

CENDANT

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CIBC Gaming Lodging & Leisure Conference

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Forward Looking Statements

Statements about future results made in the presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements include projections. Such projections were not prepared in accordance with public guidelines of the American Institute of Certified Public Accountants regarding projections and forecasts, nor have such projections been audited, examined or otherwise reviewed by independent auditors of Cendant. Forward looking statements include all information concerning 2005 and 2004 contained herein.

These statements are based on current expectations and the current economic environment. Forward-looking statements and projections are inherently subject to significant economic, competitive and other uncertainties and contingencies including but not limited to, the negative impact of war or terrorism, many of which are beyond the control of management. The company cautions that these statements are not guarantees of future performance. Actual results may differ materially from those expressed or implied in the forward-looking statements.

Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements and projections are specified in the Company's Form 10-K for the fiscal year ended December 31, 2003.

Certain terms used in this presentation are defined in the attached glossary to which you should refer. Additionally, any non-GAAP financial measures, as defined under SEC rules, in this presentation are defined and reconciled to the most comparable GAAP measure within the attached glossary.

All data presented for 2004 were estimated as of March 12, 2004.

Today's Topics

- **What is Cendant?**
- **Growth opportunities and strategy**
- **The value proposition**

Cendant is . . .










Primarily a provider of travel and residential real estate services. With approximately 90,000 employees worldwide, New York City based Cendant provides these services to businesses and consumers in over 100 countries.

Cendant is ... A Leading Player in the Residential Real Estate Market

- **Largest operator and franchisor of residential real estate brokerages with 12,700 offices, over 260,000 brokers and sales associates and the most recognized brands in the industry**
- **Involved in approximately 25% - 30% of homes bought or sold in the U.S. ⁽¹⁾**
- **Largest provider of outsourced corporate relocation services in the U.S. and a leading provider in the U.K.**
- **One of the largest retail mortgage originators in the U.S.**
- **A leading title agency**

⁽¹⁾ Based on total \$ value of homes sold

In Real Estate Cendant Is ...

Real Estate Franchise & Brokerage	Mortgage	Relocation	Settlement Services
     			

34% of 2004 EBITDA

Cendant Is ... the Leading Vertically-Integrated Participant in the Travel Market

No. 1 Position in:

- **Largest franchisor of hotels with almost 6,400 hotels and over 518,000 rooms on five continents**
- **Largest vacation exchange network with almost 4,000 affiliated resorts and 3 million member families**
- **Largest timeshare development company in the U.S.**
- **Largest cottage rental company in Europe**

Leading Position in:

- **Leading car rental systems**
- **One of the leading Global Distribution Systems**
- **Fourth largest full service online travel agency**
- **Top five leisure travel agency in U.S.**

In Travel Cendant Is ...

Content		Distribution
Hospitality	Vehicle Services	Travel Distribution
22% of 2004 EBITDA	18% of 2004 EBITDA	14% of 2004 EBITDA

Businesses by Division



CENDANT

<i>Real Estate</i>	<i>Travel</i>			<i>Non-Core</i>
	<i>Content</i>		<i>Distribution</i>	
Real Estate Services	Hospitality	Vehicle Services	Travel Distribution	Financial Services
Real Estate Franchise Brokerage Mortgage Settlement Services Relocation	Lodging Timeshare Vacation Rental	Car Rental Fleet Management Fuel Cards	GDS Online/Off-line Travel Agency	Tax Preparation Insurance/ Wholesale Membership
34% of 2004 EBITDA	22% of 2004 EBITDA	18% of 2004 EBITDA	14% of 2004 EBITDA	12% of 2004 EBITDA

EBITDA data is for reportable operating segments only and is projected.

Cendant's Business Model Is ...

- **About mitigating risk...**
 - Designed to be a hedged portfolio
 - Use size, diversity to manage risk and reduce volatility
 - Low asset exposure
 - Long-term contracts and relationships
 - Industry-leading positions
 - Visible and predictable revenue streams
- **...And maximizing returns**
 - Focus on cash flow
 - High incremental margins
 - Operating leverage
 - Strong balance sheet
- **Stable cash flow businesses fund growth engines**

Cendant's Business Model Is ... Free Cash Flow In Excess of \$2 Billion Per Year

(\$ Millions)	2003	2004E ⁽¹⁾
Pretax income	\$2,231	\$2,515 – 2,630
Non-program related depreciation and amortization	518	565 – 580
Pendings and listings amortization	20	20 – 25
Tax payments, net of refunds ⁽²⁾	(2)	(150 – 120)
Working capital	279	(300 – 220)
Capital expenditures	(463)	(575 – 525)
Management and mortgage programs	(5)	(120 – 0)
Free Cash Flow	\$2,578	\$2,000 – 2,300
Net Cash Provided by Operating Activities	\$7,202	\$4,500 – 5,500

(1) Projections do not total because we do not expect the actual amounts for each of these items to be at the lowest or highest end of any projected range simultaneously.

(2) The Company does not expect to become a federal taxpayer prior to 2007.

Cendant's Business Model Is ... Focused on Long-Term Organic Growth

Long Term Organic Growth Targets:

- **Revenue mid single digits**
 - Unit growth
 - Increasing market share
- **Earnings low double digits**
 - Operating leverage
 - Technology to reduce costs
 - Use of free cash flow to shrink capitalization

The Opportunity

The Opportunity

Market Size

We Believe Cendant is the Largest Participant in Two of the Largest Vertical Markets in the World

- **Travel:**

- Over \$540 billion projected annual travel spending in the U.S. and over \$1 trillion worldwide

- **Real Estate:**

- Estimated \$1 trillion annual expenditures in the U.S.

The Opportunity

Market Growth

U.S. Residential Real Estate Market Is Expected To More Than Double in Size by 2012:

- **Single-family housing aggregate valuation expected to more than double from \$11 trillion currently to \$25 trillion in 2012 ⁽¹⁾**
- **Home ownership; 68% currently to 71% by 2010 ⁽²⁾**
- **Home price appreciation; 5.0%-6.5% average increase per year ⁽¹⁾**
- **13 to 15 million new households ⁽¹⁾**
 - Increasing minority home ownership: 7.5 million households by 2010 ⁽³⁾
 - Immigration: 3 million households by 2010 ⁽³⁾

⁽¹⁾ Federal Reserve and Fannie Mae estimates

⁽²⁾ National Association of REALTORS® Real Estate Outlook, October 2003

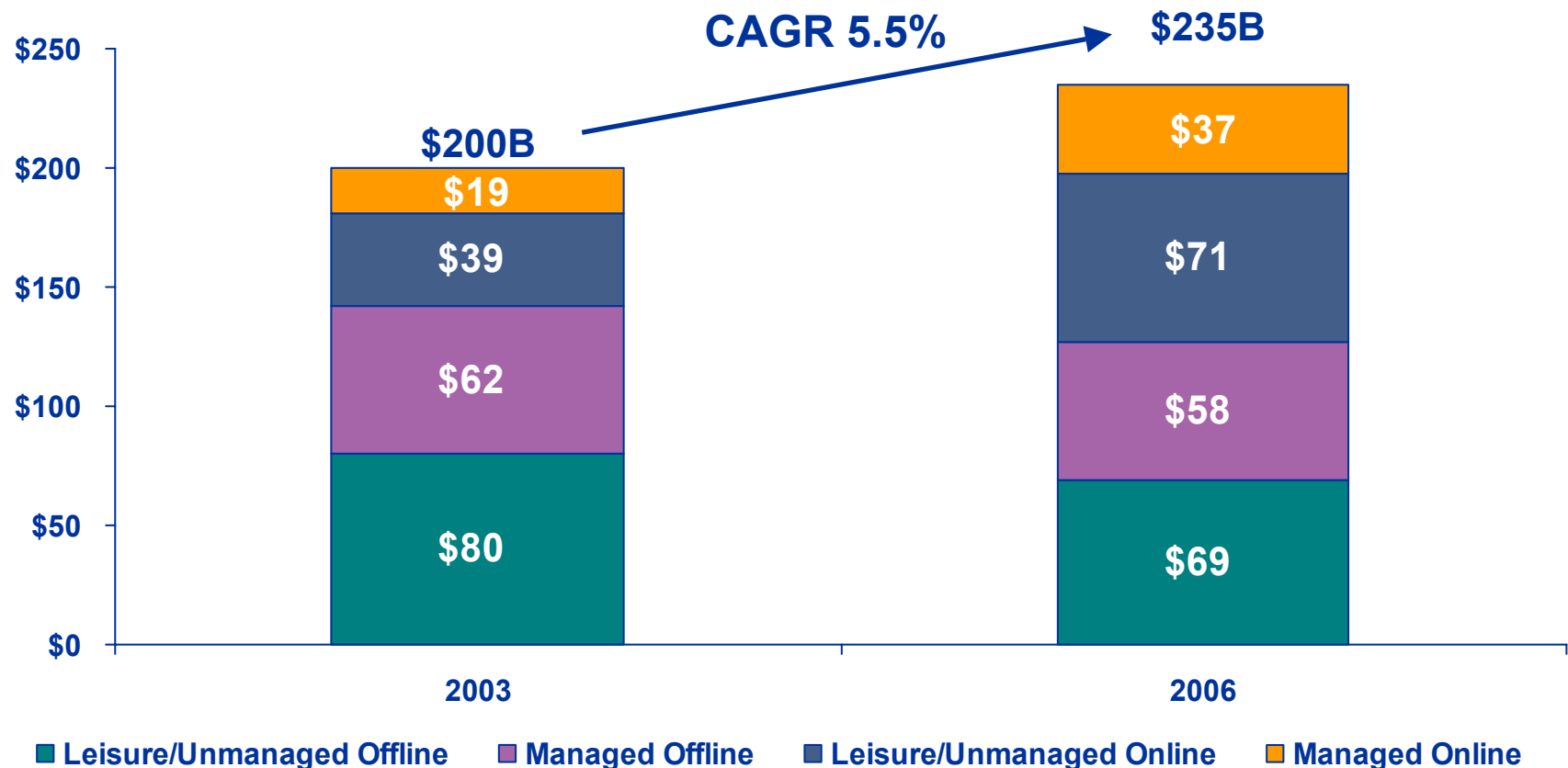
⁽³⁾ Joint Center for Housing Studies of Harvard University estimates

The Opportunity

Market Growth

U.S. Travel Gross Bookings Projected to Grow at a CAGR of 5.5%

(\$ Billions)



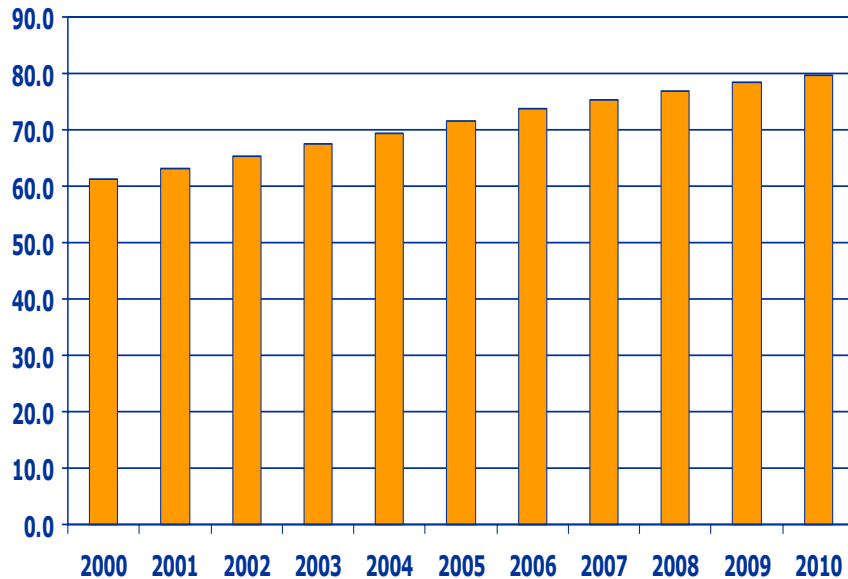
Source: Chart derived from projections from PhoCusWright February 2003

The Opportunity

Market Growth Driven by Demographics

The Baby Boomers

Population Growth 45 to 64 Year Olds, 2000-2010
(In Millions)



The Echo Generation

- Persons 26 years old and under
- 100 million people
- Drive consumption for decades

The Opportunity

Market Fragmentation

Real Estate and Travel Markets Remain Fragmented and Under-Penetrated

- **Real Estate:**

- 80% of real estate brokers in U.S. are independent ⁽¹⁾
- Largest mortgage company has only 14% share ⁽²⁾

- **Travel:**

- 30% of hotel owners are independent ⁽³⁾
- Less than 3% of U.S. households own a timeshare ⁽⁴⁾
- Cendant is largest European vacation rental company, but has less than 4% share

⁽¹⁾ 2001 National Association of REALTORS® Profile of Residential Real Estate Brokers

⁽²⁾ Inside Mortgage Finance, October 31, 2003

⁽³⁾ Based on room supply

⁽⁴⁾ Ragatz Associates

The Strategy

The Strategy

Grow Our Core Real Estate and Travel Businesses

Real Estate:

- **Continue to strengthen our leading position in the growing residential real estate market through franchise sales, NRT tuck-in acquisitions and increased cross selling**

Travel:

- **Continue to invest in our leading travel content brands, transition from a travel distribution “order taker” to an “order maker,” and synthesize our travel content and distribution assets to drive growth both offline and online**

The Strategy

Real Estate

Increase Industry Share

- **Real estate franchise sales**
 - Countercyclical – sell more franchises in cooler real estate market
 - Target \$425 million gross commission income in 2004 from franchise sales which will generate annual royalties of approximately \$20 million
- **Real estate broker acquisitions**
 - Countercyclical – pay lower multiples in cooler real estate market
 - Substantial cost synergies from combining back-office functions
 - Target \$300 million gross commission income in 2004 from NRT acquisitions

The Strategy Real Estate

The Value Circle



Preferred Alliances



The Strategy

Real Estate

Value Circle Opportunity

- **Mortgage**

- Increasing penetration rate from 8.4% currently to 30% target represents \$29 billion mortgage origination volume opportunity

- **Settlement Services**

- Increasing penetration rate at NRT from 44% currently to 60% target represents \$122 million revenue opportunity
- Launching settlement services product for real estate franchisees represents \$178 million revenue opportunity at 20% target penetration rate

- **Relocation**

The Strategy

Travel Content

- **Timeshare**
 - Double-digit industry growth - 12% annually from 1990 to 2003 *
 - Under-penetrated - less than 3% of U.S. residents own timeshare *
 - Huge margin expansion opportunity by increasing close rate
- **Car Rental**
 - Leveraging ownership of two leading brands – Avis and Budget
 - \$100 million annual cost savings from Budget acquisition
- **Lodging**
 - Reinvigorating brands/increasing margins through Projects Restore, Renew
- **European Vacation Rental**
 - Roll-up opportunity

* Source: Ragatz Associates

The Strategy

Travel Distribution

Traditional Model

Order Taker

Transaction Processor

Middleman;
Customer Directed;
Fee Based;
Volume Dependent to
keep costs down

Efficiency

Emerging Model

Order Maker

Transaction Generator

Merchant/Retailer;
Business
Partner/Franchisee;
Customer Directed;
High
Margin/Packaging;
Volume driven

Profitability

More higher
margin
transactions
and lower
operating
costs
generate
**Incremental
EBITDA**

The Strategy

Travel Distribution

Online Travel Distribution Opportunity

- **Fastest Growing Segment of Travel Market**
 - 19% of domestic gross bookings were online in 2003 – \$39 billion segment ⁽¹⁾
 - Expected to increase to more than 30% by 2006 – \$71 billion segment ⁽¹⁾
- **Cendant Is Fourth Largest and Fast Growing Online Leisure Travel Agency**
 - Cheaptickets.com – 2003 gross bookings of approximately \$756 million, up 107% ⁽²⁾

(1) PhoCusWright - projected numbers

(2) ComScore Media Metrix

Value Proposition

Value Proposition

2003 Accomplishments

PROMISES MADE WERE PROMISES KEPT

- **Validated that our portfolio produces organic growth and free cash flow**
- **Generated \$2.6 billion in free cash flow**
- **Deployed cash primarily to strengthen our balance sheet**
 - Reduced net corporate debt by \$1.55 billion
 - Repurchased \$644 million in common stock, net of proceeds from option exercises
- **Acquisitions limited to small strategic tuck-ins**
- **Announced dividend commencing in 2004**
- **Enhanced transparency of financial results**
 - Eliminated or consolidated off-balance sheet operating entities
 - Began to expense equity compensation
- **Corporate governance ranked better than 97% of Cendant's Industry Sector Group by Institutional Investor Services**

Value Proposition

2004 Goals

MORE OF THE SAME ... AS PROMISED ...

- **Approximately \$3.0 billion free cash flow and cash on hand projected plus potential proceeds from divestitures**
 - Approximately \$1.6 billion projected corporate debt reduction
 - Net corporate debt of \$3.6 billion by year-end 2004
 - \$280 million dividend
 - Balance for share repurchase, tuck-in acquisitions and cash on balance sheet
- **Continued focus on operational excellence and organic growth**
 - Approximately 6% projected revenue growth
 - Approximately 10% projected EBITDA from reportable operating segments growth
 - 17% - 22% projected EPS growth

Value Proposition

2004 Goals

Strategic Focus on Core Real Estate and Travel Businesses

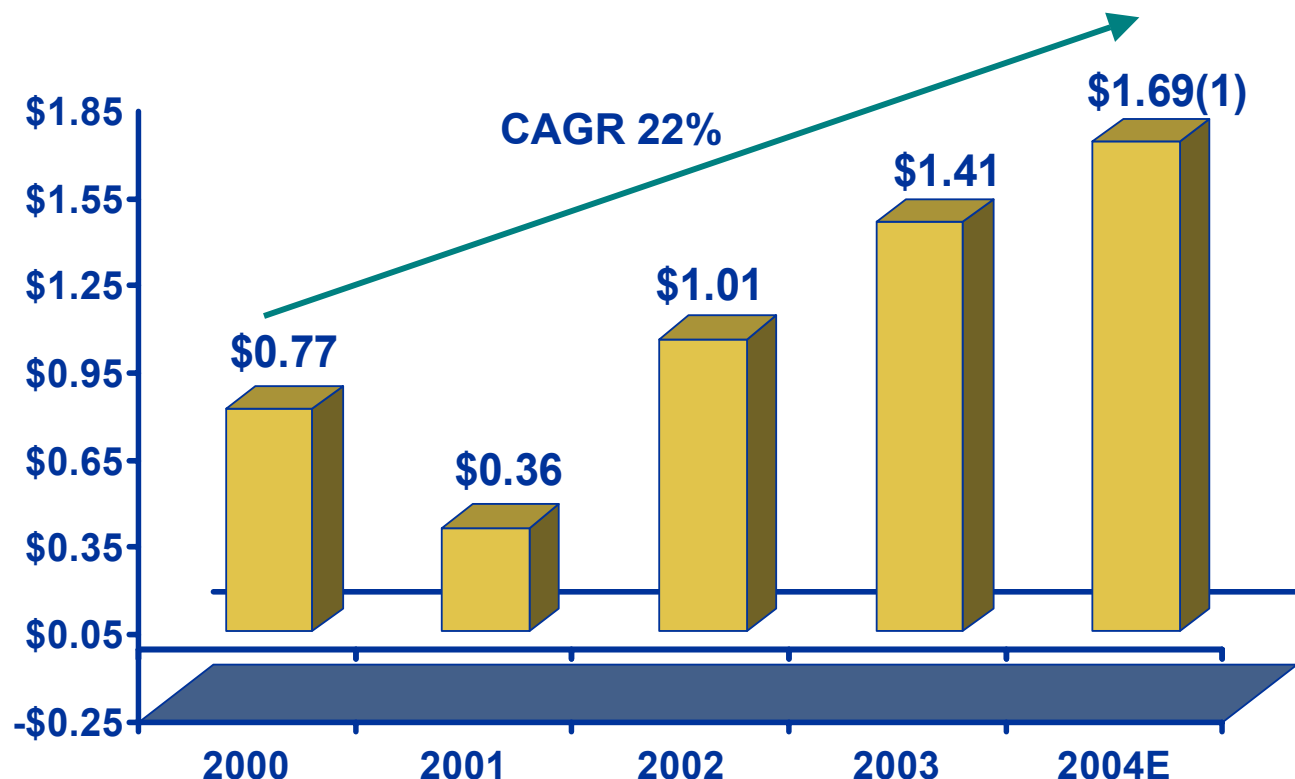
- **Considering exiting non-core financial services businesses where we lack a clear strategic and competitive advantage**
 - Total estimated enterprise value of \$3-4 billion
 - Announced the filing of a registration statement for the sale of 100% of Jackson Hewitt Tax Services, Inc. in a planned initial public offering ⁽¹⁾
- **Deploy proceeds to enhance shareholder value**
 - Accelerate debt reduction, share repurchase, strategic tuck-in acquisitions
 - Potentially increase dividend, subject to Board approval

⁽¹⁾ A registration statement relating to these securities has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This communication shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Value Proposition

EPS Growth Superior to S&P 500

Historic and Projected EPS from Continuing Operations



- (1) Reflects mid-point of current projected EPS from Continuing Operations of \$1.65 - \$1.72 which includes a one-time tax benefit of \$0.09-\$0.11 per share related to the transaction with Trilegiant corporation announced on January 30th, 2004.

Value Proposition

Stock Trading at Discount to S&P 500

- **2003 P/E multiple of 16x**
- **2004 P/E multiple of 14x**
- **2003 Relative P/E multiple of 79%**
- **2004 Relative P/E multiple of 74%**
- **2004 EV/EBITDA multiple of 8x**
- **2004 Free cash flow yield of 9%**

Based on Cendant stock price of \$22.89

Summary

- **Integrity and Credibility**
 - “Promises made are promises kept”
- **High free cash flow, fee for service business model**
- **Leading market positions and solid growth opportunities**
- **Exiting non-core businesses with enterprise value of \$3-4 billion**
- **Deploying free cash flow to increase shareholder value**
 - Reducing corporate debt by over \$3 billion during 2003 and 2004
 - Repurchasing over \$1 billion in common stock during 2003 and 2004
 - Initiated quarterly cash dividend
- **A glimpse at 2005**
 - High investment grade, under-levered balance sheet, highly liquid
 - More than \$2 billion in free cash flow plus proceeds from divestitures
 - Potentially increase dividend, share repurchase, and/or tuck-in acquisition activity

Glossary

Set forth below are definitions for certain defined terms that may be used in the presentation to which this Glossary is attached. Such metrics may not be comparable to similarly titled measures used by other companies and are not measurements recognized under generally accepted accounting principles.

For each non-GAAP financial measure presented, set forth in the next two slides is a calculation of how the non-GAAP measure is derived and, where applicable, a reconciliation to the most directly comparable GAAP measure.

Corporate Debt or Total Debt: Current portion of long term debt plus long term debt plus Upper DEC's (all of which are presented on the balance sheet). Corporate debt does not include liabilities under management and mortgage programs.

Net Corporate Debt: Corporate debt minus cash on the balance sheet.

Net Capitalization: Net Corporate Debt plus total stockholders' equity on the balance sheet.

EBITDA: Income from continuing operations before (i) non-program related depreciation and amortization, (ii) non-program related interest, (iii) amortization of pendings and listings, (iv) income taxes and (v) minority interest (all of which are presented on the income statement).

Free Cash Flow: Net cash provided by operating activities, minus cash outflows (or, plus cash inflows) related to investing and financing activities of management and mortgage programs, minus cash outflows for capital expenditures, plus cash inflows from asset sales.

EV: Stock price multiplied by shares outstanding plus Net Corporate Debt.

Glossary

Net Capitalization:	Dec 31 <u>2003</u>	Dec 31 <u>2004E</u>
Total Corporate Debt	\$6,002	\$3,800
Total Stockholders' Equity	<u>10,186</u>	<u>11,000</u>
Total Capitalization	16,188	14,800
Less cash and cash equivalents	<u>840</u>	<u>200</u>
Net Capitalization	<u><u>\$15,348</u></u>	<u><u>\$14,600</u></u>

Free Cash Flow:

	<u>2003</u>	<u>2004E</u>
Free Cash Flow	\$2,578	\$2,000 - 2,300
Cash (inflows) outflows included in Free Cash Flow but not Reflected in Net Cash Provided by Operating Activities:		
Investing and financing activities of management and mortgage programs	4,294	1,975 - 2,625
Capital expenditures	463	525 - 575
Proceeds received on asset sales	(133)	-
Net Cash Provided by Operating Activities	<u><u>\$7,202</u></u>	<u><u>\$4,500 - 5,500</u></u>

Glossary

Reconciliation of EBITDA to Pretax Income:

2004E

EBITDA for reportable operating segments	\$ 3,450 - 3,525
EBITDA for Corporate & Other	(60 - 50)
Depreciation and amortization (a)	(580 - 565)
Amortization of pendings/listings	(25 - 20)
Interest expense, net (a)	(270 - 265)
Pretax Income	<u>\$ 2,512 - 2,630</u>

- Projections do not total because we do not expect the actual results of all segments to be at the lowest or highest end of any projected range simultaneously
- The effective tax rate is expected to be approximately 33.3% in 2004, excluding any potential one-time benefit associated with the Trilegiant transaction announced January 30, 2004
- a) Depreciation and amortization excludes amounts related to our assets under management and mortgage programs, and interest expense excludes amounts related to our debt under management and mortgage programs, both of which are already reflected in EBITDA