

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 8-K
CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-10308

October 14, 1998 (October 13, 1998)
(Date of Report (date of earliest event reported))

Cendant Corporation
(Exact name of Registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

06-0918165
(IRS Employer
Identification No.)

6 Sylvan Way,
Parsippany, New Jersey
(Address of Principal Executive Office)

07054
(Zip Code)

(973) 428-9700
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if applicable)

Item 5. Other

Cendant and American Bankers Terminate Merger Agreement; Cendant Terminates Tender Offer for American Bankers' Shares. On October 13, 1998, Cendant Corporation (the "Company"), Season Acquisition Corp. ("Sub") and American Bankers Insurance Group, Inc. ("American Bankers") entered into a settlement agreement (the "Settlement Agreement"), pursuant to which they have terminated their Agreement and Plan of Merger, dated March 23, 1998 (the "Merger Agreement") which provided for the Company's acquisition of American Bankers.

Pursuant to the Settlement Agreement, the Company and American Bankers have released each other from any claims relating to the Company's proposed acquisition of American Bankers and the Company has made a \$400 million cash payment to American Bankers. In addition, Cendant has agreed to withdraw any applications it has pending with insurance regulatory authorities in order to obtain control of American Bankers and to withdraw from any proceedings or hearings in connection with such applications. Cendant has also agreed to refrain from taking any actions or making any statements intended to frustrate or delay any business combination between American Bankers and any other party.

Pursuant to the Settlement Agreement and as a result of the termination of the Merger Agreement, the Company also has terminated its pending tender offer

for American Bankers shares.

A copy of the Settlement Agreement is included as Exhibit 99.2 hereto and is incorporated herein by reference.

Cendant Announces \$1 Billion Share Repurchase Program. On October 13, 1998, the Company announced that its Board of Directors has authorized a \$1 billion common share repurchase program. The Company expects to execute the program through open-market purchases.

With the termination of its proposed acquisition of American Bankers, the Company's principal financial goals will be to retire its outstanding \$3.25 billion bank term loan, a portion of which was raised in contemplation of the American Bankers transaction, and to execute its share repurchase program.

Item 7. Exhibits

Exhibit No.	Description
99.1	Press Release: Cendant Corporation and American Bankers Insurance Group Make Announcement, dated October 13, 1998.
99.2	Settlement Agreement, dated October 13, 1998, by and among American Bankers Insurance Group, Inc. Cendant Corporation and Season Acquisition Corp.
99.3	Press Release: Cendant Announces \$1 Billion Share Repurchase Program, dated October 13, 1998.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CENDANT CORPORATION

By: /s/ James E. Buckman
James E. Buckman
Senior Executive Vice President
and General Counsel

Date: October 14, 1998

CENDANT CORPORATION
CURRENT REPORT ON FORM 8-K
Report Dated October 14, 1998 (October 13, 1998)

EXHIBIT INDEX

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CENDANT CORPORATION AND AMERICAN BANKERS INSURANCE GROUP
MAKE ANNOUNCEMENT

Parsippany, NJ and Miami, FL, October 13, 1998 - Cendant Corporation (NYSE: CENDANT CORPORATION) and American Bankers Insurance Group, Inc. (NYSE: ABI) announced today their mutual decision to terminate their merger agreement which provided for the Company's acquisition of ABI.

In connection with the termination, the Company and ABI have released each other from any claims relating to the Company's proposed acquisition of ABI and the Company has made a \$400 million cash payment to ABI. As a result of the termination of the Merger Agreement, the Company has terminated its pending tender offer for ABI shares.

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973-496-7303

Kekst and Company
Jim Fingeroth
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212-521-4800

ABI
P. Bruce Camacho
305-252-7060

SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT, dated as of October 13, 1998 (the "Agreement"), by and among American Bankers Insurance Group, Inc., a Florida corporation ("ABIG"), Cendant Corporation, a Delaware corporation ("Cendant"), and Season Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Cendant ("Season").

WHEREAS, ABIG, Cendant and Season have entered into the Agreement and Plan of Merger, dated as of March 23, 1998 (the "Merger Agreement"), pursuant to which, among other things, Season has offered to purchase (the "Tender Offer") 23,501,260 shares of Common Stock, par value \$1.00 per share, of ABIG ("ABIG Common Share") at a price of \$67.00 per ABIG Common Share, and following consummation of the Tender Offer, ABIG will be merged (the "Merger") into Season and each ABIG Common Share issued and outstanding immediately prior to the effective time of the Merger (other than ABIG Common Shares held by Cendant or Season) will be converted into, and become exchangeable for, that number of shares of Common Stock, par value \$.01 per share, of Cendant with a value of \$67.00;

WHEREAS, requests have been made by certain regulators whose approval is required prior to consummation of the Tender Offer and the Merger for commitments from Cendant regarding ABIG that exceed statutory requirements and any commitment made by Cendant in the Merger Agreement, which requests have created uncertainty with respect to Cendant's possible acquisition of ABIG; and

WHEREAS, ABIG and Cendant believe it is in their respective best interests, and in the best interests of their respective stockholders, that the uncertainty with respect to Cendant's possible acquisition of ABIG be resolved as promptly as possible.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. Each of the parties hereto expressly agrees that (i) the Merger Agreement shall be terminated pursuant to Section 8.1 thereof immediately upon the execution and delivery of this Agreement and the receipt by ABIG of the Termination Fee (as hereinafter defined) and (ii) as a result of such termination, the Merger Agreement shall be null and void and of no further effect, and no obligations or provisions thereunder shall survive such termination. In addition, each of the parties hereto agrees that, notwithstanding Section 8.5(a) of the Merger Agreement, none of the parties thereto shall have any liabilities or damages to the other parties thereto for any breach or alleged breach of the Merger Agreement, including any willful breach. As promptly as practicable after the execution hereof, as a result of the termination of the Merger Agreement Cendant and

7

Season agree to either terminate the Tender Offer or permit the Tender Offer to expire by its terms without any ABIG Common Shares being purchased pursuant thereto.

2. Simultaneously with the execution of this Agreement, Cendant shall pay to ABIG \$400 million (the "Termination Fee") by wire transfer of same day funds to an account designated by ABIG.

3. Cendant agrees that upon execution of this Agreement, it will take all necessary steps to withdraw any Form A applications that it has pending with insurance regulatory authorities in order to obtain approval to acquire control of ABIG and to withdraw from any proceedings or hearings in connection therewith. Cendant further agrees that neither it nor any of its officers, directors, employees, affiliates, agents or other representatives or advisors, including, without limitation, legal, investment banking and accounting advisors (all such persons, collectively, "Representatives") shall take, directly or indirectly, any actions or make any statements intended to frustrate or delay any merger or other business combination between ABIG and any other party or to

object to the acceptability of any other party as a controlling person of ABIG.

4. Each of the parties hereto absolutely, fully and forever releases the other parties and their respective affiliates, their respective Representatives and stockholders, and their respective successors and assigns (the "Released Parties") from any and all claims relating to the proposed acquisition of ABIG by Cendant that any party hereto ever had, now has or hereafter can, shall or may have against the Released Parties, from the beginning of the world to the day of the date of this release, including, without limitation, any claims asserted or that could have been asserted in connection with the Merger Agreement, any Company Report or Parent Report (as such terms are defined in the Merger Agreement) or any accounting issues at former CUC International Inc. businesses; provided, however, that this Section 4 shall not include a release or discharge from any claim to enforce the provisions of this Agreement.

5. Cendant hereby agrees to continue to be bound by the confidentiality undertakings and agreements of the Confidentiality Agreement (as such term is defined in the Merger Agreement) in accordance with the terms thereof. ABIG hereby agrees to be bound by the confidentiality undertakings and agreements of the Confidentiality Agreement with respect to information furnished to ABIG by Cendant and, for this purpose, references in the Confidentiality Agreement to the "Company" shall also be deemed to be references to Cendant and references in the Confidentiality Agreement to "Evaluation Material" shall also be deemed to be references to any information concerning Cendant (whether prepared by Cendant, its advisors or otherwise) which has been furnished to ABIG by or on behalf of Cendant in connection with the Merger.

6. Each of the parties hereto agrees that it shall not (i) make or publish any statement which is, or may reasonably be considered to be, disparaging of the other parties or their respective subsidiaries, affiliates, directors, employees, products or services or (ii) take any action or encourage the taking of any action by others which is, or may reasonably be considered to be, adverse to the interests of the other parties in respect of the subject matter of this Agreement.

7. Each of the parties hereby represents and warrants to the others that (i) it is a corporation duly organized, validly existing and in good standing under the laws of its state of organization and has the requisite corporate power and authority to enter into and perform this Agreement; (ii) the execution and delivery of this Agreement by it and the consummation by it of the transactions contemplated hereby have been duly executed and delivered by its duly authorized officer and constitutes a valid and binding obligation of it; and (iii) the execution and delivery of this Agreement by it and the consummation by it of the transactions contemplated hereby do not require the consent, waiver, approval or authorization of or any filing with any governmental or regulatory authority, agency, commission, body, court or other governmental entity or any other person and will not violate, result in a breach of or the acceleration of any obligation under, or constitute a default under, any provision of such party's charter or by-laws, or any material indenture, mortgage, lien, lease, agreement, contract, instrument, order, law, rule, regulation, ordinance, judgment, decree or restriction by which it or any of its subsidiaries or any of their respective properties or assets is bound.

8. This Agreement, together with the Merger Agreement and the other documents referred to therein, contains the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, oral or written, with respect to such transactions. This Agreement may not be changed, amended or modified orally, but may be changed only by an agreement in writing signed by each of the parties hereto. This Agreement, and all of the parties' respective rights and obligations hereunder, shall survive indefinitely and shall not be affected, altered, abridged or terminated by virtue of the termination of the Merger Agreement.

9. This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall constitute one and the same document, provided that this Agreement shall not become effective until executed by all of the parties hereto.

10. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (regardless of the laws that might otherwise govern under applicable Delaware principles of conflicts of law).

EACH PARTY HERETO AGREES THAT, IN CONNECTION WITH ANY LEGAL SUIT OR PROCEEDING ARISING WITH RESPECT TO THIS AGREEMENT, IT SHALL SUBMIT TO THE JURISDICTION OF THE CHANCERY COURT OF DELAWARE AND AGREES TO VENUE IN SUCH COURT. EACH PARTY HEREBY APPOINTS THE SECRETARY OF SUCH PARTY AS ITS AGENT FOR SERVICE OF PROCESS FOR PURPOSES OF THE FOREGOING SENTENCE ONLY.

11. Each party hereto will consult with the other parties hereto before issuing any press release with respect to the transactions contemplated by this Agreement; and no party shall

issue any such press release prior to such consultation except as may be required by law or the applicable rules and regulations of the New York Stock Exchange.

12. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

13. The parties hereto agree that any breach of the provisions of this Agreement would irreparably injure the other parties hereto and that money damages would be an inadequate remedy therefor. Accordingly, each party hereto shall be entitled to one or more injunctions enjoining any such breach and requiring specific performance of this Agreement and consent to the entry thereof, in addition to any other remedy to which that party is entitled at law or in equity.

14. This Agreement is for settlement purposes only and will not be used by the parties hereto in any litigation as an admission of any liability or wrongdoing on the part of any party hereto or its Representatives, other than litigation arising out of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first written above.

AMERICAN BANKERS INSURANCE GROUP, INC.

By: /s/ Gerald N. Gaston
Name: Gerald N. Gaston
Title: President and Chief Executive
Officer

CENDANT CORPORATION

By: /s/ James E. Buckman
Name: James E. Buckman
Title: Senior Executive Vice President

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first written above.

SEASON ACQUISITION CORP.

By: /s/ James E. Buckman
Name: James E. Buckman
Title: Executive Vice President

CENDANT ANNOUNCES \$1 BILLION SHARE REPURCHASE PROGRAM

Termination of ABI Transaction Facilitates Debt Retirement and Share Repurchase
Cendant to Record \$280 Million After-Tax ABI Termination Charge

Parsippany, NJ October 13, 1998 - Cendant Corporation (NYSE: CD) today announced that its Board of Directors has authorized a \$1 billion common share repurchase program. The Company expects to execute the program through open-market purchases.

With the termination of its proposed acquisition of ABI, the Company's principal financial goals will be to retire its outstanding \$3.25 billion bank term loan, a portion of which was raised in contemplation of the ABI transaction, and to execute its share repurchase program.

In connection with termination of the ABI transaction, Cendant has paid ABI \$400 million and will record a \$280 million after-tax charge in the fourth quarter for this payment and associated transaction expenses. The Company expects to use the substantial majority of its available cash to make the ABI payment and to retire a portion of the bank term loan. The Company expects to retire the remainder of the term loan with proceeds from intermediate- and long-term debt issues and to finance the share repurchase through a combination of internally generated cash and proceeds from previously announced asset sales. The timing and amounts of these transactions will be governed by market conditions, Cendant's goal of maintaining appropriate credit ratings, and the terms of Cendant's bank lending agreements.

"We are pleased to resolve the uncertainty created in the market regarding the potential impact of the ABI transaction on our capital structure," said Henry R. Silverman, Chairman, President and CEO of Cendant. "After today, our only material uncompleted acquisition is our \$750 million acquisition of RAC Motor Services of the UK, which we plan to complete in 1999. Otherwise, all our excess financial resources for the foreseeable future will be devoted to retiring both debt and equity, to build shareholder value and maintain appropriate credit protection." With the termination of the ABI transaction, Cendant has approximately \$1.8 billion in undrawn bank credit facilities, approximately \$1 billion in cash (net of the payment to ABI) and significant internally generated annual free cash flow.

Certain matters discussed in the news release are forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to a number of known and unknown risks and uncertainties including, but not limited to, the outcome of the pending litigation relating to the previously announced accounting irregularities; uncertainty as to the Company's future profitability; the Company's ability to develop and implement operational and financial systems to manage rapidly growing operations; competition in the Company's existing and potential future lines of business; the Company's ability to integrate and operate successfully acquired businesses and the risks associated with such businesses; the Company's ability to obtain financing on acceptable terms to finance the Company's growth strategy and for the Company to

operate within the limitations imposed by financing arrangements; uncertainty as to the future profit ability of acquired businesses; the ability of the Company and its vendors to complete the necessary actions to achieve a Year 2000 conversion for its computer systems and applications and other factors. 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. The Company assumes no obligation to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Cendant (NYSE: CD) is the world's premier provider of consumer and business services. The Company operates in three principal segments: Travel Services, Real Estate Services and Alliance Marketing. In Travel Services, Cendant is the leading franchisor of hotels and rental car agencies world wide; the largest provider of vacation exchange services; a leading fleet management company, the UK's largest private car park operator, and a leading motorist assistance group

in the UK. In Real Estate Services, Cendant is the world's largest franchisor of residential real estate brokerage offices, a major provider of mortgage services to consumers and a global leader in corporate employee relocation. In Alliance Marketing, Cendant provides access to insurance, travel, shopping, auto, and other services, primarily through direct marketing to customers of its affinity partners. Headquartered in Parsippany, NJ, the company has more than 40,000 employees and operates in over 100 countries.

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