

CENDANT CORP  
Form S-4/A  
May 23, 2002

As Filed With the Securities and Exchange Commission on May 23, 2002

Registration No. 333-87292

---

**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

---

**AMENDMENT NO. 1**  
**To**  
**FORM S-4**  
**REGISTRATION STATEMENT**  
*UNDER*  
*THE SECURITIES ACT OF 1933*

---

**CENDANT CORPORATION**

(Exact name of registrant as specified in its charter)

---

**DELAWARE**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**8699**  
(Primary Standard Industrial  
Classification Code Number)

**06-0918165**  
(I.R.S. Employer  
Identification No.)

**9 West 57th Street**  
**New York, New York 10019**  
**(212) 413-1800**  
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**James E. Buckman, Esq.**  
**Cendant Corporation**  
**9 West 57th Street**  
**New York, New York 10019**  
**(212) 413-1800**  
(Name, address, including zip code, and telephone number, including area code, of agent for service)

---

**David Fox, Esq.**  
**Skadden, Arps, Slate, Meagher & Flom LLP**  
**Four Times Square**  
**New York, New York 10036**  
**(212) 735-3000**

*Copies to:*

**Eric J. Bock, Esq.**  
**Cendant Corporation**  
**9 West 57th Street**  
**New York, New York 10019**  
**(212) 413-1800**

---

Edgar Filing: CENDANT CORP - Form S-4/A

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after this registration statement becomes effective and upon the effective time of the merger of Tornado Acquisition Corporation, a wholly owned subsidiary of registrant, with and into Trendwest Resorts, Inc., which is expected to occur as soon as practicable, upon satisfaction of certain conditions, following the effectiveness of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

---

**THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.**

---

**THE INFORMATION CONTAINED IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND WE ARE NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.**

**FORM OF NOTICE OF MERGER TO BE  
DELIVERED BY TORNADO ACQUISITION CORPORATION  
TO SHAREHOLDERS OF TRENDWEST RESORTS, INC.  
PURSUANT TO SECTION 60.491 OF THE OREGON REVISED STATUTES**

May 1, 2002

To the Holders of  
Common Stock of  
Trendwest Resorts, Inc.

NOTICE IS HEREBY GIVEN pursuant to Section 60.491 of the Oregon Revised Statutes (the **ORS**) of the merger (the **Merger**) of Tornado Acquisition Corporation ( **Merger Sub** ), a newly formed subsidiary of Cendant Corporation ( **Cendant** ), with and into Trendwest Resorts, Inc. ( **Trendwest** ), with Trendwest surviving the Merger as a subsidiary of Cendant. The Merger is to be effective, subject to the terms and conditions set forth in the Agreement and Plan of Merger and Reorganization (the **Merger Agreement**) dated as of March 30, 2002, by and among Cendant, Merger Sub, JELD-WEN, inc. and Trendwest, no earlier than thirty days following the date of this notice (and following the effectiveness of the registration statement on Form S-4 filed by Cendant with the Securities and Exchange Commission), upon the filing by Merger Sub of articles of merger with the office of the Secretary of State of the State of Oregon or at such other time as Cendant and Trendwest shall have agreed and specified in the articles of merger (the **Effective Time**). Unless indicated otherwise, as used in this notice, **we**, **us** and **our** refer to Cendant and/or Merger Sub.

Pursuant to a stock purchase agreement dated as of March 30, 2002 by and among Cendant, Merger Sub, JELD-WEN, inc., owner of approximately 81% of Trendwest's common stock, and certain other shareholders of Trendwest, entered into at the same time as the Merger Agreement, Merger Sub has acquired approximately 90% of the outstanding shares of common stock ( **Shares** ), par value \$0.01 per share, of Trendwest (the **Stock Purchase**). As a result of Merger Sub's ownership of such Shares, pursuant to the Merger Agreement and Section 60.491 of the ORS, Merger Sub may consummate the Merger thirty (30) days after mailing this notice to Trendwest shareholders without any vote of Trendwest's shareholders. The boards of directors of Cendant and Merger Sub have each voted to effect the Merger for the purpose of acquiring the minority interest in Trendwest not owned by Merger Sub after the Stock Purchase. A summary of the Merger Agreement setting forth the requirements of a plan of merger under Section 60.491(3) is attached as Exhibit A to this notice (the **Summary Plan of Merger**).

Because the Shares are quoted on the National Association of Securities Dealers, Inc. Automated Quotation System ( **Nasdaq**) as a National Market System issue on the date of this notice, dissenter's rights are not available in connection with the Merger.

At the Effective Time, subject to the terms and conditions set forth in the Merger Agreement, your shares of Trendwest common stock will be converted into shares of common stock, par value \$0.01 per share, of Cendant designated as CD common stock ( **CD Common Stock**); for each of your shares of Trendwest common stock you will receive the merger consideration described in the Merger Agreement and in the Summary Plan of Merger. The CD Common Stock trades on the New York Stock Exchange under the symbol: CD. Merger Sub is not publicly traded.

**WE ARE NOT ASKING YOU FOR A PROXY TO VOTE YOUR SHARES, AND YOU ARE REQUESTED NOT TO SEND US A PROXY TO VOTE YOUR SHARES. THIS NOTICE CONSTITUTES NOTICE UNDER SECTION 60.491(3)(C) OF THE OREGON BUSINESS CORPORATION ACT THAT CENDANT AND MERGER SUB WILL CAUSE THE SHORT-FORM MERGER TO BECOME EFFECTIVE WITHOUT ANY FURTHER NOTICE TO SHAREHOLDERS OF TRENDWEST.**

Cendant has filed with the Securities and Exchange Commission a Registration Statement on Form S-4 covering the shares of CD Common Stock to be issued to you pursuant to the Merger. The Registration Statement on Form S-4 has not yet been declared effective. You can view a copy of Cendant's Registration Statement on Form S-4 (as well as any of the documents incorporated by reference therein) by accessing the Securities and Exchange Commission's website maintained at <http://www.sec.gov>. As soon as practicable after completion of the Merger, you will be provided with appropriate documentation for exchanging your shares of Trendwest common stock for shares of CD Common Stock.

**PLEASE DO NOT SEND ANY CERTIFICATES REPRESENTING SHARES OF TRENDWEST COMMON STOCK AT THIS TIME.** The Exchange Agent, Mellon Investor Services LLC, on behalf of Cendant and Merger Sub, will be mailing letters of transmittal and instructions for the surrender and cancellation of your shares of Trendwest common stock following the Effective Time.

**Tornado Acquisition Corporation**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SHARES OF CD COMMON STOCK TO BE ISSUED IN THE MERGER OR DETERMINED THAT THIS REGISTRATION STATEMENT ON FORM S-4 FILED BY CENDANT WITH THE SECURITIES AND EXCHANGE COMMISSION IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

You should read the Risk Factors section beginning on page 13 for a description of some of the risks you should consider in evaluating the proposed merger.

The date of this prospectus is \_\_\_\_\_, 2002, and is first being mailed to shareholders on or about \_\_\_\_\_, 2002.

**REFERENCES TO ADDITIONAL INFORMATION**

This prospectus incorporates important business and financial information about Trendwest and Cendant from other documents that are not included in or delivered with this prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this prospectus by accessing the Securities and Exchange Commission's website maintained at <http://www.sec.gov> or by requesting copies in writing or by telephone from the appropriate company at the following addresses:

Cendant Corporation  
9 West 57th Street  
New York, New York 10019  
(212) 413-1800

Trendwest Resorts, Inc.  
9805 Willows Road  
Redmond, WA  
(425) 498-2500

The information contained in this registration statement (including any information incorporated by reference herein) concerning JELD-WEN and Trendwest (including information concerning any financial advisors) has been furnished to Cendant by JELD-WEN and Trendwest. Cendant assumes no responsibility for the accuracy or completeness of such information. We will mail the documents you request by first class mail, or another equally prompt means, by the next business day after we receive your request.

See Where You Can Find More Information.

---

**TABLE OF CONTENTS**

	<u>Page</u>
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	1
<u>SUMMARY</u>	5
<u>The Companies</u>	5
<u>Cendant</u>	5
<u>Trendwest</u>	6
<u>The Merger Agreement</u>	6
<u>The Merger Consideration</u>	6
<u>Conditions to the Completion of the Merger</u>	7
<u>Conditions to the Completion of the Stock Purchase</u>	7
<u>Termination of the Merger Agreement</u>	8
<u>Trendwest's Reasons for the Merger</u>	8
<u>Cendant's Reasons for Acquisition of Trendwest by Means of the Stock Purchase and the Merger</u>	8
<u>Opinions of Trendwest's Financial Advisors</u>	8
<u>No Shareholder Approval Required</u>	9
<u>The Stock Purchase Agreement</u>	9
<u>The Stock Option Agreement</u>	9
<u>The Registration Rights Agreement</u>	10
<u>The MountainStar Redemption</u>	10
<u>Interests of Certain Persons in the Merger</u>	10
<u>Trendwest Board of Directors</u>	11
<u>Stock Exchange Listing</u>	11
<u>Material United States Federal Income Tax Consequences of the Merger</u>	11
<u>Accounting Treatment</u>	11
<u>Appraisal Rights</u>	11
<u>Regulatory Matters</u>	11
<u>RISK FACTORS</u>	12
<u>SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS</u>	15
<u>FINANCIAL SUMMARY</u>	17
<u>COMPARATIVE PER SHARE DATA</u>	18
<u>SELECTED HISTORICAL FINANCIAL DATA OF CENDANT</u>	19
<u>SELECTED HISTORICAL FINANCIAL DATA OF TRENDWEST</u>	20
<u>THE MERGER</u>	21
<u>General</u>	21
<u>Background of the Merger</u>	22
<u>Trendwest's Reasons for the Merger</u>	26
<u>Cendant's Reasons for the Merger</u>	28
<u>Opinions of Trendwest's Financial Advisors</u>	29
<u>Stock Exchange Listing</u>	42
<u>Material United States Federal Income Tax Consequences of the Merger</u>	42
<u>Anticipated Accounting Treatment</u>	44
<u>Regulatory Approvals</u>	44
<u>Dissenters' or Appraisal Rights</u>	46
<u>Interests of Certain Persons in the Acquisition of Trendwest by Means of the Stock Purchase and the Merger</u>	47
<u>Delisting and Deregistration of Trendwest Common Stock</u>	49
<u>Restrictions on Resales by Affiliates of Trendwest</u>	49

	<u>Page</u>
<u>THE MERGER AGREEMENT</u>	50
<u>Introduction: Transactions</u>	50
<u>Merger Consideration</u>	50
<u>Conversion of Shares; Exchange Agent; Procedures for Exchange of Certificates; Fractional Shares</u>	51
<u>Effect on Stock Based Awards; Employee Stock Purchase Plan</u>	52
<u>Board of Directors and Officers of the Surviving Company</u>	52
<u>Representations and Warranties</u>	53
<u>Definition of Material Adverse Effect</u>	54
<u>Conduct of Business Pending Completion of the Stock Purchase</u>	55
<u>No Solicitation</u>	56
<u>Additional Covenants</u>	58
<u>MountainStar</u>	59
<u>JELD-WEN Non-competition Provision</u>	60
<u>JELD-WEN Indemnification Provision</u>	60
<u>Conditions to the Merger</u>	61
<u>Termination of the Merger Agreement</u>	61
<u>STOCK PURCHASE AGREEMENT</u>	62
<u>Stock Purchase Consideration</u>	62
<u>Non-Solicitation</u>	63
<u>Restrictions on Transfer</u>	63
<u>Restrictions on Sales</u>	63
<u>Conditions to Closing of the Stock Purchase</u>	63
<u>Termination of the Stock Purchase Agreement</u>	65
<u>THE STOCK OPTION AGREEMENT</u>	66
<u>Exercise of the Option</u>	66
<u>Termination of the Option</u>	66
<u>Effect of the Stock Option Agreement and the Stock Purchase Agreement</u>	66
<u>REGISTRATION RIGHTS AGREEMENT</u>	67
<u>Registration</u>	67
<u>Indemnification</u>	67
<u>Termination</u>	67
<u>COMPARATIVE RIGHTS OF STOCKHOLDERS</u>	68
<u>Power to Call Special Meeting of Stockholders</u>	68
<u>Stockholder Action Without a Meeting</u>	68
<u>Size of The Board of Directors</u>	69
<u>Classification of Board of Directors</u>	69
<u>Special Meetings of the Board of Directors</u>	69
<u>Removal of Directors</u>	70
<u>Transactions Involving Officers or Directors</u>	70
<u>Limitation of Liability of Directors; Indemnification</u>	71
<u>Dividends and Repurchases of Shares</u>	72
<u>Approval of Certain Corporate Transactions</u>	72
<u>Class Voting in Certain Corporation Transactions</u>	73
<u>Business Combinations/Mergers</u>	73
<u>Control Share Act</u>	74
<u>Appraisal Rights</u>	74
<u>Inspection of Stockholders List</u>	75
<u>Bylaws</u>	75
<u>Dissolution</u>	75

---

	<u>Page</u>
<u>EXPERTS</u>	76
<u>LEGAL MATTERS</u>	76
<u>SUBMISSION OF FUTURE STOCKHOLDER PROPOSALS</u>	76
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	77
<u>MERGER AGREEMENT</u>	ANNEX A
<u>STOCK PURCHASE AGREEMENT</u>	ANNEX B
<u>STOCK OPTION AGREEMENT</u>	ANNEX C
<u>REGISTRATION RIGHTS AGREEMENT</u>	ANNEX D
<u>OPINION OF BANC OF AMERICA SECURITIES LLC</u>	ANNEX E
<u>OPINION OF HOULIHAN LOKEY HOWARD &amp; ZUKIN FINANCIAL ADVISORS</u>	ANNEX F

**QUESTIONS AND ANSWERS ABOUT THE MERGER**

**Q: What is the transaction?**

A: Cendant has agreed to acquire all of Trendwest in a series of two transactions: a purchase of shares from a small group of Trendwest shareholders, followed by the merger of Trendwest with a Cendant subsidiary. To effect this acquisition, Cendant entered into two agreements on March 30, 2002. Cendant, Tornado Acquisition Corporation (also called Merger Sub ), JELD-WEN, inc., a privately held Oregon corporation and Trendwest's principal shareholder, and certain directors and executive officers of Trendwest and JELD-WEN entered into a stock purchase agreement providing for the purchase from these Trendwest shareholders of the shares of Trendwest common stock owned by them. On April 30, 2002, Merger Sub consummated the stock purchase pursuant to which it purchased approximately 90.1% of the then outstanding shares of Trendwest. Cendant, Merger Sub, JELD-WEN and Trendwest also entered into a merger agreement which provides that, following the stock purchase, the remaining, publicly-held shares of Trendwest common stock will be acquired by means of a merger.

**Q: Did the Trendwest Board of Directors approve the merger?**

A: The Trendwest Board of Directors unanimously approved the merger agreement and determined that the merger consideration is fair to Trendwest's shareholders. In addition, a special committee of the Trendwest board of directors, composed of Trendwest's independent directors, unanimously determined that the proposed transaction was in the best interest of Trendwest and its shareholders other than JELD-WEN and its affiliates and unanimously recommended to the Trendwest board of directors that it approve the transactions, including the merger agreement and the stock option agreement (described below).

**Q: What will happen in the proposed merger?**

A: In the proposed merger, Trendwest will merge with Merger Sub, a newly formed subsidiary of Cendant formed for the purpose of acquiring Trendwest. After the merger, Trendwest will no longer be a public company and will become a wholly owned subsidiary of Cendant. See The Merger on pages 21 through 49.

**Q: When will the merger occur?**

A: The merger will occur when Merger Sub files articles of merger with the office of the Secretary of State of the State of Oregon (or at such other time as Cendant and Trendwest agree and specify in those articles of merger), subject to the terms and conditions set forth in the merger agreement, including the prior effectiveness of the registration statement on Form S-4 filed by Cendant covering the shares of Cendant common stock, designated CD Common Stock, to be issued in the merger.

**Q: What is Cendant Corporation?**

A: Cendant is one of the foremost providers of travel and real estate services in the world. Cendant operates in five business segments: Real Estate Services, Hospitality, Travel Distribution, Vehicle Services and Financial Services. Cendant's businesses provide a wide range of consumer and business services and are intended to complement one another and create cross-marketing opportunities within each segment. Cendant's Real Estate Services segment franchises real estate brokerage businesses, provides home buyers with mortgages and assists in employee relocations. Cendant's Hospitality segment operates lodging franchise systems, facilitates the sale and exchange of vacation ownership interests and markets vacation rental properties. Cendant's Travel Distribution segment provides global distribution and computer reservation services, travel services, reservation processing, connectivity and information management services. Its Vehicle Services segment operates and franchises car rental businesses and provides fleet management and fuel services to corporate clients and government agencies. Cendant's Financial Services segment provides enhancement packages to financial institutions, insurance-based products to consumers, loyalty solutions to businesses, operates and franchises tax preparation service and provides a variety of membership programs offering discounted products and services to consumers.

**Q: What will I receive in the merger?**

A: Following the consummation of the merger, you will have the right to receive 1.3074 shares of CD Common Stock in exchange for each share of Trendwest common stock. The number of shares that you will have the right to receive as merger consideration was determined by an exchange ratio that fluctuated with the market price of CD Common Stock and was subject to a version of a mechanism commonly referred to as a collar that reduces exposure to losses and gains from market price fluctuations within specified market price ranges. The merger consideration of 1.3074 is based on the greater of the JELD-WEN exchange ratio of 1.2973, which was determined for purposes of the stock purchase agreement based on the ten-day average Cendant trading price prior to the date of the stock purchase, and the merger exchange ratio of 1.3074, determined as follows:

the merger exchange ratio was determined by dividing \$24.00 by \$18.357, which is the average of the closing sales prices of CD Common Stock for the ten consecutive NYSE trading days ending on (and including) the second trading day immediately prior to (and excluding) the date that the registration statement relating to this prospectus became effective, May 21, 2002;

in the event that this ten-day trailing average Cendant merger trading price had been greater than \$18.50, then the merger exchange ratio would have been equal to 1.2973;

because the average Cendant merger trading price is between \$16.15 and \$18.50, the merger exchange ratio is equal to the quotient of \$24.00 divided by the average Cendant merger trading price and is between 1.2973 and 1.4861;

in the event that the average Cendant merger trading price had been less than \$16.15 but greater than or equal to \$13.50, then the merger exchange ratio would have been equal to 1.4861; and

in the event that the average Cendant merger trading price had been less than \$13.50, then the exchange ratio would not be capped at 1.4861, but would have been equal to the quotient of \$20.062 divided by the average Cendant merger trading price.

The JELD-WEN exchange ratio was determined in precisely the same manner as the merger exchange ratio, to the extent described above, except that it was determined based on the ten-day trailing average Cendant trading price prior to the date of the stock purchase instead of prior to the effectiveness of the registration statement. See *The Merger Agreement Merger Consideration* on pages 50 through 51 for a more detailed description of the average Cendant merger trading price.

The following table summarizes the foregoing description:

<b>If the Average Cendant Merger Trading Price had been:</b>	<b>Then the Merger Exchange Ratio would have been:</b>
Equal to or greater than \$18.50	1.2973
\$16.15 or less, but greater than or equal to \$13.50	1.4861
\$13.49 or less	\$20.062 divided by the average Cendant merger trading price
<b>However, since the Average Cendant Merger Trading Price was:</b>	<b>The Merger Exchange Ratio is:</b>
Between \$16.16 and \$18.49	\$24.00 divided by the average Cendant merger trading price (rounded to the nearest thousandth)
<b>If the exchange ratio determined as above had been:</b>	<b>Then the Merger Exchange Ratio would have been:</b>
Less than the JELD-WEN exchange ratio	the JELD-WEN exchange ratio

Cendant will not issue fractional shares in the merger. Cendant will round the total number of shares of CD Common Stock you receive down to the nearest whole number of shares, and you will receive a cash payment based on the average Cendant merger trading price for any remaining fraction instead of a fractional share of CD Common Stock.

**Q: Why is there no shareholder vote?**

A: On April 30, 2002, Merger Sub acquired, pursuant to the stock purchase agreement, all of the shares of Trendwest common stock owned by JELD-WEN and the other selling shareholders who sold their shares in the stock purchase. As a result of this stock purchase, Merger Sub owns at least 90% of the outstanding Trendwest common stock. In addition, Merger Sub is entitled to exercise an option granted to it by Trendwest to ensure that it continues to own at least 90% of the outstanding Trendwest common stock. On May 1, 2002, Merger Sub purchased 100,000 shares of Trendwest's common stock pursuant to this option. Under applicable provisions of the Oregon Revised Statutes relating to short form mergers, if a parent corporation owns at least 90% of the shares of each class of shares of subsidiary corporation, the parent can merge with the subsidiary without any vote or other action of the subsidiary's shareholders. Because Merger Sub will own at least 90% of the Trendwest common stock outstanding at the effective time of the merger, Trendwest is not required to solicit and will not be soliciting your vote to adopt the merger agreement. See "Stock Purchase Agreement" on pages 62 through 65.

**Q: Do I have appraisal rights?**

A: No. Under Oregon law, in the case of a short form merger, shareholders that otherwise would be entitled to exercise dissenters' appraisal rights do not have these rights if the stock affected is registered on a national securities exchange or is quoted on the National Association of Securities Dealers, Inc. Automated Quotation System (Nasdaq) as a National Market System issue at the time that a summary plan of merger is mailed to shareholders pursuant to Section 60.491 of the Oregon Revised Statutes. Since the Trendwest common stock is quoted on Nasdaq as a National Market System issue, dissenters' appraisal rights will not be available in connection with the merger. See "The Merger Dissenters' or Appraisal Rights" on page 46.

**Q: What did JELD-WEN and the other shareholders receive when Merger Sub purchased their shares of Trendwest common stock under the stock purchase agreement?**

A: JELD-WEN and the other Trendwest shareholders who sold shares pursuant to the stock purchase agreement received for each share of Trendwest common stock purchased by Merger Sub 1.2973 shares of CD Common Stock, which was determined by dividing \$24.00 by the average of the closing sales prices of CD Common Stock for the ten consecutive NYSE trading days ending on (and including) the second trading day immediately prior to (and excluding) the date on which the stock purchase was made (the JELD-WEN exchange ratio), subject to a maximum of 1.4861 and a minimum of 1.2973, based on a collar mechanism with a range established between \$16.15 and \$18.50. The stock purchase agreement provides that if the merger exchange ratio is greater than the JELD-WEN exchange ratio, then these selling shareholders, other than JELD-WEN, will receive at the time of the merger under the stock purchase agreement additional shares so that they end up receiving for their shares of Trendwest common stock the same exchange ratio as is received by other Trendwest shareholders in the merger.

The following table summarizes the foregoing description:

<b>If the Average Cendant Trading Price had been:</b>	<b>Then the JELD-WEN Exchange Ratio would have been:</b>
Between \$16.16 and \$18.49	\$24.00 divided by the average trading price described in the above paragraph (rounded to the nearest thousandth)
\$16.15 or less, but greater than or equal to \$13.50	1.4861
<b>However, since the Average Cendant Trading Price was:</b>	<b>The JELD-WEN Exchange is:</b>
Equal to or greater than \$18.50	1.2973

On April 26, 2002, the second trading day immediately prior to (and excluding) the date of the stock purchase, the average trading price of CD Common Stock for the ten-trading day period ending on that date was \$18.64 and the

JELD-WEN exchange ratio was determined in accordance with the description above to be 1.2973. Since the merger exchange ratio, 1.3074, is greater than 1.2973, the selling shareholders other than JELD-WEN will receive at the merger closing additional shares so that they end up receiving for their shares of Trendwest common stock the same exchange ratio as is received by the Trendwest shareholders in the merger.

**Q: When do you expect the merger to be completed?**

A: We expect to complete the merger as soon as practicable following the effectiveness of this registration statement, but in no event earlier than thirty days from the mailing of notice of the merger.

**Q: Should I send in my stock certificates now?**

A: No. After the merger, Cendant will send you written instructions for sending in your Trendwest stock certificates.

**Q: How will the merger be treated for accounting purposes?**

A: The merger will be accounted for using the purchase method of accounting as such term is used under accounting principles generally accepted in the United States of America. The purchase method accounts for a merger as an acquisition of one company by another.

**Q: Who can help answer my questions?**

A: If you have any questions about the merger or if you need additional copies of this prospectus you should contact:

Investor Relations  
Cendant Corporation  
9 West 57th Street  
New York, NY 10019  
Telephone: (212) 413-1800

**Q: Where can I find more information about the companies?**

A: You can find more information about Trendwest and Cendant from various sources described under **Where You Can Find More Information** on pages 77 through 78.

## SUMMARY

This summary highlights selected information from this document and may not contain all the information that is important to you. For a more complete understanding of the merger and for a more complete description of the legal terms of the merger, you should read this entire document carefully, as well as the additional documents to which we refer you, including the stock purchase agreement and the merger agreement. See

Where You Can Find More Information (pages 77 through 78). References in this document to Cendant and Trendwest include their respective subsidiaries unless otherwise indicated. The stock purchase provided for in the stock purchase agreement is referred to in this prospectus as the stock purchase and the merger provided for in the merger agreement is referred to in this prospectus as the merger. Together, the stock purchase and the merger constitute (together referred to in this prospectus as the transactions) the transactions by means of which Cendant, through its subsidiary Merger Sub, is acquiring Trendwest.

### The Companies

Cendant Corporation  
9 West 57th Street  
New York, New York 10019  
(212) 413-1800

Trendwest Resorts, Inc.  
9805 Willows Road  
Redmond, WA  
(425) 498-2500

### Cendant

Cendant is one of the foremost providers of travel and real estate services in the world. Cendant's businesses provide a wide range of consumer and business services and are intended to complement one another and create cross-marketing opportunities both within and among its following five business segments:

Cendant's Real Estate Services segment franchises the real estate brokerage businesses of the CENTURY 21<sup>®</sup>, Coldwell Banker<sup>®</sup>, Coldwell Banker Commercial<sup>®</sup> and ERA<sup>®</sup> brands; provides home buyers with mortgages through Cendant Mortgage Corporation; and assists in employee relocations through Cendant Mobility Services Corporation.

Cendant's Hospitality segment operates the Days Inn<sup>®</sup>, Ramada<sup>®</sup> (in the United States), Super 8 Motel<sup>®</sup>, Howard Johnson<sup>®</sup>, Wingate Inn<sup>®</sup>, Knights Inn<sup>®</sup>, Travelodge<sup>®</sup> (in North America), Villager Lodge<sup>®</sup>/Village Premier<sup>®</sup>/Hearthside by Villager and AmeriHost Inn<sup>®</sup> lodging franchise systems; facilitates the sale and exchange of vacation ownership intervals through Resort Condominiums International, LLC, Fairfield Resorts, Inc. and Equivest Finance, Inc. and markets vacation rental properties in Europe through Holiday Cottages and Cuendet.

Cendant's Travel Distribution segment provides global distribution and computer reservation services to airlines, hotels, car rental companies and other travel suppliers and provides our travel agent customers the ability to electronically access airline schedule and fare information, book reservations, and issue tickets through Galileo International; provides travel services through its Cendant Travel and Cheap Tickets travel agency businesses; and provides reservations processing, connectivity and information management services through WizCom.

Cendant's Vehicle Services segment operates and franchises its Avis<sup>®</sup> car rental business and provides fleet management and fuel card services to corporate clients and government agencies through PHH Arval and Wright Express. On May 21, 2002, Cendant announced the sale of its National Car Parks subsidiary, an operator of parking facilities in the United Kingdom, for approximately \$1.2 billion in cash.

Cendant's Financial Services segment provides enhancement packages to financial institutions through FISI\*Madison LLC; provides insurance-based products to consumers through Benefit Consultants, Inc.

and Long Term Preferred Care, Inc.; provides loyalty solutions to businesses through Cims Ltd.; operates and franchises tax preparation services through Jackson Hewitt Inc.; and provides a variety of membership programs offering discounted products and services to consumers through its relationship with Trilegiant Corporation.

### **Trendwest**

Trendwest markets, sells, and finances timeshare vacation ownership interests in the form of vacation credits and fractional ownership interests. Trendwest also acquires and develops resorts. Trendwest's resorts (except fractional interests) are owned and operated through WorldMark, The Club (referred to as WorldMark), and WorldMark South Pacific Club (referred to as WorldMark South Pacific), together referred to as the Clubs. WorldMark is a California non-profit mutual benefit corporation organized in 1989 to provide an innovative, flexible vacation ownership system. WorldMark South Pacific is a registered managed investment scheme regulated by the Australian Securities and Investments Commission. Trendwest presently sells vacation ownership interests in 48 resorts located in the United States, British Columbia, Mexico, Fiji, and Australia and operates a network of 45 sales offices in eight western states, Alaska, Kansas, Missouri, Australia, and Fiji. At December 31, 2001, the Clubs had over 149,000 vacation credit owners. Trendwest sells two types of timeshare vacation ownership interests: vacation credits and fractional ownership interests in vacation properties. Its vacation credit system is a points-based system that allows owners to reserve units at any of the Clubs' resorts, at any time of the year and in increments as short as one day. The use of vacation credits is not tied to any particular resort unit or time period. Trendwest's combination of multiple Club resorts and vacation credit system provides owners with an attractive range of vacation planning choices and values. Its vacation credit system facilitates the sale of vacation credits at off-site sales offices located in major metropolitan areas and reduces dependence on on-site sales centers located at more remote resort locations.

### **The Merger Agreement (Pages 50 Through 61)**

The merger agreement is attached as Annex A to this prospectus. We encourage you to read the merger agreement as it is the principal document governing the merger.

### **The Merger Consideration (Pages 50 Through 51)**

At the effective time of the merger, Trendwest common stock (other than Trendwest common stock held by Cendant or any wholly owned subsidiary of Cendant) will be converted, without any action on the part of the holder, in accordance with the exchange procedures below, into the right to receive, for each share of Trendwest common stock, the merger consideration. The merger consideration will be based on an exchange ratio of 1.3074 shares of CD Common Stock for each share of Trendwest common stock, which is the greater of the JELD-WEN exchange ratio of 1.2973, determined as described in the section entitled "The Stock Purchase Agreement Consideration," and the merger exchange ratio of 1.3074, determined as follows:

the merger exchange ratio was determined by dividing \$24.00 by the average Cendant merger trading price, so that if the average Cendant merger trading price was anywhere between \$16.15 and \$18.50, then the merger exchange ratio would equal the quotient of \$24.00 divided by the average Cendant merger trading price and would be between 1.2973 and 1.4861;

in the event that the average Cendant merger trading price had been less than \$16.15 but greater than or equal to \$13.50, then the merger exchange ratio would have been equal to 1.4861; and

in the event that the average Cendant merger trading price had been less than \$13.50, then the merger exchange ratio would have equaled the quotient of \$20.062 divided by the average Cendant merger trading price.

The average Cendant merger trading price is \$18.357, which was calculated based on the arithmetic average of the 4:00 p.m. eastern time closing sales prices of CD Common Stock reported on the New York Stock Exchange Composite Tape for the ten consecutive NYSE trading days ending on (and including) the second trading day immediately prior to, and excluding May 23, 2002, the date that the registration statement in which this prospectus is included became effective.

At the effective time of the merger, all shares of Trendwest common stock will no longer be outstanding and will be cancelled and retired and will cease to exist. Following the effective time of the merger, each holder of Trendwest common stock (other than Trendwest, Cendant or any wholly owned subsidiary of Cendant) will cease to have any rights with respect to their shares of Trendwest common stock, except the right to receive, without interest, the merger consideration.

**Conditions to the Completion of the Merger (Page 61)**

The completion of the merger depends upon meeting a number of conditions including the following:

the registration statement in which this prospectus is included having become effective under the Securities Act of 1933, as amended, and no stop order or proceedings seeking a stop order having been entered by or pending before the Securities Exchange Commission;

the shares of CD Common Stock having been approved for listing on the NYSE;

no judgment, order, decree, statute, law, ordinance, rule or regulation, entered, enacted, promulgated, enforced or issued by any court or other governmental authority of competent jurisdiction or other legal restraint or prohibition being in effect restraining or prohibiting the consummation of the merger; and

at least a majority of the then outstanding shares of Trendwest common stock having been purchased by Merger Sub pursuant to the stock purchase agreement.

Cendant intends to effect the merger without a meeting of shareholders of Trendwest in accordance with the provisions of Section 60.491 of the Oregon Revised Statutes, which allow an entity which owns at least 90% of the outstanding shares of another entity (as would be the case with Merger Sub in respect of Trendwest) to merge with that entity no sooner than 30 days following the delivery to all shareholders of a notice of its intent to effect such a merger (accompanied by a summary plan of merger) simply by filing articles of merger with the office of the Secretary of State of the State of Oregon. This notice was mailed to all Trendwest's shareholders of record on May 1, 2002.

**Conditions to the Completion of the Stock Purchase (Pages 63 Through 65)**

As described above, the completion of the merger depends, among other things, upon completion of the stock purchase, and completion of the stock purchase in turn depended upon meeting a number of conditions, including the following:

The obligations of Cendant, Merger Sub and the selling shareholders to complete the stock purchase were subject to, among other things:

absence of any legal prohibition to the merger; and

absence of any change in law after the date of the stock purchase agreement that would prevent the stock purchase and the merger from qualifying as an integrated transaction that qualifies as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986 as amended (referred to in this prospectus as the Code).

**Termination of the Merger Agreement (Page 61)**

The merger agreement may not be terminated.

**Trendwest's Reasons for the Merger (Pages 26 Through 28)**

Some of Trendwest's reasons for the merger include:

Consideration of the existing assets, financial condition, operations, management and historical earnings of Trendwest, and the board of directors' judgment as to the nature and future prospects of Trendwest's business and the future value of Trendwest;

Trendwest's limitations as a public company, including limited trading volume, lack of institutional sponsorship, limited public float and lack of research attention by market analysts;

The opportunity for Trendwest's shareholders to participate in a larger more diversified company with greater depth of management; and

The solicitation process conducted by Banc of America Securities LLC, referred to in this prospectus as Banc of America Securities since 1999, and the board of directors' belief that Trendwest was unlikely to receive a higher offer from another party.

**Cendant's Reasons for Acquisition of Trendwest by Means of the Stock Purchase and the Merger (Pages 28 Through 29)**

Some of Cendant's reasons for the acquisition of Trendwest by means of the stock purchase and the merger include:

the acquisition will provide Cendant with a unique opportunity to expand the scope of its involvement in the vacation ownership and travel industries;

the acquisition will provide Cendant with an opportunity to substantially broaden the range of Cendant's vacation ownership offerings in one of the fastest growing segments of the travel industry;

the acquisition will provide Cendant with an opportunity to substantially broaden the geographic scope of its timeshare businesses and will complement the timeshare businesses being operated by existing subsidiaries of Cendant; and

Trendwest's experienced senior managers have more than 30 years' experience in the vacation ownership industry and have developed strong sales and marketing teams.

**Opinions of Trendwest Financial Advisors (Pages 29 Through 42)**

In deciding to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, the Trendwest board of directors considered the opinion, dated March 28, 2002, of its financial advisor, Banc of America Securities, that, as of March 28, 2002, and based upon and subject to the various assumptions described in the written opinion, the exchange ratio formula set forth in the merger agreement used to determine the number of shares of CD Common Stock to be issued in the merger was fair, from a financial point of view, to the shareholders of Trendwest, other than JELD-WEN and the other shareholders selling under the stock purchase agreement. In addition, in deciding to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, the Trendwest board of directors considered the recommendation of the special committee of the Trendwest board of directors established in connection with the transactions. The special committee, in deciding to recommend approval of the merger agreement, the merger and the other transactions contemplated by the merger agreement, considered the opinion which its financial advisor, Houlihan Lokey delivered on and dated March 28, 2002, that, based on the

assumptions made, matters considered and limitations on the review described in the opinion, the consideration per share to be received in connection with the transactions by the holders of Trendwest common stock, other than JELD-WEN and the JELD-WEN affiliates, is fair from a financial point of view and not less than the financial consideration per share to be received by JELD-WEN or its affiliates in connection with the transactions. In this prospectus, Houlihan Lokey Howard & Zukin Financial Advisors, Inc. is referred to as Houlihan Lokey. The written opinions of Banc of America Securities and of Houlihan Lokey are attached as Annexes E and F, respectively, to this prospectus. We encourage you to read these opinions carefully and in their entirety as they set forth the assumptions, conditions and limitations on which such opinions are based.

#### **No Shareholder Approval Required (Page 21)**

We are not asking you to vote on the merger. Under the Oregon Revised Statutes, referred to in this prospectus as the ORS, if a parent corporation owns at least 90% of the shares of each class of shares of subsidiary corporation, the parent can merge with the subsidiary in a short form merger without a vote of shareholders. Cendant and Merger Sub have consummated pursuant to a stock purchase agreement the purchase of the shares of Trendwest common stock beneficially owned by JELD-WEN and certain directors and executive officers of Trendwest and JELD-WEN who, as of April 30, 2002, collectively owned approximately 90.1% of the outstanding shares of Trendwest common stock. See Stock Purchase Agreement, pages 62 through 65. As Merger Sub has acquired 90% or more of the shares of Trendwest, Merger Sub can effect the merger pursuant to the short form merger provisions of the Oregon Revised Statutes without the action of any other shareholder of Trendwest. Further, if for any reason after the stock purchase Merger Sub does not own at least 90% of the outstanding Trendwest shares, Merger Sub can purchase additional shares of Trendwest common stock under the stock option granted to it by Trendwest. Accordingly, because Merger Sub will own at least 90% of the outstanding Trendwest common stock at the time of the merger, Trendwest is not required to solicit and will not be soliciting your vote to adopt the merger agreement.

#### **The Stock Purchase Agreement (Pages 62 Through 65)**

In connection with the merger agreement, JELD-WEN and certain other shareholders of Trendwest entered into the stock purchase agreement. At April 30, 2002, JELD-WEN and such other shareholders owned 34,625,361 outstanding shares of Trendwest common stock, of which JELD-WEN owned 30,883,096 shares. These shares represented approximately 90.1% of the outstanding shares of Trendwest common stock at April 30, 2002. On the stock purchase closing date each seller under the stock purchase agreement sold to Merger Sub all of his, her or its shares of Trendwest common stock. On April 30, 2002, immediately prior to the stock purchase, approximately 1.8 million of JELD-WEN's Trendwest shares of common stock were redeemed in connection with the acquisition of MountainStar by JELD-WEN. See Merger Agreement MountainStar MountainStar Redemption, page 59. The stock purchase agreement is attached hereto as Annex B. We encourage you to read the stock purchase agreement carefully and in its entirety.

#### **The Stock Option Agreement (Page 66)**

In connection with the merger agreement, Trendwest entered into a stock option agreement with Cendant and Merger Sub. Under the stock option agreement, Trendwest granted to Merger Sub an irrevocable option to purchase newly issued shares of Trendwest common stock, at an exercise price of \$24.00 per share (subject to adjustment). The option may be exercised by Merger Sub, in whole or in part, at any time or from time to time after the date on which Merger Sub shall have purchased, pursuant to the stock purchase agreement, shares of Trendwest common stock constituting at least 71% of the shares of Trendwest common stock issued and outstanding on the date of purchase. This option ensures that Merger Sub can continue as owner of at least 90% of Trendwest's outstanding common stock. On May 1, 2002 Cendant purchased 100,000 shares of Trendwest common stock pursuant to the stock option. The stock option agreement is attached hereto as Annex C. We encourage you to read the stock option agreement carefully and in its entirety.

**The Registration Rights Agreement (Page 67)**

In connection with the stock purchase, the selling shareholders entered into a registration rights agreement with Cendant relating to the shares of CD Common Stock issued to the selling shareholders pursuant to the stock purchase agreement. Under the registration rights agreement, Cendant filed with the SEC a registration statement on Form S-3 so as to permit the offer and subsequent resale by each selling shareholder of CD Common Stock following the effective date of this registration statement. The parties expect the registration statement on Form S-3 to become effective at the same time as the registration statement on Form S-4 covering the shares being issued in the merger, so that shares of CD Common Stock issued to Trendwest shareholders in connection with the merger and shares of CD Common Stock issued to the selling shareholders under the stock purchase agreement will be freely tradeable at approximately the same time.

**The MountainStar Redemption (Page 47)**

Immediately prior to the stock purchase, JELD-WEN acquired the assets comprising the MountainStar development project from Trendwest in accordance with the merger agreement. The purchase price for MountainStar was equal to the net book value of MountainStar, which was approximately \$44 million dollars, comprised of \$76 million in net assets less approximately \$32 million of debt related to MountainStar to be assumed by JELD-WEN as a consequence of the MountainStar redemption. Accordingly, Trendwest redeemed from JELD-WEN approximately 1.8 million shares to pay for MountainStar.

Cendant initially indicated to Trendwest and JELD-WEN that its interest in acquiring Trendwest did not extend to the MountainStar development property, a project beyond the scope of Trendwest's core timeshare business. During Cendant's negotiations with JELD-WEN and Trendwest, Cendant repeatedly indicated that it would not acquire Trendwest unless JELD-WEN agreed that MountainStar would be disposed of so that Cendant could acquire Trendwest unencumbered by MountainStar. Cendant proposed that it should have the right, though not the obligation, to put MountainStar to JELD-WEN following the acquisition of Trendwest at a price equal to the book value of MountainStar. JELD-WEN ultimately agreed to acquire MountainStar from Trendwest prior to Cendant's acquisition of Trendwest by redeeming Trendwest shares with a value equal to the book value of MountainStar, while leaving Cendant with the right to purchase MountainStar for a limited period after the acquisition of Trendwest.

In order to prevent the MountainStar redemption from causing the transaction to fail to qualify as a reorganization under section 368(a) of the Code, the MountainStar redemption may be cancelled in the event that the price of CD Common Stock at the time of the merger is less than \$10.00. Trendwest and Cendant have retained the right to repurchase MountainStar at the net book value of MountainStar for a period of two months after the merger in exchange for shares of CD Common Stock valued at the JELD-WEN exchange ratio. In addition, JELD-WEN has granted Trendwest certain exclusive development rights in respect of the MountainStar property.

**Interests of Certain Persons in the Merger (Pages 47 Through 49)**

In addition to their interests as shareholders, the directors and executive officers of Trendwest and JELD-WEN, the principal and controlling shareholder of Trendwest, may have interests in the acquisition of Trendwest by means of the stock purchase and the merger that are different from, or in addition to, your interests. Prior to the stock purchase, in accordance with the merger agreement, JELD-WEN acquired MountainStar in exchange for shares of Trendwest common stock. The employee stock options of all of Trendwest's executive officers became fully vested as a result of the stock purchase. Certain interests may exist as a result of rights under certain officers' individual employment agreements. The executive officers and directors of Trendwest are also entitled to indemnification in respect of events occurring at or prior to the effective time of the merger. The members of the Trendwest board of directors knew of these additional interests, and considered them when they approved the merger and took other actions relating to the acquisition of Trendwest.

**Trendwest Board of Directors (Page 54)**

Immediately following the stock purchase, William F. Peare, Jeffrey P. Sites, Jerol E. Andres, Douglas P. Kintzinger and Roderick C. Wendt resigned as members of Trendwest's board of directors. The remaining members of Trendwest's board will remain on the board until the merger is completed. Pursuant to the bylaws of Trendwest, Trendwest's board of directors elected James E. Buckman, Stephen P. Holmes, Samuel L. Katz and Kevin M. Sheehan, each a designee of Cendant, to fill the vacancies on Trendwest's board of directors, each such director to hold office until the next annual meeting of shareholders.

**Stock Exchange Listing (Page 42)**

Cendant has begun preparation of a listing application to list the shares of CD Common Stock to be issued to Trendwest shareholders in connection with the merger with the New York Stock Exchange.

**Material United States Federal Income Tax Consequences of the Merger (Pages 42 Through 44)**

It is intended that the stock purchase and the merger will, for U.S. federal income tax purposes, be treated as an integrated transaction that will qualify as a reorganization under Section 368(a) of the Code and Trendwest has received an opinion from its counsel that, on the basis of the facts, representations, covenants, limitations and assumptions set forth or referred to in such opinion, the transaction will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. Assuming that the transaction so qualifies, a holder of Trendwest common stock will not recognize gain or loss upon the receipt of CD Common Stock in exchange for Trendwest common stock in the merger, except with respect to cash received instead of a fractional share of CD Common Stock. See Material United States Federal Income Tax Consequences of the Merger on pages 42 through 44. HOLDERS OF TRENDWEST COMMON STOCK ARE STRONGLY ENCOURAGED TO CONSULT THEIR TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX LAWS.

**Accounting Treatment (Page 44)**

The merger will be accounted for using the purchase method of accounting as such term is used under accounting principles generally accepted in the United States of America. The purchase method accounts for a merger as an acquisition of one company by another.

**Appraisal Rights (Page 46)**

Under Oregon law, in the case of a short form merger, shareholders that otherwise would be entitled to exercise dissenters' rights do not have these rights if the stock affected is registered on a national securities exchange or is quoted on the National Association of Securities Dealers, Inc. Automated Quotation System as a National Market System issue at the time that a summary plan of merger is mailed to shareholders pursuant to Section 60.491 of the Oregon Revised Statutes. Since the Trendwest common stock will be quoted on Nasdaq as a National Market System issue at the applicable time, dissenters' appraisal rights are not be available in connection with the merger.

**Regulatory Matters (Pages 44 Through 46)**

Under the merger agreement, Cendant and Trendwest have agreed to use their reasonable good faith efforts to obtain all necessary actions or no actions, waivers, consents and approvals from any governmental authority necessary to complete the merger.

**Recent Developments**

On May 21, 2002, Cendant announced the sale of its National Car Parks subsidiary, an operator of parking facilities in the United Kingdom, for approximately \$1.2 billion in cash.

## RISK FACTORS

In addition to the other information included in this prospectus including the matters addressed in Special Note Regarding Forward-Looking Statements, you should carefully consider the matters described below in order to assess the risks associated with holding shares of CD Common Stock.

### **The Value of the Merger Consideration is Subject to Changes Based on Fluctuations in the Value of CD Common Stock to be Received in the Merger**

You will have the right to receive 1.3074 shares of CD Common Stock in the merger for each share of Trendwest common stock you own. Such calculation was based upon the average Cendant share price for the 10 trading days preceding the second trading day prior to (and including) the date the registration statement relating to this prospectus became effective. Although the number of shares of CD Common Stock is fixed at 1.3074, the market price of CD Common Stock when the merger takes place may vary from the market price on the date of the effectiveness of this registration statement or on the date of this prospectus. For example, during the 12-month period ended on May 22, 2002 (the most recent practicable date prior to the effectiveness of the registration statement relating to this prospectus), the price of CD Common Stock varied from a low of \$10.60 to a high of \$20.90 and ended that period at \$18.28. Variations like these may occur as a result of changes in the business, operations or prospects of Cendant or the combined company, market assessments of the likelihood that the merger will be completed and the timing of the merger's completion, regulatory considerations, general market and economic conditions and other factors. Because the market price of CD Common Stock fluctuates, the overall value of the merger consideration you will receive at the time of the merger may be adversely affected by changes in the market price of CD Common Stock.

### **CD Common Stock May be Subject to Disproportionate Market Risk**

The market prices of CD Common Stock and of securities of the publicly-held companies in the industries in which Cendant operates have shown volatility and sensitivity in response to many factors. These factors include overall economic conditions and consumer confidence, general market trends, calamitous events such as the September 11 terrorist attacks, public communications regarding litigation and judicial decisions, legislative or regulatory actions, pricing trends, competition, earnings, membership reports of particular industry participants and acquisition activity. Cendant cannot assure the level or stability of the price of its securities at any time or the impact of the foregoing or any other factors on such prices. We urge you to obtain current market quotations for CD Common Stock.

### **The Price of CD Common Stock is Affected by Factors Different from the Factors Affecting the Price of Trendwest Common Stock**

Cendant's business differs significantly from that of Trendwest and Cendant's results of operations, as well as the market price of CD Common Stock, are affected by factors that differ from those that affect Trendwest's results of operations and the price of Trendwest's common stock.

### **Failure to Complete the Stock Purchase and the Merger Could Have a Negative Impact on the Market Price and Future Business and Operations of Trendwest**

If the acquisition of Trendwest by means of the stock purchase and the merger is not completed, the market price of Trendwest common stock may be negatively affected by the following:

- the price of Trendwest common stock may decline to the extent that the current market price reflects a market assumption that the merger will be completed;

- costs related to the merger, such as legal, accounting and other fees, as well as a portion of the financial advisory fees, must be paid even if the merger is not completed; and

the diversion of management's attention from the day-to-day business operations of Trendwest and the unavoidable disruption to its employees and its relationships with its customers and suppliers during the period before completion of the merger may make it difficult to regain financial and market position if the acquisition of Trendwest by means of the stock purchase and the merger does not occur.

**The Merger May Adversely Affect Trendwest's Ability to Attract and Retain Key Employees**

Current and prospective Trendwest employees may experience uncertainty about their future roles after the merger. In addition, current and prospective Trendwest employees may determine that they do not desire to work for Cendant for a variety of reasons. These factors may adversely affect Trendwest's ability to attract and retain key management, sales, marketing and other personnel.

**Accounting Irregularities and Related Litigation and Government Investigations Could Adversely Effect Cendant's Financial Position or Liquidity**

Cendant was created in December 1997, through the merger of HFS Incorporated into CUC International, Inc. with CUC surviving and changing its name to Cendant Corporation. On April 15, 1998, Cendant announced that in the course of transferring responsibility for Cendant's accounting functions from Cendant personnel associated with CUC prior to the merger to Cendant personnel associated with HFS before the merger and preparing for the report of first quarter 1998 financial results, Cendant discovered accounting irregularities in some of the CUC business units. As a result, Cendant, together with its counsel and assisted by auditors, immediately began an intensive investigation. As a result of the findings of the investigations, Cendant restated its previously reported financial results for 1997, 1996 and 1995 and the six months ended June 30, 1998.

Following the April 15, 1998 announcement of the discovery of accounting irregularities in the former business units of CUC, approximately 70 lawsuits claiming to be class actions, three lawsuits claiming to be brought derivatively on Cendant's behalf and several individual lawsuits and arbitration proceedings were commenced in various courts and other forums against Cendant and other defendants by or on behalf of persons claiming to be stockholders of Cendant and persons claiming to have purchased or otherwise acquired securities or options issued by CUC or Cendant between May 1995 and August 1998.

The SEC and the United States Attorney for the District of New Jersey have conducted investigations relating to the matters referenced above. As a result of the findings from Cendant's internal investigations, Cendant made all adjustments it considered necessary, which are reflected in its previously filed restated financial statements for the years ended December 31, 1997, 1996 and 1995 and for the six months ended June 30, 1998. On June 14, 2000, pursuant to an offer of settlement made by Cendant, the SEC issued an Order Instituting Public Administrative Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings and Imposing a Cease and Desist Order. In such Order, the SEC found that Cendant had violated certain financial reporting provisions of the Exchange Act and ordered Cendant to cease and desist from committing any future violations of such provisions. No financial penalties were imposed against Cendant.

On December 7, 1999, Cendant announced that it had reached a preliminary agreement to settle the principal securities class action pending against Cendant in the U.S. District Court in Newark, New Jersey, brought on behalf of purchasers of all Cendant and CUC publicly traded securities, other than PRIDES, between May 1995 and August 1998. A portion of the PRIDES litigation had previously been settled through the issuance of rights. Under the settlement agreement, Cendant would pay the class members approximately \$2.85 billion in cash and 50% of any recovery Cendant may obtain in connection with claims it has asserted against CUC's former public auditor. The definitive settlement document was approved by the U.S. District Court by order dated August 14, 2000. Certain parties in the class action appealed various aspects of the District Court's orders approving the settlement. In August 2001, the U.S. Court of Appeals for the Third Circuit affirmed the judgment of the District Court approving the settlement (but remanded the case back to the District Court for further proceedings concerning an award of fees to the class attorneys, a matter in which we have no interest). One party

in the class action petitioned the U.S. Supreme Court to hear her challenge to the plan of allocation of the settlement funds among the class members. On March 18, 2002, the U.S. Supreme Court declined to review the matter. The settlement agreement required Cendant to post collateral in the form of credit facilities and/or surety bonds by November 13, 2000, which Cendant has done. In light of the Supreme Court's action on March 18, 2002, the settlement is required to be fully funded by Cendant by July 16, 2002.

The settlement does not encompass all litigations asserting claims against Cendant associated with the accounting irregularities. Cendant does not believe that it is feasible to predict or determine the final outcome or resolution of these unresolved proceedings. An adverse outcome from such unresolved proceedings could be material with respect to earnings in any given reporting period. However, Cendant does not believe that the impact of such unresolved proceedings should result in a material liability to Cendant in relation to its financial position or liquidity.

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents that are made a part of this prospectus by reference to other documents filed with the Securities and Exchange Commission include various forward-looking statements about Cendant and Trendwest that are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Cendant and Trendwest to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements include the information concerning future financial performance, business strategy, projected plans and objectives of Cendant and Trendwest set forth under:

Questions and Answers About the Merger;

Summary;

The Merger.

Statements preceded by, followed by or that otherwise include the words believes, expects, anticipates, intends, project, estimates, plans, increase, may fluctuate and similar expressions or future or conditional verbs such as will, should, would, may and could are generally forward-looking in nature and not historical facts. You should understand that the following important factors and assumptions could affect our future results and could cause actual results to differ materially from those expressed in such forward-looking statements:

the impacts of the September 11, 2001 terrorist attacks on New York City and Washington D.C. on the travel industry in general, and Cendant's travel businesses in particular, are not fully known at this time, but are expected to include negative impacts on financial results due to reduced demand for travel in the near term; other attacks, acts of war, or measures taken by governments in response thereto may negatively affect the travel industry, Cendant's financial results and could also result in a disruption in Cendant's business;

the effect of economic conditions and interest rate changes on the economy on a national, regional or international basis and the impact thereof on Cendant's businesses;

the effects of a decline in travel, due to political instability, adverse economic conditions or otherwise, on Cendant's travel related business;

the effects of changes in current interest rates, particularly on Cendant's real estate franchise and mortgage businesses;

the resolution or outcome of Cendant's unresolved pending litigation relating to the previously announced accounting irregularities and other related litigation;

Cendant's ability to develop and implement operational, technological and financial systems to manage growing operations and to achieve enhanced earnings or effect cost savings;

competition in Cendant's existing and potential future lines of business and the financial resources of, and products available to, competitors;

failure to reduce quickly Cendant's substantial technology costs in response to a reduction in revenue, particularly in Cendant's computer reservations and global distribution systems businesses;

Cendant's failure to provide fully integrated disaster recovery technology solutions in the event of a disaster;

Cendant's ability to integrate and operate successfully acquired and merged businesses and risks associated with such businesses, including the acquisitions of Galileo International Inc. and Cheap

Tickets, Inc., the compatibility of the operating systems of the combining companies, and the degree to which our existing administrative and back-office functions and costs and those of the acquired companies are complementary or redundant;

Cendant's ability to obtain financing on acceptable terms to finance our growth strategy and to operate within the limitations imposed by financing arrangements and to maintain its credit ratings;

competitive and pricing pressures in the vacation ownership and travel industries, including the car rental industry;

changes in the vehicle manufacturer repurchase arrangements in Cendant's Avis car rental business in the event that used vehicle values decrease;

and changes in laws and regulations, including changes in accounting standards and privacy policy regulation.

**We encourage you to read Cendant's Annual Report on Form 10-K for the year ended December 31, 2001.**

In addition, important factors and assumptions discussed in Trendwest's Annual Report on Form 10-K for the year ended December 31, 2001, which is incorporated by reference into this prospectus, as well as Trendwest's ability to implement Cendant's management's business objectives, could affect the future results of Trendwest following the merger, and, therefore, the results of the combined company, and could cause actual results to differ materially from those expressed in such forward-looking statements.

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. Most of these factors are difficult to predict accurately and are generally beyond our control. These forward-looking statements involve risks and uncertainties in addition to the risk factors described under "Risk Factors."

You should consider the areas of risk described above in connection with any forward-looking statements that may be made by Cendant or Trendwest and either of their businesses generally. Except for Trendwest and Cendant's ongoing obligations to disclose material information under the federal securities laws, neither Cendant nor Trendwest undertake any obligation to release publicly any revisions to forward-looking statements, to report events or to report the occurrence of unanticipated events unless required by law. You are advised, however, to consult any additional disclosures Cendant or Trendwest make in their Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K to the Securities and Exchange Commission (the "Commission"). See "Where You Can Find More Information." Also note that we provide a cautionary discussion of risks and uncertainties under "Risk Factors" on page 13 of this prospectus. These are factors that we think could cause our actual results to differ materially from expected results. Other factors besides those listed here could also adversely affect us.

## FINANCIAL SUMMARY

### Market Price Data

Trendwest common stock is quoted on Nasdaq under the symbol TWRI. CD Common Stock is traded on the New York Stock Exchange under the symbol CD. The following table presents trading information for CD Common Stock and Trendwest common stock on March 28, 2002 and May 22, 2002. March 28, 2002 was the last trading day prior to the announcement of the execution of the stock purchase and merger agreements. May 22, 2002 was the last trading day prior to the effectiveness of this prospectus.

	CD Common Stock			Trendwest Common Stock		
	High	Low	Close	High	Low	Close
March 28, 2002	\$ 19.54	\$ 19.04	\$ 19.20	\$ 25.01	\$ 23.40	\$ 24.02
May 22, 2002	\$ 18.45	\$ 18.05	\$ 18.28	\$ 24.19	\$ 23.30	\$ 24.00

On March 13, 2002, there were approximately 65 holders of record of shares of Trendwest common stock.

### Historical Market Prices and Dividends

The following table sets forth, for the periods indicated, the high and low sales prices per share of CD Common Stock and Trendwest common stock on the New York Stock Exchange and Nasdaq, respectively, based on published financial sources. All stock splits, including the three-for-two stock splits of Trendwest common stock in February 2001 and November 2001 have been reflected.

Calendar Period	CD		Trendwest		
	Common	Stock	Common	Stock	
	High	Low	High	Low	
<b>2000</b>					
First Quarter		\$ 24.313	\$ 16.188	\$ 11.167	\$ 9.000
Second Quarter		18.750	12.156	11.500	7.167
Third Quarter		14.875	10.626	9.222	7.361
Fourth Quarter		12.563	8.500	12.444	7.000
<b>2001</b>					
First Quarter		14.760	9.625	16.222	10.194
Second Quarter		20.370	13.890	19.233	14.500
Third Quarter		21.530	11.030	17.940	13.800
Fourth Quarter		19.810	12.040	28.100	16.667
<b>2002</b>					
First Quarter		19.990	15.350	27.600	21.800
Second Quarter (through May 22)		19.35	17.30	26.28	23.15

### Dividend Policy

Both Cendant and Trendwest have historically not paid dividends on their common stock and do not expect to pay any dividends in the foreseeable future. Following the merger, the declaration of dividends will be at the discretion of the Cendant board of directors and will be determined after consideration of various factors, including, the earnings and financial condition of Cendant and its subsidiaries. Cendant expects to retain its earnings for the development and expansion of its business, including acquisitions, and the repayment of indebtedness and does not anticipate paying dividends on CD Common Stock in the foreseeable future.

### COMPARATIVE PER SHARE DATA

The following table sets forth certain historical per share data of Cendant and Trendwest and certain equivalent Trendwest per share data. The equivalent per share data is calculated based on Cendant historical data and assumes exchange ratios for each share of Trendwest common stock at the low, high and mid-point of the range established by the collar mechanism used to determine the exchange ratio (after giving effect to a three-for-two stock split of Trendwest shares in February 2001 and a three-for-two stock split of Trendwest shares in November 2001). The information set forth below should be read in conjunction with the selected historical financial data of Cendant and Trendwest included elsewhere in this prospectus and incorporated by reference into this prospectus (see [Where You Can Find More Information](#) on pages 76 through 77).

	<b>Assumed Exchange Ratio 1.4861(2)</b>	<b>Assumed Exchange Ratio 1.3853(3)</b>	<b>Assumed Exchange Ratio 1.2973(4)</b>
<b>Historical Cendant</b>			
Diluted income per share from continuing operations:			
For the twelve months ended December 31, 2001	\$ 0.45	\$ 0.45	\$ 0.45
For the three months ended March 31, 2002	\$ 0.34	\$ 0.34	\$ 0.34
Cash dividends per share:			
For the twelve months ended December 31, 2001	\$	\$	\$
For the three months ended March 31, 2002	\$	\$	\$
Book value per share (1):			
As of December 31, 2001	\$ 7.23	\$ 7.23	\$ 7.23
As of March 31, 2002	\$ 7.69	\$ 7.69	\$ 7.69
<b>Historical Trendwest</b>			
Diluted net income per share from continuing operations:			
For the twelve months ended December 31, 2001	\$ 1.43	\$ 1.43	\$ 1.43
For the three months ended March 31, 2002	\$ 0.21	\$ 0.21	\$ 0.21
Cash dividends per share:			
For the twelve months ended December 31, 2001	\$	\$	\$
For the three months ended March 31, 2002	\$	\$	\$
Book value per share (1):			
As of December 31, 2001	\$ 6.97	\$ 6.97	\$ 6.97
As of March 31, 2002	\$ 7.20	\$ 7.20	\$ 7.20
<b>Equivalent Trendwest</b>			
Diluted income per share from continuing operations:			
For the twelve months ended December 31, 2001	\$ 0.94	\$ 0.88	\$ 0.82
For the three months ended March 31, 2002	\$ 0.49	\$ 0.45	\$ 0.43
Cash dividends per share:			
For the twelve months ended December 31, 2001	\$	\$	\$
For the three months ended March 31, 2002	\$	\$	\$
Book value per share (1):			
As of December 31, 2001	\$ 11.44	\$ 10.70	\$ 10.05
As of March 31, 2002	\$ 12.08	\$ 11.30	\$ 10.62

- (1) Historical book value per share for Cendant and Trendwest is computed by dividing total shareholders' equity by the number of shares outstanding at the end of each period.
- (2) Assumes an average Cendant trading price of \$16.15 per share.
- (3) Assumes an average Cendant trading price of \$17.325 per share.
- (4) Assumes an average Cendant trading price of \$18.50 per share.

## SELECTED HISTORICAL FINANCIAL DATA OF CENDANT

The selected historical consolidated statement of operations data for the three months ended March 31, 2002 and 2001 and the balance sheet data as of March 31, 2002 are derived from Cendant's unaudited consolidated condensed financial statements and accompanying notes filed on Form 10-Q on May 10, 2002. The selected historical consolidated statement of operations data for the three years ended December 31, 2001 and the balance sheet data as of December 31, 2001 and 2000 are derived from Cendant's audited consolidated financial statements and accompanying notes filed on Form 10-K on April 1, 2002. The selected historical consolidated statement of operations data for the year ended December 31, 1998 and the balance sheet data as of December 31, 1999 are derived from Cendant's audited consolidated financial statements and accompanying notes filed on Form 10-K/A on July 3, 2001, which were restated to reflect Cendant's individual membership business as part of continuing operations. The selected historical consolidated statement of operations data for the year ended December 31, 1997 and the balance sheet data as of December 31, 1998 and 1997 are derived from Cendant's unaudited consolidated financial data included in Form 10-K filed on April 1, 2002. You should read this table in conjunction with such financial statements, which are incorporated by reference into this prospectus.

	Three Months Ended March 31,		Year Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
	(in millions except per share data)						
<b>Results of Operations</b>							
Net revenues	\$ 2,713	\$ 1,486	\$ 8,950	\$ 4,659	\$ 6,076	\$ 6,585	\$ 5,429
Income (loss) from continuing operations	\$ 342	\$ 277	\$ 423	\$ 660	\$ (229)	\$ 160	\$ 66
Income (loss) from discontinued operations, net of tax(1)					174	380	(26)
Extraordinary gain (loss), net of tax				(2)			26
Cumulative effect of accounting change, net of tax		(38)	(38)	(56)			(283)
Net income (loss)	\$ 342	\$ 239	\$ 385	\$ 602	\$ (55)	\$ 540	\$ (217)
<b>Per Share Data</b>							
<i>CD Common Stock</i>							
Income (loss) from continuing operations:							
Basic	\$ 0.35	\$ 0.32	\$ 0.47	\$ 0.92	\$ (0.30)	\$ 0.19	\$ 0.08
Diluted	0.34	0.30	0.45	0.89	(0.30)	0.18	0.08
Cumulative effect of accounting change:							
Basic	\$	\$ (0.04)	\$ (0.05)	\$ (0.08)	\$	\$	\$ (0.35)
Diluted		(0.04)	(0.04)	(0.08)			(0.35)
Net income (loss):							
Basic	\$ 0.35	\$ 0.28	\$ 0.42	\$ 0.84	\$ (0.07)	\$ 0.64	\$ (0.27)
Diluted	0.34	0.26	0.41	0.81	(0.07)	0.61	(0.27)
					December 31,		
	March 31, 2002		2001	2000	1999	1998	1997
<b>Financial Position</b>							
Total assets	\$ 31,346		\$ 33,452	\$ 15,072	\$ 15,149	\$ 20,217	\$ 14,073
Long-term debt, excluding Upper DECS	5,720		6,132	1,948	2,845	3,363	1,246
Upper DECS	863		863				
Assets under management and mortgage programs	11,704		11,950	2,861	2,726	7,512	6,444
Debt under management and mortgage programs	9,666		9,844	2,040	2,314	6,897	5,603
Mandatorily redeemable preferred interest in a subsidiary	375		375	375			
Mandatorily redeemable preferred securities issued by subsidiary holding solely senior debentures issued by the Company				1,683	1,478	1,472	

Edgar Filing: CENDANT CORP - Form S-4/A

Stockholders' equity	7,560	7,068	2,774	2,206	4,836	3,921
----------------------	-------	-------	-------	-------	-------	-------

(1) Income (loss) from discontinued operations, net of tax includes the after tax results of discontinued operations and the gain on disposal of discontinued operations.

### SELECTED HISTORICAL FINANCIAL DATA OF TRENDWEST

The selected historical consolidated statement of operations data and balance sheet data as of and for each of the five years ended December 31, 2001 are derived from Trendwest's audited consolidated financial statements. The selected historical consolidated statement of operations data and balance sheet data as of March 31, 2002 and for the three months ended March 31, 2002 and 2001 are derived from Trendwest's unaudited consolidated condensed financial statements. You should read this table in conjunction with Trendwest's consolidated and condensed financial statements, which are included in Trendwest's December 31, 2001 Annual Report on Form 10-K and March 31, 2002 Quarterly Report on Form 10-Q, incorporated by reference into this prospectus. Share data and earnings per share figures for all periods presented have been adjusted to reflect the 3 for 2 stock splits declared by Trendwest's Board of Directors on February 21, 2001, and November 8, 2001.

	Three Months Ended March 31,		Year Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
Statement of Operations Data:							
Revenues:							
Vacation credit and fractional interest sales, net	\$ 105,088	\$ 92,576	\$ 406,137	\$ 293,130	\$ 234,315	\$ 170,817	\$ 128,835
Finance income	2,045	3,424	20,629	15,562	15,243	13,790	11,989
Gains on sales of notes receivable	4,265	6,255	30,268	18,903	16,265	10,959	6,582
Resort management services	2,024	980	4,607	4,763	3,710	2,328	2,032
Other	2,246	1,742	7,527	5,280	4,593	3,063	2,149
<b>Total revenues</b>	<b>115,668</b>	<b>104,977</b>	<b>469,168</b>	<b>337,638</b>	<b>274,126</b>	<b>200,957</b>	<b>151,587</b>
Costs and operating expenses:							
Vacation credit and fractional interest cost of sales	27,969	26,048	112,288	74,714	68,611	48,059	34,569
Resort management services	431	404	1,588	1,759	1,656	1,399	1,108
Sales and marketing	51,500	43,231	193,531	137,752	104,952	83,347	59,448
General and administrative	13,995	9,294	43,481	31,686	25,234	17,180	13,449
Provision for doubtful accounts	8,407	6,751	30,276	21,148	16,100	11,865	9,077
Interest	350	74	591	479	442	353	1,739
<b>Total costs and operating expenses</b>	<b>102,652</b>	<b>85,802</b>	<b>381,755</b>	<b>267,538</b>	<b>216,995</b>	<b>162,203</b>	<b>119,390</b>
Income before income taxes	13,016	19,175	87,413	70,100	57,131	38,754	32,197
Income tax expense	4,954	7,394	32,211	27,241	22,258	14,723	11,588
<b>Net income</b>	<b>\$ 8,062</b>	<b>\$ 11,781</b>	<b>\$ 55,202</b>	<b>\$ 42,859</b>	<b>\$ 34,873</b>	<b>\$ 24,031</b>	<b>\$ 20,609</b>
Net income per share of common stock:							
Basic	\$ 0.21	\$ 0.47	\$ 1.46	\$ 1.13	\$ 0.90	\$ 0.61	\$ 0.59
Diluted	\$ 0.21	\$ 0.46	\$ 1.43	\$ 1.12	\$ 0.90	\$ 0.61	\$ 0.59
Shares used in computing net income per share of common stock:							
Basic	38,140,914	25,215,096	37,915,714	38,058,093	38,542,275	39,178,841	35,091,944
Diluted	39,008,922	25,496,248					