CENDANT CORP
Form 11-K
July 01, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the fiscal year ended December 31, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from __________ to __________

COMMISSION FILE NO. 1-11402

GALILEO INTERNATIONAL
SAVINGS AND INVESTMENT PLAN
(FULL TITLE OF THE PLAN)

CENDANT CORPORATION
(NAME OF ISSUER OF THE SECURITIES HELD PURSUANT TO THE PLAN)

9 WEST 57TH STREET
NEW YORK, NEW YORK 10019
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICE)

GALILEO INTERNATIONAL
SAVINGS AND INVESTMENT PLAN

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FINANCIAL STATEMENTS:

Schedules required under the Employee Retirement Income Security Act of 1974 ("ERISA"), other than the schedule listed above, are omitted because of the absence of the conditions under which they are required.

INDEPENDENT AUDITORS' REPORT

To the Trustees and Participants of
Galileo International Savings and Investment Plan

We have audited the accompanying statement of net assets available for benefits of Galileo International Savings and Investment Plan (the "Plan") as of December 31, 2001, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2001, and the changes in net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held at end of year as of December 31, 2001 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2001 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP
New York, New York
June 14, 2002

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INDEPENDENT AUDITORS' REPORT

The Plan's Trustees
Galileo International Savings and Investment Plan:

We have audited the accompanying statement of net assets available for benefits of Galileo International Savings and Investment Plan (the Plan) as of December 31, 2000. This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statement referred to above, presents fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP
Chicago, Illinois
June 6, 2001

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GALILEO INTERNATIONAL
SAVINGS AND INVESTMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2001 AND 2000

	2001	2000
ASSETS:		
Investments, at contract value	$ 63,735,996	$ 48,534,594

Investments, at fair value	118,711,894	145,175,203
Cendant Corporation common stock	6,490,220	-
Galileo International, Inc. common stock	-	3,360,933
Participant notes receivable	3,889,782	4,237,165
NET ASSETS AVAILABLE FOR BENEFITS	$192,827,892	$201,307,895

The accompanying notes are an integral part of these financial statements.

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GALILEO INTERNATIONAL
SAVINGS AND INVESTMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2001

ADDITIONS TO NET ASSETS:	
Investment income:	
Interest	$ 3,930,689
Dividends	30,231
Interest on participant loans	365,411
Total investment income	4,326,331
Contributions:	
Participants	10,584,429
Employer	3,481,318
Rollover	437,217
Total contributions	14,502,964
Total additions	18,829,295
DEDUCTIONS FROM NET ASSETS:	
Net realized and unrealized depreciation in fair value of investments	15,608,246
Benefits paid to participants	11,661,617
Administrative expenses and other	39,435
Total deductions	27,309,298
DECREASE IN NET ASSETS AVAILABLE FOR BENEFITS	(8,480,003)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	201,307,895
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$192,827,892

The accompanying notes are an integral part of these financial statements.

GALILEO INTERNATIONAL
SAVINGS AND INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

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1. DESCRIPTION OF THE PLAN

The following brief description of the Galileo International Savings and Investment Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

The Plan is a defined contribution plan subject to the provisions of ERISA covering substantially all U.S. employees of Galileo International, Inc. (the "Company" and "Sponsor"), a wholly owned subsidiary of Cendant Corporation as of October 1, 2001. The Plan was established effective January 1, 1987 to enable eligible employees to defer receipt of a portion of their earnings as contributions under section 401(k) of the Internal Revenue Code (the "IRC") for the primary purpose of providing benefits at the time of retirement, disability, or death. CIGNA Bank & Trust Company is the trustee of the Plan under a contractual agreement with the Company. Connecticut General Life Insurance Company ("CIGNA") maintains all records of the Plan and assumes responsibility for proper allocation of income among all participants' accounts in the Plan. The Company administers the Plan through its ERISA Plans Administration Committee (the "Plan Administrator").

The following is a summary of certain Plan provisions:

a. ELIGIBILITY - All employees are eligible to join the Plan at the time of hire.

b. PARTICIPANT CONTRIBUTIONS - Participants may contribute 1% to 15% (in whole percentages) of their compensation to the Plan through voluntary payroll deductions, subject to a maximum pre-tax contribution of $10,500 for 2001 and 2000. The total annual additions made to a participant's account may not exceed the lesser of $35,000 or 25% of a participant's compensation. Contributions from participants are recognized by the Plan when withheld by the Company through payroll deductions.

c. EMPLOYER CONTRIBUTIONS - For each $1.00 that participants contribute to their 401(k) account, up to 6% of their eligible compensation, the Company will contribute $.50 to the Plan on the behalf of the participant as a matching contribution.

d. ROLLOVERS - All participants are provided the option of making a rollover contribution into the Plan in accordance with Internal Revenue Service ("IRS") regulations.

e. VESTING SCHEDULE - A participant is always fully vested in their contributions, as well as any employer match, interest, dividends, and net realized and unrealized appreciation (depreciation) in fair value of investments, less administrative expenses accrued.

f. LOAN PROVISIONS - A loan provision is available for all actively employed participants of the Plan. The feature allows a participant to borrow up to 50% of the participant's total account balance, minus the highest outstanding loan balance during the last 12 months. Both the participant and Company contributions are available for loans. Loan amounts are available in amounts greater than $1,000 and less than $50,000.

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g. BENEFITS PAID TO PARTICIPANTS - Participants are entitled to withdraw all or any portion of their vested account in accordance with the terms of the Plan and applicable law. Participants have the ability to make full or partial withdrawals of funds in any of their accounts upon attaining age 59 1/2 or for hardship in certain circumstances, as defined in the Plan document, before that age. Amounts payable to participants who have terminated participation in the Plan were approximately $260,000 and zero at December 31, 2001 and 2000. Upon normal retirement, death, or disability, the value of a participant's separate account can be made payable to the participant or their beneficiaries. However, upon termination a participant whose vested interest exceeds $5,000 may elect to leave the account balance in the Plan until notice is given by the participant to receive the distribution or until the normal retirement date and subject to applicable law. Amounts left in the Plan after termination of employment will continue to be adjusted for any earnings, gains, losses, and expenses.

h. ADMINISTRATIVE EXPENSES - The Company paid substantially all of the Plan's administrative expenses other than administrative expenses of the investment funds, which are deducted from a participant's account. Fees paid by participants for Cendant Corporation and Galileo International, Inc. common stock transaction commissions and participant fees for distributions, loans and withdrawals amounted to approximately $36,000 for the year ended December 31, 2001.

i. PLAN TERMINATION - While the Company has not expressed any intent to terminate the Plan, it is free to do so at any time. If the Plan is terminated, the plan administrator may decide to liquidate the Trust, in which case distributions (in a form to be determined by the plan administrator) shall be made to participants of their balances remaining after payment of expenses. If the Trust is not liquidated, all amounts credited to a participant's account at the time of termination shall be retained in the Trust until the participant's termination of employment and will then be distributed as provided by the Plan.

j. ALLOCATIONS - Interest, dividends, net realized and unrealized appreciation (depreciation) in fair value of investments, and administrative expenses are allocated daily to participants based on their respective account balances at the beginning of each day plus the current day's contributions to the total of such amounts for all participants. Participants share only in the interest, dividends, and net realized and unrealized appreciation (depreciation) in fair value of investments, less administrative expenses of the investment funds in which their account is invested.

A separate account is maintained for each participant aggregating the participant's contributions, including amounts representing compensation deferred and interest, dividends, and net realized and unrealized appreciation (depreciation) in fair value of investments, less administrative expenses from investment of such contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF ACCOUNTING - The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting.

b. VALUATION OF INVESTMENTS AND INCOME RECOGNITION - The Plan's investments are stated at fair value. The value of the portion of the mutual fund owned by a pooled separate account is determined by multiplying the Net Asset Value (NAV) by the number of shares owned. The value of the Plan's portion of a pooled separate account is the Net Unit Value (NUV) multiplied by the number of units the Plan owns. The Plan's NUV differs from NAV as dividends and capital gains are automatically reinvested and CIGNA may deduct a small charge for administering the account. The Guaranteed Long-Term Account is a fully benefit-responsive investment contract that is valued at contract value, which represents the principal balance of the investment contract plus accrued interest at the stated contract rate, less payments made and contract charges by the insurance company, and approximates fair value. The annual net rate of return for the Guaranteed Long-Term Account was 7.00% and 6.75% for 2001 and 2000, respectively. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses on investments are determined based on the average cost of investments sold. Interest income is recorded as earned. Dividend income is recorded on the ex-dividend date.

c. USE OF ESTIMATES - The preparation of financial statements in conformity with accounting standards generally accepted in the United States of America require the plan administrator to make estimates and assumptions that affect the amounts reported and related disclosures. Actual results could differ from those estimates.

d. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS - On January 1, 2001, the Company adopted the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133, as amended and interpreted, establishes accounting and reporting standards for derivative instruments and hedging activities. As required by SFAS No. 133, the Company has recorded all such derivatives at fair value in the Consolidated Balance Sheet. The adoption of SFAS No. 133 did not have an impact on the Plan's financial statements.

3. INVESTMENTS

The following table presents investments that represent five percent or more of the Plan's assets as of December 31:

	2001	2000
Guaranteed Long-Term Account	$ 63,735,996	$ 48,534,594
S&P 500 Index	25,967,411	32,086,676
Fidelity Advisor Equity Growth Account	22,735,538	31,010,991
Janus Worldwide Account	11,443,943	18,907,113
Small Cap Value/Berger Account	10,925,063	-
Balanced/Wellington Management Account	10,330,968	11,009,126

During 2001, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciation (depreciation) in fair value, is as follows:

Investments, at fair value	$(18,285,943)
Cendant Corporation common stock	2,013,023
Galileo International, Inc. common stock	664,674
	$(15,608,246)

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4. TAX STATUS

The IRS previously determined and informed the Company by letter dated May 26, 1998 that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving that determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Further, during 2001, the Company restated the Plan document and filed for a new determination letter with the IRS. By letter dated June 13, 2002, the IRS determined and informed the Company that the restated Plan and related trust are currently in accordance with the applicable sections of the IRC subject to the adoption of certain proposed amendments.

5. PARTY-IN-INTEREST TRANSACTIONS

A portion of the Plan's investments are units of pooled separate accounts managed by CIGNA. CIGNA is the custodian of these investments as defined by the Plan, and, therefore, these transactions qualify as exempt party-in-interest transactions.

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GALILEO INTERNATIONAL
SAVINGS AND INVESTMENT PLAN

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS HELD AT END OF YEAR
DECEMBER 31, 2001

DESCRIPTION	NUMBER OF SHARES, UNITS OR PAR VALUE	CURRENT VALUE
Fixed rate funds:		
Guaranteed Long-Term Account*	1,559,691	$ 63,735,996
Pooled separate accounts:		
S&P 500 Index*	413,850	25,967,411
Fidelity Advisor Equity Growth Account	275,204	22,735,538

Janus Worldwide Account	199,487	11,443,943
Small CapValue/Berger Account*	599,585	10,925,063
Balanced/Wellington Management Account*	1,093,667	10,330,968
Large Cap Blend/Invesco - NAM Account*	819,546	7,083,952
Small Cap Growth/TimesSquare Capital Management Account	420,870	6,828,591
Cendant Company Common Stock*	329,838	6,490,220
Dreyfus Founders Balanced Account	521,317	6,194,226
Large Cap Growth/Morgan Stanley Account	446,020	4,974,715
AIM Constellation Account	125,141	4,346,614
NeubergerBerman Partners Fund Trust Class Account	176,194	3,970,350
Lazard International Equity Account	163,737	2,372,804
Templeton Foreign Account	103,657	1,406,394
Cash Transaction Account	-	131,325
Participant notes receivable**	400	3,889,782
Total		$192,827,892

*Represents exempt party-in-interest transaction (Refer to Note 5).
**Maturity dates range from January 2002 to June 2011. Interest rates range from 5.50% to 10.00%.

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SIGNATURES

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

Galileo International Savings and Investment Plan

BY: /s/ TERENCE P. CONLEY

Terence P. Conley
Executive Vice President,
Human Resources
Cendant Corporation

Cendant Corporation

BY: /s/ KEVIN M. SHEEHAN

Kevin M. Sheehan
Senior Executive Vice President
and Chief Financial Officer
Cendant Corporation

Date: July 1, 2002

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EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
23.1	Consent of Deloitte & Touche LLP
23.2	Consent of KPMG LLP

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