financial position since April 1, 2001.

TAX SERVICES OF AMERICA, INC.

On January 18, 2002, the Company acquired all the common stock of Tax Services of America, Inc. ("TSA") for approximately \$4 million. Accordingly, TSA has been included in the Company's consolidated results of operations and financial position since January 18, 2002.

16. SUBSEQUENT EVENTS

On July 25, 2002, the Company issued \$750 million of rental car asset-backed notes, under its AESOP Funding program.

During July and August 2002, the Company redeemed \$264 million of its zero coupon senior convertible contingent notes with a face value of approximately \$419 million for approximately \$265 million in cash.

On August 12, 2002, the Company signed a definitive agreement to acquire all of the outstanding common stock of The DeWolfe Companies, Inc. for approximately \$149 million in cash. The acquisition is expected to

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close in September 2002, subject to the satisfaction of closing conditions. Management believes that this acquisition will provide the Company with greater penetration in the New England residential real estate market.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH OUR CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES THERETO INCLUDED ELSEWHERE HEREIN. UNLESS OTHERWISE NOTED, ALL DOLLAR AMOUNTS ARE IN MILLIONS.

We are one of the foremost providers of travel and real estate services in the world. Our businesses provide a wide range of consumer and business services and are intended to complement one another and create cross-marketing opportunities both within and among our following five business segments. Our Real Estate Services segment franchises our three real estate brands, operates real estate brokerage offices, provides home buyers with mortgages and facilitates employee relocations; our Hospitality segment franchises our nine lodging brands, facilitates the sale and exchange of vacation ownership intervals and markets vacation rental properties in Europe; our Travel Distribution segment provides global distribution and computer reservation and travel agency services; our Vehicle Services segment operates and franchises the Avis car rental brand and provides fleet management and fuel card services; and our Financial Services segment provides enhancement products, insurance-based and loyalty solutions, operates and franchises tax preparation services and provides a variety of membership programs through an outsourcing arrangement with Trilegiant Corporation.

We seek organic growth augmented by the acquisition and integration of complementary businesses and routinely review and evaluate our portfolio of existing businesses to determine if they continue to meet our current objectives. As a result, we are currently engaged in a number of preliminary discussions concerning possible acquisitions, divestitures, joint ventures and/or related corporate transactions. We intend to continually explore and conduct discussions with regard to such transactions.

ACQUISITIONS

On April 17, 2002, we acquired all of the outstanding common stock of NRT, the largest residential real estate brokerage firm in the United States, for \$230 million, including \$3 million of estimated transaction costs and expenses and \$11 million related to the conversion of NRT employee stock appreciation rights to CD common stock options. The acquisition consideration was funded through a tax-free exchange of 11.5 million shares of CD common stock then-valued at \$216 million, which included approximately 1.5 million shares of CD common stock then-valued at \$30 million in exchange for existing NRT options. As part of the acquisition, we also assumed approximately \$320 million of NRT debt, which was subsequently repaid. Prior to the acquisition, NRT operated as a joint venture between us and Apollo Management, L.P. that acquired independent real estate brokerages, converted them to one of the Company's real estate brands and operated under the brand pursuant to two 50-year franchise agreements with the Company. On April 17, 2002, we also acquired all of the outstanding common stock of Arvida Realty Services, the largest residential real estate brokerage firm in Florida, for approximately \$160 million in cash. Management believes that NRT and Arvida as wholly-owned subsidiaries will be a more efficient acquisition vehicle, experience greater opportunities to enhance mortgage and title penetration and achieve greater financial and operational synergies. NRT and Arvida are part of the Real Estate Services segment.

On April 30, 2002, we acquired approximately 90% of the outstanding common stock of Trendwest Resorts, Inc. for \$849 million, including \$20 million of estimated transaction costs and expenses and \$25 million related to the conversion of Trendwest employee stock options into CD common stock options. The acquisition consideration was funded through a tax-free exchange of approximately 42.6 million shares of CD common stock then-valued at \$804 million. As part of the

acquisition, we assumed \$89 million of Trendwest debt, which was subsequently repaid. We purchased the remaining 10% of the outstanding Trendwest shares through a short form merger on June 3, 2002 for approximately \$87 million, which was funded through a tax-free exchange of approximately 4.8 million shares of CD common stock then-valued at \$87 million. Trendwest markets, sells and finances vacation ownership interests and is now part of our Hospitality segment. Management believes that this acquisition will provide us with significant geographic diversification and global presence in the timeshare industry.

DISPOSITIONS

On May 22, 2002, we sold our car parking facility business, NCP, a wholly-owned subsidiary within our Vehicle Services segment, for approximately \$1.2 billion in cash. We recorded an after-tax loss of \$256 million on the sale of this business principally related to foreign currency translation, as U.S. dollar strengthened significantly against the U.K. pound since Cendant's acquisition of NCP in 1998. NCP operated off-street commercial parking facilities and managed on-street parking and related operations on behalf of town and city administration in England. NCP's results of operations are classified as a discontinued operation for all periods presented.

THREE MONTHS ENDED JUNE 30, 2002 VS. THREE MONTHS ENDED JUNE 30, 2001

RESULTS OF CONSOLIDATED OPERATIONS

Our consolidated results from continuing operations comprised the following:

2002	2001
CHANGE	-----
-----	-----
- Net	
revenues \$	
3,784	\$ 2,319
\$ 1,465	-----
-----	-----
-- Expenses,	
excluding	
other charges	
and non-	
program	
related	
interest, net	
3,096	1,879
1,217	Other
charges	215
206	9
Non-	
program	
related	
interest, net	
60	61 (1)
---	---
-----	-----
---- Total	
expenses	
3,371	1,949
1,422	-----
-----	-----
Income before	
income taxes,	
minority	
interest and	
equity in	
Homestore.com	
413	370
43	
Provision for	
income taxes	
141	127
14	
Minority	
interest, net	
of tax	6
5	1
Losses	
related to	
equity in	
Homestore.com,	
net of tax	
18	(18)
-----	-----

servicing fees (fees received for servicing existing loans in the portfolio) increased \$18 million (21%) due to a quarter-over-quarter increase in the average servicing portfolio. However, such recurring activity was more than offset by increased mortgage servicing rights amortization and a reduction in the valuation of our mortgage servicing rights portfolio due to the high levels of current and projected loan prepayments, resulting from a lower interest rate environment.

Partially offsetting revenue and Adjusted EBITDA increases within this segment was a \$19 million revenue reduction from relocation activities, as a result of a decline in relocation-related homesale closings and lower interest rates charged to our clients.

HOSPITALITY

Revenues and EBITDA increased \$117 million (26%) and \$17 million (11%), respectively, primarily due to the acquisition of Trendwest, as discussed above, as well as our February 2002 acquisition of Equivest Finance, Inc. for approximately \$160 million. Prior and subsequent to our acquisitions of Trendwest and Equivest, this segment franchised our nine lodging brands, facilitated the sale and exchange of vacation ownership intervals and facilitated the leasing of vacation properties in Europe. The operating results of Trendwest and Equivest were included from the acquisition date forward. Accordingly, Trendwest contributed revenues, expenses and Adjusted EBITDA of \$94 million, \$75 million and \$19 million, respectively, to second quarter 2002 results, while Equivest contributed revenues, expenses and Adjusted EBITDA of \$31 million, \$24 million and \$7 million, respectively.

Excluding the acquisitions of Trendwest and Equivest, revenue and EBITDA declined \$8 million and \$9 million, respectively, quarter-over-quarter. Preferred Alliance revenues declined \$8 million in second quarter 2002 compared with second quarter 2001, primarily due to a contract termination payment received in the prior year. Timeshare subscription and transaction revenues increased \$8 million (8%), primarily due to an increase in the average exchange fee, while memberships and the number of exchange transactions held relatively constant. Further, royalties and marketing fund revenues within our lodging franchise operations are down \$4 million (4%) in second quarter 2002 compared with second quarter 2001. Results within our lodging franchise operations continue to be depressed subsequent to the September 11, 2001 terrorist attacks and their impact on the travel industry. However, comparable quarter-over-quarter travel volumes and related occupancy levels in our franchised lodging brands have continued to rebound from the levels experienced following the September 11th terrorist attacks.

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TRAVEL DISTRIBUTION

Revenues and EBITDA increased \$412 million and \$127 million, respectively, in second quarter 2002 compared with second quarter 2001, due to the October 2001 acquisitions of Galileo International, Inc. and Cheap Tickets, Inc. Prior to our acquisitions of Galileo and Cheap Tickets, the results of this segment principally comprised the operations of Cendant Travel, our travel agent subsidiary. The operating results of Galileo and Cheap Tickets were included from the acquisition date forward. Accordingly, Galileo contributed revenues, expenses and EBITDA of \$404 million, \$269 million and \$135 million, respectively, while Cheap Tickets contributed revenues, expenses and EBITDA losses of \$13 million, \$17 million and \$4 million, respectively.

The September 11th terrorist attacks caused a significant decrease in the demand for travel-related services, and, accordingly have reduced the booking volumes of Galileo and our travel agency businesses below anticipated levels. However, comparable quarter-over-quarter travel volumes and travel related bookings have progressively improved in each quarter subsequent to September 11th. During second quarter 2002, air travel booking volumes were down 13% compared with second quarter 2001, although, due to a higher effective yield per booking, air booking fee revenues were only down 7% for the same periods.

VEHICLE SERVICES

Revenues remained relatively constant while EBITDA increased \$11 million (10%) in second quarter 2002 compared with the comparable prior year quarter. Increased revenues in our Avis car rental business were offset by lower revenues from vehicle leasing activities. Avis car rental revenues increased \$19 million (3%) in second quarter 2002 compared with second quarter 2001, primarily due to a 4% increase in time and mileage revenue per rental day. In our vehicle leasing business, revenues declined \$17 million, principally due to lower interest expense on vehicle funding, which is substantially passed through to clients and therefore results in lower revenues but has minimal EBITDA impact. This was partially offset by an increase in depreciation on leased vehicles that is also passed through to clients. The comparable operating statistics in our car rental business have significantly improved in second quarter 2002 versus recent prior quarters. In addition, Avis has increased its market share, as Avis' domestic

airport revenue through May 2002 (the last period for which information is available) increased 0.4% versus the comparable prior year period, while the total market declined 4.6% over the same periods.

Our fleet management and other fee-based services were not materially impacted by the September 11th terrorist attacks.

Our National Car Parks subsidiary was classified as a discontinued operation and, accordingly, its results are excluded from the results of this segment for all periods.

FINANCIAL SERVICES

EBITDA increased \$18 million (26%), in second quarter 2002 compared with second quarter 2001, despite a \$21 million (6%) decline in revenues.

Revenues and EBITDA were unfavorably impacted by a lower membership base as a result of the outsourcing of our individual membership business, however, marketing expenses were \$35 million favorable in second quarter 2002 compared with second quarter 2001 as the absence of new member marketing costs significantly exceeded our portion of the total expenses incurred for Trilegiant's solicitation efforts in second quarter 2002. In addition, membership operating expenses were approximately \$17 million favorable due to cost savings from servicing fewer members.

Jackson Hewitt, the franchiser and operator of tax preparation offices, generated incremental revenues of \$7 million in second quarter 2002 principally as a result of the acquisition of our largest tax preparation franchisee, Tax Services of America in January 2002. However, quarter-over-quarter expenses exceeded incremental revenues over the same periods as most of the annual revenues and EBITDA is generated during the first quarter of the year.

CORPORATE AND OTHER

Revenues and Adjusted EBITDA decreased \$11 million and \$22 million, respectively, in second quarter 2002 compared with second quarter 2001. The revenue decline principally reflects incremental intercompany revenue eliminations and reductions in information technology services provided to customers. Adjusted EBITDA reflects higher unallocated corporate overhead costs due to increased administrative expenses and infrastructure expansion to support company growth.

SIX MONTHS ENDED JUNE 30, 2002 VS. SIX MONTHS ENDED JUNE 30, 2001

RESULTS OF CONSOLIDATED OPERATIONS

Our consolidated results from continuing operations comprised the following:

2002	2001
CHANGE	-----
-----	-----
--	-----
- Net	
revenues \$	
6,400	\$ 3,730
\$ 2,670	-----
-----	-----
--	-----
-- Expenses,	
excluding	
other charges	
and non-	
program	
related	
interest, net	
5,155	2,965
2,190	Other
charges	226
212	14 Non-
program	
related	
interest, net	
126	123
3	---
-----	-----
-----	-----
---- Total	
expenses	
5,507	3,300
2,207	-----
-----	-----
---	-----

```

- -----
Net gain on
dispositions
of businesses
- 435 (435) -
-----
----- Income
before income
taxes,
minority
interest and
equity in
Homestore.com
893 865 28
Provision for
income taxes
304 330 (26)
Minority
interest, net
of tax 8 18
(10) Losses
related to
equity in
Homestore.com,
net of tax -
36 (36) -----
-----
-- Income
from
continuing
operations $
581 $ 481 $
100
=====
=====
=====

```

Strong contributions from all of our segments and the addition of the operations of businesses we acquired during 2001 (principally, Avis Group Holdings, Inc. on March 1, 2001, Fairfield Resorts, Inc. on April 2, 2001, Galileo International, Inc. on October 1, 2001 and Cheap Tickets, Inc. on October 5, 2001), as well as NRT and Trendwest in 2002 produced revenue growth of \$2.7 billion, (72%), of which approximately \$2.3 billion (62%) was contributed from the above-mentioned acquired businesses. A detailed discussion of revenue trends is included in "Results of Reportable Segments."

Total expenses increased approximately \$2.2 billion (67%), primarily as a result of the acquired businesses contributing \$2.0 billion (59%), as well as an increase in other charges of \$14 million. The other charges we recorded during the six months ended June 30, 2002 primarily consisted of \$185 million of costs associated with the non-cash amortization of the pendings and listings intangible asset resulting from NRT and Arvida acquisitions, while the charges recorded during the six months ended June 30, 2001 primarily consisted of \$185 million substantially related to the funding of an irrevocable contribution to an independent technology trust (\$95 million) and the creation of Trip Network, Inc. (\$85 million).

Also during the six months ended June 30, 2001, we sold our real estate Internet portal, move.com, along with certain ancillary businesses, to Homestore.com in exchange for approximately 21 million shares of Homestore.com common stock then valued at \$718 million. We recognized a gain of \$436 million (\$262 million, after tax) on the sale of these businesses at the time of closing. Such gain was substantially offset during fourth quarter 2001 by a loss of \$407 million resulting from an other-than-temporary decline in the value of our investment in Homestore.

Our overall effective tax rate was 34% and 38% for the six months ended June 30, 2002 and 2001, respectively. The effective tax rate for the six months ended June 30, 2002 was lower primarily due to the elimination of goodwill amortization and the absence of higher state taxes on the gain on the disposition of our Internet real estate portal.

As a result of the above-mentioned items, income from continuing operations increased \$100 million, or 21%, in the six months ended June 30, 2002.

- (c) Excludes \$19 million of litigation settlement and related costs and \$5 million of acquisition and integration related costs.
- (d) Excludes a charge of \$95 million related to the funding of an irrevocable contribution to an independent technology trust.
- (e) Excludes a charge of \$4 million related to the acquisition and integration of Avis Group Holdings, Inc.
- (f) Excludes (i) a net gain of \$435 million primarily related to the sale of our real estate Internet Portal, move.com, and (ii) a credit of \$14 million to reflect an adjustment to the settlement charge recorded in the fourth quarter of 1998 for the PRIDES class action litigation. Such amounts were partially offset by charges of (i) \$85 million incurred in connection with the creation of Trip Network, Inc., (ii) \$33 million for securities litigation, (iii) \$7 million related to a contribution to the Cendant Charitable Foundation and (iv) \$4 million related to the acquisition and integration of Avis.

REAL ESTATE SERVICES

Revenues and Adjusted EBITDA increased \$1.0 billion and \$142 million, respectively, substantially due to the April 17, 2002 acquisition of NRT Incorporated, the largest residential real estate brokerage firm in the United States, and increased franchise fees from our Century 21, Coldwell Banker and ERA franchise brands. The operating results of NRT and Arvida were included from the acquisition date forward. Accordingly, NRT and Arvida contributed revenues, expenses and Adjusted EBITDA of \$960 million, \$871 million and \$89 million, respectively, to second quarter 2002 results.

On a comparable basis, including post-acquisition intercompany royalties paid by NRT, our real estate franchise brands generated incremental royalties of \$50 million in six months 2002, an increase of 21% over six months 2001. The increase in royalties from our real estate franchise brands primarily resulted from a 10% increase in home sale transactions by franchisees and NRT, and a 10% increase in the average price of homes sold. In addition, real estate franchise fees increased \$13 million, principally due to a termination payment received from NRT (prior to our acquisition of NRT) in connection with the conversion of certain ERA real estate brokerage offices into Coldwell Banker offices. Revenue increases in the real estate franchise business are recognized with little or no corresponding increase in expenses due to the significant operating leverage within our franchise operations.

Mortgage-related activities also contributed to the increase in segment results for six months 2002 compared with six months 2001 as a significant increase in revenues from mortgage production was partially offset by a decline in net revenues from mortgage servicing. Revenues from mortgage loans sold increased \$118 million (47%) in six months 2002 versus the comparable prior year period due to an \$838 million (5%) increase in the volume of loans sold and a 63 basis point increase in the average origination margin. The increased margin on the sale of mortgage loans to the secondary market is consistent with higher mortgage loan production environments. Closed mortgage loans in six months 2002 increased \$5.6 billion (29%) to \$25.1 billion, consisting of a \$1.6 billion (14%) increase in purchase mortgage closings and a \$4.0 billion (53%) increase in refinancings.

Net revenues from mortgage servicing declined \$83 million in six months 2002 versus the comparable prior year period. Recurring servicing fees (fees received for servicing existing loans in the portfolio) increased \$35 million (21%) due to a corresponding 21% increase in the average servicing portfolio. However, such recurring activity was more than offset by increased mortgage servicing rights amortization and a reduction in the valuation of our mortgage servicing rights portfolio due to the high levels of current and projected loan prepayments, resulting from a lower interest rate environment.

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Partially offsetting revenue and Adjusted EBITDA increases within this segment was a \$25 million revenue reduction from relocation activities as a result of a decline in relocation-related homesale closings and lower interest rates charged to our clients. Excluding the acquisition of NRT, operating and administrative expenses increased \$24 million principally to support the higher volume of mortgage originations and related servicing activities.

HOSPITALITY

Revenues and EBITDA increased \$282 million (41%) and \$27 million (10%), respectively, primarily due to the acquisitions of Fairfield in April 2001, Trendwest in June 2002 and Equivest in February 2002. Prior to our acquisitions of Fairfield, Trendwest and Equivest, this segment franchised our nine lodging brands, facilitated the exchange of vacation ownership intervals and facilitated the leasing of vacation properties in Europe. The operating results of Fairfield, Trendwest and Equivest were included from the acquisition date forward. Therefore, the results for six months 2001 only included three months of Fairfield's results (April through June). Fairfield contributed incremental

revenues, expenses and Adjusted EBITDA of \$138 million, \$120 million and \$18 million, respectively, in six months 2002 over six months 2001. Additionally, Trendwest contributed revenues, expenses and Adjusted EBITDA of \$94 million, \$75 million and \$19 million, respectively, to 2002 results, while Equivest contributed revenues, expenses and Adjusted EBITDA of \$51 million, \$38 million and \$13 million, respectively.

Excluding the impact from these acquisitions, revenues remained relatively constant while EBITDA declined \$23 million quarter-over-quarter. Our Vacation Rental Group contributed incremental revenues of \$22 million in six months 2002, primarily due to an increase in weeks sold attributable to improved direct marketing and other European property contract portfolios acquired in 2001 and 2002. Preferred Alliance revenues and EBITDA declined \$12 million in six months 2002 compared with six months 2001, primarily from contract expirations and a contract termination payment received in the prior year. Timeshare subscription and transaction revenues increased \$19 million (9%), primarily due to increases in members, exchange transactions and the average exchange fee. Excluding acquisitions, operating and administrative expenses within this segment increased approximately \$22 million in six months 2002, principally to support continued volume-related growth in our timeshare exchange business. Further, royalties and marketing fund revenues within our lodging franchise operations are down \$14 million (7%) in six months 2002 compared with six months 2001. Results within our lodging franchise operations continue to be depressed subsequent to the September 11, 2001 terrorist attacks and their impact on the travel industry. However, comparable quarter-over-quarter travel volumes and related occupancy levels in our franchised lodging brands have continued to rebound from the levels experienced following the September 11th terrorist attacks.

TRAVEL DISTRIBUTION

Revenues and EBITDA increased \$832 million and \$270 million, respectively, in six months 2002 compared with six months 2001, due to the October 2001 acquisitions of Galileo and Cheap Tickets. The operating results of Galileo and Cheap Tickets were included from the acquisition date forward. Accordingly, Galileo contributed revenues, expenses and EBITDA of \$812 million, \$532 million and \$280 million, respectively, while Cheap Tickets contributed revenues, expenses and EBITDA losses of \$26 million, \$31 million and \$5 million, respectively.

During six months 2002, air travel booking volumes were down 12% compared with six months 2001, as the September 11th terrorist attacks caused a significant reduction in the demand for travel-related services. Accordingly, despite a progressive rebound in travel post-September 11th, our travel-related booking volumes have not yet reached pre-September 11th levels. Partially offsetting the impact of lower booking volumes was a higher effective yield per booking, resulting in only a 9% reduction in air booking fee revenues over the comparable six month periods.

VEHICLE SERVICES

Revenues and Adjusted EBITDA increased \$556 million (40%) and \$12 million (7%) in six months 2002 versus the comparable prior year six month period primarily due to the March 2001 acquisition of Avis Group Holdings, Inc. Prior to our acquisition of Avis, the results of this segment principally consisted of earnings from our 18% equity investment in Avis and franchise royalties received from Avis. The operating results of Avis were included from the acquisition date forward. Accordingly, the results for six months 2001 only included four months of Avis' results (March through June). Avis contributed incremental revenues, expenses and Adjusted EBITDA losses of \$339 million, \$346 million and \$7 million, respectively, in six months 2002 over six months 2001.

Due to the seasonality of the car rental business, Avis' operating results in the first two months of the calendar year are usually minimal or negative. See "Three Months Ended June 30, 2002 vs. Three Months Ended June 30, 2001 - Vehicle Services" for a further discussion of the comparable quarter-over-quarter results.

FINANCIAL SERVICES

EBITDA increased \$51 million (25%) on a revenue increase of \$8 million (1%) in six months 2002 compared with six months 2001.

Revenues and EBITDA were impacted by the outsourcing of the individual membership business to Trilegiant, which resulted in a lower membership base and related fees period-over-period, however, membership operating expenses were \$21 million favorable due to cost savings from servicing fewer members and marketing expenses declined \$58 million in six months 2002 compared with six months 2001.

Jackson Hewitt generated incremental revenues of \$55 million in six months 2002 principally as a result of the acquisition of our largest tax preparation

franchisee, Tax Services of America ("TSA") in January 2002. TSA contributed incremental revenues of \$34 million and EBITDA of approximately \$13 million to Jackson Hewitt's six month results. Additionally, Jackson Hewitt's favorable results were principally driven by a 13% increase in tax return volume, and an 11% increase in the average price per return. Additional operating and overhead costs were incurred in six months 2002 due to an expansion of Jackson Hewitt's infrastructure to support increased business activity and a reorganization and relocation of the Jackson Hewitt technology group. The Jackson Hewitt franchise and tax preparation business is seasonal, whereby most of the annual revenues and EBITDA is generated during the first quarter of the year.

CORPORATE AND OTHER

Revenue and Adjusted EBITDA decreased \$45 million and \$15 million, respectively, in six months 2002 compared with six months 2001. In February 2001, we sold our former on-line real estate portal and Welcome Wagon, a new mover service business. Such businesses collectively accounted for a quarter-over-quarter decline in revenues of \$14 million and an improvement in Adjusted EBITDA of \$8 million.

In addition, revenues recognized from providing electronic reservation processing services to Avis prior to the acquisition of Avis resulted in a \$14 million revenue decrease with no Adjusted EBITDA impact as Avis paid royalties but was billed for reservation services at cost.

Revenues also included incremental intersegment revenue eliminations in six months 2002 due to increased intercompany business activities, principally resulting from acquisitions. Adjusted EBITDA includes higher unallocated corporate overhead costs due to increased administrative expenses and infrastructure expansion to support company growth.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

As we provide a wide range of consumer and business services, we are active in many types of industries. The majority of our businesses operate in environments where we are paid a fee for services provided. Within our car rental, vehicle management, relocation, mortgage services and timeshare development businesses, we purchase assets, or finance the purchase of assets, on behalf of our clients. We seek to manage the interest rate exposures inherent in these assets by matching them with financial liabilities that have similar terms and interest rate characteristics. We classify these activities as assets under management and mortgage programs and liabilities under management and mortgage programs.

Such activities are conducted and managed by legally separate finance and/or mortgage companies. Accordingly, the financial results of our finance activities vary from the rest of our businesses based upon the impact of the relative business and financial risks and asset attributes, as well as the nature and timing associated with the respective cash flows. We believe that it is appropriate to segregate our assets under management and mortgage programs and our liabilities under management and mortgage programs separately from the assets and liabilities of the rest of our businesses because, ultimately, the source of repayment of such liabilities is the realization of such assets.

FINANCIAL CONDITION

	JUNE 30,	DECEMBER 31,
	2002	2001
CHANGE -----		

----- Total		
assets		
exclusive of		
assets under		
management		
and mortgage		
programs \$		
19,919 \$		
21,676 \$		
(1,757)		
Assets under		
management		
and mortgage		
programs		
12,210		
11,868 342		
Total		

liabilities	
exclusive of	
liabilities	
under	
management	
and mortgage	
programs \$	
11,666 \$	
15,207 \$	
(3,541)	
Liabilities	
under	
management	
and mortgage	
programs	
11,126	
10,894	232
Mandatorily	
redeemable	
preferred	
interest	375
375 -	
Stockholders'	
equity	8,962
7,068	1,894

Total assets exclusive of assets under management and mortgage programs decreased primarily due to (i) the application of \$1.66 billion of prior payments made to the stockholder litigation settlement trust to extinguish a portion of our stockholder litigation settlement liability, (ii) the sale of \$1.3 billion of NCP assets and (iii) a \$1.5 billion reduction in cash (see "Liquidity and Capital Resources" below for a detailed discussion of such reduction). Such decreases were partially offset by a \$2.3 billion increase in goodwill resulting primarily from the acquisitions of Trendwest and NRT.

Assets under management and mortgage programs increased primarily due to (i) an increase of \$452 million in timeshare receivables primarily resulting from the acquisition of Trendwest, (ii) an increase of \$215 million in vehicles in order to meet seasonal demand and (iii) the addition of \$180 million of mortgage servicing rights (net of related amortization and valuation adjustments). Such increases were partially offset by a decrease of \$444 million in mortgage loans held for sale primarily due to timing differences arising between the origination and sales of such loans.

Total liabilities exclusive of liabilities under management and mortgage programs decreased primarily due to (i) the \$2.85 billion payment of our stockholder litigation settlement liability as described below, (ii) the \$390 million repayment of our 3% convertible notes, (iii) the repurchase of \$253 million of our zero coupon senior convertible contingent notes and (iv) the repurchase of \$79 million of our 7 3/4% notes. On March 18, 2002, the Supreme Court denied all final petitions relating to our principal securities class action lawsuit. As of December 31, 2001, we had deposited cash totaling \$1.41 billion to a trust established for the benefit of the plaintiffs in this lawsuit. In March 2002, we made an additional payment of \$250 million to the trust. We completely funded all remaining obligations arising out of the principal securities class action lawsuit on May 24, 2002 with a final payment of approximately \$1.2 billion to the trust. As of June 30, 2002, we had no remaining obligations relating to the principal securities class action lawsuit and, as such, no related balances recorded on our Consolidated Condensed Balance Sheet.

Liabilities under management and mortgage programs increased primarily due to (i) net issuance of \$102 million in secured term notes under the Chesapeake Funding program, (ii) a net increase of \$62 million in secured term notes under the AESOP Funding program, (iii) an increase of \$105 million in secured short-term borrowings to fund timeshare receivables related to our acquisition of Equivest Finance, Inc. in February 2002, (iv) \$64 million of borrowings to fund relocation receivables and (v) the issuance during 2002 of \$571 million of unsecured term notes bearing interest and \$179 million of commercial paper. Such increases were partially offset by (i) a decrease of \$104 million in secured short-term mortgage borrowings due to lower mortgage warehousing needs and (ii) the repayment of \$750 million of outstanding borrowings under revolving credit facilities.

Stockholders' equity increased primarily due to (i) \$581 million of income from continuing operations generated during the six months ended June 30, 2002, (ii) the issuance of \$916 million (47.4 million shares) in CD common stock in connection with the Trendwest acquisition and (iii) the issuance of \$227 million (11.5 million shares) in CD common stock in connection with the acquisition of NRT. Such increases were partially offset by our repurchase of \$137 million (7.7

mortgage business.

Also, during the six months ended June 30, 2002, we made cash payments of \$26 million and \$6 million for personnel related and facility related costs, respectively, resulting from the restructuring charge we recorded in fourth quarter 2001 as a result of changes in business and consumer behavior following the September 11th terrorist attacks. Such liability approximated \$47 million as of June 30, 2002. As of June 30, 2002, the initiatives committed to by management in this restructuring plan were substantially completed. The majority of the remaining personnel related costs are expected to be paid by the end of fourth quarter 2002.

During the six months ended June 30, 2002, we generated \$260 million of cash from investing activities as compared to using approximately \$3.8 billion of cash during the six months ended June 30, 2001. Reflected in the cash we generated during the six months ended June 30, 2002 is (i) the proceeds of \$1.41 billion of prior payments made to the stockholder litigation settlement trust that were used to extinguish a portion of our stockholder litigation settlement liability and (ii) the proceeds of \$1.2 billion from the sale of NCP. Additionally, during the six months ended June 30, 2002, we used less cash for acquisitions. Partially offsetting the decrease in cash used in investing activities was an increase in cash used to acquire vehicles for our car rental and fleet management operations in connection with the acquisition of Avis on March 1, 2001. Capital expenditures during the six months ended June 30, 2002 amounted to \$139 million and were utilized to support operational growth, enhance marketing opportunities and develop operating efficiencies through technological improvements. We continue to anticipate aggregate capital expenditure investments during 2002 of approximately \$375 million.

During the six months ended June 30, 2002, we used approximately \$1.0 billion of cash in financing activities as compared to generating approximately \$3.6 billion of cash during the six months ended June 30, 2001. Reflected in the cash we used during the six months ended June 30, 2002 are (i) repayments of outstanding borrowings of \$750 million under revolving credit facilities, (ii) debt redemptions of \$332 million and (iii) stock repurchases of \$137 million. We anticipate using cash on hand and operating cash flow generated during the year to continue to reduce our outstanding indebtedness and also to continue to repurchase CD common stock in order to offset the impact of

employee stock option exercises. We currently have approximately \$120 million of remaining availability under our board-authorized CD common stock repurchase program.

AVAILABLE CREDIT AND SECURITIZATION FACILITIES

At June 30, 2002, we had approximately \$5.3 billion of available funding arrangements and credit facilities (including availability of approximately \$2.6 billion at the corporate level and approximately \$2.7 billion available for use in our management and mortgage programs).

As of June 30, 2002, the credit facilities at the corporate level comprise:

TOTAL LETTERS
OF AVAILABLE
CAPACITY CREDIT
ISSUED CAPACITY

- -----

- Maturing in
August 2003 \$
1,750 \$ 238 \$
1,512 Maturing
in February
2004 1,150 98
1,052 -----

----- \$ 2,900
\$ 336 \$ 2,564
=====
=====
=====

Under the terms of our \$1.75 billion facility, the revolving line will be reduced by \$500 million to \$1.25 billion in August 2002. The availability of our \$1.75 billion facility increased by \$873 million during the six months ended June 30, 2002 primarily as a result of our paying off the entire stockholder

litigation settlement liability.

As of June 30, 2002, available funding arrangements and credit facilities related to our management and mortgage programs consisted of:

TOTAL OUTSTANDING AVAILABLE CAPACITY BORROWINGS CAPACITY ----- ----- ----- ASSET-BACKED FUNDING ARRANGEMENTS AESOP Funding \$ 4,142 \$ 3,851 \$ 291 Chesapeake Funding (formerly Greyhound Funding) 3,536 3,036 500 Mortgage warehouse facilities 600 301 299 ----- ----- ----- 8,278 7,188 1,090 --- ----- ----- CREDIT FACILITIES Maturing in November 2002 125 - 125 Maturing in February 2004 750 - 750 Maturing in February 2005 750 - 750 ----- ----- ----- 1,625 - 1,625 - ----- ----- \$ 9,903 \$ 7,188 \$ 2,715 ===== ===== =====
--

We also sell a significant portion of residential mortgage loans generated in our mortgage business and receivables generated in our relocation and timeshare businesses into securitization entities, generally on a non-recourse basis, as part of our financing strategy. We retain the servicing rights and, in some instances, subordinated residual interests in the mortgage loans and relocation and timeshare receivables. The investors generally have no recourse to our other assets for failure of debtors to pay when due.

As of June 30, 2002, we were servicing \$485 million of Fairfield timeshare receivables and \$605 million of Trendwest timeshare receivables sold to special purpose entities. Additionally, PHH was servicing \$590 million of relocation receivables sold to a special purpose entity. The maximum funding capacity through the special purpose entity used to securitize relocation receivables is \$600 million and, as of June 30, 2002, PHH had available capacity of \$85 million under this facility. The special purpose entities used to securitize the majority of timeshare receivables do not have maximum funding capacities.

PHH was also servicing approximately \$1.6 billion of mortgage loans sold to a special purpose entity as of June 30, 2002. In addition to the mortgage loans sold to the special purpose entity, as of June 30, 2002, PHH was servicing \$106

billion of mortgage loans sold to the secondary market. The maximum funding capacity through this special purpose entity is \$3.2 billion and, as of June 30, 2002, we had available capacity of approximately \$1.6 billion. In addition to the capacity through the special purpose entity, PHH has the capacity, under a registration statement with the Securities and Exchange Commission, to securitize approximately \$1.0 billion of mortgage loans. The sale of mortgage loans into the secondary market is customary practice in the mortgage industry.

FINANCIAL OBLIGATIONS

At June 30, 2002, we had approximately \$16.8 billion of indebtedness (including corporate indebtedness of \$6.3 billion, debt related to our management and mortgage programs of \$10.1 billion and our mandatorily redeemable

interest of \$375 million). Our net debt (excluding the Upper DECS and debt related to our management and mortgage programs and net of cash and cash equivalents) to total capital (including net debt and the Upper DECS) ratio was 35% and 37% as of June 30, 2002 and 2001, respectively, and the ratio of Adjusted EBITDA to net non-program related interest expense was 13 to 1 and 9.5 to 1 for the six months ended June 30, 2002 and 2001, respectively.

Corporate indebtedness consisted of:

EARLIEST FINAL REDEMPTION MATURITY JUNE 30, DECEMBER 31, DATE DATE 2002 2001 CHANGE ----- ----- ----- ----- ----- ----- 7	
	3/4% notes
	December 2003
	December 2003
	\$ 1,071 \$
	1,150 \$ (79)
	6.875% notes
	August 2006
	August 2006
	850 850 - 11%
	senior
	subordinated
	notes May
	2009 May 2009
	571 584 (13)
	3 7/8%
	convertible
	senior
	debentures
	November 2004
	November 2011
	1,200 1,200 -
	Zero coupon
	senior
	convertible
	contingent
	notes
	February 2004
	February 2021
	678 920 (242)
	Zero coupon
	convertible
	debentures
	May 2003 May
	2021 1,000
	1,000 - 3%
	convertible
	subordinated
	notes
	February 2002
	February 2002
	- 390 (390)
	Other 96 38
	58 -----

 ----- \$
 10,109 \$ 9,844
 \$ 265
 =====
 =====
 =====

 (a) On July 25, 2002, we issued \$750 million of rental car asset-backed notes.

Our debt related to management and mortgage programs increased \$265 million primarily due to (i) net issuance of \$102 million in secured term notes under the Chesapeake Funding program, (ii) a net increase of \$62 million in secured term notes under the AESOP Funding program, (iii) an increase of \$105 million in secured short-term borrowings to fund timeshare receivables related to our acquisition of Equivest Finance, Inc. in February 2002, (iv) \$64 million of borrowings to fund relocation receivables and (v) the issuance during 2002 of \$571 million of unsecured term notes bearing interest and \$179 million of commercial paper. Such increases were partially offset by

(i) a decrease of \$104 million in secured short-term mortgage borrowings due to lower mortgage warehousing needs and (ii) the repayment of \$750 million of outstanding borrowings under revolving credit facilities.

We also currently have \$3.0 billion of availability for public debt or equity issuances under a shelf registration statement at the corporate level and \$2.2 billion of availability for public debt issuances under shelf registration statements at the PHH level.

LIQUIDITY RISK

Our liquidity position may be negatively affected by unfavorable conditions in any one of the industries in which we operate, as our ability to generate cash flows from operating activities may be reduced due to those unfavorable conditions. Additionally, our liquidity as it relates to both management and mortgage programs could be adversely affected by deterioration in the performance of the underlying assets of such programs. Access to the principal financing program for our car rental subsidiary may also be impaired should General Motors Corporation not be able to honor its obligations to repurchase a substantial number of our vehicles. Our liquidity as it relates to mortgage programs is highly dependent on the secondary markets for mortgage loans. Access to certain of our securitization facilities and our ability to act as servicer thereto also may be limited in the event that our or PHH's credit ratings are downgraded below investment grade and, in certain circumstances, where we or PHH fail to meet certain financial ratios. However, we do not believe that our or PHH's credit ratings are likely to fall below such thresholds. Additionally, we monitor the maintenance of these financial ratios and, as of June 30, 2002, we were in compliance with all covenants under these facilities.

Currently our credit ratings are as follows:

- MOODY'S
- INVESTOR
- STANDARD
- FITCH
- SERVICE &
- POOR'S
- RATINGS ---
-
-
- CENDANT
- Senior
- unsecured
- debt Baa1
- BBB BBB+
- Subordinated
- debt Baa2
- BBB- BBB
- PHH Senior
- debt Baa1
- A- BBB+
- Short-term
- debt P-2 A-
- 2 F-2

subject to revision or withdrawal at any time by the rating agency.

AFFILIATED ENTITIES

We also maintain certain relationships with affiliated entities principally to support our business model of growing earnings and cash flow with minimal asset risk. We do not have the ability to control the operating and financial policies of these entities and, accordingly, do not consolidate these entities in our results of operations or financial position. Certain of our officers serve on the Board of Directors of these entities, but in no instances do they constitute a majority of the Board, nor do they receive any economic benefits therefrom.

FFD DEVELOPMENT COMPANY, LLC. During the three and six months ended June 30, 2002, we recorded non-cash dividend income of \$3 million and \$6 million, respectively, which is paid-in-kind, relating to our preferred equity interest in FFD Development Company, LLC. Such preferred equity interest approximated \$65 million as of June 30, 2002. During the six months ended June 30, 2002, we purchased \$33 million of timeshare interval inventory and land from FFD, bringing the total cumulative amount purchased to \$73 million as of June 30, 2002. We are obligated to purchase an additional \$243 million of timeshare interval inventory and land from FFD, approximately \$150 million of which is estimated to be payable within the next 12 months. As is customary in "build to suit" agreements, when we contract with FFD for the development of a property, we issue a letter of credit for up to 20% of our purchase price for such property. Drawing under all such letters of credit will only be permitted if we fail to meet our obligation under any purchase commitment. As of June 30, 2002, Cendant had issued approximately \$42 million of such letters of credit. We are not obligated or contingently liable for any debt incurred by FFD.

TRILEGIANT CORPORATION. As of June 30, 2002, Trilegiant had an outstanding balance of \$72 million due to us related to amounts drawn on the \$75 million loan facility we have provided in connection with certain marketing agreements under which we expect to receive commissions. Such amount will be repaid to us as commissions are received by Trilegiant from the third party. During the three and six months ended June 30, 2002, Trilegiant paid us

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\$29 million and \$80 million, respectively, in connection with services provided under the Third Party Administrator agreement. During the six months ended June 30, 2002, Trilegiant collected \$101 million of cash on our behalf in connection with membership renewals. Additionally, as of June 30, 2002, Trilegiant owed us an additional \$15 million in connection with the Third Party Administration Agreement.

FORWARD-LOOKING STATEMENTS - RISK FACTORS

Forward-looking statements in our public filings or other public statements are subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements include the information concerning our future financial performance, business strategy, projected plans and objectives.

Statements preceded by, followed by or that otherwise include the words "believes", "expects", "anticipates", "intends", "project", "estimates", "plans", "may increase", "may fluctuate" and similar expressions or future or conditional verbs such as "will", "should", "would", "may" and "could" are generally forward-looking in nature and not historical facts. You should understand that the following important factors and assumptions could affect our future results and could cause actual results to differ materially from those expressed in such forward-looking statements:

- terrorist attacks, such as the September 11, 2001 terrorist attacks on New York City and Washington, D.C., other attacks, acts of war; or measures taken by governments in response thereto may negatively affect the travel industry, our financial results and could also result in a disruption in our business;
- the effect of economic conditions and interest rate changes on the economy on a national, regional or international basis and the impact thereof on our businesses;
- the effects of a decline in travel, due to political instability, adverse economic conditions or otherwise, on our travel related businesses;
- the effects of changes in current interest rates, particularly on our real estate franchise and mortgage businesses;

- the resolution or outcome of our unresolved pending litigation relating to the previously announced accounting irregularities and other related litigation;
- our ability to develop and implement operational, technological and financial systems to manage growing operations and to achieve enhanced earnings or effect cost savings;
- competition in our existing and potential future lines of business and the financial resources of, and products available to, competitors;
- failure to reduce quickly our substantial technology costs in response to a reduction in revenue, particularly in our computer reservations and global distribution systems businesses;
- our failure to provide fully integrated disaster recovery technology solutions in the event of a disaster;
- our ability to integrate and operate successfully acquired and merged businesses and risks associated with such businesses, including the acquisitions of NRT Incorporated, Arvida Realty Services, Trendwest Resorts, Inc., Galileo International, Inc. and Cheap Tickets, Inc., the compatibility of the operating systems of the combining companies, and the degree to which our existing administrative and back-office functions and costs and those of the acquired companies are complementary or redundant;
- our ability to obtain financing on acceptable terms to finance our growth strategy and to operate within the limitations imposed by financing arrangements and to maintain our credit ratings;
- competitive and pricing pressures in the vacation ownership and travel industries, including the car rental industry;
- changes in the vehicle manufacturer repurchase arrangements in our Avis car rental business in the event that used vehicle values decrease and
- changes in laws and regulations, including changes in accounting standards and privacy policy regulation.

Other factors and assumptions not identified above were also involved in the derivation of these forward-looking statements, and the failure of such other assumptions to be realized as well as other factors may also cause actual results to differ materially from those projected. Most of these factors are difficult to predict accurately and are generally beyond our control.

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You should consider the areas of risk described above in connection with any forward-looking statements that may be made by us and our businesses generally. Except for our ongoing obligations to disclose material information under the federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless required by law. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

As previously discussed in our 2001 Annual Report on Form 10-K/A, we assess our market risk based on changes in interest and foreign currency exchange rates utilizing a sensitivity analysis. The sensitivity analysis measures the potential loss in earnings, fair values, and cash flows based on a hypothetical 10% change (increase and decrease) in our market risk sensitive positions. We used June 30, 2002 market rates to perform a sensitivity analysis separately for each of our market risk exposures. The estimates assume instantaneous, parallel shifts in interest rate yield curves and exchange rates. We have determined, through such analyses, that the impact of a 10% change in interest and foreign currency exchange rates and prices on our earnings, fair values and cash flows would not be material.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

In connection with our \$2.85 billion settlement of our principal securities class action litigation, IN RE CENDANT CORPORATION LITIGATION, Master File No. 98-1664 (WHW) (D.N.J.), we completed the funding of the trust established for the benefit of the plaintiffs of such litigation on May 28, 2002. In completing this funding, we satisfied our liability arising from such litigation.

We continue to be involved in litigation asserting claims associated with the accounting irregularities discovered in former CUC business units outside of the principal securities class action litigation described above. We do not believe that it is feasible to predict or determine the final outcome or resolution of these unresolved proceedings. An adverse outcome from such unresolved proceedings could be material with respect to earnings in any given reporting

period. However, we do not believe that the impact of such unresolved proceedings should result in a material liability to us in relation to our consolidated financial position or liquidity.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On April 17, 2002, pursuant to Section 4(2) of the Securities Act of 1933, as amended, we issued 9,920,000 shares of our CD common stock to holders of NRT Incorporated common stock in connection with our acquisition of NRT. Such shares were subsequently registered on a Form S-3 Registration Statement with the Securities and Exchange Commission. Such Registration Statement was declared effective on May 21, 2002.

On April 29, 2002 and April 30, 2002, pursuant to Section 4(2) of the Securities Act of 1933, as amended, we issued 42,551,199 shares of our CD Common Stock in the aggregate to holders of Trendwest Resorts, Inc. common stock in connection with our acquisition of Trendwest Resorts, Inc. Such shares were subsequently registered on a Form S-3 Registration Statement with the Securities and Exchange Commission. Such Registration Statement was declared effective on May 23, 2002.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

We held an Annual Meeting of Stockholders on May 21, 2002, pursuant to a Notice of Annual Meeting of Stockholders and Proxy Statement dated March 29, 2002, a copy of which has been filed previously with the Securities and Exchange Commission, at which our stockholders approved the election of five directors for a term of three years and the ratification for the appointment of Deloitte & Touche LLP as the auditors of the financial statements for fiscal year 2002. The proposal to declassify the Board of Directors did not receive the requisite affirmative vote of 80% of the votes entitled to be cast in an election of Directors.

Proposal 1: To elect five directors for a three year term.

RESULTS:

In Favor
Withheld -

Leonard S.
Coleman
853,399,028
30,561,479
John C.
Malone,
Ph.D.
869,486,215
14,474,292
Cheryl D.
Mills
869,119,997
14,840,510
Robert E.
Nederlander
869,378,239
14,582,268
Robert F.
Smith
867,772,403
16,188,104

Proposal 2: To ratify and approve the appointment of Deloitte & Touche LLP as our Independent Auditors for the year ending December 31, 2002.

RESULTS:

For
Against
Abstain --
- -----

836,818,017
43,487,236
3,653,853

Proposal 3: To declassify the Board of Directors.

RESULTS:

For Against
Abstain ---

688,524,717*
22,685,873
4,711,070

- - - - -
* Represents 70.11% of the outstanding shares entitled to vote in an election of Directors on the date of the Annual Meeting of Stockholders.

ITEM 5. OTHER INFORMATION

We received initial comments from the SEC as a result of the SEC's previously announced policy to review the 2001 Form 10-K's of all Fortune 500 companies. A copy of our response to the SEC's initial comment letter (which includes the text of the SEC's comments) is attached as Exhibit 99.1 hereto and is incorporated by reference herein. Although we believe that this Form 10-Q is in compliance with applicable SEC and accounting rules, the SEC has informed us that it is not finished reviewing our response to its initial comments or our Form 10-K/A and that it may have additional comments. Accordingly, modifications to this Form 10-Q may be required.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

See Exhibit Index

(B) REPORTS ON FORM 8-K

On April 1, 2002, we filed a current report on Form 8-K to report under Item 5 our planned acquisition of Trendwest Resorts, Inc.

On April 18, 2002, we filed a current report on Form 8-K to report under Item 5 our first quarter 2002 financial results.

On May 1, 2002, we filed a current report on Form 8-K to report under Item 5 the amendments made to the terms of our Zero Coupon Convertible Debentures due 2021.

On May 3, 2002, we filed a current report on Form 8-K to report under Item 5 the completion of the acquisition of approximately 90.1% of outstanding shares of Trendwest Resorts, Inc.

On May 23, 2002, we filed a current report on Form 8-K to report under Item 5 the completion of the sale of our National Car Parks business.

On May 31, 2002, we filed a current report on Form 8-K to report under Item 5 that we completed funding of our principal securities class action litigation liability.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENDANT CORPORATION

/s/ Kevin M. Sheehan

Kevin M. Sheehan
Senior Executive Vice President and
Chief Financial Officer

/s/ Tobia Ippolito

Tobia Ippolito
Executive Vice President and
Chief Accounting Officer

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q/A for the quarterly period ended March 31, 2000, dated July 28, 2000).
3.2	Amended and Restated By-Laws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Form 10-Q/A for the quarterly period ended March 31, 2000, dated July 28, 2000).
4.1	PHH Corporation \$443 million Note Purchase Agreement dated as of May 3, 2002 (incorporated by reference to Exhibit 4.1 of PHH's Form 10-Q dated August 14, 2002).
4.2	Supplemental Indenture No. 3 dated as of May 30, 2002 to the Senior Debt Securities Indenture dated as of November 6, 2000 between PHH Corporation and Bank One Trust Company, N.A; as Trustee (incorporated by reference to Exhibit 4.1 to PHH Corporation's Current Report on Form 8-K dated June 4, 2002).
12	Statement Re: Computation of Ratio of Earnings to Fixed Charges.
15	Letter Re: Unaudited Interim Financial Information.
99.1	Press release issued by Cendant Corporation on August 14, 2002 announcing the certification by certain executives of Cendant's financial statements.

CENDANT CORPORATION AND SUBSIDIARIES
 COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
 (DOLLARS IN MILLIONS)

SIX MONTHS
 ENDED JUNE
 30, -----

 - 2002 2001 -

EARNINGS
 BEFORE FIXED
 CHARGES:
 Income before
 income taxes,
 minority
 interest and
 equity in
 Homestore.com
 \$ 893 \$ 865
 Plus: Fixed
 charges 398
 440 Less:
 Equity loss
 in
 unconsolidated
 affiliates
 (1) (1)
 Minority
 interest 6 28

Earnings
 available to
 cover fixed
 charges \$
 1,286 \$ 1,278
 =====
 =====

FIXED CHARGES
 (a):
 Interest,
 including
 amortization
 of deferred
 financing
 costs \$ 352 \$
 392 Minority
 interest 6 28
 Interest
 portion of
 rental
 payment 40 20

----- Total
 fixed charges
 \$ 398 \$ 440
 =====
 =====

RATIO OF
 EARNINGS TO
 FIXED CHARGES
 \$ 3.23x(b) \$
 2.90x(c)
 =====
 =====

- -----
 (a) Consists of interest expense on all indebtedness (including amortization of deferred financing costs and capitalized interest) and the portion of operating lease rental expense that is representative of the interest factor. Interest expense on all indebtedness is detailed as follows:

-- 2002
2001 -----

Incurred
by the
Company's
PHH
subsidiary
\$ 93 \$ 140
Related to
the debt
under
management
and
mortgage
programs
incurred
by the
Company's
car rental
subsidiary
103 76 All
other 156
176

- (b) Income before income taxes, minority interest and equity in Homestore.com includes other charges of \$226 million. Excluding such amounts, the ratio of earnings to fixed charges is 3.80x.
- (c) Income before income taxes, minority interest and equity in Homestore.com includes a net gain on the dispositions of businesses of \$435 million, partially offset by other charges of \$212 million. Excluding such amounts, the ratio of earnings to fixed charges is 2.40x.

August 12, 2002

Cendant Corporation
9 West 57th Street
New York, New York

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of Cendant Corporation and subsidiaries for the three and six month periods ended June 30, 2002 and 2001, as indicated in our report dated August 12, 2002; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, is incorporated by reference in Cendant Corporation's Registration Statement Nos. 333-11035, 333-17323, 333-17411, 333-20391, 333-23063, 333-26927, 333-35707, 333-35709, 333-45155, 333-45227, 333-49405, 333-78447, 333-86469, 333-51586, 333-59246, 333-65578, 333-65456, 333-65858, 333-83334, 333-84626, 333-86674 and 333-87464 on Form S-3 and Registration Statement Nos. 33-74066, 33-91658, 333-00475, 333-03237, 33-58896, 33-91656, 333-03241, 33-26875, 33-75682, 33-93322, 33-93372, 33-75684, 33-80834, 33-74068, 33-41823, 33-48175, 333-09633, 333-09655, 333-09637, 333-22003, 333-30649, 333-42503, 333-34517-2, 333-42549, 333-45183, 333-47537, 333-69505, 333-75303, 333-78475, 333-51544, 333-38638, 333-64738, 333-71250, 333-58670, and 333-89686 on Form S-8.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statements prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP
New York, New York

CENDANT EXECUTIVES CERTIFY FINANCIAL STATEMENTS

NEW YORK, NY, AUGUST 14, 2002 - Cendant Corporation (NYSE: CD) today announced that its Chairman and Chief Executive Officer, Henry R. Silverman, and its Chief Financial Officer, Kevin M. Sheehan, have executed and filed the statements required by the U.S. Securities and Exchange Commission (SEC) and the new Sarbanes - Oxley Act.

Sworn statements signed by Mr. Silverman and Mr. Sheehan certify Cendant's 2001 Annual Report on Form 10-K, its quarterly reports on Form 10-Q for the first and second quarters of 2002, its Form 10-K/A filed today and the other reports covered by the SEC order. Messrs. Silverman and Sheehan have also signed the certifications under the Sarbanes - Oxley Act to certify Cendant's second quarter 2002 Form 10-Q and its Form 10-K/A.

The Company stated that its CEO and CFO have conducted an extensive review of the filings it has made, the controls it has in place and the strength of its financial reporting systems. The CEO, CFO and other members of management discussed this review with the Company's Audit Committee and representatives of the Company's auditors, Deloitte & Touche, LLP.

The Form 10-K/A for 2001 filed today reflects the classification of National Car Parks (NCP), which Cendant sold in May 2002, as a discontinued operation. The Form 10-K/A also includes certain changes from the Company's initial Form 10-K filed in April 2002 in response to comments received from the SEC as a result of the SEC's previously announced policy to review the 2001 Form 10-K's of all Fortune 500 companies. Other than the effect of reclassifying NCP as a discontinued operation, there were no changes to the financial results as previously reported.

In addition to various disclosures requested by the SEC Division of Corporation Finance, and made by the Company in the Form 10-K/A, on August 2, 2002 the Company responded to the SEC's initial comments and furnished additional information to the staff of the SEC. The SEC has indicated that it is in the process of reviewing and evaluating the Company's responses and has requested additional information and/or clarification with respect to certain accounting and disclosure matters, including transactions with affiliates. At this time the SEC has not requested any material modification to the Company's Form 10-K/A or Form 10-Q's. The Company believes that the accounting and disclosure in its filed reports is appropriate.

The Company also noted that, after reviewing all of the SEC comments, Deloitte & Touche, LLP, has reissued its opinion on the Company's 2001 financial statements contained in the Form 10-K/A filing, affirming their view that the Company's financial statements are in compliance with all applicable GAAP and SEC requirements.

The Company has made available on its website, at www.cendant.com, a marked version of its Form 10-K/A which denotes the modifications from the original Form 10-K, as filed.

Cendant Corporation is primarily a provider of travel and residential real estate services. With approximately 70,000 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 or by calling 877-4-INFOCD (877-446-3623).

THIS PRESS RELEASE INCLUDES CERTAIN "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE BASED ON MANAGEMENT'S CURRENT EXPECTATIONS AND ARE SUBJECT TO UNCERTAINTY AND CHANGES IN CIRCUMSTANCES. THESE STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND ARE SUBJECT TO KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THESE EXPECTATIONS DUE TO (I) THE OUTCOME OF THE SEC'S REVIEW OF THE COMPANY'S FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2001 AND (II) CHANGES IN GLOBAL ECONOMIC, BUSINESS, COMPETITIVE, MARKET AND REGULATORY FACTORS. ADDITIONAL FACTORS AND ASSUMPTIONS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM THESE FORWARD-LOOKING STATEMENTS ARE SPECIFIED IN THE COMPANY'S FORM 10-K/A FOR THE YEAR ENDED DECEMBER 31, 2001, AND IN THE COMPANY'S FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2002. THE CAUTIONARY STATEMENTS CONTAINED OR REFERRED TO IN THIS RELEASE SHOULD BE CONSIDERED IN CONNECTION WITH

ANY SUBSEQUENT WRITTEN OR ORAL FORWARD-LOOKING STATEMENTS AND ACCOMPANYING CAUTIONARY LANGUAGE THAT THE COMPANY OR AUTHORIZED PERSONS ACTING ON ITS BEHALF MAY DISSEMINATE. THE COMPANY DISCLAIMS ANY INTENT OR OBLIGATION TO UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF CHANGES IN ITS PLANS, INTENTIONS OR EXPECTATIONS, NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

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