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Notes:
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P: Jeffrey Kessler;Lehman Brothers;Analyst
P: Paul Keung;CIBC World Markets;Analyst
P: Steve Kent;Goldman Sachs;Analyst
P: Justin Post;Merrill Lynch;Analyst
P: Michael Millman;Soleil Securities;Analyst
P: Operator;;
P: Unidentified Company Representative;;
C: Sam Levenson;Cendant Corporation;SVP Corporate & IR
C: Henry Silverman;Cendant Corporation;Chairman & CEO
C: Ron Nelson;Cendant Corporation;President & CFO

+++ presentation
Operator: Good morning and welcome to the Cendant Corporation conference call. Today's conference is being recorded.

At this time for opening remarks and introductions, I would like to turn the conference over to Mr. Sam Levenson, Senior Vice President of Corporate and Investor Relations. Please go ahead, sir.

Sam Levenson: Thank you, Adrian. Good morning everyone, and thank you all for joining us. On the call with me today are our Chairman and CEO, Henry Silverman, our President and Chief Financial Officer, Ron Nelson, and our Group Vice President of Investor Relations, Hank Diamond.

Before we discuss the results of the quarter, I would like to remind everyone of four things. First, the rebroadcast, reproduction and retransmission of this conference call and webcast without the express written consent of Cendant Corporation are strictly prohibited.

Second, if you did not receive a copy of our press release, it is available on our website at www.Cendant.com or on the First Call system.

Third, the Company will be making statements about its future results during this call. Statements about future results made during the call constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These statements are based on current expectations and their current economic environment. Forward-looking statements and projections are inherently subject to significant economic, competitive, and other uncertainties and contingencies, 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-Q for the period ended June 30, 2005 and in our earnings release issued last night and filed on form 8-K.

Finally, during the Company will be using certain non-GAAP financial measures as defined under SEC rules. Where required, we have provided a reconciliation of those measures to the most directly comparable GAAP measures in the tables in the press release and on our website.

Before I turn the call over to our Chairman, let me briefly review the headlines of yesterday's press release

- Revenue for the quarter increased 12% to $5 billion.

- The Company reported third-quarter earnings per share from continuing operations of $0.44, which reflects an estimated $0.03 impact from the disruptions in the global travel environment, primarily the hurricanes in the Gulf Coast. - Free cash flow for the quarter increased 23% to $665 million and for the year-to-date was approximately $1.6 billion.

As Ron will discuss in more detail during the call, we are reducing our fourth-quarter 2005 EPS estimate by $0.03 to $0.04 per share, to a range a $0.23 to $0.26. This projection does not include any potential charges associated with a contemplatedseparation of the Company into four separately traded public companies announced yesterday.

Now, I would like to turn the call over to Cendant's Chairman and CEO, Henry Silverman.

Henry Silverman: Thank you, Sam. Given the volume of shares traded yesterday and a decline in our share price, I would like to start by addressing some of the questions and concerns that have arisen following our split-up and earnings announcements yesterday. We understand that it was a lot of information to absorb in one day.

Most importantly, I urge you to first take our releases at face value. Our Board has adopted the four way split-up plan to unlock the value of our operating businesses, since it is clear to us that our stock has suffered from a conglomerate discount that is both persistent and consistent. This fundamental strategic efficient to separate Cendant into

four independent companies is about longer-term value creation, and was not prompted by, or impacted by, third-quarter results or near-term operating trends.

Furthermore, we have told you what we know. Despite some recent weakness, due in part to exogenous events, we are seeing strong demand for the services our businesses provide. And, we have no secret plan to disadvantage Cendant's unsecured bondholders.

Let's take a moment to examine the facts together. While the reported earnings per share for the third quarter came in at the bottom of our lowered guidance range and was down versus a year ago, EPS was actually up if you adjust for the spinoff of the mortgage business to our shareholders and the impact from Mother Nature. In addition, the underlying health of our core businesses can also be seen in the details provided in our earnings release. I would like to refer you to Table 4 of the earnings release where we disclose the operating drivers in our businesses. There you will see double-digit increases in average transaction prices in real estate, lodging RevPAR growth superior to our segment, a solid rise in subscribers at RCI, double-digit turn growth at Timeshare, a double-digit increase in rental days in vehicle rental, and online transaction growth in excess of 25%. From an operations standpoint, the third quarter was quite strong. As we told you several weeks ago, the biggest challenge were the year-over-year earnings per share growth, particularly for this quarter, it is apples to oranges comparisons, including the onetime items we disclosed to you last year, the spinoff of the mortgage business and the charges associated with the hurricanes.

As we complete the fourth quarter and, more importantly, look forward to next year, I would like to remind everyone that our tempered growth assumptions are primarily related to increased financing costs for the vehicle rental company, assuming higher interest rates on our fleet debt as the forward curve suggests, shifting patterns in online bookings domestically and the continuation of the weak economic environment in Europe, which will impact both online and off-line leisure travel, which over time will pass.

These are not insurmountable challenges, nor are they differ from the issues we and every other company you own face every day. In the meantime, this is a $20 billion company that we expect to be growing revenue and EBITDA by double-digits next year, despite thechallenges that we have highlighted in the release. By any standard, that is a significant accomplishment. Absent the split-up, our current forecast indicates that we will grow EPS in 2006, just not as much as previously anticipated.

Some of us have also voiced concern that we might take our eye off the ball in 2006, since the separation is expected to happen mid-year. This could not be further from the truth. As we hosted Town Hall meetings yesterday for our 85,000 employees worldwide, one of the most important messages we delivered was the need to remain exclusively focused on Cendant as one company. Throughout the organization, we take our commitment to earnings growth and creating shareholder value very seriously, andRon, Richard, Steve, Sam Katz and I are determined that our focus on these objectives will intensify, not dissipate, beginning today and continuing through the spinoff date.

In calculating the sum of the parts analysis for Cendant, our Board and our advisors looked at multiples of 2006's results as the spins will not occur until the third quarter. So we recognize how important it is to continue to grow all of our metrics.

So, for the reasons that I have expressed, I firmly believe that we have sound financial health and excellent prospects for continued earnings growth. We continue to have strong BBB credit ratings from all three credit rating agencies. Anyone who has been a shareholder or bondholder of Cendant for any period of time knows how seriously we take our credit ratings and the open lines of the communication that we maintain with the rating agencies. Obviously they have had the benefit of being briefed by us on the separation plan under confidentiality agreements, and understand the financial health of Cendant.

In a moment Ron will elaborate on our recent results as well as our earnings outlook. He will also walk you through the revisions to our 2006 forecast and will again address our plans with respect to share repurchase, which, obviously, we did not communicate clearly on our call yesterday.

However, before he does so I would like to offer an apology to those of you who are disappointed by our decision to postpone until today answering questions about our quarterly results, which had not yet been released in detail on our call yesterday. As I believe most of you know, we take disclosure very seriously. We believe that few if any companies provide more disclosure than we do, and we as a matter of course endeavor to give you the information you need to make informed investment decisions.

One last point. As many of you know, I have a tranche of in-the-money options that are expiring in 75 days. That said, I want all of you to know that I will receive 100% of the after-tax value in additional Cendant stock.

With that I will turn the call over to Ron.

Ron Nelson: Thank you, Henry. Before we discuss the third-quarter results, I would like to reinforce one point that may not have been stressed enough on yesterday's call. For the next nine months, we are mindful of how critical it is that we remain focused on delivering the earnings that are going to launch the four new companies into the public world. To that end, we have established a separate team of executives whose principle responsibility over the next nine months is to plan, organize and implement the series of transition services and other agreements that are going to be necessary to support the individual companies in the early months. They will have no other operating responsibilities other than managing the transition.

Having accomplished several complicated acquisitions, where transition and integration were critical to success, we understand fully how challenging the other side of the process can be, and want to assure you that we set this process up so that our operating executives can remain focused on running their business and delivering on profitability.

That said, let me now move to the third-quarter results, and more to what I assume is everyone's primary interest, how the trends we discern in September have impacted fourth-quarter and full year guidance. First a little perspective to set the stage; third quarter EBITDA from our core operating segments increased 9% notionally and 4% organically. If you factor out only the hurricane related losses that were booked to the P&L in the quarter, those numbers would have increased to 12% notionally and 6% organic, driven by even higher revenue growth. From this you should draw two simple but important observations. One, the businesses are healthy and growing, and two, there would appear to have been some cost challenges during the quarter that squeezed margins. In fact, as Henry mentioned, almost half of the cost challenges were really comparison challenges, brought on by non-recurring benefits in last year's P&L. In addition, our recorded EPS comparisons are impacted by the lack of discontinued operations and treatment for mortgage. And at the risk of asking you to focus on the negative I would also draw your attention to the organic growth in EBITDA in TDS, down 5% in the quarter but then compare it to the notional growth, up 30%. I draw your attention to this to emphasize that the Orbitz, ebookers and Gulliver's acquisitions added both 5 points to Cendant's overall revenue growth rate and substantial incremental profits. It is also clear that the transition from off-line to online travel is negatively affecting the GDS industry and without investment in online travel we had a challenging model in our Travel Distribution business. We continue to believe that all of our 2004 and 2005 acquisitions will by year-end 2006 generate run rate returns well above our cost of capital.

So with all this goodness and wisdom in TDS, why do we fall short of our target for the third quarter, and why did we take guidance down? Let's start with the third quarter; I will spare you the obvious. Hurricanes, higher fuel prices and terrorism including the London bombings have taken their toll in varying degrees on our consumer travel businesses. Whether it is simply declining consumer confidence or an actual slowdown in the travel economy, it is too soon to tell. But the impact is the same, slower growth across our segments of the markets and a lower baseline from which to project 2006 growth. The details are as follows.

The majority of the issues that impacted income were in the online consumer world, even though GDS volumes in certain international territories also fell short of our growth targets. In the GDS business we were able to offset the majority of the revenue shortfalls with cost containment by taking very aggressive and timely management actions. But in online there were two very distinct issues separated by geography. Domestically it has been challenging for us and our competitors to meet hotel transaction growth and merchant mix objectives as the large chains continue to aggregate their own demand and allocate fewer rooms on a merchant basis to the online travel agencies.

We were also impacted by slower than expected implementation of Orbitz new contracts for merchant hotel inventory with the former TravelWeb owners. This caused our gross bookings to fall short of our forecast targets even though we still grew our domestic business 15% during the quarter on a pro forma basis. Internationally it is a different

issue. The European economy, particularly in certain regions, remain soft. With the London bombings and ebookers concentration in the UK market, bookings during the course of the summer months have been a challenge. The largest shortfall from budget that we have experienced has been in this unit, and it has been exacerbated by a static conversion rate at ebookers that we had forecast to increase. Even though it has started to tick up in recent weeks.

In order to increase our conversion or “look to book” ratio, we are moving quickly to transition the ebookers platform to Orbitz technology as we believe this will help enormously. But it will not be complete until the second half of next year. Our other European platforms, Fairview and Travel2/Travel4, our UK specific travel consolidator, have been similarly impacted. Normally we expect geographic diversity to help our business. In this instance it has complicated it. All of these elements taken together caused us to lower our 2005 EBITDA projection for TDS to $570 to $595 million with a decline equally split between the third and fourth quarters.

That isn't to say there haven't been notable achievements in the quarter for TDS. In particular ones that validate our integrated online off-line strategy. For example, as part of a GDS content agreement with Lufthansa we secured the white label hotel business on Lufthansa.com for Octopus Travel. Our GDS sales force continued its selling success, bringing the number of subscriber segments won over the past twelve months to over 12 million. Our Travelport corporate online business grew bookings by 124%. Orbitz experienced a more than tenfold increase in the sale of international hotel properties by accessing our enlarged inventory of content. And we delivered the migrations of Lodging.com and Travelport onto our technology platform in Chicago on time and on budget.

I am also pleased to report that just a few days ago Orbitz was ranked highest in customer satisfaction according to J.D. Power and Associates independent hotel website study. In particular Orbitz scored 21 points higher than second ranked expedia.com, which represents a significant difference between the two brands. So while all of us are conscious of not meeting our growth objectives, there is nevertheless strong momentum in these units that will ultimately drive profitability.

Looking ahead to 2006, the issues I mentioned combined with a very preliminary look from our 2006 budget cycle have caused us to adjust our revenue and EBITDA projections for 2006, as well. Again, history and perspective is in order. Last December we estimated that EBITDA for 2006 would approximate $3.7 billion, including $220 million of acquisition opportunities outside of real estate. That number also included an estimate for TDS of $750 million and for vehicle rental of $560 million. Those estimates taken together with the others implied a 19% growth rate for Cendant's EBITDA from core operating segments and 22% for TDS and 12% for vehicle rental.

With the acquisition of Gulliver's and ebookers which closed at the end of the first quarter, we increased our estimate for TDS to $900 million and obviously reduced our acquisition opportunities by a like amount. Since that time three non-controllable events

have come to bear on our profit picture. One, interest rates have risen some 175 basis points, causing the cost of financing our rental car fleet to rise. Two, the OEMs have increased the price of cars to the rental car companies by approximately 15%, adding about $40 million to the cost in 2005 and $120 million in 2006. And three, eight hurricanes and three terrorist events internationally have lowered our base of earnings in 2005, off of which we project 2006.

Our current forecast for 2005 EBITDA from core operating segments now totals slightly under $3 billion, excluding any charges associated with the spin-offs. Where we to overlay the same 19% growth we had originally projected, our new forecast for 2006 would be about $3.5 billion. Instead, we are now forecasting growth of 11 to 13% for 2006, taking into account all of the above factors along with slower growth projections for TDS resulting in a midpoint EBITDA forecast of just over $3.3 billion. The difference from last year's December projection is approximately $350 million. Approximately $40 million of that relates to acquisition opportunities not being consummated. Another $40 million relates to restructuring charges occurring in 2005 and of the balance about 60% relates to travel distribution and 40% to car rental. We are still producing strong growth overall. It is simply a matter of these units not growing to the extent we had anticipated.

The $900 million estimate we gave in the second quarter conference call had TDS growing at about 35%. We now think it will be closer to 25%. This is not a reflection of our inability to integrate these acquisitions as projected, but rather a reflection of the market not growing as fast as previously thought. In addition, our TDS growth rate in 2006 is being impacted by a couple of other items, including the inclusion of our membership travel business in the sale of our marketing services division which took with it certain synergies anticipated in the Orbitz acquisition.

In car rental the issue is simply what we have been discussing for the last few months. The impact of higher fleet costs cycling through the year combined with higher interest costs. We now think that with the impact of fleet cost increases and interest rates it will be a challenge to hold this year's income level. Further, price increases next year will be necessary simply to stay even with this year's earnings, and offset the impact of higher fleet and interest costs. I know it would be helpful to be more specific, but we are just now beginning our review of the 2006 budgets and will not have final estimates for 2006 until sometime later.

Let me say a few words about the rest of the business, and then we can turn to your questions. First on the real estate front there is no question 2005 will be a record year, even though there is some evidence of moderation of growth. Moderation of growth was inevitable, but I for one think it is important to distinguish a period of more modest growth, which we foresee from the much more negative connotations associated with the often referred to bursting of a real estate bubble, which we do not think is going to happen. The numbers speak for themselves. Sides are down 2% at NRT and 5% on a same-store sales basis. Even though price is up 16%, it primarily reflects increases earlier in the year. Both trends suggest moderating growth but nothing at this juncture suggests a

downturn and certainly the demographic trends that have been operating in favor of the residential real estate market aren't going to change overnight.

Open gross profit at NRT which reflects houses under contract but not yet closed at quarter end was up 9%. This has historically been a good indicator of quarter forward results. Senior leadership at our brokerage units noted in our recent management meeting that properly priced homes are moving well, regardless of whether it is a high-end or a low-end property. While that may seem self-evident, it really does tell you three things. The frenzied market that has characterized the recent environment is starting to ebb. Things are returning to a more normal buyer/seller interaction. And lastly and probably most importantly, the market remains healthy and active. As a result, we continue to believe that we will be able to drive incremental growth over the next several quarters by way of increased franchise sales and tuck-in broker acquisitions.

In the third quarter alone we acquired the largest Coldwell Banker broker in Arizona and will very soon close on the largest broker in one additional high-end market segment. By year-end, assuming no further acquisitions, we will have acquired over $400 million of gross commission income, some 36% ahead of our initial projections which will add roughly 6% to our sides growth for the coming year. The significance of acquiring the largest broker in strong market segments is that it gives us a strong anchor to begin a cluster. Clustering makes for very efficient operations as there are many more synergies from office combinations, management overhead and media buying, our three largest fixed or semi fixed costs.

Similarly, franchise sales continue to be robust. Our renewal rate across all our brands remains at the 98% level, and by year-end we will sign new franchisees representing $580 million of gross commission income, some 13% greater than last year. Coincidentally, Sotheby's continues to be an increasingly important part of our franchising portfolio. Last week we announced the signing of our largest Sotheby's affiliate to date, Daniel Gale & Associates which generates about $46 million of gross commission income annually. Looking at next year's projected income from Sotheby's, we will on a cumulative basis be some $84 million ahead of our acquisition forecast for the same period. This is clearly a home run for our real estate business.

We continue to gain traction with our organic growth initiatives, particularly LeadRouter, which is our proprietary technology tool designed to enable our agents to follow up on Internet based leads in a timely manner. So far we have 75,000 agents trained to use LeadRouter and additional 12,000 that will be trained in the fourth quarter. On average, agents using LeadRouter respond to Internet leads within 11 hours versus a realtor dot.com report that indicates that only 44% of Internet leads are responded to within 48 hours. More timely follow-up should allow us to capture disproportionately more business. And early results would suggest that the use of LeadRouter has more than doubled our conversion rates on Internet leads.

Turning to travel content, each of these businesses generated solid top line growth. This was due to superb execution by our management team and decent travel trends for two-

thirds of the quarter. September being somewhat tempered across all our travel units primarily due to the hurricanes in the Gulf Coast along with the associated rise in fuel prices. Timeshare had a very strong third quarter, and EBITDA would've been up an estimated 16% absent the estimated effects of the hurricanes in the Gulf Coast. Tours at Fairfield and Trendwest were up 10% and revenue per guest which is a function of price and close rate up 6%. Taken together, these dynamics form the basis for very strong performance. Trendwest, which did not meet our expectations last year, is now making a much greater contribution to the bottom line. The management and strategic changes that we made last year are proving to have been the right one. Given the relatively underpenetrated market, favorable demographics and value proposition to present to consumers, timeshare remains a double-digit long-term growth opportunity for us.

Our lodging franchise business also continues to perform well with RevPAR up 7% organically and the acquisition of Ramada International adding another 177 basis points to RevPAR growth and about 500 basis points to room count growth. We did flip a little in room growth domestically in part due to terminations related to condo conversions. Some hoteliers, especially in Florida are concluding that the highest and best use of their property is not as a hotel but rather as condos.

While on the subject of hospitality the recent acquisition of the Wyndham Hotel brand deserves a comment. This acquisition gives us both an upscale brand and a hotel management platform to round out our lodging product offering. In particular, franchisees will now have an upscale Cendant brand to move up or develop into as opposed to leaving the Cendant system. We should also be able to attract new groups of franchisees but more importantly, new and larger sources of developer capital. Most development money has been flowing into upscale and luxury brands lately, and this gives us a vehicle to grow rooms in a growing marketplace. This is typically a group which also seeks management services in addition to a brand so that the property management portion of the Wyndham deal fits well.

Equally important, we didn't have to acquire any real estate, nor did we have to agree to share control of the brand to make this happened. We paid a price that the lodging business alone will support from a return on capital standpoint and acquired in effect a free option to ultimately use that brand to market timeshare. The major hotel chains with timeshare businesses typically have marketing costs significantly below ours so there are substantial opportunity to improve our timeshare margins over the long-term, if we succeed at rebuilding the Wyndham brand in the hotel world.

Turning to car rental car revenue growth of 17% was driven by increased volume of the same amount, reflecting increased share for both Avis and Budget. Commercial volumes were up 9% during the quarter while leisure volumes were up 23%. It is hard to conclude that our repositioning of the Budget brand could be more price competitive with the devalued priced leisure focused peers has been anything other than successful. Apart from the estimated impact of the hurricanes in the Gulf Coast, organic EBITDA growth would have been 8% versus the 2% notional amount reported.

On the pricing side the increases we put in place earlier in the summer in order to offset higher fleet costs so far appear to be sticking. And we expect positive year-over-year pricing comparisons beginning in the fourth quarter. The important measure is that pricing increased sequentially from the second quarter 2005 to the third quarter 2005 by 6%. That said, price increases are likely only to approach equilibrium with higher interest rates and fleet costs, the combination of which as we note earlier will likely impact our rental results in 2006.

It was also good news that the recently enacted federal highway bill includes a provision which will finally eliminate rental car companies liability for non negligent accident claims in 10 or so states, including New York. This should result in substantial savings on insurance costs at both Avis and Budget going forward.

Before we turn to questions a brief comment on our share repurchases during the quarter, which were substantial and our plans going forward. Net of option exercises we utilized $521 million of cash to repurchase stock during the quarter and $790 million year-to-date. As a result, our diluted share count decreased by 15 million shares versus the second quarter. So the reality is that our share repurchase efforts have made good progress at reducing our shares outstanding. In terms of our share repurchases going forward I want to clarify that we are not suspending the share repurchase program. Rather, we need to reassess the amount and pace of share repurchases in light of the anticipated capital structures of the four new companies. We do anticipate repurchasing additional shares within the bounds of required disclosure and subject to not shrinking the capital of the Company that remains after the spin-offs to a position where it could not sell finance.

The one technical point we failed to mention yesterday is that because the car rental company will be the legacy Cendant entity, share repurchases and non allocable onetime transaction costs will be reflected in its equity account. Because of this unit sensitivity to credit ratings we need to be careful as to how a diminishing equity account impacts its ability to finance its fleet. However, we do feel we have room and we are not abandoning our share repurchase program, only reassessing the $2 billion target while we deal with the credit issues.

With that, Henry and I would be pleased to take your questions.

+++ q-and-a
Operator: (OPERATOR INSTRUCTIONS) Jeffrey Kessler, Lehman Brothers.

Jeffrey Kessler: I have a couple questions, and I'll make them brief. First, with regard to the spin-offs, these spin-offs are of a tax-free structure; there have been some rules in the past limiting the amount or focusing on the amount of time after which something can happen to one of these deals, these structures usually a year. Yesterday on your call you basically said that once these entities were free and clear what they were free to be

acquired or whatever on their own. Is there going to be some prohibition of some time difference after the period of time that the spin-offs occurred?

Henry Silverman: Jeff, the way the tax rules work is if you spin-off pursuant to a plan, a scheme, a wink or a nod, it's not going to be tax-free. Period, end of story. So we have no plan, scheme, wink or nod. No dialogue, no discussion -- if somebody approached us we would say go away. That said, the day these companies are public the boards of those companies could entertain an unsolicited offer from a potential buyer that had not begun prior to the date of the spin-off. And it wouldn't begin prior to the date of the spin-off because we wouldn't have dialogue with anybody. Because the last thing we need to do is to affect the tax-free nature of the spin. Hopefully that answers your question.

Jeffrey Kessler: Yes, it does. Question two, Orbitz and your GDS business -- I'm sorry Orbitz and your online business overall, how is it tracking in your opinion relative to your competitors domestically and internationally, given that you cited some disappointed because of the shift, the online off-line shift going on with regards to suppliers?

Ron Nelson: I think you've got to be careful with percentages, Jeff. Let me deal with the easy one first. Ebookers is not tracking as well as our other international competitors are. And I think it is largely due to some of the problems we've had in conversion and a more difficult integration than we had anticipated. We do think that is interim and we do think that the transition to the Orbitz technology will, once again, ratchet up their bookings growth. Because as you know, the market is growing in the north of 25 to 30%.

In Orbitz is where you've got to be careful of the numbers. Our merchant hotel numbers versus 2004 are up pretty substantially in the 35 to 40%. But recall measuring against a year ago Orbitz had just gotten into the merchant hotel business, so it has somewhat of a low base. So on a percentage basis we are probably doing better than our competitors. But I think overall we did fall short of our forecast, and I believe that the amount by which we fell short of our forecast is probably consistent across all the online services.

As we've said before, that in periods of strong economic demand the chains domestically can aggregate their own demand, and they allocate less rooms to the online merchants, at least on a merchant basis. And my sense is this is consistent across all the online businesses. So we are down from forecast, but on a percentage basis we are up a lot. I'm sure up a lot more than the other online services.

Jeffrey Kessler: And on this point with regard to ebookers, what are the issues? You've talked about certain integration issues. Could you elaborate on that a little bit, and also perhaps talk about how if and when the integration finally occurs, if it is that late on in 2nd half of 2006, how is this going to help? In other words, are we going to see a bump from ebookers in the fourth quarter of 2006? Will it be -- up enough to move the needle?

Ron Nelson: No, I think -- look, Jeff, you know we've seen ticks up in Cheaptickets conversion almost within three weeks to four weeks of implementing the Orbitz technology. The problems with ebookers are not dissimilar than we talked about a couple

of years ago with Cheap Tickets. Its content and functionality. And I think that we are working as fast as we can to implement the Orbitz technology there. We are putting as much of our hotel content as we can on the platform, but the platform really can't support substantial amounts more of content. So you are kind of chasing your tail. And we are -- I guess the answer to your question is that I do think that we will have this done by the middle of 2006, and I do think it will impact the back half results.

Jeffrey Kessler: Okay. Next question, can you just give some idea obviously Sabre has made some mention of their beginnings of negotiating under the GDS renegotiations. Have you been approached, or have you approached your counterparts on this issue at all yet?

Henry Silverman: There are dialogues that are ongoing with all of the suppliers, and I don't think it would be appropriate to characterize those at this point as anything other than preliminary. As you know, Jeff, Sabre has about a 50% share in the U.S., we are somewhere between 25 and 30. So they are at least in the U.S. the market leader on these issues. And I think more than that probably is not appropriate.

Jeffrey Kessler: Final question, car rental pricings, what type -- and we would obviously we've spoken to Hertz on this issue in the past, they've had the same -- the whole industry has the same problems that you do. You're not facing anything different. The question is the timing of when you can get pricing from both the consumer and the business side to get yourself in equilibrium with the costs that have gone through. I'm certain that interest rates have not helped here. At some point in time in 2006, though, you've got to get back to equilibrium on this because you can't sustain massive price increases without suffering something at some point in time.

Ron Nelson: You're absolutely right, Jeff. You may recall in the call last quarter, we said that we needed another 5 to 6% price increase from where we would be at the end of the fourth quarter to offset the impact of the fleet costs. Additional interest costs probably mean that that means to rise another point. As to the timing of those increases, probably also not appropriate to comment. I would say that the efforts at raising business prices mid-term aren't getting as much traction across the industry as we would have hoped. I think people are selectively doing it across all their accounts, and certainly they are doing it at contract termination.

So I would -- and it is really just speculation that you're going to have to move leisure pricing well before you move business pricing, or risk sort of a share war, which I don't think occurs to anybody's advantage.

Jeffrey Kessler: Finally, finally, finally, you mentioned that acquisitions on the real estate side are going to add about 6% to sides. You mentioned what your franchise sales were, but you did not mention how much franchise sales would be adding to your base in the franchise business. You say it's up 13%, but what will that add to your base in the franchise?

Ron Nelson: I think order of magnitude, another 2 to 3%.

Jeffrey Kessler: All right.

Ron Nelson: We're at 98% renewal across all of our brands, and so the additional franchise sales are incremental.

Jeffrey Kessler: Okay. Thank you very much.

Operator: Paul Keung, CIBC World Markets.

Paul Keung: Good morning, I'll limit myself to just two. I guess first, I was wondering if you can quantify the organic revenue growth for your order-maker business in the TDS. Specifically, I'm just trying to get a better handle of how those brands did, specifically Orbitz, Gulliver's, both in the gross booking and revenue margin trend. And then second, I guess given your outlook, the outlook we're getting now on home pricing, inventory backlog activities, how do those trends compare of your expectations on an organic basis, particularly in the fourth quarter in '06? So if were to adjust for the mortgage business in January, the new franchise signings and acquisitions that you and Jeff talked about, has the organic outlook for size and pricing changed on a go-forward basis?

Ron Nelson: Let me see if I can take your first question first. The composite rate of growth across all of our domestic businesses for online bookings is 15%. Just given the relative -- the two businesses you're talking about are Orbitz and Cheaptickets. Cheaptickets bookings were up, I think, close to 20%. So Orbitz were probably at about 1 point below the 15% composite that we reported, maybe 13 to 14%. And those, as we measure it, the only organic number would be Cheaptickets because it was the only online platform we owned domestically in the third quarter of last year. But if you look at Orbitz' reported bookings when they were public last year in the third quarter and then compare them to where they are now, they are probably up 13 to 14% I think is the number.

Paul Keung: How do the transaction revenues compare there, the revenue margins on that business? Are transactions going faster as well?

Ron Nelson: Transactions are going much faster, but again, it is mostly because of where we stand in the ramp-up of the merchant hotel business. You know, we are just -- they weren't in it until the middle of last year. So it is somewhat happiness is a low base.

Paul Keung: And the question on real estate?

Henry Silverman: Well, we still think we'll grow next year in real estate. Your question was organic growth or --?

Paul Keung: The organic, and if I were to take out your new contract signings, the new franchise contracts, the acquisitions, where do you see sides and prices looking on your core business?

Henry Silverman: Well, I think probably NAR or Fannie Mae are better proxies for that. And they are projecting that sides will be slightly down and that price will be slightly up. So if you take it all together, you would say, okay, the pie is going to be basically flat, but we're going to get a bigger piece of the pie through what we consider organic growth which is new franchisees, as well as new NRT acquisitions, as Ron indicated, and therefore, our result should be positive.

Paul Keung: Thanks. The outlook is basically a flat outlook for that business next year?

Henry Silverman: For the existing home sale market in general yes, not for us but for the macro environment.

Paul Keung: Okay, great. Thanks.

Operator: Steven Kent, Goldman Sachs.

Steve Kent: Could you just talk a little bit more about the Internet travel side? Short of a change in the tight supply for the hotel market, which we actually think could go on for two years and we are not the only one, Smith Travel, others think that. What changes the disintermediation or the secular decline that you guys are talking about that caused some of the shortfall? What strategies are you working on to either reduce your expenses or increase your revenues on that side of the business, so that you just don't have this secular decline to deal with for the next two years and that is the only -- and that basically drives your results for some period of time.

Operator: Justin Post, Merrill Lynch.

Ron Nelson: I was not on. Steve, let me answer your question. We had a little microphone snafu here. I think as we have said before we actually don't believe that what is going on in the domestic hotel market is secular. We think it really is probably more countercyclical than anything else. You know, the domestic hotel chains dominate the landscape here, and they have the ability to aggregate their own demand. So when they can do that in times of good, strong economic times, they are going to go for it, I think when it gets a little softer than they'll provide more inventory because they are going to have more available rooms and they are going to want the eyeballs that we bring. So I would say that about the domestic market.

The international market is a little different. The chains don't dominate the landscape internationally. And as you know, with Gulliver's we control some 25 million room nights a year and 90% of those come from independents who don't have the same ability to aggregate demand. So on a global basis we think that we are net ahead. Now what are we doing in times of stronger economic times when it is soft? The customer service

aspect of what we do in online is an important part of it. I think winning the J.D. Power award actually has some very significant business impacts and more than just conference call fluff. That is a real item that people look to. The second thing is that you obviously up your advertising budget and try and drive your brand so that it is the first stop that comes into people's mind. And the other thing, which I think will ultimately differentiate us when we get fully integrated is access to our own inventory, which will continue post spin. We will put commercial agreements in place between all of our companies to be able to maintain that.

Henry Silverman: Steve, I just like to add one thing to what Ron said. You and I have been discussing this for quite a while, and you are probably more right than you're wrong, but we generally take the term secular decline meaning something is going lower each year. I think it is fair to point out for the people on the call what you're really saying is that the rate of growth is slowing. And I think that is an important distinction that we want our investors to understand.

Sam Levenson: Operator, can we take the question from Justin Post now, please?

Operator: Sure. Mr. Post, your line is open.

Justin Post: A couple questions. I know that your long-term strategy is to have leverage in the model; it is kind of services business and I think your EBITDA forecasts are higher than your revenue forecasts so over the long-term really didn't see the leverage in the model. I know hurricanes caused some of the lower growth in EBITDA. When do you start seeing leverage in the model again?

Henry Silverman: That's a very good question because it is something that I challenged the team on a monthly and quarterly basis. Unfortunately or fortunately we had lots of benefits for one-time items last year, all which we disclosed, none of which recurred this year which typically a one-time item is all revenue and all profit. Which really obscure the fact that we did have operating leverage and our margins actually got better on an apples to oranges basis. Unfortunately, GAAP does not permit us to disclose that. But let us assure you that the operating leverage in our model is still there.

Justin Post: Second question and then a final follow-up, it looks like the GDS margins were down. I know you were outperforming some of your peers in the GDS industry for a while on the margins front. What really is driving that? Can you give us any color on that?

Henry Silverman: Well really they were running a lot of integration costs through that P&L. Once again, GAAP requires us to do that. 100 years ago or maybe five years ago we would have taken a charge, set it up separately and you would have seen the continuation of the strong margin. I think another answer to your first question, which I probably neglected to mention is that we have a mix issue also in that some of our faster growing businesses are lower margin, whether that is rental car, timeshare, I mean timeshare is growing faster than lodging, lodging is a very high margin business as a

franchise or timeshare is 25% kind of margin. NRT is a 6% margin business. Real estate franchise group is an 80% margin business. So a lot of it is a mix issue, Justin.

Justin Post: Okay, great. And then on the GS is there any specific thing you can point people to as far as integration technology spend, a couple big projects going on?

Ron Nelson: Well it all really relates to the Orbitz, ebookers and Gulliver's acquisition and where you take the headcount out. And for the most part, a big chunk of the headcount that has been taken out has been on the technology side. And that was resident in Galileo or in the GDS, and that is what is impacting it. The other thing over a longer term that is impacting margins is that we used to lease a fair amount of equipment to our subscribers, travel agents. And that is very high margin business. And over time travel agents have replaced our terminals with personal computers. And so and this is really an ongoing trend, this has been going continuing on a downward track since 2002. But every year it ticks down, and this is probably 80+ margin percent business.

Justin Post: Last question, Henry, we have a couple people really want to know why you really want to be with the travel business; I think you're going to head that business up after the split. What you're most excited about that and why you picked that one to really be the leader of going forward.

Henry Silverman: Well, I think the New York Times this morning actually summarized it very well. Any of our leaders could run their businesses without any help from me. Sam and Richard do not have any specific public company experience, or in Richard’s case, lots of capital markets experience. In the case of TDS, it is probably our, as you can tell by the amount of questions and by Ron's commentary, it is probably the business which has the biggest upside, including RCI and our Vacation Rental business, but also has the most challenges. And frankly, it is too big a job at the moment for any one human being. So that is where I'm going to spend my time helping Sam with that business. But I do not intend to be there forever. So this is a year or two post spin and then I am quite certain that the existing management will be quite able to fly without me.

Justin Post: Great. Thank you.

Operator: Michael Millman, Soleil Securities.

Michael Millman: I guess continuing a little bit or following through on some of the comments on the online travel, particularly domestic, could you give us an idea of the marketing efficiency and also the trends in conversions?

Ron Nelson: Mike, you know, it is hard to comment on our marketing efficiency largely because we are in the build phase of our merchant hotel business. And I would be loath to say that the efficiencies we are getting would be mirrored once we are at steady-state kinds of numbers. So I am just reluctant to use a number.

Henry Silverman: The management would tell you, Mike, and I'm sure they have, that we have a greater share of wallet than share of voice. But I don't know that we can on this call give you empirical data that would be statistically valid. As Ron says we're growing up a very low base so the numbers are somewhat skewed favorably; that you probably should not interpolate for five years from now.

Michael Millman: And that is even true in conversion?

Ron Nelson: Conversion is actually up a couple of tenths on Orbitz. Orbitz actually converts I think in the high fours, low fives depending on the time of the year. And it has ticked up as we've added more content. But there hasn't been appreciable gains. Like we saw, frankly, when we converted Cheap Tickets over to the Orbitz platform.

Henry Silverman: The Cheap Tickets experience was very positive. We moved the conversion rates very similar to Orbitz from somewhere that was like 1 or 2%. I think if you check with Expedia they will tell you they also convert about 5%, and that seems to be about the rule of thumb for the industry.

Michael Millman: And can you talk -- I guess obviously the Holy Grail is to pick that up, which means doing more CRM kind of things. Can you talk a little bit about what you're doing in that connection?

Henry Silverman: Well we like everybody else, yes, you are right, that is one of many things. Obviously content is important, functionality is important, customer satisfaction is critical. We are doing all of that as Ron has mentioned. It is also important to increase your rate of attachment. As you know, that means selling more than one product during that service. We are using the travel link database, which is really our CRM in the sense of knowing where people are going and then e-mailing them and asking them if they need something else that we can book for them through Orbitz or Cheaptickets or both.

So we are going in the right direction. And again, I want to repeat for the people on the call these businesses are doing very well. They just not are doing as well. We have a very aggressive forecast based on assumptions which were valid at the time, based on our EBITDA increases through the month of June and July. The trends really reversed themselves based on the second London bombing. And have become exacerbated since then. They are still growing. They are just not growing at -- as Ron said they are growing in the mid 20s, not the mid 30s.

Michael Millman: Can we switch to real estate? Can you give us at least some idea of the sensitivity to your total real estate business of say one million change, or 100,000 change in existing home transactions?

Ron Nelson: 1% in sides or prices is $15 million of EBITDA.

Michael Millman: And that is across all of --.

Ron Nelson: That is across NRT.

Michael Millman: What about across the total, I guess?

Ron Nelson: Well, I think it depends on where it comes from. You know, the incremental revenue in the franchise business ought to drop to the bottom line about 90%, Mike. So if you go through the math on sides and average price and figure out what the commission is and then taken an average royalty rate of 5%, that incremental revenue ought to drop through at a rate of about 90% and conversely if it goes down, it is the same relationship, the overhead there is fairly fixed.

Michael Millman: And on car rental, could you give us the leisure price increase and the commercial price increase number or percentages, and where that -- where those prices are in October?

Ron Nelson: I don't have the October data right in front of me, Mike. Hold on. For the third quarter, Mike, both commercial and leisure were on a year-over-year basis down about 2%. The one offset to that is on the leisure side our length of rental was up about 1 or 2%. So it didn't really have much impact. But again, the critical part in sort of understanding where the business is going, as I said in the call, is sequentially from the second quarter to the third quarter prices were up 6%.

Michael Millman: Both in commercial, each in commercial and leisure?

Ron Nelson: It was a blended rate.

Michael Millman: And we assume more in leisure than commercial from what you said?

Ron Nelson: Yes.

Michael Millman: And is Enterprise, Enterprise has been reported as not going along with the corporate rate. Is that what is really killing that opportunity?

Henry Silverman: Enterprise is not relevant; they really don't have any corporate business, so it is more PR than it is actuality. The corporate competitors you need to look at are Hertz and National. Our market share with theirs is like 98% of that market. Enterprise is a very small player in the commercial business.

Michael Millman: Okay. Thank you.

Operator: We have no further questions in queue at this time. I will turn the conference back to Henry Silverman for any closing or additional comments.

Henry Silverman: I just want to thank you for your patience with us yesterday and today. And we will see you on the next conference call, which will be in 2006. Bye-bye.

Operator: That does conclude today's conference call. We do appreciate your participation. You may now disconnect your lines.

This is a verbatim transcription of Cendant Corporation’s 3Q 2005 Earnings Results Conference Call. It has been edited from its original version for transcription errors.