



(Name) (Area Code)

(Telephone Number)

(2) Have all other periodic reports required under Section 13 or 15(d) of the Securities Exchange Act of 1934 or Section 30 of the Investment Company Act of 1940 during the preceding 12 months or for such shorter period that the registrant was required to file such report(s) been filed? If the answer is no, identify report(s).

X Yes o No

(3) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

X Yes o No

Please see the attachments 99.1 and 99.2 describing such changes, both narratively and quantitatively.

Cendant Corporation

(Name of Registrant as Specified in Charter)

Has caused this notification to be signed on its behalf by the undersigned thereunto duly authorized.

Date August 14, 1998

By: /s/ Scott E. Forbes  
Scott E. Forbes  
Executive Vice President and  
Chief Accounting Officer  
Cendant Corporation

## CENDANT COMPLETES ACCOUNTING INVESTIGATION

1997, 1996, 1995 Net Income Before One-time Charges  
Revised by \$0.28, \$0.18 and \$0.14 Per Share

In Line with Previous Estimates

PARSIPPANY, NJ, August 13, 1998 - Cendant Corporation (NYSE: CD) reported today that its investigation of accounting irregularities and errors in the CUC businesses was complete. The 1998 financial results announced today in a separate release incorporate all relevant information obtained in that investigation and reflect the correction of accounting policies changed as a result of its findings. These 1998 results will not be subject to further revision based on the results of the Company's investigation. Quarterly financial statements for 1998 and the comparable periods of 1997 will be filed with the SEC on Form 10-Q on Friday, August 14. Full restated, audited financial statements for Cendant's fiscal years 1997, 1996 and 1995 will be filed with the SEC on Form 10-K/A later this month. Furthermore, a full report on the Audit Committee's investigation of these accounting irregularities will be issued later this month.

Michael P. Monaco, Vice Chairman and Chief Financial Officer reported "we have now concluded our investigation of the accounting issues at CUC. Millions of dollars and hundreds of thousands of hours of work have determined what was wrong and what must be put right. While we take no joy in reporting these results, our shareholders should take great comfort from the thoroughness of this investigation and the fact that we have unflinchingly accepted and reported its results, even when it uncovered much greater and more systematic fraud than we had any conception of when we launched this effort in April."

Adjustments for Irregularities and Errors Total	Adjustments for Reversal of Merger & Unusual Charges		
	Total Previously Reported One- Time Charges	Reversals of CUC Charges	New Total One-Time Charges
1997 (\$0.28)	(\$0.94)	\$0.32	(\$0.62)
1996(0.18)	(0.14)	0.02	(0.12)
1995(0.14)	(0.08)	--	(0.08)

Cendant reported its final calculation of the impact of accounting irregularities and errors on its 1997, 1996 and 1995 full year results. Cendant will lower 1997 results by \$0.28 per share or \$392 million pretax. The net impact of this restatement plus \$0.02 of discontinued operations will lower net income from continuing operations before one-time merger and other unusual charges to \$0.70 per share versus the \$1.00 per share previously reported. A substantial amount of the adjustment had the impact of reducing revenues.

Cendant also announced a \$457 million pre-tax adjustment to the charge associated with the CUC businesses taken on the date of CUC's merger with HFS on December 17, 1997. This will increase 1997 net income by \$279 million after-tax or \$0.32 per share.

Cendant will lower 1996 results by \$0.18 per share. Cendant has also determined that certain one-time merger charges taken by CUC in 1996 should be reversed and will eliminate \$0.02 per share of these charges. 1995 results will be lowered by \$0.14 per share.

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 Audit Committee's investigation relating to the previously announced accounting irregularities; the outcome of the pending class action 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 profitability of acquired businesses; 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 worldwide; 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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CENDANT POSTS RECORD 2Q EARNINGS OF \$0.23 VS \$0.16 PER SHARE, UP 44%

Second Quarter Revenues up 28%

6 Month Results: \$0.47 vs \$0.28, up 68%

6 Month Revenues up 24%

PARSIPPANY, NJ, August 13, 1998 - Cendant Corporation (NYSE: CD) announced record second quarter earnings from continuing operations of \$0.23 per share for 1998 versus \$0.16 per share for 1997, an increase of 44%. 1998 results are before \$0.02 of unusual expenses associated with resolution of accounting irregularities plus \$0.03 of income from reversal of prior restructuring charges. 1997 results are before merger charges associated with the acquisition of PHH.

"Our second quarter results demonstrate the depth and quality of our management team and the strength of Cendant's core business franchises," said Henry R. Silverman, Chairman, President and CEO. "The past four months have challenged our operating management to rise to new levels of leadership and productivity in a period when our most senior executives have devoted the vast majority of their time to stanching and closing the wound in our company created by the accounting revelations at CUC. I am fiercely proud of their achievements and the depth of talent in our management ranks confirmed by these results. Our 28% revenue growth in continuing operations underlines the momentum of our franchise. Even after adjusting for acquisitions, our managers delivered mid-teens top-line growth - a terrific achievement."

"All of our segments performed well in the quarter, led by unparalleled performance in our real estate segment. Each of the business units we inherited from HFS performed on or ahead of plan. The carefully laid out strategy built over eight years at HFS is yielding its greatest rewards this year. These businesses yielded 50% plus growth in both EBITDA and net income in the second quarter, continuing the strong performance of the first quarter. We see no signs that any of these businesses will fail to meet our high expectations for the rest of the year," reported Mr. Silverman.

"We are now able to evaluate and manage performance at the CUC business units," Mr. Silverman continued. "With consumer software and Hebdo Mag discontinued, our CUC operations are largely centered in Alliance Marketing. Two of the three major units in Alliance Marketing produced solid gains versus 1997 results. We are particularly pleased with the strong EBITDA growth in our Insurance/Wholesale businesses, which generated approximately \$44 million in EBITDA in the second quarter, an increase of 36%. This unit contributed the majority of our 1998 Alliance Marketing earnings to date and should continue to account for most of its profits in the future. Individual Membership also generated sizable EBITDA gains from price increases and membership growth, generating a four times increase in EBITDA in the second quarter."

"Our ability to report fundamental growth in Individual Membership encourages us to believe that these units, under proper management and with appropriate financial controls, can offer significant upside potential to our shareholders in the future. The relatively flat comparison in the lifestyle portion of Alliance Marketing masks significant variations in the performance of the many small businesses in that segment. We will rapidly move to address these issues - businesses that do not meet Cendant standards of performance will be restructured," Mr. Silverman concluded.

The Company also reported its investigation of accounting irregularities and errors in the CUC businesses was complete and in line with previously announced estimates. The financial results announced today incorporate all relevant information obtained in that investigation and reflect the correction of accounting policies changed as a result of its findings. A separate press release will discuss the findings in more detail. Cendant also announced yesterday that it has classified its Hebdo Mag and consumer software units as discontinued operations. Therefore, all periods presented have been adjusted appropriately.

For the first six months of 1998, Cendant reported income from continuing operations of \$0.47 per share versus \$0.28 in 1997, an increase of 68%. Revenues increased 24% to \$2.5 billion. Results for the first quarter of 1998 have been

restated to correct errors in revenue recognition at businesses of the former CUC International ("CUC"). The net impact of implementing these policies will lower 1998 first quarter results from continuing operations from those previously reported by \$0.04 per share. 1997 results are before merger charges associated with the acquisition of PHH.

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 Audit Committee's investigation relating to the previously announced accounting irregularities; the outcome of the pending class action 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 profitability of acquired businesses; 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.

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Tables Follow

Second Quarter Financial Results - As Reported  
(In millions, except per share amounts)

The following information includes: (a) a second quarter 1998 one-time restructuring charge reversal of \$29 million after tax, or \$0.03 per share (b) certain 1998 expenses arising from resolution of the company's accounting issues (\$20.4 million after tax, or \$0.02 per share) and (c) a second quarter 1997 one-time charge related to the PHH merger with HFS of \$300 million (\$225 million after tax, or \$0.25 per share)

	Quarter Ended June 30,		% change vs 2Q97
	1998	1997	
Revenues	\$1,306.3	\$1,024.0	28
Expenses	959.1	1,076.6	(11)
Income before Income Taxes And Minority Interest	\$347.2	\$(52.6)	--
Income (Loss) Continuing Operations	\$214.5	\$(87.9)	--
Loss Discontinued Operations (1)	\$(3.6)	\$(4.4)	--
Income (Loss)	\$210.9	\$(92.3)	--
EBITDA - Continuing Operations (2)	\$445.6	\$313.6	42
Earnings per share			
Diluted			
Continuing Operations	\$0.24	\$(0.11)	--
Discontinued Operations	0.00	0.00	--
Net Income	\$0.24	\$(0.11)	--
Basic			
Continuing Operations	\$0.24	\$(0.11)	--
Discontinued Operations	0.00	0.00	--
Net Income	\$0.24	\$(0.11)	--
Weighted Average shares - Diluted	900.9	804.2	12

(1) Discontinued operations are Hebdo Mag classified advertising unit plus the Cendant Software consumer education and entertainment software unit.

(2) Earnings Before Interest, Taxes, Depreciation and Amortization

Second Quarter Financial Results - Adjusted  
(In millions, except per share amounts)

The following information excludes: (a) a second quarter 1998 one-time restructuring charge reversal of \$29 million after tax, or \$0.03 per share (b) certain 1998 expenses arising from resolution of the company's accounting issues (\$20.4 million after tax, or \$0.02 per share) and (c) a second quarter 1997 one-time charge related to the PHH merger with HFS of \$300 million (\$225 million after tax, or \$0.25 per share),

	Quarter Ended June 30,		% change vs 2Q97
	1998	1997	
Revenues	\$1,306.3	\$1,024.0	28
Expenses	968.9	777.0	25
Income before Income Taxes And Minority Interest	\$337.4	\$247.0	37
Income Continuing Operations	\$205.5	\$136.8	50
Loss Discontinued Operations (1) Income	\$(3.6) \$201.9	\$(4.4) \$132.4	-- 52
EBITDA - Continuing Operations (2)	\$445.6	\$313.6	42
Earnings per share			
Diluted			
Continuing Operations	\$0.23	\$0.16	44
Discontinued Operations	0.00	0.00	--
Net Income	\$0.23	\$0.16	44
Basic			
Continuing Operations	\$0.24	\$0.17	41
Discontinued Operations	0.00	(0.01)	--
Net Income	\$0.24	\$0.16	50
Weighted Average shares - Diluted	900.9	879.3	2

(1) Discontinued operations are Hebdo Mag classified advertising unit plus the Cendant Software consumer education and entertainment software unit.

(2) Earnings Before Interest, Taxes, Depreciation and Amortization

First Half Financial Results - As Reported  
(In millions, except per share amounts)

The following information includes: (a) a second quarter 1998 one-time restructuring charge reversal of \$29 million after tax, or \$0.03 per share (b) certain 1998 expenses arising from resolution of the company's accounting issues (\$20.4 million after tax, or \$0.02 per share) and (c) a second quarter 1997 one-time charge related to the PHH merger with HFS of \$300 million (\$225 million after tax, or \$0.25 per share)

	Six Months Ended June 30,		% change vs 1H97
	1998	1997	
Revenues	\$2,461.2	\$1,981.8	24
Expenses	1,782.7	1,847.2	(3)
Income before Income Taxes And Minority Interest	\$678.5	\$134.6	--
Income Continuing Operations	\$430.0	\$12.5	--
Income Discontinued Operations (1)	\$(16.2)	\$(1.5)	--
Income	\$413.8	\$11.0	--
EBITDA - Continuing Operations (2)	\$875.9	\$563.2	56
Earnings (Loss) per share			
Diluted			
Continuing Operations	\$0.48	\$0.02	--
Discontinued Operations	(0.02)	(0.01)	--
Net Income	\$0.46	\$0.01	--
Basic			
Continuing Operations	\$0.51	\$0.02	--
Discontinued Operations	(0.02)	(0.01)	--
Net Income	\$0.49	\$0.01	--
Weighted Average shares - Diluted	907.8	803.2	13

(1) Discontinued operations are Hebdo Mag classified advertising unit plus the Cendant Software consumer education and entertainment software unit.

(2) Earnings Before Interest, Taxes, Depreciation and Amortization

First Half Financial Results - Adjusted  
(In millions, except per share amounts)

The following information excludes: (a) a second quarter 1998 one-time restructuring charge reversal of \$29 million after tax, or \$0.03 per share (b) certain 1998 expenses arising from the investigation of the company's accounting issues (\$20.4 million after tax, or \$0.02 per share) and (c) a second quarter 1997 one-time charge related to the PHH merger with HFS of \$300 million (\$225 million after tax, or \$0.25 per share)

	Six Month Ended June 30,		% change vs 1H97
	1998	1997	
Revenues	\$2,461.2	\$1,981.8	24
Expenses	1,777.4	1,547.8	15
Income before Income Taxes And Minority Interest	\$683.8	\$434.0	58
Income Continuing Operations	\$421.0	\$237.3	77
Income (Loss) Discontinued Operations (1)	\$(16.2)	\$(1.5)	--
Net Income	\$404.8	\$235.8	72
EBITDA - Continuing Operations (2)	\$875.9	\$563.2	56
Earnings (Loss) per share			
Diluted			
Continuing Operations	\$0.47	\$0.28	68
Discontinued Operations	(0.02)	0.00	--
Net Income	\$0.45	\$0.28	61
Basic			
Continuing Operations	\$0.50	\$0.30	67
Discontinued Operations	(0.02)	0.00	--
Net Income	\$0.48	\$0.30	60
Weighted Average shares - Diluted	907.8	878.4	

(1) Discontinued operations are Hebdo Mag classified advertising unit plus the Cendant Software consumer education and entertainment software unit.

(2) Earnings Before Interest, Taxes, Depreciation and Amortization

SECOND QUARTER RESULTS BY SEGMENT\*  
(Dollars in millions)

	REVENUE			EBITDA (2)			EBITDA MARGIN	
	1998	1997	%	1998	1997	%	1998	1997
TRAVEL								
Lodging	\$117.2	\$108.1	8	\$63.7	\$51.4	24	54	48
Timeshare	94.0	85.3	10	33.3	27.4	21	35	32
Car Rental	48.2	38.6	25	32.1	25.2	27	67	65
Fleet	80.8	65.7	23	37.2	28.2	32	46	43
Other (ETS, NPC)	135.0	22.0	515	30.3	7.9	285	22	36
TOTAL	\$475.2	\$319.7	49	\$196.5	\$140.1	40	41	44
REAL ESTATE								
Franchise	\$131.5	\$83.7	57	\$102.7	\$57.3	79	78	68
Relocation	110.2	103.4	7	26.5	27.2	-3	24	26
Mortgage	94.0	42.5	121	44.6	19.9	124	48	47
Other	19.2	17.2	11	2.7	2.5	8	14	15
TOTAL	\$354.9	\$246.8	44	\$176.5	\$106.9	65	50	43
ALLIANCE MARKETING								
Individual	\$206.2	\$167.3	23	\$21.1	\$5.4	291	10	3
Wholesale/Insurance	138.7	129.4	7	43.5	31.9	36	31	25
Lifestyle	66.7	59.2	13	-8.4	-11.7	28	-13	-20
TOTAL	\$411.6	\$355.9	16	\$56.2	\$25.6	120	14	7
OTHER	\$64.6	\$101.6	-36	\$16.4	\$41.0	-60	25	40
TOTAL CONTINUING OPERATIONS	\$1,306.3	\$1,024.0	28	\$445.6	\$313.6	42	34	31
DISCONTINUED OPERATIONS (1)								
Software	\$130.5	\$50.8	157	\$0.7	-\$4.5	--	1	-9
Hebdo Mag	74.4	48.9	52	23.8	11.7	103	32	24
TOTAL	\$204.9	\$99.7	105	\$24.5	\$7.2	238	12	7
TOTAL	\$1,511.2	\$1,123.7	34	\$470.1	\$320.8	47	31	29

\*Excludes results of one-time merger and unusual charges in 1997 plus other unusual expenses associated with resolution of accounting issues in 1998.

Discontinued operations are Hebdo Mag classified advertising unit plus the Cendant Software consumer education and entertainment software unit. Earnings Before Interest, Taxes, Depreciation and Amortization

FIRST HALF RESULTS BY SEGMENT\*  
(Dollars in millions)

	REVENUE			EBITDA (2)			EBITDA MARGIN	
	1998	1997	%	1998	1997	%	1998	1997
TRAVEL								
Lodging	\$211.9	\$198.0	7	\$114.5	\$94.5	21	54	48
Timeshare	200.4	179.0	12	75.3	55.7	35	38	31
Car Rental	93.2	73.1	27	62.9	45.6	38	67	62
Fleet	163.6	146.6	12	79.1	64.0	24	48	44
Other (ETS, NPC)	153.9	39.4	291	32.9	12.2	170	21	31
TOTAL	\$822.9	\$636.1	29	\$364.6	\$272.0	34	44	43
REAL ESTATE								
Franchise	\$215.8	\$139.1	55	\$161.1	\$86.2	87	75	62
Relocation	209.9	188.7	11	53.7	43.1	25	26	23
Mortgage	172.0	76.1	126	81.9	34.1	140	48	45
Other	36.3	34.0	7	3.8	4.4	-14	11	13
TOTAL	\$634.0	\$437.9	45	\$300.5	\$167.8	79	47	38
ALLIANCE								
MARKETING								
Individual	\$393.7	\$335.6	17	\$43.0	\$12.9	233	11	4
Wholesale/Insurance	274.5	246.0	12	85.2	57.8	47	31	23
Lifestyle	133.9	132.4	1	-22.8	-9.5	--	-17	-7
TOTAL	\$802.1	\$714.0	12	\$105.3	\$61.2	72	13	9
OTHER	\$202.2	\$193.9	4	\$105.4	\$62.2	69	52	32
TOTAL CONTINUING OPERATIONS	\$2,461.2	\$1,981.8	24	\$875.9	\$563.2	56	36	28
DISCONTINUED OPERATIONS (1)								
Software	\$226.3	\$115.1	97	-\$19.3	\$1.4	--	-9	1
Hebdo Mag	137.2	94.5	45	39.5	23.9	65	29	25
TOTAL	\$363.5	\$209.6	73	\$20.2	\$25.3	-20	6	12
TOTAL	\$2,824.8	\$2,191.4	29	\$896.0	\$588.5	52	32	27

\*Excludes results of one-time merger and unusual charges in 1997 plus other unusual expenses associated with resolution of accounting issues in 1998.

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