

CENDANT CORP
Form DEF 14A
July 26, 2006
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SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES

EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

CENDANT CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

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July 25, 2006

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Cendant Corporation (the "Company"), which will be held at the Ramada Inn and Conference Center, 130 Route 10 West, East Hanover, New Jersey 07936 on August 29, 2006 at 10:00 a.m., New York time. We look forward to greeting as many of our stockholders as possible.

This will be the Company's first annual meeting following the announcement of the Company's plan to separate into four separate companies—one for each of the Company's Real Estate Services, Hospitality Services (including Timeshare Resorts), Travel Distribution Services and Vehicle Rental businesses (the "Separation Plan"). As of the date of this letter, the Board of Directors has approved the distributions to the Company's stockholders of all the shares of common stock of Realogy Corporation, the Company's subsidiary that holds the assets and liabilities of its Real Estate Services businesses, and Wyndham Worldwide Corporation, the Company's subsidiary that holds the assets and liabilities of its Hospitality Services (including Timeshare Resorts) businesses. The distributions are expected to occur after the close of business on July 31, 2006. As part of the Separation Plan, the Company also entered into an agreement to sell Travelport, Inc., the Company's subsidiary that holds the assets and liabilities of its Travel Distribution Services businesses, on June 30, 2006 to an affiliate of The Blackstone Group for \$4.3 billion in cash. Upon closing of this sale, which is expected in August 2006, subject to customary closing conditions, the Separation Plan will have been completed. If the sale of Travelport is not completed prior to December 31, 2006, the Company will distribute all of the shares of common stock of Travelport to stockholders and the completion of this distribution will mark the completion of the Separation Plan. Upon completion of the Separation Plan, the Company will be comprised principally of its current vehicle rental operations of the Avis and Budget brands and, upon stockholder approval, the Company will change its name to Avis Budget Group, Inc.

This booklet includes the Notice of Annual Meeting and the Proxy Statement. The Proxy Statement describes the business to be conducted at the Annual Meeting and provides other information concerning the Company of which you should be aware when you vote your shares.

Admission to the Annual Meeting will be by ticket only. If you are a registered stockholder planning to attend the meeting, please check the appropriate box on the proxy card and retain the bottom portion of the card as your admission ticket. If your shares are held through an intermediary, such as a bank or broker, please follow the instructions under the Additional Information section of the Proxy Statement to obtain a ticket.

If you are unable to attend the Annual Meeting in person, you may listen to the proceedings through the Internet. To listen to the live webcast, please log on at www.cendant.com and select "News Releases and Webcasts" in the "Investor Center" section of the website. The webcast will begin at 10:00 a.m., New York time, and will remain on the Company's website for one year. The webcast will permit stockholders to listen to the Annual Meeting but will not provide for the ability to vote or present any stockholder proposals.

Whether or not you attend the Annual Meeting, it is important that your shares be represented and voted at the meeting. As a stockholder of record, you can vote your shares by telephone, electronically via the Internet or by marking your votes on the enclosed proxy card. If you vote on the enclosed proxy card, you must sign, date and mail the proxy card in the enclosed envelope. If you decide to attend the Annual Meeting and vote in person, you may then withdraw your proxy.

On behalf of the Board of Directors and the employees of Cendant Corporation, I would like to express my appreciation for your continued interest in the affairs of the Company.

Sincerely,

Henry R. Silverman

Chairman of the Board and

Chief Executive Officer

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NOTICE OF 2006 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON

AUGUST 29, 2006

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Cendant Corporation (the Company) will be held on August 29, 2006 at 10:00 a.m., New York time, at the Ramada Inn and Conference Center, 130 Route 10 West, East Hanover, New Jersey 07936 (the Meeting), to consider and vote upon the following matters:

1. (A) If the Separation Plan (as defined in the enclosed Proxy Statement) has not yet been completed prior to or as of the date of the Meeting, to elect sixteen directors for a one-year term expiring in 2007 or until their successors are duly elected and qualified, or (B) if the Separation Plan has been completed prior to or as of the date of the Meeting, to elect six directors for a one-year term expiring in 2007 or until their successors are duly elected and qualified;
2. To ratify the appointment of Deloitte & Touche LLP as the auditors of the Company's financial statements for fiscal year 2006;
3. To consider and approve the Company's proposal to amend its amended and restated certificate of incorporation (Certificate of Incorporation) to effect a one-for-ten reverse stock split of its common stock;
4. To consider and approve the Company's proposal to amend its Certificate of Incorporation to change the name of the Company to Avis Budget Group, Inc. ;
5. To consider and approve the Company's proposal to amend its Certificate of Incorporation to redesignate the Company's series of common stock presently designated as Cendant Corporation-CD Common Stock to Common Stock and to remove references to the series of common stock defined as Move.com Stock ;
6. To consider and approve the Company's proposal to amend its Certificate of Incorporation to decrease the number of authorized shares of the Company's common stock to 250 million shares;
7. To consider and vote upon two stockholder proposals; and
8. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on July 20, 2006 as the record date for the Meeting. Only stockholders of record at that time are entitled to notice of, and to vote at, the Meeting and any adjournment or postponement thereof. A list of stockholders entitled to vote at the Meeting will be available for examination by any stockholder, for any purpose germane to the Meeting, at the Meeting and for ten days prior to the Meeting during ordinary business hours at One Campus Drive, Parsippany, New Jersey, the Company's principal place of business.

By Order of the Board of Directors

ERIC J. BOCK

Secretary

Dated: July 25, 2006

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CENDANT CORPORATION

9 West 57th Street

New York, New York 10019

PROXY STATEMENT

Annual Meeting of Stockholders to

be held on Tuesday, August 29, 2006

SEPARATION PLAN

On October 23, 2005, the Board of Directors of Cendant Corporation (the "Company") preliminarily approved a plan to separate the Company into four separate companies—one for each of the Company's Real Estate Services, Hospitality Services (including Timeshare Resorts), Travel Distribution Services and Vehicle Rental businesses. The separation was to occur through distributions to the Company's stockholders of all of the shares of common stock of three subsidiaries of the Company that would hold the assets and liabilities of the businesses other than the Vehicle Rental business, which was to remain after the distributions. Following each distribution, the Company's stockholders were expected to own 100% of the common stock of the subsidiary being distributed. On July 13, 2006, the Board of Directors approved the distributions to the Company's stockholders of all of the shares of common stock of Realogy Corporation, the Company's subsidiary that holds the assets and liabilities of the Company's Real Estate Services businesses, and Wyndham Worldwide Corporation, the Company's subsidiary that holds the assets and liabilities of the Company's Hospitality Services (including Timeshare Resorts) businesses. The distributions are expected to occur after the close of business on July 31, 2006. The third and final distribution was expected to be of Travelport Inc., the Company's subsidiary that holds the assets and liabilities of the Company's Travel Distribution Services businesses. On April 24, 2006, the Company announced that as an alternative to distributing shares of Travelport to the Company's stockholders, the Company was also exploring the sale of Travelport. On June 30, 2006, the Company entered into an agreement to sell Travelport to an affiliate of The Blackstone Group for \$4.3 billion in cash. The Company expects the sale of Travelport to close in August 2006, subject to the satisfaction and/or waiver of certain conditions contained in the Travelport purchase agreement.

The Company cannot provide any assurance that the sale of Travelport will be completed as it is subject to certain conditions precedent, some of which are beyond the Company's control. The Company will be required to distribute the shares of common stock of Travelport to the Company's stockholders as originally planned if the sale of Travelport has not been completed by December 31, 2006. In addition, the Company cannot provide any assurance that the Realogy and Wyndham Worldwide distributions will be completed as they are subject to certain conditions precedent.

In connection with the Separation Plan and following both completion of the Realogy and Wyndham Worldwide distributions and the approval of its stockholders, the Company will change its name to Avis Budget Group, Inc. and expects that at such time its common stock will begin to trade on the New York Stock Exchange under the symbol "CAR".

Throughout this Proxy Statement, reference is made to the Company's current principal executive office as 9 West 57th Street, New York, New York 10019. Following completion of the Separation Plan, the Company's principal executive office will become 6 Sylvan Way, Parsippany, New Jersey 07054. Reference is also made to the Company's website address as www.cendant.com. If the name change proposal becomes effective, the Company's new website address will be www.avisbudgetgroup.com. Finally, reference is also made to an email address for the Company's Presiding Director as presidingdirector@celandant.com. If the name change proposal becomes effective, this email address will be changed to presidingdirector@avisbudget.com. The Company will take appropriate measures to ensure that mail (both regular and electronic) is forwarded accordingly.

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ABOUT THE ANNUAL MEETING

Who is soliciting my vote?

The Board of Directors of the Company is soliciting your vote at the 2006 Annual Meeting of Stockholders, and any adjournment or postponement thereof (the Meeting), to be held on the date, at the time and place, and for the purposes set forth in the foregoing notice. This Proxy Statement, the accompanying notice and the enclosed proxy card are first being mailed to stockholders on or about July 28, 2006.

What will I be voting on?

Election of Directors (see page 44);

Ratification of Deloitte & Touche LLP as the Company's auditors for 2006 (see page 45);

Approval of the proposal to amend the Company's amended and restated certificate of incorporation (Certificate of Incorporation) to effect a one-for-ten reverse stock split of the Company's common stock (see page 47);

Approval of the proposal to amend the Company's Certificate of Incorporation to change the name of the Company to Avis Budget Group, Inc. (see page 48);

Approval of the proposal to amend the Company's Certificate of Incorporation to redesignate the Company's series of common stock presently designated as Cendant Corporation-CD Common Stock to Common Stock and to remove references to the series of common stock defined as Move.com Stock (see page 49);

Approval of the proposal to amend the Company's Certificate of Incorporation to decrease the number of authorized shares of the Company's common stock to 250 million shares (see page 50); and

Two stockholder proposals (see pages 51 and 53).

How many votes do I have?

You will have one vote for every share of the Company's common stock, par value \$0.01 per share (the Common Stock), you owned as of the close of business on July 20, 2006 (the Record Date).

How many votes can be cast by all stockholders?

1,001,821,786, consisting of one vote for each of the Company's shares of Common Stock that were outstanding on the Record Date. There is no cumulative voting, and the holders of the Common Stock vote together as a single class.

How many votes must be present to hold the Meeting?

One-third of the outstanding shares of Common Stock entitled to vote at the Meeting, or 333,940,595 votes, must be present, in person or by proxy, to constitute a quorum at the Meeting. Stockholders of record who are present at the Meeting, in person or by proxy, and who abstain from voting, including brokers holding customers' shares of record who do not vote on particular proposals because the brokers do not have discretion to vote and have not received instructions from their customers as to how to vote, will be included in the number of stockholders present at the Meeting for purposes of determining whether a quorum is present for the transaction of business at the Meeting.

How many votes are required to elect directors and adopt the other proposals?

Directors are elected by the affirmative vote of a plurality of the shares of Common Stock present at the Meeting, in person or by proxy, and entitled to vote in the election of Directors. Under applicable

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Delaware law, in determining whether such nominees have received the requisite number of affirmative votes, abstentions and broker non-votes will have no effect on the outcome of the vote.

Approval of the proposal relating to the ratification of the appointment of auditors of the Company's financial statements and each of the stockholder proposals require the affirmative vote of a majority of the shares of Common Stock present, in person or by proxy, and entitled to vote on the proposals. Under the rules of the New York Stock Exchange, brokers who hold shares in street name will have discretion, on behalf of their clients that hold shares as of the record date, to vote on the proposal relating to the ratification of the appointment of auditors when the brokers do not receive instructions from beneficial owners. The brokers, however, will not have discretion to vote on the stockholder proposals when the brokers do not receive instructions from beneficial owners. Under applicable Delaware law, in determining whether such proposals have received the requisite number of affirmative votes, abstentions will be counted and will have the same effect as a vote against each proposal and broker non-votes (if any) will have no effect on the vote on these proposals.

Approval of the proposals amending the Company's Certificate of Incorporation require the affirmative vote of a majority of the outstanding shares of Common Stock entitled to vote on the amendments. Under the rules of the New York Stock Exchange, brokers who hold shares in street name will have discretion, on behalf of their clients that hold shares as of the record date, to vote on these proposals when the brokers do not receive instructions from beneficial owners. Under applicable Delaware law, in determining whether such proposals have received the requisite number of affirmative votes, abstentions and broker non-votes (if any) will be counted and will have the same effect as a vote against the amendments.

A broker non-vote occurs when a broker does not have discretion to vote on a particular proposal (i.e., the proposal is not considered "routine") and the broker has not received instructions from the beneficial owner of the shares as to how to vote on such proposal. Generally, brokers have discretion to vote on proposals relating to what are deemed to be "routine" matters, which include the ratification of auditors and the amendments to the Certificate of Incorporation described in this Proxy Statement, and do not have discretion to vote on proposals relating to what are deemed to be "non-routine" matters, which include stockholder proposals opposed by management. A broker non-vote with respect to a particular proposal will not be considered as present and entitled to vote with respect to that proposal.

How do I vote?

You can vote by valid proxy received by telephone, via the Internet or by mail. If voting by mail, you must:

indicate your instructions on the proxy;

date and sign the proxy;

mail the proxy promptly in the enclosed envelope; and

allow sufficient time for the proxy to be received before the date of the Meeting.

Alternatively, in lieu of returning signed proxy cards, the Company's stockholders of record can vote their shares by telephone or via the Internet. If you are a registered stockholder (that is, if you hold your stock in certificate form), you may vote by telephone or electronically through the Internet by following the instructions included with your proxy card. If your shares are held in "street name" such as in a stock brokerage account or by a bank or other nominee, please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or electronically through the Internet. The deadline for voting by telephone or electronically through the Internet is 11:59 p.m., New York time, on the business day prior to the date of the Meeting.

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Can I change my vote?

Yes. A proxy may be revoked at any time prior to the voting at the Meeting by submitting a later dated proxy (including a proxy by telephone or electronically through the Internet), by giving timely written notice of such revocation to the Secretary of the Company or by attending the Meeting and voting in person. However, if you hold shares in street name, you may not vote these shares in person at the Meeting unless you bring with you a legal proxy from the stockholder of record.

What if I do not vote for some of the matters listed on my proxy card?

Shares of Common Stock represented by proxies received by the Company (whether through the return of the enclosed proxy card, by telephone or through the Internet), where the stockholder has specified his or her choice with respect to the proposals described in this Proxy Statement (including the election of Directors), will be voted in accordance with the specification(s) so made.

If your proxy is properly executed but does not contain voting instructions, or if you vote by telephone or via the Internet without indicating how you want to vote, your shares will be voted:

FOR (A) if the Separation Plan has not yet been completed prior to or as of the date of the Meeting, the election of all sixteen nominees for the Board of Directors; or (B) if the Separation Plan has been completed prior to or as of the date of the Meeting, the election of all six post-Separation Plan nominees for the Board of Directors;

FOR the ratification of the appointment of Deloitte & Touche LLP as auditors of the Company's financial statements for the year ending December 31, 2006;

FOR the proposal to amend the Company's Certificate of Incorporation to effect a one-for-ten reverse stock split of the Company's common stock;

FOR the proposal to amend the Company's Certificate of Incorporation to change the name of the Company to Avis Budget Group, Inc. ;

FOR the proposal to amend the Company's Certificate of Incorporation to redesignate the Company's series of common stock presently designated as Cendant Corporation-CD Common Stock to Common Stock and to remove references to the series of common stock defined as Move.com Stock ;

FOR the proposal to amend the Company's Certificate of Incorporation to decrease the number of authorized shares of the Company's common stock to 250 million shares; and

AGAINST the two stockholder proposals.

How do participants in savings plans vote?

For participants in the Cendant Corporation Employee Savings Plan, the Avis Voluntary Investment Savings Plan, the Avis Voluntary Investment Savings Plan for Bargaining Hourly Employees and the Cendant Car Rental Operations, Inc. Retirement Savings Plan (collectively, the Savings Plans), with shares of Common Stock credited to their accounts, voting instructions for the trustees of the Savings Plans are also being solicited through this Proxy Statement. In accordance with the provisions of the Savings Plans, the respective trustees will vote shares of Common Stock in accordance with instructions received from the participants to whose accounts such shares are credited. To the extent such instructions are not received prior to noon, New York time, on August 23,

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2006, the trustees of the Savings Plans will vote the shares with respect to which it has not received instructions proportionately in accordance with the shares for which it has received instructions. Instructions given with respect to shares in accounts of the Savings Plans may be changed or revoked only in writing, and no such instructions may be revoked after noon, New York time, on August 23, 2006. Participants in the Savings Plans are not entitled to vote in person at the Meeting. If a participant in any of the Savings Plans has shares of Common Stock credited to his or her account and also owns other shares of Common Stock, he or she should receive separate proxy cards for shares credited to his or her account in the Savings Plans and any other shares that he or she owns. All such proxy cards should be completed, signed and returned to the transfer agent to register voting instructions for all shares owned by him or her or held for his or her benefit in the Savings Plans.

Could other matters be decided at the Meeting?

The Board of Directors does not intend to bring any matter before the Meeting other than those set forth above, and the Board is not aware of any matters that anyone else proposes to present for action at the Meeting. However, if any other matters properly come before the Meeting, the persons named in the enclosed proxy, or their duly constituted substitutes acting at the Meeting, will be authorized to vote or otherwise act thereon in accordance with their judgment on such matters.

Do I need a ticket to attend the Meeting?

Yes. Attendance at the Meeting will be limited to stockholders as of the Record Date, their authorized representatives and guests of the Company. Admission will be by ticket only. For registered stockholders, the bottom portion of the proxy card enclosed with the Proxy Statement is the Meeting ticket. Beneficial owners with shares held through an intermediary, such as a bank or broker, should request tickets in writing from Investor Relations at Cendant Corporation, 9 West 57th Street, New York, New York 10019, and include proof of ownership, such as a bank or brokerage firm account statement or letter from the broker, trustee, bank or nominee holding their stock, confirming beneficial ownership. Stockholders who do not obtain tickets in advance may obtain them on the Meeting date at the registration desk upon verifying his or her stock ownership as of the Record Date. In accordance with the Company's security procedures, all persons attending the Meeting must present a picture identification along with their admission ticket or proof of beneficial ownership in order to gain admission. Admission to the Meeting will be expedited if tickets are obtained in advance. Tickets may be issued to others at the discretion of the Company.

How can I access the Company's proxy materials and annual report electronically?

A copy of the Annual Report on Form 10-K filed by the Company with the Securities and Exchange Commission (SEC) for its latest fiscal year is available without charge to stockholders at the Company's website at www.cendant.com or upon written request to Cendant Corporation, 9 West 57th Street, New York, New York 10019, Attention: Investor Relations. **You can elect to receive future annual reports and proxy statements electronically by marking the appropriate box on your proxy card or by following the instructions provided if you vote via the Internet or by telephone.**

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROXY STATEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED AND THE DELIVERY OF THIS PROXY STATEMENT SHALL, UNDER NO CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE OF THIS PROXY STATEMENT.

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When does the Company expect to effect the reverse stock split, name change, redesignation and/or decrease of authorized shares proposals, if approved?

If the reverse stock split, name change, redesignation and/or decrease of authorized shares proposals are approved, the Company intends to amend its Certificate of Incorporation soon after the Meeting to effect the approved proposals. The Company will not effect the proposals, however, unless and until the Realogy and Wyndham Worldwide distributions have been completed. In addition, the Company will not effect the decrease in the number of authorized shares of its common stock unless and until the reverse stock split has been approved by stockholders and completed.

Do I need to do anything with my certificates for the Company's common stock in connection with the reverse stock split and the redesignation of the Company's common stock?

If the reverse stock split and/or redesignation proposals are approved, the Company will then mail to each holder of Common Stock in certificated form a Letter of Transmittal with instructions that explain how stockholders can receive uncertificated shares of Common Stock to which they are entitled following the reverse stock split and/or redesignation of the Company's common stock. Holders of Common Stock in certificated form will be asked to deliver their certificates representing shares of Common Stock, along with a properly executed Letter of Transmittal and any other required documents, to the exchange agent identified in the Letter of Transmittal. The certificates will be canceled and each holder will receive the number of full shares of reclassified Common Stock to which each holder is entitled, after giving effect to the one-for-ten reverse stock split and the redesignation, if approved at the Meeting, subject to receipt of cash in lieu of fractional shares. Unexchanged certificates will represent the number of full shares of reclassified Common Stock to which such holders are entitled, after giving effect to the one-for-ten reverse stock split and the redesignation, if approved at the Meeting. Holders of unexchanged certificates will not be entitled to receive any dividends or other distributions, including cash in lieu of fractional shares, payable by the Company after the the reverse stock split is effective, until the certificates have been surrendered together with a duly completed and executed Letter of Transmittal. Such dividends and distributions, if any, will be accumulated, and at the time of surrender of the certificates together with a duly completed and executed Letter of Transmittal, all such unpaid dividends or distributions will be paid without interest.

Following the reverse stock split or the redesignation, reclassified Common Stock will only be issued electronically by way of direct registration, or in uncertificated form, which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable stock certificates and the need to return a duly executed stock certificate with a Letter of Transmittal to effect a transfer. Shares of Common Stock will no longer be issued in certificated form. Mellon Investor Services LLC will act as the registrar and transfer agent for the Common Stock both before and after the completion of the Separation Plan, the reverse stock split and redesignation. After completion of the reverse stock split and redesignation, stockholders will be able to transfer shares of Common Stock by making a request in writing to Mellon Investor Services.

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The Board of Directors presently consists of sixteen members. Directors serve for a term of one-year expiring at the 2007 annual meeting of stockholders or until their successors are duly elected and qualified. The name and age of each present Director and his or her position with the Company are set forth below.

Name of Present Directors	Age	Present Position
Henry R. Silverman	65	Chairman and Chief Executive Officer and Director
Myra J. Biblowit	58	Director
James E. Buckman	61	Vice Chairman, General Counsel and Director
Leonard S. Coleman	58	Presiding Director
Martin L. Edelman	65	Director
George Herrera	49	Director
Stephen P. Holmes	49	Vice Chairman; Chairman and Chief Executive Officer, Travel Content Division and Director
Louise T. Blouin MacBain	47	Director
Cheryl D. Mills	41	Director
The Right Honourable Brian Mulroney	67	Director
Robert E. Nederlander	73	Director; Chairman of the Corporate Governance Committee
Ronald L. Nelson	54	President and Chief Financial Officer; Chairman and Chief Executive Officer, Vehicle Rental and Director
Robert W. Pittman	52	Director
Pauline D.E. Richards	58	Director; Chairman of the Audit Committee
Sheli Z. Rosenberg	64	Director
Robert F. Smith	73	Director; Chairman of the Compensation Committee

Set forth below are the name and age of each person who will serve as a Director following completion of the Separation Plan.

Name of Post-Separation Plan Directors	Age	Post-Separation Position
Ronald L. Nelson	54	Chairman, Chief Executive Officer and Director
Leonard S. Coleman	58	Presiding Director; Chairman of the Corporate Governance Committee
Martin L. Edelman	65	Director
Sheli Z. Rosenberg	64	Director; Chairman of the Compensation Committee
F. Robert Salerno	55	President, Chief Operating Officer and Director
Stender E. Sweeney	67	Director; Chairman of the Audit Committee

Biographical Information for Nominees

At the Meeting, (A) if the Separation Plan has not been completed prior to or as of the date of the Meeting, the stockholders will vote on the election of each of the Company's present Directors to serve as Directors for a one-year term ending at the 2007 annual meeting of stockholders or until their successors are duly elected and qualified; however, upon completion of the Separation Plan, Messrs. Silverman, Buckman, Herrera, Holmes, Mulroney, Nederlander, Pittman and Smith and Meses. Biblowit, MacBain, Mills and Richards are expected to resign and the Board is expected to reduce the number of Directors in accordance with the Company's Certificate of Incorporation and by-laws to six and to elect Messrs. Salerno and Sweeney to serve for the remainder of the terms of the directors they are replacing or (B) if the Separation Plan has been completed prior to or as of the date

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of the Meeting, the stockholders will vote on the election of each of Messrs. Nelson, Coleman, Edelman, Salerno and Sweeney and Ms. Rosenberg, for a one-year term ending at the 2007 annual meeting of stockholders or until their successors are duly elected and qualified. Certain additional information regarding each of the foregoing nominees, as of July 20, 2006, is set forth below.

Mr. Silverman has been Chief Executive Officer and a Director of the Company since December 1997, as well as Chairman of the Board of Directors and the Executive Committee since July 1998. Mr. Silverman was President of the Company from December 1997 until October 2004. Mr. Silverman was Chairman of the Board, Chairman of the Executive Committee and Chief Executive Officer of HFS Incorporated (HFS) from May 1990 until December 1997. Mr. Silverman will cease to serve as a Director of the Company upon the completion of the Separation Plan and Mr. Silverman will serve as Chairman, Chief Executive Officer and Director of Realogy at the time of the Realogy distribution. Mr. Silverman will cease to serve as Chairman of the Board and Chief Executive Officer of the Company upon the earlier of (i) completion of the Separation Plan or (ii) December 31, 2006.

Ms. Biblowit has been a Director since April 2000. Since April 2001, Ms. Biblowit has been President of The Breast Cancer Research Foundation. From July 1997 until March 2001, she served as Vice Dean for External Affairs for the New York University School of Medicine and Senior Vice President of the Mount Sinai-NYU Health System. From June 1991 to June 1997, Ms. Biblowit was Senior Vice President and Executive Director of the Capital Campaign for the American Museum of Natural History. Ms. Biblowit will cease to serve as a Director of the Company upon the completion of the Separation Plan and will serve as a Director of Wyndham Worldwide at the time of the Wyndham Worldwide distribution.

Mr. Buckman has been a Vice Chairman since November 1998 and General Counsel and a Director of the Company since December 1997. Mr. Buckman was a Senior Executive Vice President of the Company from December 1997 until November 1998. Mr. Buckman was Senior Executive Vice President, General Counsel and Assistant Secretary of HFS from May 1997 to December 1997, a Director of HFS from June 1994 to December 1997 and Executive Vice President, General Counsel and Assistant Secretary of HFS from February 1992 to May 1997. Mr. Buckman will cease to serve as Vice Chairman and a Director of the Company following the completion of the Separation Plan and will serve as a Director of Wyndham Worldwide at the time of the Wyndham Worldwide distribution. Mr. Buckman will cease to serve as the General Counsel of the Company upon the earlier of (i) completion of the Separation Plan or (ii) December 31, 2006.

Mr. Coleman has been a Director since December 1997 and Presiding Director at executive sessions of the Board since February 2003. Mr. Coleman was a Director of HFS from April 1997 until December 1997. From 1999 to December 2005, Mr. Coleman was a Senior Advisor to Major League Baseball. Mr. Coleman was President of The National League of Professional Baseball Clubs from 1994 to 1999, having previously served since 1992 as Executive Director, Market Development of Major League Baseball. Mr. Coleman is a Director of the following corporations which file reports pursuant to the Securities Exchange Act of 1934 (the Exchange Act): Omnicom Group Inc., H.J. Heinz Company, Aramark Corporation, Churchill Downs Inc. and Electronic Arts Inc. Mr. Coleman will continue to serve as a Director of the Company following the completion of the Separation Plan and will become Chairman of the Corporate Governance Committee.

Mr. Edelman has been a Director since December 1997 and was a Director of HFS from November 1993 until December 1997. Mr. Edelman has been Of Counsel to Paul, Hastings, Janofsky & Walker, LLP, a New York City law firm, since June 2000. Mr. Edelman was a partner with Battle Fowler, which merged with Paul, Hastings, Janofsky & Walker, from 1972 through 1993 and was Of Counsel to Battle Fowler from 1994 until June 2000. Mr. Edelman also serves as a Director of the following corporations that file reports pursuant to the Exchange Act: Capital Trust and Ashford Hospitality Trust, Inc. See Certain Relationships and Related Transactions. Mr. Edelman will continue to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Realogy at the time of the Realogy distribution.

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Mr. Herrera has been a Director since January 2004. Since December 2003, Mr. Herrera has served as President and Chief Executive Officer of Herrera-Cristina Group, Ltd., a Hispanic-owned multidisciplinary management firm. From August 1998 to January 2004, Mr. Herrera served as President and Chief Executive Officer of the United States Hispanic Chamber of Commerce. Mr. Herrera served as President of David J. Burgos & Associates, Inc. from December 1979 until July 1998. Mr. Herrera will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Wyndham Worldwide at the time of the Wyndham Worldwide distribution.

Mr. Holmes has been a Vice Chairman and Director of the Company and Chairman and Chief Executive Officer of the Company's Travel Content Division since December 1997. Mr. Holmes was Vice Chairman of HFS from September 1996 until December 1997 and was a Director of HFS from June 1994 until December 1997. From July 1990 through September 1996, Mr. Holmes served as Executive Vice President, Treasurer and Chief Financial Officer of HFS. Mr. Holmes will cease to serve as a Director of the Company following the completion of the Separation Plan and Mr. Holmes will serve as the Chairman, Chief Executive Officer and Director of Wyndham Worldwide at the time of the Wyndham Worldwide distribution.

Ms. MacBain has been a Director since July 2005. Ms. MacBain has been the Chairman of The LTB Group, which includes LTB Holding Ltd., an art magazine publisher and art information provider, since March 2003. From February 2002 to December 2002, Ms. MacBain was Chief Executive Officer of Phillips, de Pury & Luxembourg, an auction house. From October 2000 to February 2002, Ms. MacBain served as a supervisory board member to, and from October 1987 to October 2000, Ms. MacBain was Co-Founder and Chief Executive Officer of, Trader Classified Media, a Netherlands-based buyer and seller of classified ads. Ms. MacBain also holds a number of memberships in international business and art organizations. Ms. MacBain will cease to serve as a Director of the Company following the completion of the Separation Plan.

Ms. Mills has been a Director since June 2000. Ms. Mills has been Senior Vice President and Counselor for Operations and Administration for New York University since May 2002. In February 2006, Ms. Mills also assumed the role of General Counsel for New York University. From October 1999 to November 2001, Ms. Mills was Senior Vice President for Corporate Policy and Public Programming of Oxygen Media, Inc. From 1997 to 1999, Ms. Mills was Deputy Counsel to the former President of the United States, William J. Clinton. From 1993 to 1996, Ms. Mills also served as Associate Counsel to the President. Ms. Mills will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Realogy at the time of the Realogy distribution.

Mr. Mulroney has been a Director since December 1997 and was a Director of HFS from April 1997 until December 1997. Mr. Mulroney was Prime Minister of Canada from 1984 to 1993 and is currently Senior Partner in the Montreal-based law firm, Ogilvy Renault. Mr. Mulroney is a Director of the following corporations which file reports pursuant to the Exchange Act: Archer Daniels Midland Company Inc., Barrick Gold Corporation, Trizec Properties Inc. and Quebecor, Inc. (including its subsidiary, Quebecor World Inc.). See Certain Relationships and Related Transactions. Mr. Mulroney will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Wyndham Worldwide at the time of the Wyndham Worldwide distribution.

Mr. Nederlander has been a Director since December 1997 and Chairman of the Corporate Governance Committee since October 2002. Mr. Nederlander was a Director of HFS from July 1995 until December 1997. Mr. Nederlander has been President and/or Director since November 1981 of the Nederlander Organization, Inc., owner and operator of legitimate theaters in the City of New York. Since December 1998, Mr. Nederlander has been a managing partner of the Nederlander Company, LLC, operator of legitimate theaters outside the City of New York. Mr. Nederlander was Chairman of the Board of Riddell Sports, Inc. (now known as Varsity Brands, Inc.) from April 1988 to September 2003. He has been a limited partner and a Director of the New York Yankees since 1973. Mr. Nederlander has been President of Nederlander Television and Film Productions, Inc. since October 1985 and was Chairman of the Board and Chief Executive Officer of Mego Financial Corp. from January 1988 to January 2002. Mr. Nederlander is currently a Director of Allis-Chalmers Corp., which files

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reports pursuant to the Exchange Act. Mr. Nederlander will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Realogy at the time of the Realogy distribution.

Mr. Nelson has been a Director since April 2003, Chief Financial Officer since May 2003 and President since October 2004. Mr. Nelson has been Chairman and Chief Executive Officer of the Company's Vehicle Rental business since January 2006. From December 2005 to April 2006, Mr. Nelson was Interim Chief Executive Officer of the Company's Travel Distribution Division. From April 2003 to May 2003, Mr. Nelson was Senior Executive Vice President, Finance. From November 1994 until March 2003, Mr. Nelson was Co-Chief Operating Officer of DreamWorks SKG. Prior thereto, he was Executive Vice President, Chief Financial Officer and a Director at Paramount Communications, Inc., formerly Gulf+Western Industries, Inc. Mr. Nelson will continue to serve as a Director of the Company following completion of the Separation Plan. Mr. Nelson will serve as the Chairman and Chief Executive Officer of the Company upon the earlier of (i) the completion of the Separation Plan or (ii) December 31, 2006.

Mr. Pittman has been a Director since December 1997 and was a Director of HFS from July 1994 until December 1997. Mr. Pittman is a member of Pilot Group Manager LLC, the manager of Pilot Group LP, a private equity fund. From May 2002 to July 2002, Mr. Pittman served as Chief Operating Officer of AOL Time Warner, Inc. Mr. Pittman also served as Co-Chief Operating Officer of AOL Time Warner prior to assuming these responsibilities. From February 1998 until January 2001, Mr. Pittman was President and Chief Operating Officer of America Online, Inc., a provider of internet online services. Mr. Pittman also serves as a Director of Electronic Arts Inc., which files reports pursuant to the Exchange Act. Mr. Pittman will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Realogy at the time of the Realogy distribution.

Ms. Richards has been a Director since March 2003 and Chairman of the Audit Committee since October 2004. Since November 2003, Ms. Richards has been Director of Development at the Saltus Grammar School, the largest private school in Bermuda. From January 2001 until March 2003, Ms. Richards served as Chief Financial Officer of Lombard Odier Darier Hentsch (Bermuda) Limited in Bermuda, a trust company business. From January 1999 until December 2000, she was Treasurer of Gulfstream Financial Limited, a stock brokerage company. From January 1999 to June 1999, Ms. Richards served as a consultant to Aon Group of Companies, Bermuda, an insurance brokerage company, after serving in different positions from 1988 through 1998. These positions included Controller, Senior Vice President and Group Financial Controller and Chief Financial Officer. Ms. Richards will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Wyndham Worldwide at the time of the Wyndham Worldwide distribution.

Ms. Rosenberg has been a Director since April 2000. From January 2000 to September 2003, Ms. Rosenberg served as Vice Chairwoman of Equity Group Investments, Inc., a privately held investment company. From October 1994 to December 1999, Ms. Rosenberg was President and Chief Executive Officer of Equity Group Investments, Inc. Ms. Rosenberg serves as a Director of the following companies which file reports pursuant to the Exchange Act: CVS Corporation, Equity Life Style Properties, Inc., Equity Residential Properties Trust, Equity Office Property Trust and Ventas, Inc. Ms. Rosenberg will continue to serve as a Director of the Company following the completion of the Separation Plan.

Mr. Salerno will be President, Chief Operating Officer and a Director of the Company following the completion of the Separation Plan. Mr. Salerno has been Chief Executive Officer of Avis Budget Car Rental, LLC since April 2004. He was previously President and Chief Operating Officer of Cendant Car Rental Group, Inc. from November 2002 until April 2004 and was President and Chief Operating Officer of Avis from 1996 through November 2002. In 1995, he was named Executive Vice President of Operations and in July 1990, Senior Vice President and General Manager of Avis.

Mr. Smith has been a Director since December 1997 and Chairman of the Compensation Committee since October 2004. Mr. Smith was a Director of HFS from February 1993 until December 1997. From March 2003 to

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April 2004, Mr. Smith served as the Chairman of the Board of American Remanufacturers Inc., a Chicago, Illinois automobile parts remanufacturer in which Mr. Smith had an equity interest. From February 1999 to September 2003, Mr. Smith served as Chief Executive Officer of Car Component Technologies, Inc., an automobile parts remanufacturer located in Bedford, New Hampshire. Mr. Smith is the retired Chairman and Chief Executive Officer of American Express Bank, Ltd. (AEBL). Mr. Smith joined AEBL's parent company, the American Express Company, in 1981 as Corporate Treasurer before moving to AEBL and serving as Vice Chairman and Co-Chief Operating Officer and then President prior to becoming Chief Executive Officer. Mr. Smith will cease to serve as a Director of the Company following the completion of the Separation Plan and will serve as a Director of Realogy at the time of the Realogy distribution.

Mr. Sweeney will become a Director and Chairman of the Audit Committee upon completion of the Separation Plan. Mr. Sweeney has been a financial advisor and equity investor in several privately held enterprises since 1998. In 1997, Mr. Sweeney served in a senior financial and operating capacity for a joint venture between DreamWorks SKG and Pacific Data Images. From 1995 to 1996, Mr. Sweeney was the Chief Executive Officer and a Director of Vehicle Information Network, a database management and marketing company. From 1994 to 1995, Mr. Sweeney was the Chief Financial Officer and Principal of The Onyx Group, a shopping center development and management company. From 1968 to 1994, Mr. Sweeney served in various positions at The Times Mirror Company, the last eight years as Vice President, Finance. Mr. Sweeney serves on the board of the Payden & Rygel Investment Group, which files reports pursuant to the Exchange Act.

Functions and Meetings of the Board of Directors

Statement on Corporate Governance

Overview. The Board of Directors has implemented numerous corporate governance enhancements in recent years to further strengthen the Board of Directors' capacity to oversee the Company and to serve the long-term interests of all stockholders. The Company's corporate governance guidelines, director independence criteria, committee charters, codes of conduct and other documents setting forth the Company's corporate governance practices can be accessed in the Investor Center Corporate Governance section of the Company's website at www.cendant.com or by writing to the Company at Cendant Corporation, 9 West 57th Street, New York, New York 10019, Attention: Investor Relations. In addition, the Board has reviewed the provisions of the Sarbanes-Oxley Act of 2002, the rules of the SEC and the New York Stock Exchange's governance listing standards regarding corporate governance policies and procedures and determined that the Company is in compliance with all such standards.

Director Independence. The Board has created a set of director independence criteria (Director Independence Criteria) for evaluating the independence of each of the Directors, which are more stringent than the New York Stock Exchange (NYSE) governance standards. In February 2006, the Board undertook its annual review of Director independence pursuant to NYSE Rule 303A.02(a) and the Company's Director Independence Criteria. During this review, the Board reviewed whether any transactions or relationships exist currently or during the past three years existed between each Director and the Company and its subsidiaries, affiliates and equity investors or independent auditors. The Board also examined whether there were any transactions or relationships between each Director and members of the senior management of the Company or their affiliates. As a result of this review, the Board affirmatively determined that over two-thirds of the Directors were independent under the standards set forth in the Company's Director Independence Criteria and by the NYSE standards. Messrs. Silverman, Buckman, Holmes and Nelson, who were employees of the Company at such time, and Mr. Edelman, who is Of Counsel to a law firm that represents the Company from time to time, were not deemed independent. With respect to the Directors expected to serve following completion of the Separation Plan, two-thirds of the Directors will be independent under the standards set forth in the Company's Director Independence Criteria and by the NYSE standards. Messrs. Nelson and Salerno, who will be employees of the Company, will not be deemed independent. Mr. Edelman will be independent following completion of the Separation Plan. A copy of the Company's Director Independence Criteria is attached to this Proxy Statement as Annex A and also can be found in the Investor Center Corporate Governance section of the Company's

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website at www.cendant.com. A copy may also be obtained upon request from the Company's Corporate Secretary at the address provided above.

Presiding Director. In February 2003, the Board of Directors created a new position of Presiding Director. The Presiding Director's primary responsibilities include presiding over periodic executive sessions of the non-management members of the Board of Directors, advising the Chairman of the Board and Committee chairs with respect to meeting agenda and information needs, providing advice with respect to the selection of Committee chairs and performing other duties that the Board may from time to time delegate to assist it in the fulfillment of its responsibilities. The non-management members of the Board of Directors have designated Mr. Coleman to serve in this position until the Company's 2006 annual meeting of stockholders. Mr. Coleman is expected to continue to serve in this position following the completion of the Separation Plan.

Communicating with the Board of Directors. Stockholders may send communications to the Company's Board of Directors by writing to the Board at Cendant Corporation, 9 West 57th Street, New York, New York 10019. In addition, stockholders interested in communicating directly with the Presiding Director or with any other non-management Director may do so by writing to Cendant Corporation at the same address, Attention: Presiding Director, c/o the Corporate Secretary or via e-mail at presidingdirector@celandant.com. The Presiding Director will review and distribute all stockholder communications received to the intended recipients and/or distribute to the full Board, as appropriate.

Codes of Conduct. The Board has adopted a code of conduct that applies to all officers and employees, including the Company's principal executive officer, principal financial officer and principal accounting officer. The Board has also adopted a code of business conduct and ethics for Directors. Both codes of conduct are available in the Investor Center Corporate Governance section of the Company's website at www.cendant.com, or by writing the Company at Cendant Corporation, 9 West 57th Street, New York, New York 10019, Attention: Investor Relations. The purpose of these codes of conduct is to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; to promote full, fair, accurate, timely and understandable disclosure in periodic reports required to be filed by the Company; and to promote compliance with all applicable rules and regulations that apply to the Company and its officers and Directors.

Board Meetings

The Board of Directors held fifteen meetings and acted by unanimous written consent on four occasions during 2005. In 2005, all incumbent Directors attended at least 75% of the aggregate number of meetings of the Board and committees of the Board on which they served. All Directors are required to attend each regularly scheduled Board meeting, as well as each annual meeting of the Company's stockholders, subject to certain limited exceptions. In 2005, the entire Board of Directors attended the Company's annual meeting of stockholders other than Messrs. Mulrone and Pittman and Ms. Mills pursuant to such exceptions.

Committees of the Board

Audit Committee

The Audit Committee is presently comprised of Mses. Richards (Chairman), Mills and Rosenberg and Mr. Smith (the Audit Committee). The Audit Committee oversees the accounting and financial reporting processes of the Company, as well as the audits of the financial statements of the Company. See Report of Audit Committee below. The Board has determined that all members of the Audit Committee are independent Directors under the rules of the NYSE and the Company's Director Independence Criteria and that each member of the Audit Committee has the ability to read and understand fundamental financial statements. The Board has determined that each of Ms. Richards and Mr. Smith qualify as an Audit Committee financial expert as defined by the rules of the SEC, and, in addition to being independent under the Company's Director Independence

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Criteria and the rules of the NYSE, are independent within the meaning of applicable SEC rules. Following the completion of the Separation Plan, the Audit Committee is expected to be comprised of Mr. Sweeney (Chairman), Ms. Rosenberg and Mr. Edelman. All such members will be independent Directors under the rules of the NYSE, the Company's Director Independence Criteria and applicable SEC rules. Mr. Sweeney will qualify as an Audit Committee financial expert. Each member of the Audit Committee following completion of the Separation Plan will have the ability to read and understand fundamental financial statements. A copy of the Audit Committee charter is attached to this Proxy Statement as Annex B and also can also be found in the Investor Center Corporate Governance section of the Company's website at www.cendant.com, or may be obtained by contacting the Company's Corporate Secretary. The Audit Committee held eleven meetings in 2005.

Compensation Committee

The Compensation Committee is presently comprised of Mr. Smith (Chairman) and Mses. Biblowit and Rosenberg (the Compensation Committee). The Board of Directors has determined that each member of the Compensation Committee is an independent Director under the rules of the NYSE and the Company's Director Independence Criteria. The Compensation Committee administers the Company's equity compensation plans, reviews and administers all compensation arrangements for executive officers and establishes and reviews general policies relating to the compensation and benefits of the Company's officers and employees. Following completion of the Separation Plan, the Compensation Committee is expected to be comprised of Ms. Rosenberg (Chairman), Mr. Coleman and Mr. Edelman. Each such member will be an independent director under the rules of the NYSE and the Company's Director Independence Criteria. The text of the Compensation Committee charter can be found in the Investor Center Corporate Governance section of the Company's website at www.cendant.com, or may be obtained by contacting the Company's Corporate Secretary. The Compensation Committee held seven meetings and acted by unanimous written consent on three occasions in 2005.

Corporate Governance Committee

The Corporate Governance Committee is presently comprised of Messrs. Nederlander (Chairman) and Mulroney and Mses. Mills and Rosenberg (the Corporate Governance Committee). The Board of Directors has determined that each of the current members qualifies as an independent Director under the rules of the NYSE and the Company's Director Independence Criteria. The responsibilities of the Corporate Governance Committee include identifying and recommending to the Board appropriate Director nominee candidates and providing oversight with respect to corporate governance matters. Following the completion of the Separation Plan, the Corporate Governance Committee is expected to be comprised of Mr. Coleman (Chairman), Mr. Sweeney and Ms. Rosenberg. Each such member will be an independent director under the rules of the NYSE and the Company's Director Independence Criteria. The text of the Corporate Governance Committee charter can be found in the Investor Center Corporate Governance section of the Company's website at www.cendant.com, or may be obtained by contacting the Company's Corporate Secretary. The Corporate Governance Committee held two meetings in 2005.

Director Nomination Procedures. The Corporate Governance Committee considers the appropriate balance of experience, skills and characteristics required of the Board of Directors. It seeks to ensure that all members of the Company's Audit Committee meet the Company's Director Independence Criteria and the financial literacy requirements under the rules of the NYSE, and that at least one of them qualifies as an Audit Committee financial expert under the rules of the SEC; and that all members of the Compensation Committee and the Corporate Governance Committee meet the Company's Director Independence Criteria. Nominees for Director are selected on the basis of their depth and breadth of experience, wisdom, integrity, ability to make independent analytical inquiries, understanding of the Company's business environment, and willingness to devote adequate time to Board duties.

The Corporate Governance Committee will consider written proposals from stockholders for nominees for Director. In considering candidates submitted by stockholders, the Corporate Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. Any such nominations should

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be submitted to the Corporate Governance Committee, c/o the Corporate Secretary of the Company, and should include the following: (a) the
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