

# CENDANT

## *Strategic Overview*

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**Chairman, Chief Executive Officer and President**

**November 18, 2003**

# ***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, 2004 and full year 2003 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-Q for the quarter ended September 30, 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 the full year 2003 and all data presented for any period in 2004 are estimates.

# ***Today's Goals***

- **Review 2003 accomplishments**
- **Discuss strategies to achieve growth**
- **Outlook for 2004**
- **Risks and opportunities**
- **Additional exposure to our management**

# ***2003 Review***

## **PROMISES MADE WERE PROMISES KEPT**

- Validated that our portfolio produces organic growth and free cash flow
- Will generate approximately \$2.5 billion in free cash flow vs. \$2.0 billion target
- Will reduce net corporate debt by approximately \$1.5 billion vs. \$1.0 billion target
- Will repurchase \$600 million in common stock vs. \$500 million target
- 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
- Continued to strengthen corporate governance

# ***2004 Outlook – Capital Deployment***

**In short, more of the same - as promised**

- **Approximately \$3.0 billion free cash flow and cash on hand**
  - **\$1.0-\$1.5 billion debt reduction**
  - **\$280 million dividend**
  - **Balance for share repurchase and tuck-in acquisitions**
- **Continued focus on operational excellence and organic growth**

# ***2004 Outlook***

## **Investor Concern: Impact of reduced refinancing volume on our mortgage business**

- **Stipulate: Mortgage earnings in 2004 will be lower than 2003**
- **Perspective: Mortgage represents less than 10% of Cendant**
- **Key: Mortgage should continue to be highly profitable in 2004 (but below 2003 levels)**

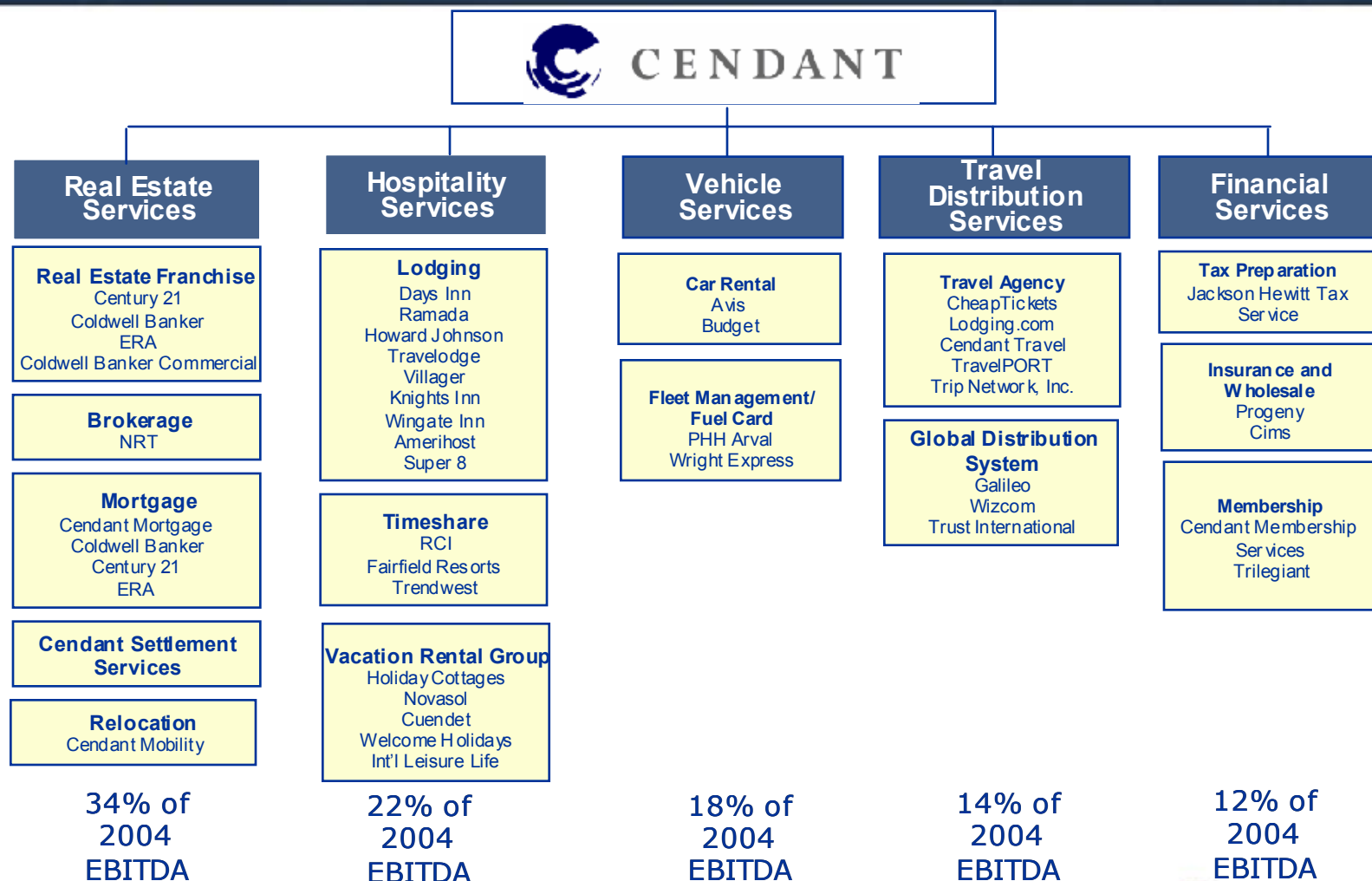
# **2004 Outlook**

- **Projected total reportable segment EBITDA growth in 2004: 8-11%**
- **For example:**
  - **If mortgage is off by 40% and rest of Real Estate division is up marginally**
- **Expect Vehicle Services EBITDA growth to exceed 35% due to completion of Budget integration**
- **Need 12-15% growth from remainder of portfolio**
  - **Hospitality: 12-18%**
  - **Travel Distribution Services: 8-12%**
  - **Financial Services: 12-20%**

# ***Sustainable Growth***

- **“It’s about the Portfolio...”**
  - Designed to be a hedged portfolio
  - Use size, diversity to manage risk and reduce volatility
  - Low asset exposure
  - Long-term contracts and relationships
  - Defensible, 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**

# Diverse Portfolio of Businesses Primarily in the Two Largest Vertical Markets



# Diverse Sensitivities



# ***Why Financial Services?***

- **Growing EBITDA**
- **Significant free cash flow to shrink capitalization**
- **Non-cyclical**
- **Non-interest rate sensitive**
- **No current use of proceeds**

# ***The Business Model***

## ***Long Term Revenue and Earnings Growth Targets***

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

# ***Summary***

## **2004 – Stay the course**

- **Sustainable growth of our portfolio**
- **More than \$2 billion of free cash flow**
- **Capital deployment unchanged**
- **Highly skilled management team driving operational and financial results**

# ***Summary***

## **2005**

- **Net debt reduced to approximately \$3.6 billion by December 31, 2004**
  - Due over next 10 years
- **Free cash flow \$2.0 - \$2.5 billion<sup>(1)</sup>**
- **Monetize Financial Services?**
- **Alternatives**
  - Increase share repurchase
  - Increase dividend
  - Increase tuck-ins

<sup>(1)</sup>Preliminary estimate. Assumes no significant changes in operations or macro economic environment.