As filed with the Securities and Exchange Commission on May 11, 2006

File No.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

WYNDHAM WORLDWIDE CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**20-0052541** (I.R.S. Employer Identification No.)
Seven Sylvan Way **Parsippany, New Jersey** (Address of Principal Executive Offices)	**07054** (Zip Code)

(973) 496-8900
(Registrant's Telephone Number, Including Area Code)

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class to be so registered	Name of each exchange on which each class is to be registered
Common Stock, par value $.01 per share	New York Stock Exchange
Preferred Stock Purchase Right	New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act
None

INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND
ITEMS OF FORM 10

Our information statement is filed as Exhibit 99.1 to this Form 10. For your convenience, we have provided below a cross-reference sheet identifying where the items required by Form 10 can be found in the information statement.

Item No.	Caption	Location in Information Statement
Item 1.	Business	See "Summary," "Risk Factors," "The Separation," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and "Certain Relationships and Related Party Transactions"
Item 1A.	Risk Factors	See "Risk Factors"
Item 2.	Financial Information	See "Summary," "Capitalization," "Selected Historical Combined Financial Data," "Unaudited Pro Forma Condensed Combined Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations"
Item 3.	Properties	See "Business—Employees, Properties and Facilities, Government Regulation and Legal Proceedings—Properties and Facilities"
Item 4.	Security Ownership of Certain Beneficial Owners and Management	See "Security Ownership of Certain Beneficial Owners and Management"
Item 5.	Directors and Executive Officers	See "Management"
Item 6.	Executive Compensation	See "Management" and "Certain Relationships and Related Party Transactions"
Item 7.	Certain Relationships and Related Transactions	See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Certain Relationships and Related Party Transactions"
Item 8.	Legal Proceedings	See "Business—Employees, Properties and Facilities, Government Regulation and Legal Proceedings—Legal Proceedings"
Item 9.	Market Price of and Dividends on the Registrant's Common Equity and Related Shareholder Matters	See "Summary," "The Separation," "Capitalization" and "Dividend Policy"
Item 10.	Recent Sales of Unregistered Securities	Not Applicable
Item 11.	Description of Registrant's Securities to be Registered	See "Summary," "The Separation," "Dividend Policy" and "Description of Capital Stock"
Item 12.	Indemnification of Directors and Officers	See "Management" and "Description of Capital Stock"
Item 13.	Financial Statements and Supplementary Data	See "Unaudited Pro Forma Condensed Combined Financial Statements" and "Index to Financial Statements" and the statements referenced therein

Item No.	Caption	Location in Information Statement
Item 14.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	Not Applicable
Item 15.	Financial Statements and Exhibits	See "Unaudited Pro Forma Condensed Combined Financial Statements" and "Index to Financial Statements" and the statements referenced therein

(a) Listof Financial Statements

(1) Unaudited Pro Forma Condensed Combined Financial Statements of Wyndham Worldwide Corporation; and
(2) Combined Financial Statements, including Report of Independent Registered Public Accounting Firm

(b) Exhibits

The following documents are filed as exhibits hereto:

Exhibit No.	Exhibit Description
2.1	Form of Separation and Distribution Agreement among Wyndham Worldwide Corporation, Cendant Corporation, Realogy Corporation and Travelport Inc. (*)
3.1	Form of Amended and Restated Certificate of Incorporation of Wyndham Worldwide Corporation (*)
3.2	Form of Amended and Restated By-laws of Wyndham Worldwide Corporation (*)
4.1	Form of Rights Agreement between Wyndham Worldwide Corporation and Trustee (*)
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10.5	2006 Equity and Incentive Plan (*)
10.6	Saving Restoration Plan (*)
10.7	Officer Deferred Compensation Plan (*)
10.8	Non-Employee Directors Compensation Plan (*)
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10.16	Indenture and Servicing Agreement dated as of March 31, 2003, by and among Sierra 2003-1 Receivables Funding Company, LLC, as Issuer, and Fairfield Acceptance Corporation—Nevada(****), and Wachovia Bank, National Association, as Trustee, and Wachovia Bank, National Association, as Collateral Agent (Incorporated by reference to Exhibit 10.5 to Cendant Corporation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003 dated May 9, 2003)

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10.21	Amendment Agreement, dated as of October 11, 2005, amending the Asset Purchase Agreement, dated as of September 13, 2005, by and among Cendant Corporation, as Buyer, and Wyndham Management Corporation, GH-Galveston, Inc, W-Isla, LLC, Performance Hospitality Management Company, Wyndham (Bermuda) Management Company, Ltd., Wyndham Hotels & Resorts (Aruba) N.V., WHC Franchise Corporation, Wyndham International Inc., Wyndham IP Corporation, Wyndham 58th Street, L.L.C., Grand Bay Management Company and Wyndham International Operating Partnership, L.P., as Sellers
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99.1	Information Statement of Wyndham Worldwide Corporation, subject to completion, dated May 11, 2006

*	To be filed by amendment.
**	To be renamed Sierra Timeshare Conduit Receivables Funding, LLC.
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****	Fairfield Acceptance Corporation—Nevada is now known as Cendant Timeshare Resort Group—Consumer Finance, Inc. and will be renamed Wyndham Consumer Finance, Inc.
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******	To be renamed Sierra Timeshare 2005-1 Receivables Funding, LLC.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

WYNDHAM WORLDWIDE CORPORATION

By: /s/ STEPHEN P. HOLMES
Name: Stephen P. Holmes
Title: Chairman and Chief Executive Officer

Dated: May 11, 2006

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Exhibit 10.20

ASSET PURCHASE AGREEMENT

among

WYNDHAM MANAGEMENT CORPORATION
GH-GALVESTON, INC.
W-ISLA, LLC
PERFORMANCE HOSPITALITY MANAGEMENT COMPANY
WYNDHAM (BERMUDA) MANAGEMENT COMPANY, LTD.
WYNDHAM HOTELS & RESORTS (ARUBA) N.V.
WHC FRANCHISE CORPORATION
WYNDHAM INTERNATIONAL INC.
WYNDHAM IP CORPORATION
WYNDHAM 58TH STREET, L.L.C.
GRAND BAY MANAGEMENT COMPANY
WYNDHAM INTERNATIONAL OPERATING PARTNERSHIP, L.P.

as the Sellers

and

CENDANT CORPORATION

as the Buyer

Dated as of September 13, 2005

TABLE OF CONTENTS

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, made as of the 13th day of September, 2005 by and among Wyndham Management Corporation, a Delaware corporation, GH-Galveston, Inc., a Texas corporation, W-Isla, LLC, a Delaware limited liability company, Performance Hospitality Management Company, a Delaware corporation, Wyndham (Bermuda) Management Company Ltd. a company incorporated in the islands of Bermuda, WHC Franchise Corporation, a Delaware corporation, Wyndham International Inc., a Delaware corporation, and Wyndham Hotels & Resorts (Aruba) N.V., a company organized under the laws of Aruba, Wyndham IP Corporation, a Delaware corporation, Wyndham 58th Street, L.L.C., a Delaware limited liability company, Grand Bay Management Company, a Florida corporation, and Wyndham International Operating Partnership, L.P., a Delaware limited partnership (collectively, the "Sellers" and each a "Seller"), and Cendant Corporation, a Delaware corporation (the "Buyer").

BACKGROUND

The Sellers desire to sell, and the Buyer desires to purchase, the Assets (as defined below), and the Buyer desires to assume the Assumed Liabilities (as defined below), in each case upon the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Defined Terms. The capitalized terms used herein will have the following meanings.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by or is under common control with, such first Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" means this Asset Purchase Agreement and all amendments hereto, together with the Exhibits and Schedules attached hereto, as the same may be amended, restated, supplemented or otherwise modified, from time to time.

"Ancillary Agreements" means the Bill of Sale, Assignment and Assumption Agreement, Trademark and Domain Name Assignment Agreement and Trademark License Agreement.

"Applicable Insurance Policies" shall have the meaning assigned thereto in Section 6.17(a).

"Assets" shall have the meaning assigned thereto in Section 2.1(a).

"Assigned Hardware" shall have the meaning assigned thereto in Section 2.1(a)(vi).

"Assigned IP" shall have the meaning assigned thereto in Section 2.1(a)(v).

"Assigned IP/IT Agreements" shall have the meaning assigned thereto in Section 2.1(a)(iii).

"Assumed Liabilities" shall have the meaning assigned thereto in Section 2.2(a).

"Basket Amount" shall have the meaning assigned thereto in Section 8.2(c).

"Benefit Plans" shall have the meaning assigned thereto in Section 3.11(a).

"Bill of Sale, Assignment and Assumption Agreement" shall have the meaning assigned thereto in Section 5.2(d).

"Bonaventure Letter Agreement" shall have the meaning assigned thereto in Section 2.1(b)(xiv).

"Business" means the business conducted by the Sellers and their respective Subsidiaries of franchising, managing and operating the System Hotels and providing all of the services and obligations of Sellers under the Franchise Agreements and Management Agreements, other than with respect to the Excluded Assets.

"Business Day" means any day other than a Saturday, Sunday or other day on which banks are authorized or required by Law to be closed in New York City, New York.

"Business Records" means all books, records, ledgers and files or other similar information in the possession of the Sellers, to the extent used or held for use in the operation or conduct of the Assets by any Seller.

"Buyer" shall have the meaning assigned thereto in the Preamble to this Agreement.

"Buyer Indemnified Parties" shall have the meaning assigned thereto in Section 8.2(b).

"Buyer Savings Plan" shall have the meaning assigned thereto in Section 6.9(h).

"Closing" shall have the meaning assigned thereto in Section 2.5(a).

"Closing Date" shall have the meaning assigned thereto in Section 2.5(a).

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any corresponding provisions of succeeding law and any regulations, rulings and guidance issued by the IRS.

"Collective Bargaining Agreements" shall have the meaning assigned thereto in Section 3.11(c).

"Content" shall mean (i) the generic content (i.e., general content not specific to the Business) included in (1) the Centra e-learning tool, (2) the Standard Operating Procedures included in the Assigned IP, and (3) the manual provided to franchisees under the Franchise Agreements; and (ii) the generic know-how (i.e., general know-how not specific to the Business) embodied in other marketing and training materials included in the Assets, in each case (i)-(ii) as such exists prior to the Closing; provided, that, Content does not include any Trademarks or representations thereof in the Content.

"Contracts" shall have the meaning assigned thereto in Section 2.1(a)(iv).

"Contract Employee" means any Corporate Employee who is a party to an Employment Agreement as of the date of this Agreement.

"Corporate Employee" means any employee of the Sellers or their respective Subsidiaries who provides services in connection with the Business and who is employed at a location other than at a System Hotel.

"Corporate Hires" shall have the meaning assigned thereto in Section 6.9(c).

"CRO Agent" means any Corporate Employee who is a central reservations agent.

"Damages" shall have the meaning assigned thereto in Section 8.2(a).

"Designated Domain Names" means those domain names noted with an asterisk on Schedule 2.1(a)(v).

"Documents" means all agreements, certificates and other documents in the possession of the Sellers evidencing or otherwise relating to the Contracts.

"Employee" means any employee of the Sellers or their Affiliates who provides services in connection with the operation of the Contracts, other than any CRO Agent or Help Desk Employee.

"Employee Termination Date" shall have the meaning assigned thereto in Section 6.9(h).

"Employment Agreements" means any employment agreement entered into by and between any of the Sellers or their respective Affiliates and any Corporate Employee.

"Environmental Laws" shall have the meaning assigned thereto in Section 3.15(b).

"ERISA" shall have the meaning assigned thereto in Section 3.11(a).

"Estimated Net Payment Amount" shall have the meaning assigned thereto in Section 2.4(a).

"Estimated Net Payment Statement" shall have the meaning assigned thereto in Section 2.4(a).

"Excluded Assets" shall have the meaning assigned thereto in Section 2.1(b).

"Excluded Employees" means any Corporate Employee set forth on Schedule 3.11(g), and any CRO Agent and Help Desk Employee.

"Excluded IP/IT Agreements" shall have the meaning assigned thereto in Section 2.1(b)(xiii).

"Excluded Liabilities" shall have the meaning assigned thereto in Section 2.2(b).

"Expenses" shall have the meaning assigned thereto in section 6.8.

"Final Net Payment Statement" shall have the meaning assigned thereto in Section 2.4(d).

"Franchise Agreements" means those franchise agreements set forth onSchedule 1A, including any written amendments or modifications thereto.

"GAAP" means generally accepted accounting principles in the United States of America in effect from time to time.

"Golden Door Marks" shall have the meaning assigned thereto in Section 6.11(b).

"Governmental Entity" shall have the meaning assigned thereto in Section 3.5.

"Group Contract" means those certain agreements listed onSchedule 1B.

"Hazardous Substances" shall have the meaning assigned thereto in Section 3.15(b).

"Help Desk Employee" means any Corporate Employee who is engaged in providing help desk services, including for any of the systems used in the Business.

"Historical Royalties Earned" shall have the meaning assigned thereto in Section 3.14.

"HSR Act" shall have the meaning assigned thereto in Section 3.5(a).

"Incentive Fees Amount" means the portion of the incentive fees paid after the Closing in respect of 2005 under the Management Agreements deemed to be for Sellers' account, calculated on a pro rata basis based on the number of days in 2005 which have elapsed prior to the Closing Date.

"Incentive Fees Closing Statement" shall have the meaning assigned thereto in Section 2.4(f).

"Indemnified Parties" shall have the meaning assigned thereto in Section 8.2(b).

"Indemnifying Party" shall have the meaning assigned thereto in Section 8.3.

"Intellectual Property" means all U.S. and foreign (i) patents and patent applications, including divisionals, continuations, continuations-in-part, reissues, reexaminations, and any extensions thereof, and any other rights of inventorship, (ii) Trademarks, (iii) copyrights, data and database rights and other rights of authorship, (iv) Trade Secrets, (v) rights of privacy, rights of publicity, rights to personal information, moral rights and rights of attribution and integrity, (vi) other intellectual property or similar rights of any kind or nature, however denominated, throughout the world, including all proprietary rights to Software, (vii) applications and registrations for any the foregoing, and all rights to obtain renewals, continuations, divisions or other extensions of legal protections pertaining thereto, and (viii) all Legal Actions and rights and remedies at law or in equity for any past, current or future infringement, misappropriation, or other violation of any of the foregoing, including the right to receive all proceeds and damages therefrom.

"Law" means any binding domestic or foreign law, statute, ordinance, rule, regulation, code or executive order enacted, issued, adopted, promulgated or applied by any Governmental Entity.

"Legal Actions" shall have the meaning assigned thereto in Section 3.7.

"Liabilities" means any and all debts, liabilities, commitments and obligations, whether or not fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whether or not required by GAAP to be reflected in financial statements or disclosed in the notes thereto.

"Liens" means any liens, mortgages, pledges or security interests arising in connection with indebtedness for borrowed money.

"Management Agreements" means those management agreements set forth in Schedule 1C, including any written amendments or modifications thereto.

"Multiemployer Plan" shall have the meaning assigned thereto in Section 6.9(g).

"Net Payment Amount" shall have the meaning assigned thereto in Section 2.4(b).

"Net Payment Statement" shall have the meaning assigned thereto in Section 2.4(b).

"Neutral Auditor" shall have the meaning assigned thereto in Section 2.4(d).

"Orders" means any orders, judgment, injunctions, awards, decrees or writs handled down, adopted or imposed by any Governmental Entity.

"Other Agreements" shall have the meaning assigned thereto in Section 2.1(a)(iv).

"Payables Amount" means the sum of (i) the amount of accrued but unpaid costs, expenses and other amounts owed to or otherwise in favor of a Person other than the Sellers who is a party to the Other Agreements as of and including the day immediately prior to the Closing Date under each of the Other Agreements to be transferred by the Sellers as of the Closing, (ii) the amount of accrued but unpaid costs, expenses and other amounts owed to or otherwise in favor of any service provider to the Business as of and including the day immediately prior to the Closing Date and (iii) the amount of unpaid base salary for Corporate Employees who become Transferred Employees in respect of any period prior to the Closing Date.

"Person" means a natural person, partnership, limited partnership, limited liability company, corporation, trust, estate, association, unincorporated association or other entity.

"Prepaid Expenses Amount" means the amount of prepaid costs, expenses and other prepaid amounts paid on behalf of the Business to a third party and outstanding as of the day immediately prior to the Closing Date.

"Purchase Price" shall have the meaning assigned thereto in Section 2.3.

"Receivables Amount" means the amount of accrued but unpaid fees, commissions and other amounts owed to or otherwise in favor of the Sellers (other than the Incentive Fees Amount) as of and including the day immediately prior to the Closing Date under each of the Contracts to be transferred to the Buyer as of the Closing, as calculated in a manner consistent with Schedule 1D hereto and with such calculations to be made as of and including the day immediately prior to the Closing Date.

"Release" shall have the meaning assigned thereto in Section 3.15(b).

"Representatives" means, when used with respect to the Buyer or any Seller, the directors, officers, employees, consultants, accountants, legal counsel, investment bankers, agents and other representatives of the Buyer or any Seller, as applicable, and their respective Subsidiaries.

"Resolution Period" shall have the meaning assigned thereto in Section 2.4(c).

"Retained Business" shall mean Sellers and its Affiliates businesses using the Content as of immediately prior to the Closing, other than the Business, as such businesses may reasonably evolve.

"Retained Business IP" shall have the meaning assigned thereto in Section 2.1(b)(ix).

"Restricted Contracts" shall have the meaning assigned thereto in Section 2.6(a).

“Savings Plan” shall have the meaning assigned thereto in Section 6.9(h).

“Savings Transfer Date” shall have the meaning assigned thereto in Section 6.9(h).

“Seller Indemnified Parties” shall have the meaning assigned thereto in Section 8.2(a).

“Seller Representative” means Wyndham Management Corporation, a Delaware corporation, acting in its capacity as representative of each of the Sellers under this Agreement.

“Sellers” shall have the meaning assigned thereto in the Preamble to this Agreement.

“Sellers Knowledge” means the actual knowledge of Kenneth A. Caplan, Mark M. Chloupek, Timothy L. Fielding, Jonathan D. Gray, Mark Hedley, Jay Litt, Sheri Prosek, Elizabeth N. Schroeder, Mark A. Solls, William Stein and Jamie Walters, without any duty on the part of any such Person to conduct any independent investigation or make any inquiry.

“Sellers Material Adverse Effect” means, with respect to the Business, any event, circumstance, development, change or effect that, individually or in the aggregate with all other events, circumstances, developments, changes and effects, (a) is or would reasonably be expected to become materially adverse to the business, operations, assets, condition (financial or otherwise) or results of operations of the Business, in each case taken as a whole, or (b) would reasonably be expected to prevent or materially delay the consummation of the Closing and the other transactions contemplated hereby or under the Ancillary Agreements or prevent or materially impair or delay the ability of the Sellers to perform their obligations hereunder or under the Ancillary Agreements; provided, however, that in no event shall any of the following, alone or in combination, be deemed to constitute, nor shall any of the following be taken into account in determining whether there has been, or will be, a Sellers Material Adverse Effect: any event, circumstance, change or effect resulting from or relating to (i) a change in general political, economic or financial market conditions in the United States or any country or region in which the Business is operated (except to the extent such event, circumstance, change or effect has had a disproportionate effect on the Business as compared to the business conducted by other Persons in the industry in which the Business is conducted), (ii) changes affecting the industries generally in which the Business is conducted (except to the extent such event, circumstance, change or effect has had a disproportionate effect on the Business as compared to the business conducted by other Persons in the industry in which the Business is conducted), (iii) recurring seasonal fluctuations in the Business, (iv) any acts of terrorism or war (except to the extent such event, circumstance, change or effect has had a disproportionate effect on the Business as compared to the business conducted by other Persons in the industry in which the Business is conducted), (v) the entering into, announcement or performance of this Agreement or the pendency or consummation of the transactions contemplated hereby (including actions of customers, employees, suppliers, franchisees, hotel owners, other counterparties of Contracts and other Persons with which the Sellers have business relationships (which actions may include any change or indication of intent to change the relationship of any such Person with the Sellers or the Business)), or (vi) compliance with the terms of, or the taking of any action required by, this Agreement.

"Software" means all (i) computer programs (whether in source code, object code or other form), including any and all software implementations of algorithms, models and methodologies, databases, compilations and electronic collections of data (such as, but not limited to, all customer-related data), and the content and information contained on any website, and (ii) flowcharts, descriptions, specifications and other documentation, including, but not limited to, user manuals and training materials, related to any of the foregoing in subsection (i) of this definition. For avoidance of doubt, "Software" includes any prior or interim versions of any Software, and any intermediate Software created in the compilation of any Software.

"Subsidiary" means, when used with respect to any party hereto, any other Person that such party, as applicable, directly or indirectly owns or has the power to vote or control 50% or more of any class or series of capital stock or equity interests of such Person.

"System Hotel Employee" means each employee of the Sellers or their Affiliates who provides services in connection with the operation of the Management Agreements and who is employed on location at a System Hotel.

"System Hotels" means any hotels operating under any Wyndham Mark under the Franchise Agreements or the Management Agreements.

"Taxes" means (x) any and all taxes, fees, levies, assessments, deficiencies, duties, tariffs, imposts and other charges or impositions of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any government or taxing authority, including taxes or other charges on or with respect to income, gross receipts, property, sales, transfer, recordation, bulk transfer, real property transfer and gains, use, license, excise, franchise, employment, social security, unemployment compensation, payroll, premium, withholding, alternative or added minimum, *ad valorem* or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever; (y) any liability for the payment of any amounts described in clause (x) as a result of being a member of an affiliated, consolidated, combined, unitary or similar group or as a result of transferor or successor liability or by operation of law; and (z) any liability for the payment of any amounts as a result of being a party to any tax sharing agreement or as a result of any express or implied obligation to indemnify any other Person with respect to the payment of any amounts of the type described in clause (x) or (y).

"Tax Returns" means any and all reports, returns, declarations, claims for refund, elections, disclosures, estimates, information reports or returns or statements required to be supplied to a taxing authority in connection with Taxes, including any schedule or attachment thereto or amendment thereof.

"Tempus" means collectively Tempus Resorts Internal, Ltd. and WVC Exchange, LLC.

“Tempus Termination Agreement” means that certain Agreement dated as of July 11, 2005 between Wind Hotels Holdings Inc. and Tempus.

“Termination Date” shall have the meaning assigned thereto in Section 7.1(c).

“Third Party Claims” shall have the meaning assigned thereto in Section 8.3.

“Total Transfer Amount” shall have the meaning assigned thereto in Section 6.9(h).

“Trade Secrets” means all trade secrets, proprietary know-how, and all other confidential information, data, inventions, proprietary processes, formulae, models, and methodologies, including, without limitation, (i) guest and customer lists, data and information, (ii) all procedures, policies, standards, specifications, techniques, controls and other distinguishing elements in connection with the establishment, marketing and operation of hotel and lodging facilities or any chain or franchising system related thereto, (iii) management and other personnel training programs, and (iv) any quality assurance programs.

“Trademarks” means all trademarks, service marks, names, corporate names, trade names, Internet domain names, designs, insignia, logos, slogans, emblems, trade dress, vanity, toll-free and other telephone numbers, symbols and other indicia of source or origin, general intangibles of like nature, all registrations and applications relating to any of the foregoing, together with all goodwill symbolized by any of the foregoing.

“Trademark and Domain Name Assignment Agreement” shall have the meaning assigned thereto in Section 5.2(d).

“Trademark License Agreement” shall have the meaning assigned thereto in Section 5.2(d).

“Transfer Taxes” shall have the meaning set forth in Section 6.15(a).

“Transferred Employee” shall have the meaning assigned thereto in Section 6.9(b).

“Transition Period” shall have the meaning assigned thereto in Section 6.11(b).

“Transition Services Agreement” shall have the meaning assigned thereto in Section 6.18.

“WARN Act” shall have the meaning assigned thereto in Section 6.9(j)

“Wyndham Marks” mean all Trademarks that are currently used in connection with System Hotels, including, without limitation, the Trademarks “Wyndham,” “Wyndham Hotel,” “Wyndham Historic Hotel,” “Wyndham Hotels & Resorts,” “Wyndham Resort,” “Wyndham Luxury Resorts”, “Wyndham Garden,” any other Trademarks that include “Wyndham,” and the Wyndham design and logo, in each case other than any Trademark that is an Excluded Asset.

Section 1.2 General Definitional Provisions. Unless of the context of this Agreement otherwise requires, (a) words of any gender are deemed to include each other gender; (b) words using the singular or plural number also include the plural or singular number respectively, (c) the terms "hereof,", "herein," "hereby," "hereto," and derivative or similar words refer to this entire Agreement, (d) the terms "Article" or "Section" refer to the specified Article or Section of this Agreement; (e) all references to "dollars" or "$" refer to currency of the United States of America; and (f) the terms "including" or any variation thereof means "including without limitation."

ARTICLE II

SALE, CONSIDERATION AND CLOSING

Section 2.1 Sale of Assets.

(a) Assets. On the Closing Date and pursuant to the terms and subject to the conditions set forth in this Agreement, the Sellers, jointly and severally, shall sell, assign, transfer, convey and deliver, and the Buyer shall purchase, acquire and accept from the Sellers, all of the right, title and interest of the Sellers and their Subsidiaries as of the Closing Date in, to and under the following (collectively, the "Assets") free and clear of all Liens:

(i) all Management Agreements;

(ii) all Franchise Agreements;

(iii) except for the Excluded IP/IT Agreements, all the contracts and agreements relating to Intellectual Property, information technology or services relating thereto used in the Business (collectively, the "Assigned IP/IT Agreements"), including those contracts and agreements set forth on Schedule 2.1(a)(iii);

(iv) all advertising, marketing, promotional and other agreements set forth on Schedule 2.1(a)(iv) (collectively, the "Other Agreements" and, together with the Management Agreements, Franchise Agreements and Assigned IP/IT Agreements, the "Contracts");

(v) except for the Retained Business IP, all the Intellectual Property which is owned by any of the Sellers or their Subsidiaries and used or held for use in the Business, including, the Trademark registrations and applications, domain names, common law marks, and all other Intellectual Property which are identified on Schedule 2.1(a)(v) (the "Assigned IP");

(vi) all equipment and other hardware used or held for use in the Business, including the equipment and hardware identified on Schedule 2.1(a)(vi) (the "Assigned Hardware");

(vii) the Business Records and the Documents, other than those that Sellers are required to retain by Law;

(viii) all customer and Franchisee deposits, security or collateral and the segregated bank accounts for the Central Marketing Fund, the National Sales Fees and Regional Marketing Fees collected in respect of System Hotels, in each case, in the possession of Sellers arising out of the Management Agreements or Franchise Agreements;

(ix) counterclaims, set-offs, recoupment rights or defenses with respect to the Assumed Liabilities;

(x) the GDS chain codes set forth on Schedule 2.1(a)(x) and the material telephone numbers that are used in the Business (except for the Retained Business IP), including those set forth on Schedule 2.1(a)(x);

(xi) except as provided in Schedule 2.1(b)(vi), all claims, judgments or causes of action of Sellers to the extent relating to any of the Assets, and claims related to the value, condition or title to the Assets;

(xii) any payments under liquidated damages provisions under any Management Agreement or Franchise Agreement made after the date of this Agreement in favor of the Sellers in connection with the termination of such Management Agreement or Franchise Agreement;

(xiii) the Collective Bargaining Agreements and the assets of the Saving Plans, to the extent provided in Section 6.9(h); and

(xiv) any receivables included in the calculation of the Receivables Amount as set forth on the Final Payment Statement.

(b) Excluded Assets. Notwithstanding anything to the contrary contained in Section 2.1(a), the parties expressly understand and agree that the Assets shall not include, and none of the Sellers nor any of their Subsidiaries is hereunder selling, assigning, transferring or conveying to the Buyer any right to or interest in any property or asset of the Sellers or their Subsidiaries other than the Assets, including, without limitation, the following excluded assets, properties, rights, contracts and claims, whether tangible or intangible, real, personal or mixed (collectively, the "Excluded Assets"):

(i) all trade accounts and notes receivable and other receivables of the Sellers or any of their Subsidiaries (other than the receivables included in the Assets pursuant to Section 2.1(a)(xiv) or arising under the Contracts transferred to the Buyer hereunder);

(ii) any refund, credit, adjustment or similar benefit (including, without limitation, interest thereon or claims therefor) with respect to any (i) Taxes of or imposed on any of the Sellers or any of their respective Affiliates or (ii) Taxes attributable to the Assets relating to any period or any portion of any period ending on or prior to the Closing Date;

(iii) all cash, cash equivalents, bank deposits, investment accounts, lockboxes, certificates of deposit, marketable securities or similar cash items, of the Sellers or any of their Subsidiaries other than as provided in Section 2.1(a)(viii);

(iv) any and all insurance policies, binders and claims and rights thereunder and the proceeds thereof and all prepaid insurance premiums;

(v) the Business Records and the Documents that the Sellers or any of their Subsidiaries are required by Law to retain;

(vi) all claims, defenses, causes of action, or claims of any kind that are available to or being pursued by the Sellers or any of their Subsidiaries whether as plaintiff, claimant, counterclaimant or otherwise as set forth on Schedule 2.1(b)(vi);

(vii) any capital stock of, or other equity interest in, any Affiliate or Subsidiary of the Sellers;

(viii) all intercompany accounts receivable due from any Sellers to any of their respective Affiliates;

(ix) all (1) Trademarks (other than the Wyndham Marks) or other Intellectual Property not used or held for use in the Business, or used or held for use exclusively with hotels owned in whole or in part by Sellers or their Affiliates as of the date of this Agreement, or used or held for use exclusively with the "Summerfield Suites" brand or the "Golden Door" brand, but, in each case, not any Assigned IP rights thereto used in combination with any of the foregoing and (2) the Intellectual Property owned in whole or part by Sellers or their Affiliates and used in the Business that is specifically identified on Schedule 2.1(b)(ix)(2) (the property described in clauses (1) and (2), the "Retained Business IP");

(x) the assets described on Schedule 2.1(b)(x);

(xi) the Master Agreement, dated July 14, 2000, among Wyndham International, Inc. and Tempus (as amended by that certain First Amendment to Master Agreement in October 2002, that certain Second Amendment to Master Agreement dated as of November 8, 2004, and that certain Standstill and Tolling Agreement dated July 11, 2005 and the Tempus Termination Agreement;

(xii) all rights under this Agreement and the Ancillary Agreements;

(xiii) the IP/IT Contracts set forth on Schedule 2.1(b)(xiii) and any other contracts or agreements used exclusively with the Excluded Assets (collectively, the "Excluded IP/IT Agreements"); and

(xiv) the letter agreement, dated as of September 30, 2004, between Wyndham Management Corporation and Bonaventure Associates, Ltd. (the "Bonaventure Letter Agreement").

(c) Completion of Assigned IP/IT Agreement Schedules. Sellers shall include, as of the date hereof, all material Assigned IP/IT Agreements on Schedule 2.1(a)(iii), and to the extent Seller discloses that Assigned IP/IT Agreements shall have been omitted from such schedule will provide to Buyer a completed schedule of Assigned IP/IT Agreements within seven (7) Business Days after the date hereof. All Assigned IP/IT Agreements not on Schedule 2.1(a)(iii) as of the date hereof and all Assigned IP/IT Agreements noted with an asterisk on Schedule 2.1(a)(iii) that are not Excluded IP/IT Agreements as of the date hereof (if any) will be deemed Assigned IP/IT Agreements, except to the extent that Buyer does not agree to include any such Assigned IP/IT Agreement by notice to the Seller Representative within five (5) Business Days of the later of (i) the date of this Agreement or (ii) after receipt of such completed Schedule (if applicable), in which case such Assigned IP/IT Agreements shall be deemed Excluded IP/IT Agreements. All Other Agreements noted with an asterisk on Schedule 2.1(a)(iv) as of the date hereof (if any) will be deemed Other Agreements, except to the extent that Buyer does not agree to include any such Other Agreements by notice to the Seller Representative within five (5) Business Days of the date of this Agreement.

Section 2.2 Assumption of Liabilities and Obligations.

(a) Assumed Liabilities. On the Closing Date and pursuant to the terms and subject to the conditions set forth in this Agreement, the Buyer shall expressly assume, and shall thereafter pay or otherwise perform or discharge when due, all Liabilities (other than any Excluded Liabilities), to the extent arising out of or relating primarily to the Business or the Assets, whether arising from facts or events occurring before, on or after the Closing Date (collectively, the "Assumed Liabilities"); provided, however, that nothing herein shall limit or prevent the Buyer from asserting any defenses, claims or counterclaims it may have in respect of any of the Assumed Liabilities (including those related to the validity and enforceability thereof). In addition, all Liabilities included in the Payables Amount as set forth on the Final Payment Statement shall be Assumed Liabilities.

(b) Excluded Liabilities. Notwithstanding anything to the contrary contained in this Agreement, the Buyer shall not assume or be obligated (and Sellers and their Subsidiaries shall retain their respective obligations) to pay, perform or otherwise assume or discharge any Liabilities of Sellers or any Subsidiary of Sellers, except for the Assumed Liabilities (the "Excluded Liabilities"). In addition, the following Liabilities of the Sellers and their Affiliates shall be Excluded Liabilities:

(i) all Liabilities of the Sellers and any of their respective Affiliates for (i) Taxes of or imposed on any of the Sellers or any of their respective Affiliates or (ii) Taxes attributable to the Assets relating to any period or any portion of any period ending on or prior to the Closing Date;

(ii) any Liabilities (w) relating to indebtedness for borrowed money, (x) evidenced by bonds, debentures, notes or similar instruments, (y) relating to indebtedness of others guaranteed by any Seller and (z) in respect of letters of credit acceptance facilities, letters of guaranty or similar instruments, in each case, other than under the Contracts;

(iii) any Liabilities of Sellers with respect to indemnification of any officer, director, employee or other agent or representative of any Seller either (i) to the extent not primarily relating to the Business or (ii) to the extent covered by Sellers' insurance policies;

(iv) all Liabilities relating to the Legal Actions set forth on Schedule 2.2(b)(iv);

(v) all Liabilities arising out of, in respect of or relating to any of (x) the hiring, employment or termination of any Employee who is not a Transferred Employee, except as otherwise provided in Section 6.9(e), (y) any Benefit Plan, except as otherwise provided in Section 6.9, and (z) any Employment Agreement;

(vi) all Liabilities relating to the termination payment pursuant to the Tempus Termination Agreement referred to in Section 3.16;

(vii) all Liabilities under this Agreement and the Ancillary Agreements; and

(viii) all Liabilities to the extent arising out of or relating to any Excluded Asset.

Section 2.3 Purchase Price. At the Closing, the Buyer shall pay to the Seller Representative One Hundred Million U.S. Dollars ($100,000,000) (the "Purchase Price"), in immediately available funds by wire transfer to such account or accounts that the Seller Representative shall designate to the Buyer.

Section 2.4 Payment for Receivables, Payables and Incentive Fees (a) Not later than two (2) Business Days prior to the Closing Date, the Seller Representative shall deliver to the Buyer a statement (the "Estimated Net Payment Statement") in reasonable detail setting forth the Seller Representative's good faith estimate (on a preliminary basis) of the difference between (i) the Receivables Amount plus the Prepaid Expenses Amount *less* (ii) the Payables Amount, in each case, as of and including the day immediately preceding the Closing Date (such estimate, the "Estimated Net Payment Amount"). At the Closing, to the extent that the Estimated Net Payment Amount is a positive amount, then the Buyer shall pay such amount to the Seller Representative and, to the extent that the Estimated Net Payment Amount is a negative amount, then the Seller Representative shall pay such amount to the Buyer.

(b) Within sixty (60) days after the Closing Date, the Buyer will deliver to the Seller Representative a statement (the "Net Payment Statement") in reasonable detail setting forth the difference between the Receivables Amount plus the Prepaid Expenses Amount *less* the Payables Amount, in each case, as of and including the day immediately preceding the Closing Date (the "Net Payment Amount"). The Sellers will assist and cooperate with the Buyer in the preparation of the Net Payment Statement, including by providing the Buyers and its Affiliates with reasonable access to the books and records relating to the Contracts and to any other information reasonably necessary to prepare the Net Payment Statement.

(c) The Seller Representative shall, within thirty (30) days after the delivery by the Buyer of the Net Payment Statement, complete its review of the Net Payment Statement. In the event that the Seller Representative determines that the Net Payment Statement has not been prepared on a basis consistent with the terms of this Agreement, the Seller Representative shall deliver notice to the Buyer on or prior to the thirtieth (30th) day after receipt of the Net Payment Statement specifying in reasonable detail all disputed amounts and the basis therefor. The Buyer's calculation of the Net Payment Amount shall become final on such thirtieth (30th) day after delivery of the Net Payment Statement to the Seller Representative except to the extent of any disputed amounts so specified by the Seller Representative in such a notice by the Seller Representative. If the Seller Representative so notifies the Buyer of any such disputed amounts, the Buyer and the Seller Representative shall, within thirty (30) days following the date of such notice (the "Resolution Period"), attempt in good faith to resolve promptly their differences and any written resolution by them as to any disputed amount shall be final, binding, conclusive and nonappealable for all purposes under this Agreement. The Buyer will provide the Sellers and their representatives access to any books and records, work papers and to any other information reasonably necessary to evaluate the disputed amounts.

(d) If at the conclusion of the Resolution Period, the Seller Representative and the Buyer have not reached an agreement on the Seller Representative's objection(s), then all amounts and issues remaining in dispute shall be submitted by the Seller Representative and the Buyer to a mutually acceptable nationally recognized independent accounting firm (the "Neutral Auditor") for a determination resolving such amounts and issues; provided, however, that if following the Resolution Period there do not remain in dispute amounts the aggregate net amount of which exceed One Hundred Thousand U.S. Dollars (US$100,000.00), then all amounts remaining in dispute shall be deemed to have been agreed by the Sellers and the Buyer in favor of the Net Payment Statement delivered by the Buyer to the Seller Representative. Each party agrees to execute, if requested by the Neutral Auditor, a reasonable engagement letter with respect to the determination to be made by the Neutral Auditor. All fees and expenses relating to the work, if any, to be performed by the Neutral Auditor shall be borne one-half by the Sellers, on the one hand, and one-half by the Buyer, on the other hand. Except as provided in the preceding sentence, all other costs and expenses incurred by the Seller Representative and the Buyer in connection with resolving any dispute hereunder before the Neutral Auditor shall be borne by the party incurring such cost and expense. The Neutral Auditor shall determine only those issues still in dispute at the end of the Resolution Period and the Neutral Auditor's determination shall be based upon and be consistent with the terms and conditions of this Agreement. In deciding any matter, the Neutral Auditor (i) shall be bound by the provisions of this Section 2.4(d) and (ii) may not assign a value to any item greater than the greatest value for such item claimed by the Sellers or the Buyer or less than the smallest value for such item claimed by the Sellers or the Buyer. The Neutral Auditor's determination shall be made within forty-five (45) days after its engagement (which engagement shall be made no later than five (5) Business Days after the end of the Resolution Period), or as soon thereafter as possible, shall be set forth in a written statement delivered to the Seller Representative and the Buyer and shall be final, conclusive, nonappealable and binding for all purposes hereunder, absent manifest error. The term "Final Net Payment Statement" means the definitive Net Payment Statement (x) to which the Seller Representative has not delivered the notice described in Section 2.4(c) within the time prescribed in Section 2.4(c), (y) agreed to by the Seller Representative and the Buyer in accordance with Section 2.4(c) or (z) the definitive Net Payment Statement resulting from the determination made by the Neutral Auditor in accordance with this Section 2.4(d).

(e) If the calculation of the Net Payment Amount contained in the Final Payment Statement is greater than the Estimated Net Payment Amount (taking into account positive and negative amounts), the Buyer shall pay to the Seller Representative an amount in cash equal to the amount of such excess. If the Net Payment Amount contained in the Final Payment Statement is less than the Estimated Payment Amount (taking into account positive and negative amounts), the Seller Representative shall pay to the Buyer an amount in cash equal to the amount of such deficiency.

(f) Within sixty (60) days after the end of the fiscal year in which the Closing Date occurs, the Buyer will deliver to the Seller Representative a statement (the "Incentive Fees Closing Statement") in reasonable detail setting forth the Incentive Fees Amount. The Buyer shall pay to the Seller Representative an amount in cash equal to the Incentive Fees Amount upon ultimate determination of the Incentive Fees Amount. Section 2.4(c) and Section 2.4(d) shall be deemed to apply in respect of the Incentive Fees Closing Statement to the same extent as if the Incentive Fees Closing Statement was the Net Payment Statement, provided that the timing of the delivery of the Incentive Fees Closing Statement shall be as set forth in this Section 2.4(f), *mutatis mutandis*.

(g) All amounts payable by the Buyer or the Seller Representative, as the case may be, pursuant to Section 2.4(e) or Section 2.4(f) shall be paid within three (3) Business Days after the ultimate determination of the Final Net Payment Statement or the Incentive Fee Closing Statement, as applicable. All amounts payable under Section 2.4(e) and Section 2.4(f) shall be paid in U.S. dollars in immediately available funds by wire to an account or accounts designated for such purpose by the party to receive such payment.

Section 2.5 The Closing.

(a) Subject to the satisfaction or waiver of all of the conditions to closing contained in Article V, the closing of the sale of the Assets (the "Closing") shall take place on the third Business Day after the day on which the last of those conditions (other than any conditions that by their nature are to be satisfied at the Closing, but subject to such satisfaction or waiver) is satisfied or waived in accordance with this Agreement or at such other place and time or on such other date as the Buyer and the Seller Representative may agree in writing (the date on which the Closing takes place, the "Closing Date"); provided, however, that the Closing shall not occur prior to the three-week anniversary of the date of this Agreement; provided, further, that, subject to this Section 2.5(a), it is the intention of the parties that the Closing occur on the third Business Day after the condition set forth in Section 5.1(a) is satisfied.

(b) The Closing shall be held on the Closing Date at 10:00 A.M. at the offices of Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017, or at such other location agreed upon by the parties to this Agreement.

Section 2.6 Non-Assignment of Assets.

(a) If the sale, assignment or transfer of any of the Contracts, or a request for permission to sell, assign or transfer any Contracts requires the consent of any Person not a party to this Agreement, then this Agreement shall not constitute a contract to assign such Contract, until such time as such consent has been received to the extent that an attempted assignment without such consent would (i) constitute a breach under any agreement applicable to the Asset, (ii) create rights in others not desired by any Seller, or (iii) create rights in third parties against any Sellers (such Contracts, "Restricted Contracts").

(b) To the extent that Sellers and the Buyer are unable to obtain any required consent with respect to such Restricted Contracts prior to the Closing, Buyer will be required to consummate the transactions contemplated by this Agreement notwithstanding that such Restricted Contracts shall not be assigned and without any adjustment to the Purchase Price. With respect to any Restricted Contract, on the Closing Date, if and to the extent permitted by applicable Laws and the pertinent Restricted Contract, Buyer shall assume the responsibility to supervise, manage, administer and otherwise discharge the duties that were discharged by Sellers with respect to such Restricted Contract prior to the Closing Date and shall indemnify Sellers for any Damages incurred by them to the extent Buyer fails to do so, and Buyer shall be entitled to, and Sellers shall take all actions reasonably requested by Buyer to ensure that Buyer receives, all rights, privileges and powers of Sellers under such Restricted Contract, until the requisite approvals are obtained (or the relevant contracts amended to provide) for Buyer to assume the rights, privileges and powers of Sellers thereunder. Upon the receipt of such approval (or the amendment of such contracts), Buyer will assume the rights, privileges and powers of Sellers thereunder in accordance with the terms of this Agreement and the aforesaid rights, privileges and powers under such Restricted Contract shall be assigned to and assumed by Buyer and such Restricted Contract shall become an Asset.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Except as set forth in the schedules attached hereto (which each correspond to the section of this Agreement to which the information stated in such schedule relates, provided that any fact or condition disclosed in any schedule in such a way as to make its relevance to another schedule that relates to a representations or warranties made elsewhere in this Article III reasonably apparent shall be deemed to be an exception to such representations or warranties notwithstanding the omission of a reference or cross reference thereto), Sellers jointly and severally represent and warrant as follows:

Section 3.1 Organization and Power. Each Seller is a corporation, limited liability company or other legal entity duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization. Each Seller has the requisite power and authority to own, lease and operate its assets and properties and to carry on its business as now conducted.

Section 3.2 Foreign Qualifications. Each Seller is duly qualified or licensed to do business as a foreign corporation, limited liability company or other legal entity and is in good standing in each jurisdiction where the character of the assets and properties owned, leased or operated by it or the nature of its business makes such qualification or license necessary, except where failures to be so qualified or licensed or in good standing would not have a Sellers Material Adverse Effect.

Section 3.3 Authorization. Each Seller has all necessary corporate or other power and authority to enter into and perform its obligations under this Agreement and the Ancillary Agreements and to consummate the transactions contemplated by this Agreement and the Ancillary Agreements, to the extent it is a party thereto. The execution, delivery and performance of this Agreement and the Ancillary Agreements by each Seller, as applicable, and the consummation by it of the transactions contemplated hereby and thereby, as applicable, have been duly and validly authorized by all necessary corporate or other action on the part of each Seller, as applicable.

Section 3.4 Enforceability. This Agreement and the Ancillary Agreements have been duly executed and delivered by each Seller and, assuming the due authorization, execution and delivery of this Agreement and the Ancillary Agreements by the Buyer, constitute legal, valid and binding agreements of each Seller, as applicable, enforceable against it in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency (including all Laws related to fraudulent transfers), reorganization, moratorium or similar Laws affecting creditors' rights generally and subject to the effect of general principles of equity.

Section 3.5 Governmental Authorizations. The execution, delivery and performance of this Agreement and the Ancillary Agreements by each Seller and the consummation by it of the transactions contemplated hereby and thereby do not and will not require any consent, approval or other authorization of, or filing with or notification to, any international, national, supranational, federal, state, provincial or local governmental, regulatory or administrative authority, agency, commission, court, tribunal, arbitral body or self-regulated entity, whether domestic or foreign (each, a "Governmental Entity"), other than:

(a) the pre-merger notification required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act");

(b) any applicable state, local, federal or foreign Laws governing the sale of liquor; and

(c) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not have a Sellers Material Adverse Effect.

Notwithstanding anything to the contrary in this Agreement, the failure to obtain approvals, consents or authorizations in respect of or related to the matters referred to in Section 3.5(b) shall not be a condition to the Closing or be deemed, individually or in the aggregate, to have, result in, or cause a Sellers Material Adverse Effect.

Section 3.6 Non-Contravention. Except as set forth in Schedule 3.6, the execution, delivery and performance of this Agreement and the Ancillary Agreements by each Seller and the consummation by it of the transactions contemplated hereby and thereby do not and will not:

(a) contravene or conflict with, or result in any violation, breach or default (whether upon lapse of time and/or the occurrence of any act or event or otherwise) of, any provision of its organizational documents; and

(b) assuming that all consents, approvals, authorizations, filings and notifications described in Section 3.5 have been obtained or made, contravene or conflict with, or result in any violation or breach of, any Laws or Orders applicable to such Seller or by which any of its assets are bound, other than as would not have a Sellers Material Adverse Effect.

Section 3.7 Litigation. As of the date of this Agreement, except as set forth in Schedule 3.7 and except for any Excluded Liabilities, there are no legal actions, claims, demands, arbitrations, hearings, charges, union grievances, complaints, investigations, examinations, indictments, litigations, suits or other civil, criminal, administrative investigative proceedings, Orders, or petitions (collectively, "Legal Actions") pending or, to the Sellers Knowledge, threatened in writing against the Sellers or any of their respective properties or assets that, individually or in the aggregate, would reasonably be expected to materially adversely affect (i) the Assets (or the use, operation or value thereof), (ii) the Business or (iii) the ability of any Seller to consummate the transactions contemplated hereby or by the Ancillary Agreements.

Section 3.8 Contracts.

(a) As of the date of this Agreement, except as set forth in Schedule 3.8(a), (i) no Seller has received any written notice of any material claim of default under any Contract and (ii) each Contract is valid, binding and enforceable in accordance with its terms and is in full force and effect, subject to the effect of any applicable bankruptcy, insolvency (including all Laws related to fraudulent transfers), reorganization, moratorium or similar Laws affecting creditors' rights generally and subject to the effect of general principles of equity, and, to Sellers Knowledge, Sellers have made available to the Buyer true and complete copies of all Contracts, including any amendments thereto, and there are no other written agreements relating to such Contracts with the counterparties to such Contracts.

(b) Except as contemplated by this Agreement, Sellers own and have not assigned or agreed to assign their rights under the Contracts and there are no Liens on any of the Contracts.

(c) Except for facilities related to Tempus and Great Eastern, there are no hotels or other lodging or timeshare facilities owned, managed, franchised or otherwise operated by, or pursuant to contracts or arrangements with, Sellers or any of their Affiliates, in connection with the Wyndham Marks other than pursuant to the Franchise Agreements and Management Agreements.

Section 3.9 Intellectual Property.

(a) Except as would not be material to the Business, the Sellers own the entire right, title and interest in and to each of the material Assigned IP, subject only to the Assigned IP/IT Agreements, the Franchise Agreements and the Management Agreements and to those Liens, licenses, contracts, agreements, consent decrees, judgments, orders or other rights expressly set forth in Schedule 3.9(a).

(b) Except as would not be material to the Business or as expressly set forth in Schedule 3.9(b), to the Sellers Knowledge, (i) the Sellers own, license pursuant to the Assigned

IP/IT Agreements or otherwise have the right to use pursuant to a right included in the Assets as it is currently used in the Business, each item of Intellectual Property used in the Business; (ii) none of the Assigned IP currently used in the Business is or has been adjudged invalid or unenforceable in whole or in part; (iii) no Person is engaging in any activity that infringes upon, misappropriates or otherwise violates the Assigned IP; (iv) each contract or agreement relating to the Assigned IP is valid and enforceable, is binding on all parties to such contract or agreement, and is in full force and effect; (v) no party to any contract or agreement relating to the Assigned IP is in breach thereof or default thereunder; (vi) the Sellers have taken commercially reasonable actions to protect, preserve and maintain the Assigned IP; and (vii) the Assigned IP and the conduct of the Business as currently conducted do not infringe, misappropriate or otherwise violate any Person's Intellectual Property, and there is no such claim or proceeding (including, without limitation, any opposition, interference, invalidation, and/or cancellation proceeding or other claim) pending or threatened against the Assigned IP or against any of the Sellers or their Affiliates with respect to the Business.

(c) To the Sellers Knowledge, (i) the Assigned IP includes all material Intellectual Property used or held for use in the Business as it is currently conducted, other than (A) Intellectual Property licensed pursuant to the Assigned IP/IT Agreements and (B) generally commercially available, "off-the-shelf" software and IP systems having an acquisition price of less than twenty-five thousand dollars (US$25,000) in the aggregate for use of each software product or IP system; and (ii) the Assigned IP/IT Agreements, Excluded IP/IT Agreements, Franchise Agreements, Management Agreements and the contracts and agreements expressly set forth in Schedule 3.9(a) include all material contracts and agreements relating to Intellectual Property, information technology, or services relating thereto used or held for use in the Business. No Seller nor any Affiliate of any Seller, nor any current or former partner, director, stockholder, officer, or employee of the Sellers or their Affiliates, will, after giving effect to the transactions contemplated hereby, own or retain any right, title or interest in or to any of the Assigned IP, except for (i) such rights expressly granted pursuant to the Trademark License Agreement, Section 6.11 and Section 6.19(c) of this Agreement and in any franchise agreement or management agreement between Sellers or any of their Affiliates on the one hand and Buyer and any of its Affiliates on the other hand and (ii) individual natural persons' moral rights and rights related to privacy/publicity and likeness.

(d) To the Sellers Knowledge, the use and dissemination by any of the Sellers, their Affiliates, owners of properties subject to any Management Agreement or Franchisees of any and all data on or regarding individuals is in compliance in all material respects with all applicable privacy policies and privacy and data Laws related to the Business.

Section 3.10 Brokers and Finders. No broker, finder or investment banker is entitled to any fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of any of the Sellers.

Section 3.11 Benefit Plans; Collective Bargaining Agreements

(a) Schedule 3.11(a) sets forth a list of each "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), and any severance, vacation, and incentive plan, program or policy sponsored or maintained by Seller or any of its Affiliates in which the Employees (as such term is defined in Section 3.11(e) below) participate or are entitled to participate (collectively, the "Benefit Plans") that is material.

(b) The Benefit Plans are in compliance with all applicable requirements of ERISA, the Code, and other applicable Laws and have been administered in accordance with their terms and such Laws, except where the failure to so comply would not be material to the Business. Except as set forth on Schedule 3.11(b), no Benefit Plan exists that could result in the payment to any Employee of any money or other property (including any severance payments, bonus or other compensation) or in the acceleration of any other rights or benefits to any Employee as a result of the transactions contemplated herein.

(c) Schedule 3.11(c) sets forth a complete list of all collective bargaining agreements to which the Sellers or their Affiliates are a party or by which Sellers or their Affiliates are bound, which in any such case covers services performed by Employees of Sellers or their Affiliates (the "Collective Bargaining Agreements"). Except to the extent set forth in Schedule 3.11(c), there are no labor organizing activities, pending demands for recognition or certification, certified or recognized labor representatives, strikes, lockouts, or work stoppages with respect to the Employees.

(d) With respect to the Employees, the Sellers and their Affiliates: (i) are not required to maintain affirmative action plans, and (ii) have complied in all material respects with all requirements under the Workers' Adjustment and Retraining Notification Act and any similar foreign, state or local law relating to plant closings and layoffs. To the Sellers Knowledge, the Sellers, their Affiliates and each Person acting as an agent of the Sellers or their Affiliates, are in material compliance with all applicable Laws prohibiting unlawful discrimination against customers or potential customers, except where the failure to so comply would not be material to the Business.

(e) Schedule 3.11(e) sets forth a list of each Corporate Employee as of the date of this Agreement.

(f) Schedule 3.11(f) sets forth a list of each Corporate Employee who is party to an Employment Agreement as of the date of this Agreement. Except as set of on Schedule 3.11(f), no Employee is a party to an individual employment, severance or similar contract with any Seller or any Subsidiary thereof.

(g) Schedule 3.11(g) sets forth a list of each Corporate Employee to whom Buyer and any of its Affiliates are precluded from making offers of employment.

Section 3.12 Compliance with Applicable Laws. Except as set forth onSchedule 3.12 and except for failures that would not be material to the Business, Sellers have conducted the Business in compliance with all applicable Laws, and, to Sellers Knowledge, none of the Sellers has received any written notice from a Governmental Entity alleging any material violation of any applicable Law in connection therewith.

Section 3.13 Title and Related Matters. Except as set forth inSchedule 3.13 hereto, Sellers have good and marketable title to, or have a valid leasehold interest in, all personal, tangible and intangible property and other assets that are material to the conduct of the Business as currently conducted included in the Assets, free and clear of all Liens other than Liens that will be released at or prior to the Closing. Upon Closing, the Buyer will have good and marketable title to, or will have a valid leasehold interest in, all personal, tangible or intangible, property and other assets that are material to the conduct of the Business as currently conducted included in the Assets, free and clear of all Liens other than Liens created by, or arising as a result of the ownership of the Assets by, Buyer.

Section 3.14 Royalties Earned. Schedule 3.14 hereto, to Sellers Knowledge, sets forth a schedule of royalties earned by the Business for the period commencing January 1, 2004 and ending December 31, 2004 and for the period commencing January 1, 2005 and ending July 31, 2005 (the "Historical Royalties Earned"). To Seller's Knowledge, the Historical Royalties Earned have been prepared in good faith from the books and records of the Sellers and present fairly, in all material respects, the royalties earned by Sellers and their Affiliates for the relevant periods.

Section 3.15 Environmental Matters.

(a) Except as set forth in Schedule 3.15, to Sellers Knowledge, with respect to any real property managed by Sellers pursuant to a Management Agreement, (i) neither Sellers nor any Person owning any real property managed by Sellers pursuant to a Management Agreement with Sellers, (A) has received from any Governmental Entity any written notice of material violation of, alleged material violation of, material non-compliance with, or material liability or potential material liability pursuant to, any Environmental Law, other than notices with respect to matters that have been resolved and for which Sellers or other parties as described herein have no further obligations outstanding, (B) has received any written material request for information from any Governmental Entity or is subject to any material investigation with respect to any environmental matter by any Governmental Entity, or (C) is subject to any outstanding Order or other agreement with regard to any material violation, material noncompliance or material liability under any Environmental Law; and (ii) no Hazardous Substances have been Released into the soil, surface water or ground water at, on, or under any real property managed by Sellers or by a Person who has entered into a Management Agreement with Sellers, (A) such that the Sellers or such other Person would reasonably be expected to be obligated to remediate Releases of such Hazardous Substances pursuant to any Environmental Law at a cost material to the Business or (B) that would reasonably be expected to result in material claims against Sellers by other Persons (including the Persons owning Real Property managed by Sellers or Persons who have entered into Management Agreements with Sellers) under any Environmental Law (including material claims for damage or injury to persons, property or natural resources).

(b) For purposes of this Section 3.15, "Environmental Laws" means all applicable Laws relating to pollution, the protection of the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or protection of human health as it relates to the environment including, without limitation, laws and regulations relating to Releases or threatened Releases of Hazardous Substances, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances; "Hazardous Substances" means (i) any petroleum or petroleum products, radioactive materials, asbestos in any form that is friable, urea formaldehyde foam insulation and transformers or other equipment that contain dielectric fluid containing regulated levels of polychlorinated biphenyls; (ii) any chemicals, materials or substances which are now defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," or words of similar import under any Environmental Law and (iii) any other chemical, material, substance or waste, exposure to which is now prohibited, limited or regulated under any Environmental Law; and "Release" means any release, spill, emission, leaking, injection, deposit, disposal, discharge, dispersal, leaching or migration into the atmosphere, soil, surface water, groundwater or property.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer hereby represents and warrants to each Seller as follows:

Section 4.1 Organization and Power. The Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. The Buyer has the requisite power and authority to own, lease and operate its assets and properties and to carry on its business as now conducted.

Section 4.2 Authorization. The Buyer has all necessary corporate power and authority to enter into and perform its obligations under this Agreement and the Ancillary Agreements and to consummate the transactions contemplated by this Agreement and the Ancillary Agreements. The execution and delivery and performance of this Agreement and the Ancillary Agreements by the Buyer and the consummation by it of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of the Buyer.

Section 4.3 Enforceability. This Agreement and the Ancillary Agreements have been duly executed and delivered by the Buyer and, assuming due authorization, execution and delivery of this Agreement and the Ancillary Agreements by each of the parties thereto (other than the Buyer), constitute legal, valid and binding agreements of the Buyer, enforceable against it in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency (including all Laws related to fraudulent transfers), reorganization, moratorium or similar Laws affecting creditors' rights generally and subject to the effect of general principles of equity.

Section 4.4 Governmental Authorizations. The execution, delivery and performance of this Agreement and the Ancillary Agreements by the Buyer and the consummation by it of the transactions contemplated hereby and thereby do not and will not require any consent, approval or other authorization of, or filing with or notification to, any Governmental Entity, other than:

(a) the pre-merger notification required under the HSR Act;

(b) any applicable state, local, federal or foreign Laws governing the sale of liquor; and

(c) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not reasonably be expected to prevent or materially delay the consummation of the Closing and the other transactions contemplated by this Agreement or the Ancillary Agreements or prevent or materially impair or delay the ability of the Buyer to perform its obligations hereunder or thereunder.

Notwithstanding anything to the contrary in this Agreement, the failure to obtain approvals, consents or authorizations in respect of or related to the matters referred to in Section 4.4(b) shall not be a condition to the Closing.

Section 4.5 Non-Contravention. The execution, delivery and performance of this Agreement and the Ancillary Agreements by the Buyer and the consummation by it of the transactions contemplated hereby and thereby do not and will not:

(a) contravene or conflict with, or result in any violation or breach or default (whether upon lapse of time and/or the occurrence of any act or event or otherwise) of, any provision of its organizational documents; and

(b) assuming that all consents, approvals, authorizations, filings and notifications described in Section 4.4 have been obtained or made, contravene or conflict with, or result in any violation or breach of, any Laws or Orders applicable to the Buyer or by which any of its assets are bound, other than as would not would reasonably be expected to prevent or materially delay the consummation of the Closing and the other transactions contemplated hereby or prevent or materially impair or delay the ability of the Buyer to perform its obligations hereunder.

Section 4.6 Capital Resources. The Buyer has, and will have on the Closing Date, sufficient cash to pay the Purchase Price and any other amounts payable by the Buyer in connection with the transactions contemplated by this Agreement.

Section 4.7 Absence of Litigation. There are no Legal Actions pending or, to the Buyer's knowledge, threatened against the Buyer that would reasonably be expected to materially adversely affect any action to be taken by the Buyer under this Agreement or the other agreements contemplated hereby to be delivered at the Closing.

Section 4.8 Brokers and Finders. Other than Merrill Lynch, whose fees, commissions and expenses will be paid solely by the Buyer, no broker, finder or investment banker is entitled to any fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Buyer.

ARTICLE V

CONDITIONS PRECEDENT TO CLOSING

Section 5.1 Conditions to Each Party's Obligation to Effect the Closing. The respective obligation of each party to this Agreement to effect the Closing is subject to the satisfaction or waiver on or prior to the Closing Date of each of the following conditions:

(a) Antitrust. The waiting period applicable to the consummation of the Closing under the HSR Act shall have expired or been terminated.

(b) No Injunctions or Restraints. No Governmental Entity shall have enacted, issued, promulgated, enforced or entered any Laws or Orders (whether temporary, preliminary or permanent) that restrain, enjoin or otherwise prohibit consummation of the Closing or the other transactions contemplated by this Agreement.

Section 5.2 Conditions Precedent to the Sellers' Obligations. The obligation of the Sellers to consummate the transfer of the Assets to the Buyer on the Closing Date is subject to the satisfaction (or waiver by the Sellers) as of the Closing of the following conditions:

(a) The representations and warranties of the Buyer set forth in this Agreement shall be true and correct in all material respects as of the date hereof and as of the Closing Date, as though made on and as of the Closing Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date);

(b) The Buyer shall have performed or complied in all material respects with each obligation and covenant required by this Agreement to be performed or complied with by the Buyer on or before the Closing;

(c) The Seller Representative shall have received a certificate, signed by a senior executive officer of the Buyer, certifying as to the matters set forth in Section 5.2(a) and Section 5.2(b);

(d) The Seller Representative shall have received: (i) a Bill of Sale, Assignment and Assumption Agreement (a "Bill of Sale, Assignment and Assumption Agreement") duly executed by the Buyer in substantially the form of Exhibit A attached hereto, (ii) the Transition Services Agreement (as defined below) duly executed by the Buyer, (iii) a Trademark and domain name assignment agreement (a "Trademark and Domain Name Assignment Agreement") duly executed by the Buyer in substantially the form of Exhibit B attached hereto for each applicable Seller for their respective Assigned IP and (iv) a trademark license agreement (a "Trademark License Agreement") duly executed by the Buyer in substantially the form of Exhibit C; and

(e) The Sellers shall have received the Purchase Price in accordance with Section 2.3 and the Estimated Net Payment (if applicable) in accordance with Section 2.4, by wire transfer of immediately available funds to an account or accounts designated by Seller Representative for it and on behalf of and as agent for the other Sellers.

Section 5.3 Conditions Precedent to the Buyer's Obligations. The obligation of the Buyer to purchase and pay for the Assets is subject to the satisfaction (or waiver by the Buyer) as of the Closing of the following conditions:

(a) The representations and warranties of the Sellers set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Sellers Material Adverse Effect qualifications contained in them as of the Closing Date, as though made on and as of the Closing Date (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except to the extent the failure or failures of such representations and warranties to be so true and correct in all respects would not, individually or in the aggregate, have a Sellers Material Adverse Effect;

(b) Each Seller shall have performed or complied in all material respects with each obligation and covenant required by this Agreement to be performed or complied with by such Seller on or before the Closing;

(c) The Buyer shall have received a certificate, signed by a senior executive officer of each Seller, certifying as to the matters set forth in Section 5.3(a) and Section 5.3(b); and

(d) The Buyer shall have received: (i) a Bill of Sale, Assignment and Assumption Agreement duly executed by each Seller, (ii) the Transition Services Agreement duly executed by the applicable Sellers and/or their Affiliates named therein, (iii) the Trademark and Domain Name Assignment Agreement duly executed by each applicable Seller for their respective Assigned IP, (iv) the Trademark License Agreement duly executed by the Sellers, (v) each of the franchise agreements contemplated under Section 6.13 (other than the franchise agreements that Sellers may elect not to enter into at their option) and (v) the Estimated Net Payment (if applicable) in accordance with Section 2.4, by wire transfer of immediately available funds to an account or accounts designated by Buyer.

(e) The Buyer shall have received a Beverage Services Agreement substantially in the form attached as Exhibit D duly executed by the applicable Seller or Affiliate thereof in connection with each of the Management Agreements, except with respect to any Management Agreement identified by Buyer in writing prior to the Closing.

Section 5.4 Waiver of Conditions Precedent. The Closing shall constitute conclusive evidence that the Sellers and the Buyer have respectively waived any conditions which are not satisfied as of the Closing.

ARTICLE VI

AGREEMENTS

Section 6.1 Conduct of Business by the Sellers. From the date of this Agreement until the Closing, subject to applicable Law, the Sellers jointly and severally agree to (x) operate the Business in the ordinary course and administer the Contracts only in the ordinary course of business consistent with past practice and (y) use its commercially reasonable efforts to maintain and preserve intact their respective Assets. Without limiting the generality of the foregoing, and except as otherwise contemplated by this Agreement, the Sellers shall not take any of the following actions, without the prior written consent of the Buyer, such consent not to be unreasonably withheld or delayed:

(a) except as required by Law or any applicable Benefit Plan or Collective Bargaining Agreement, (i) increase the compensation or benefits payable or to become payable to any of the Employees, (ii) modify, amend, renegotiate or terminate any Collective Bargaining Agreement or (iii) enter into any employment, change of control or severance agreement with any of the Employees;

(b) sell, lease, license (other than non-material licenses in the ordinary course of business), transfer, pledge, encumber, grant or dispose of any Assets;

(c) other than in the ordinary course of business, terminate, renew, amend in any material respect, delegate any material rights under or assign any Contract (other than Franchise Agreements or Management Agreements);

(d) except as set forth in Section 6.13, modify, enter into or renew any Franchise Agreements or Management Agreements or otherwise grant any franchise, license or similar rights to any third party, provided, however, if any Franchise Agreement or Management Agreement is scheduled to expire by its terms, Seller may extend such Franchise or Management Agreement for a period not to exceed 90 days;

(e) dispose of, grant, or obtain, or permit to lapse any rights to, any Assigned IP (other than non-material licenses in the ordinary course of business) or dispose of or disclose to any Person (other than in the ordinary course of business or to Representatives of Buyer), any material Trade Secret included in the Assigned IP; or

(f) agree or commit to do any of the foregoing.

Section 6.2 Other Actions. The parties shall not, and shall not permit any of their respective Subsidiaries or Affiliates to, take any action that could reasonably be expected to result in any of the conditions to the Closing set forth in Article V of this Agreement not being satisfied or satisfaction of those conditions being materially delayed.

Section 6.3 Access to Information.

(a) The Sellers shall: (i) provide to the Buyer and its Representatives access at reasonable times upon prior notice to the officers, employees, agents, properties, books and records relating to the Assets; and (ii) furnish promptly such information concerning the Assets as the Buyer or its Representatives may reasonably request. No investigation conducted under this Section 6.3(a), however, will affect or be deemed to modify any representation or warranty made in this Agreement. Not later than seven Business Days from the date hereof, Sellers shall jointly appoint three Persons with knowledge of, and experience in, the operations and affairs of the Business and Buyer shall appoint three Persons with responsibility for overseeing the operational integration of the Business with the Buyer's business, to comprise a transition team that shall meet on a reasonable, regular basis to discuss and implement reasonable steps necessary to achieve an orderly integration of the Assets and the Business with Buyer as of the Closing. The parties shall hold as confidential in accordance with Section 6.7(a) any information provided to it under this Section 6.3(a).

(b) Nothing contained in this Agreement shall give the Buyer, directly or indirectly, rights to control or direct the administration, usage or operation of the Assets prior to the Closing. Prior to the Closing, the Sellers shall, consistent with the terms and conditions of this Agreement, exercise complete control and supervision over the administration, usage or operation of the Assets.

Section 6.4 Notices of Certain Events.

(a) The Seller Representative shall notify the Buyer promptly, and in any event within three Business Days, of (i) any communication from any Person alleging that the consent of such Person (or another Person) is or may be required in connection with the transactions contemplated by this Agreement (and the response thereto from the Sellers or its Representatives), (ii) any material Legal Actions threatened or commenced against or otherwise affecting the Sellers challenging the consummation of the transactions contemplated by the Agreement, (iii) any event, change, occurrence, circumstance or development between the date of this Agreement and the Closing which causes or is reasonably likely to cause the conditions set forth in Section 5.3(a) or Section 5.3(b) of this Agreement not to be satisfied or (iv) any intention to extend a Franchise Agreement or Management Agreement under Section 6.1(d); provided, that with respect to this clause (iv), such notice shall be provided to the Buyer no less than thirty days' prior to any extension.

(b) The Buyer shall notify the Seller Representative promptly, and in any event within three Business Days, of (i) any communication from any Person alleging that the consent of such Person (or other Person) is or may be required in connection with the transactions contemplated by this Agreement (and the response thereto from the Buyer or its Representatives), (ii) any material Legal Actions threatened or commenced against or otherwise affecting the Buyer challenging the consummation of the transactions contemplated by the Agreement or (iii) any event, change, occurrence, circumstance or development between the date of this Agreement and the Closing which causes or is reasonably likely to cause the conditions set forth in Section 5.2(a) or Section 5.2(b) of this Agreement not to be satisfied.

(c) The delivery of any notice pursuant to this Section 6.4 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

Section 6.5 Commercially Reasonable Efforts. Upon the terms and subject to the conditions set forth in this Agreement and in accordance with applicable Laws, each of the parties to this Agreement shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to ensure that the conditions set forth in Article V are satisfied and to consummate the transactions contemplated by this Agreement as promptly as practicable.

Section 6.6 Consents; Filings; Further Action.

(a) Upon the terms and subject to the conditions of this Agreement and in accordance with applicable Laws, each of the Buyer and the Seller Representative shall (i) subject to Section 6.6(b) with respect to the Buyer, use its commercially reasonable efforts to obtain any consents, approvals or other authorizations, and make any filings and notifications required in connection with the transactions contemplated by this Agreement under, and (ii) thereafter make any other submissions either required or deemed appropriate in connection with the transactions contemplated by this Agreement under, (A) the HSR Act and (B) any other applicable Laws. The Buyer and the Seller Representative shall cooperate and consult with each other in connection with the making of all such filings and notifications, including by providing copies of all relevant documents to the non-filing party or its advisors prior to filing; and in furtherance thereof, as soon as practicable after the date of this Agreement and in no event later than five Business Days after the date hereof, the Buyer and the Seller Representative agree to make an appropriate filing pursuant to the HSR Act with respect to the transactions contemplated by this Agreement and to supply as promptly as practicable to the appropriate Governmental Entity any additional information and documentary material that may be requested pursuant to the HSR Act. Neither the Buyer nor the Seller Representative shall consent to any voluntary extension of any statutory deadline or waiting period or to any voluntary delay of the consummation of the transactions contemplated by this Agreement at the behest of any Governmental Entity without the consent of the other party, which consent shall not be unreasonably withheld or delayed.

(b) Each of the Buyer and the Seller Representative shall promptly inform the other party upon receipt of any communication from the Federal Trade Commission, the Department of Justice or any other Governmental Entity regarding any of the transactions contemplated by this Agreement. If the Buyer or the Seller Representative (or any of their respective Affiliates) receives a request for additional information from any such Governmental Entity that is related to the transactions contemplated by this Agreement, then such party will endeavor in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response to such request. The Buyer shall advise the Seller Representative promptly of any understandings, undertakings or agreements (oral or written) which the Buyer proposes to make or enter into with the Federal Trade Commission, the Department of Justice or any other Governmental Entity in connection with the transactions contemplated by this Agreement. In furtherance and not in limitation of the foregoing, the Buyer shall use its best efforts to resolve any objections that may be asserted with respect to the transactions contemplated by this Agreement under any antitrust, competition or trade regulatory Laws, including using its best efforts to contest any Legal Action related thereto.

(c) The Sellers and the Buyer shall use their respective commercially reasonable efforts to obtain any third party consents from Persons who are not Governmental Entities necessary, proper or advisable to assign the Assets, provided that no party nor any of their Affiliates shall be required to pay or commit to pay to such Person whose approval or consent is being solicited any cash or other consideration, make any commitment or to incur any Liabilities or obligations of any kind, whether accrued, contingent, absolute, inchoate or otherwise.

(d) Notwithstanding anything in this Agreement to the contrary, in connection with the receipt of any necessary governmental approvals or clearances (including under the HSR Act), no party nor its Affiliates shall be required to sell, hold separate or otherwise dispose of or conduct their business in a specified manner, or agree to sell, license, hold separate or otherwise dispose of or conduct the Assets or their business in a specified manner, or permit the sale, holding separate or other disposition of, any assets of such party or any of such party's Affiliates or the conduct of their business in a specified manner.

Section 6.7 Confidentiality; Press Release. (a) The Buyer and the Sellers shall hold as confidential all information disclosed in connection with the transaction contemplated hereby and concerning each other, the Assets, this Agreement and the transactions contemplated hereby, including without limitation, the Purchase Price, the Estimated Net Payment or the Final Net Payment, and shall not release any such information to third parties without the prior written consent of the other parties hereto, except (i) any information which was previously or is hereafter publicly disclosed (other than in violation of this Agreement or other confidentiality agreements to which Affiliates of the Buyer are parties), (ii) to their partners, advisers, underwriters, analysts, employees, affiliates, officers, directors, consultants, lenders, accountants, legal counsel, title companies, prospective franchisees or other advisors of any of the foregoing, provided, that they are advised as to the confidential nature of such information and are instructed to maintain such confidentiality, (iii) to comply with any applicable Law or the requirements of the New York Stock Exchange and (iv) any notices required to be delivered by the Sellers or any of their Affiliates to Persons who are a party to any Contracts. The provisions of this Section 6.7(a) shall survive the Closing or any termination of this Agreement for a period of two years.

(b) Neither the Sellers nor the Buyer may issue a press release or make any other public statement or other disclosure with respect to this Agreement and the transactions contemplated hereby without the prior written consent of the other parties hereto, provided, that the Sellers and the Buyer may issue following (i) the execution of this Agreement and (ii) the Closing, one or more press releases approved by the parties hereto (which approval may not be unreasonably withheld), which may contain or make reference to the Purchase Price paid hereunder.

(c) Prior to the Closing, Buyer or any of its Affiliates shall be permitted and authorized to prepare, file and prosecute with any Governmental Entity a Uniform Franchise Offering Circular, notices, applications, and ancillary documents to register to sell System Hotel franchises after the Closing in any jurisdiction that will accept such filing on a confidential basis. If Buyer or any of its Affiliates makes any such confidential filing, it will request delayed effectiveness of the franchise registration until Buyer notifies the applicable Governmental

Entity that the Closing has occurred. If the Closing does not occur, Buyer shall promptly withdraw such notices and applications. Any such filing shall be subject to the approval of Seller, which approval will be withheld only if such filing would have an adverse impact on any of Seller's existing franchise registrations or would otherwise jeopardize a filing then-currently in process. Prior to the Closing, in consultation with the Seller Representative, Buyer or any of its Affiliates shall be permitted and authorized to communicate with Franchisees and owners of properties subject to any Management Agreement in connection with the transactions contemplated under this Agreement.

Section 6.8 Fees and Expenses. Whether or not the Closing is consummated, all expenses (including fees and expenses payable to Representatives) incurred by any party to this Agreement or its Affiliates or on its behalf in connection with this Agreement and the transactions contemplated by this Agreement ("Expenses") shall be paid by the party incurring those Expenses, provided, however, that this Section 6.8 shall not apply to Transfer Taxes. The provisions of this Section 6.8 shall survive the Closing or any termination of this Agreement.

Section 6.9 Employee Matters. (a) Five Business Days prior to the Closing Date, the Sellers shall provide the Buyer with a list of all System Hotel Employees then employed with the Sellers or its Affiliates. No later than five Business Days after the date hereof and five Business Days prior to the Closing Date, the Sellers shall provide the Buyer with updated Schedules 3.11(e), 3.11(f) and 3.11(g).

(b) Effective as of the Closing, the Buyer or one of its Affiliates shall extend offers of employment to all of the System Hotel Employees. With respect to Employees (including Corporate Hires (as such term is defined in Section 6.9(c) below)) who are not covered by a Collective Bargaining Agreement, such offers of employment shall be on such terms and conditions that are no less favorable than those maintained by the applicable Seller immediately prior to the Closing Date for the benefit of such employees with respect to annual rate of base salary or hourly wages, as applicable, annual cash incentive opportunities, and which provide such employees with the opportunity to participate in employee benefit plans and programs that, in the aggregate, provide benefits that are no less favorable than those provided by the Seller to such employees immediately prior to the Closing Date. With respect to Employees who are covered by a Collective Bargaining Agreement, such offer shall be on a basis consistent with the applicable Collective Bargaining Agreement. Any Employee who becomes employed by the Buyer or any of its Affiliates on or after the Closing Date shall hereinafter be referred to as a "Transferred Employee."

(c) The Buyer or one of its Affiliates may hire any Corporate Employee (other than any Excluded Employee and any Contract Employee who does not execute a waiver as described in Section 6.9(d)) (the "Corporate Hires") at any time after the Closing Date through the date that is sixty days after the date of this Agreement; provided, however, that the Buyer and/or its Affiliates shall make offers of employment, to commence as of the Closing Date, to at least eighty-six (86) Corporate Employees (excluding any Excluded Employees and those Corporate Employees who are as of the date hereof parties to Employment Agreements), of which at least fifty-four (54) such Corporate Employees who are currently employed in Dallas, Texas, shall be made such an offer to remain employed in Dallas, Texas. The Sellers agree not to terminate the employment of any Corporate Employee (other than any Excluded Employee) other than for cause until 60 days following the date of this Agreement, unless the Buyer provides the Sellers written notice prior thereto that it does not intend to make an offer of employment to any such Employee, in which case the Sellers may, in their discretion, terminate the employment of such Employee prior to such sixtieth day. No later than sixty (60) days from the date of this Agreement, the Buyer shall provide, in writing, the names of all Corporate Hires to whom it does not intend to make, or cause any of its Affiliates to make, offers of employment.

(d) The Sellers shall waive any and all restrictive covenants which would limit, impair, restrict or preclude the ability of any Contract Employee to become a Transferred Employee or to provide services to the Buyer or its Affiliates in any capacity, including but not limited to, any confidentiality, non-solicit or non-competition covenants that may be applicable to any such Employee, whether as part of an Employment Agreement or otherwise, to the extent that such Employee waives any rights he or she may have to any severance payments or severance benefits, whether pursuant to an Employment Agreement or otherwise, prior to the last day on which such Contract Employee would be eligible to receive an offer of employment from the Buyer or one of its Affiliates pursuant to Section 6.9(c); provided, however, that with respect to any Contract Employee who holds the title of executive vice president (or a more senior title), the Sellers and the Buyer shall cooperate in good faith in connection with the foregoing.

(e) Effective as of the Closing, all Liabilities arising out of, in respect of or relating to the hiring, employment or termination of any Transferred Employee arising out of events or conditions occurring before, on or after the Closing Date, including any Liability that (A) arises out of or relates to the employment or service provider relationship between the Sellers and their Affiliates and any Transferred Employee, including any claims, Liabilities or obligations that arise under any Law governing equal employment opportunity and discrimination in employment, occupational safety and health, the payment of wages and other compensation, the provision of workers' compensation benefits and the maintenance of insurance for such benefits, and/or other terms and conditions of employment; (B) arises out of or relates to any claims under any Benefit Plan; or (C) arises out of or relates to any claims, liabilities or obligations for compensation, severance, retention or employee benefits of any nature, but excluding any severance obligations or other monetary obligations arising under any Employment Agreement or any other severance obligations arising on or before the Closing Date, shall be deemed "Assumed Liabilities" for all purposes under this Agreement.

(f) Effective as of the Closing, through December 31, 2005, all Transferred Employees (and their respective beneficiaries, as applicable) shall continue to participate, at the Buyer's expense, in any Benefit Plan that is a "welfare benefit plan" (within the meaning of Section 3(1) of ERISA) in which such Employees participated immediately prior to the Closing Date. For all purposes hereunder, the term "Buyer's expense" shall be limited to the costs that the Sellers and their respective Affiliates incur under any such Benefit Plan in respect of such participation during such period (and, for the avoidance of doubt, with respect to any self-insured medical Benefit Plan, such expenses shall be limited to the 2005 monthly premium contribution costs currently payable by the Sellers or their respective Affiliates, as applicable, in respect of such Transferred Employees' (and their respective beneficiaries') participation therein, not the full costs of any actual claims submitted under any such Benefit Plan with respect to any such plan participants in respect of such period). Buyer agrees that it shall deliver to the Seller as soon as practicable all applicable participant payroll contribution deductions and Buyer's premium contributions. Notwithstanding the foregoing, with respect to the Transferred Employees, the Buyer shall, or shall cause its Affiliates to, recognize all service with the Sellers and any of their respective Affiliates for purposes of eligibility, vesting, vacation and severance determinations and other seniority-based benefits (but not benefit accrual under any defined benefit pension plan) under any employee benefit plan, program or arrangement maintained for the benefit of the Transferred Employees at and/or after the Closing, to the same extent such service was recognized under a comparable Benefit Plan except to the extent contrary to a Collective Bargaining Agreement.

(g) Effective as of the Closing Date, the Buyer shall expressly assume, and otherwise pay or otherwise perform or discharge in the ordinary course of business each Collective Bargaining Agreement, including, without limitation, all payment and performance obligations and other liabilities thereunder. In addition, with respect to any "multiemployer plan" (within the meaning of Section 4001(a)(3) of ERISA) (a "Multiemployer Plan") pursuant to which the Buyer shall, as a result of the assumption of all liabilities and obligations of the Sellers or their Affiliates, as applicable under each Collective Bargaining Agreement as set forth above in this Section 6.9(g), be required to contribute, the Buyer shall satisfy all of the requirements of a "purchaser" (within the meaning of Section 4204 of ERISA) set forth in Section 4204(a)(i)(A) and (B) of ERISA; provided, however, that if the Buyer withdraws in a Complete Withdrawal, or a Partial Withdrawal with respect to any Covered Operations of any of the Companies during the period of five plan years commencing with the first plan year beginning after the Closing Date, the Sellers or its Affiliates, as applicable, shall be secondarily liable for any Withdrawal Liability they would have had to the Multiemployer Plan with respect to such operations (but for the application of Section 4204 of ERISA) if the liability of the Buyer with respect to the Multiemployer Plan is not paid. For purposes of this Section 6.9(g), all capitalized terms used herein shall have the meanings ascribed to such terms under Section 4204 of ERISA.

(h) Consistent with the provisions of Section 2.1(a), with respect to the Wyndham International, Inc. Employees Savings & Retirement Plan (Plan 001-401(k)) (the "Savings Plan"), Seller shall (i) as of the Closing Date cause the trustees of the Savings Plan to identify the assets of the Savings Plan representing the full account balances of the Transferred Employees for all periods of participation through the Closing Date (or, with respect to any Corporate Employees whose employment commences after the Closing Date pursuant to Section 6.9(c), the effective date of the termination of their employment with Sellers or their respective Affiliates (any such date, an "Employee Termination Date")) (including, as applicable, all employee contributions, employer contributions and all earnings attributable thereto); and (ii) as soon as practicable after the Closing Date, provide for the transfer of assets described in this Section 6.9(h). Buyer shall (x) give Seller written notice of the name of the trustee of the defined contribution plan designated by Buyer to which the assets and liabilities for benefits of the Savings Plan are to be transferred (the "Buyer Savings Plan"), accompanied by a copy of the most recent favorable IRS determination letter for such plan received by Buyer, as promptly as possible after the Closing Date, but in any event prior to the date on which such transfer is to occur; and (y) make all required filings and submissions to appropriate Governmental Authorities. As soon as practicable after the Closing, and pursuant to the procedures set forth below, Seller shall cause the trustees of the Savings Plan to transfer to the trustee of the Buyer Savings Plan, on the Savings Transfer Date, the following amount (the "Total Transfer

Amount"): (A) the full account balances (in kind or in cash as determined by Seller, and notes for any loans to the Transferred Employees) of all Transferred Employees, whose account balances shall have been credited with appropriate earnings and contributions, if any, attributable to the period ending on the close of business on the day preceding the Closing Date (or if applicable for any given Transferred Employee, the Employee Termination Date of such Transferred Employee), plus (B) earnings on such account balances attributable to the period from the Closing to the Savings Transfer Date, reduced by (C) any benefit or withdrawal payments made in respect of the Transferred Employees prior to the Savings Transfer Date. The "Savings Transfer Date" shall be the last day of the month following the immediately preceding month in which Buyer has requested the transfer and Seller has received copies of the applicable favorable Buyer IRS determination letters. In consideration of the transfer of assets hereunder, Buyer shall, as of the Savings Transfer Date, cause the Buyer Savings Plan to assume the liabilities for benefits payable to Savings Plan participants and beneficiaries in respect of participants for whom assets (including notes) are transferred.

(i) The Sellers and the Buyer acknowledge and agree that all provisions contained herein with respect to employees are included for the sole benefit of the Buyer and the Sellers (and Sellers' Affiliates) and shall not create any right (i) in any other Person, including any employees, former employee, any participant in any benefit plans or any beneficiary thereof or (ii) to continued employment with the Buyer.

(j) On or before the Closing Date, Sellers and their Affiliates shall provide a list of the name and site of employment of any and all employees of Sellers and their Affiliates who have experienced, or will experience, an employment loss or layoff – as defined by the Worker Adjustment and Retraining Notification Act of 1988 or any similar applicable state or local law requiring notice to employees in the event of a closing or layoff (the "WARN Act") – within ninety (90) days prior to the Closing Date. Sellers and their Affiliates shall update this list up to and including the Closing Date.

(k) The Sellers and their Affiliates shall not, at any time ninety (90) days before the Closing Date, without complying fully with the notice requirements and other requirements of the WARN Act, effectuate (1) a plant closing as defined in the WARN Act affecting any site of employment of one or more facilities or operating units within any site of employment of Sellers or their Affiliates; (2) a mass layoff as defined in the WARN Act affecting any site of employment of the Sellers or their Affiliates; or (3) any similar action under the WARN Act requiring notice to employees in the event of an employment loss or layoff.

(l) Pursuant to the Transition Services Agreement, certain Corporate Employees who are not made offers of employment pursuant to Section 6.9(c) shall remain employed by Seller and its Affiliates but shall provide services to the Buyer and its Affiliates for a certain period following the Closing Date, and certain Employees who are made offers of employment pursuant to Section 6.9(b) or Section 6.9(c) shall become employed by the Buyer or one of its Affiliates and shall provide services to the Sellers and their Affiliates for a certain period following the Closing Date (such employees, "Transition Employees"). In connection with such agreement, the Buyer and Seller agree as follows with respect to liability for cash severance payments to be paid to Transition Employees who are not Excluded Employees: (i) if a Transition Employee's services are terminated on or prior to December 31, 2005, then the

Seller or its Affiliates will be responsible for 100% of the cash severance costs for such employee; (ii) if a Transition Employee's services are terminated on or after January 1, 2006 but before May 1, 2006, then the Seller or its Affiliates will be responsible for 100% of the cash severance costs for such employee, except that the Buyer will be responsible for 50% of the incremental cost of any enhanced cash severance amounts payable to such employee pursuant to the Seller severance policies in effect as of the date of this Agreement (it being understood among the parties hereto that the Seller shall extend the application of such enhanced severance policies through April 30, 2006); (iii) if a Transition Employee's services are terminated at any time on or after May 1, 2006 but before October 1, 2006, then each of the Seller and the Buyer shall be responsible for 50% of the cash severance costs for such employee, provided that if the services of a Transition Employee employed by the Buyer or its Affiliates utilized by the Sellers or any of their Affiliates are extended to or beyond October 1, 2006, then the sharing of cash severance costs as set forth in this clause (iii) shall also be extended through the date on which such services are no longer utilized by the Sellers or any of their Affiliates (such date, the "Applicable Date"); and (iv) if a Transition Employee's services are terminated at any time on or after October 1, 2006 (or, if applicable, the Applicable Date), then the Buyer shall be responsible for 100% of the cash severance costs for such employee. For any Transition Employee whose services are terminated on or prior to December 31, 2005, Seller shall be responsible for providing continuation coverage benefits under Section 4980B of the Code with respect to such Transition Employees, but for any Transition Employee whose services are terminated after December 31, 2005, such employee's respective employer as of the date of such termination shall be responsible for providing continuation coverage benefits under Section 4980B of the Code with respect to such employee. Notwithstanding the foregoing, nothing contained herein shall obligate the Sellers or any of their Affiliates to employ any Transition Employee after June 30, 2006.

(m) The Sellers agrees that they will not, and they will cause their respective officers, directors, employees, agents, representatives and Affiliates (each a "Seller Representative") not to, whether on the Sellers' or such Seller Representative's own behalf or on behalf of or in conjunction with any Person, directly or indirectly (i) encourage any Corporate Employee (other than any Excluded Employee) or System Hotel Employee not to accept any offer of employment made by the Buyer or any of its Affiliates pursuant to Section 6.9 above or make any offer of employment to any Corporate Employee (other than any Excluded Employee) or System Hotel Employee; or (ii) during the one year period following the Closing Date, solicit or encourage any Transferred Employee to cease work with the Buyer or any of its Affiliates. Notwithstanding the foregoing, the restrictions set forth in this Section 6.9(m) will not prohibit the Sellers nor any Seller Representatives from: (A) advertising employment opportunities in any general solicitation not targeted at Corporate Employees, including national newspaper, trade journal or other publication in a major metropolitan area or any third-party Internet website posting, or negotiating with, offering employment to or employing any Person contacted through such medium, (B) participating in any third-party hiring fair or similar event open to the public or (C) negotiating with, offering employment to or employing any Person contacted through such medium.

Section 6.10 Other Assets and Agreements. Following the Closing, upon the discovery by any Seller or any of its Affiliates or by Buyer of any asset or property used primarily in connection with the Business or the Assets that is not an Excluded Asset and that was not transferred, conveyed or assigned to Buyer hereunder but used or held for use by any of the Sellers or any of their respective Affiliates, the Sellers, jointly and severally, shall, and shall cause their respective Affiliates to, (a) deliver written notice to Buyer of the existence and non-transfer, non-conveyance or non-assumption of such item and provide Buyer with all the information about and with access to such item as Buyer may reasonably request, and (b) if requested by Buyer, shall use commercially reasonable efforts to transfer, convey or assign to the Buyer or its Affiliates (as specified by Buyer) such item in the manner and on the terms and conditions as if it were an Asset under this Agreement, subject to applicable Law and the terms of this Agreement. The provisions of this Section 6.10 shall survive the Closing.

Section 6.11 Transitional Trademark Licenses.

(a) Following the Closing, Sellers shall (and shall cause their Affiliates to), as soon as practicable, but in no event later than 135 days following the Closing, cease to (i) make any use of any Trademarks that include the term “WYNDHAM”, or any other Trademark included in the Assigned IP, and (B) any Trademarks containing or comprising the foregoing, including any Trademarks confusingly similar thereto or dilutive thereof, and (ii) hold themselves out as having any affiliation with the Business, in each case except as otherwise provided in the Trademark License Agreement and in any franchise agreement or management agreement between Sellers or any of their Affiliates on the one hand and Buyer and any of its Affiliates on the other hand. In furtherance thereof, as soon as practicable but in no event later than 135 days following the Closing Date, Sellers shall (and shall cause their Affiliates to) remove, strike over or otherwise obliterate all Trademarks included in the Assigned IP from all assets and other materials retained by the Sellers and their Affiliates, including, without limitation, any vehicles, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, websites, email, computer software and other materials and systems. Any use by the Sellers or any of their Affiliates of any Trademarks included in the Assigned IP during the interim 135 day period is subject to their compliance with the quality control requirements and guidelines in effect for such Trademarks as of the Closing Date.

(b) From and after the Closing Date until December 31, 2005 (the “Transition Period”), Sellers on behalf of themselves and their Affiliates shall grant to Buyer and its Affiliates, a worldwide, royalty-free, and sublicenseable right and license to use any of the Sellers’ or their Affiliates’ Trademarks that contain the names and marks GOLDEN DOOR (collectively, the “Golden Door Marks”), solely for use in connection with the Business as it is conducted as of the date of this Agreement, including use on products in the “Golden Door Bath Care Collection” and the “Golden Door Skin Care” product line that are provided to System Hotels as of the date of this Agreement (such use to include the right to procure products consistent with past practice through December 31, 2005). In addition, products acquired in the ordinary course consistent with past practice prior to December 31, 2005 may continue to be used after such date but in no event may such products be used after June 30, 2006. Buyer agrees that within ninety (90) days after the expiration of the Transition Period, but subject to the preceding sentence of this Section 6.11(b), it shall (and shall cause its Affiliates and instruct its sublicensees to) cease to make any use of the Golden Door Marks and any Trademarks containing or comprising the Golden Door Marks, including any Trademarks confusingly similar thereto or dilutive thereof, and remove, strike over or otherwise obliterate all Trademarks containing or comprising the foregoing from all assets and other materials, including, without limitation, any spa, bath care and skin care products, purchase orders, product labels, packaging materials, displays, signs, shipping, and invoicing documentation, websites, email, computer software and other materials and systems, signage and all other operational, promotional, marketing materials and/or any other identification in any shape, form or manner. Buyer agrees that upon the expiration of the Transition Period, it shall (and shall cause its Affiliates and instruct its sublicensees to) cease to make any use of the Golden Door Marks, except with respect to inventory as provided above. Any use by the Buyer or any of its Affiliates or sublicensees of any of the Golden Door Marks during the Transition Period is subject to their compliance with the quality control requirements and guidelines in effect for such Golden Door Marks as of the Closing Date. In the event that any sublicensee of Buyer or its Affiliates does not comply with the provisions of this Section 6.11(b), then upon request from Sellers, Buyer will seek injunctive relief against such sublicensee. The foregoing sentence sets forth Buyer's sole and exclusive obligation, and Seller's sole and exclusive remedy against Buyer and its Affiliates, with respect to any breaches of this Section 6.11(b) by Buyer's and its Affiliates' sublicensees.

(c) Prior to Closing, the Sellers shall use their commercially reasonable efforts to make any payment and associated filing to maintain or renew any applications or registrations for Trademarks that are included in the Assigned IP for which such maintenance or renewal payment is due within 30 days from Closing.

(d) For a period of one (1) year from the Closing Date, Buyer shall use its commercially reasonable efforts to maintain the Designated Domain Names and shall redirect all internet traffic directed to the Designated Domain Names to www.luxuryresorts.com, provided that the associated website does not disparage the Assigned IP. Buyer shall not use the Designated Domain Names for any other purpose.

Section 6.12 Accounts Receivable.

(a) Any royalties, interest, commissions, fees and other payments, including without limitation, payments in respect of principal and interest, received by the Sellers or any Affiliate thereof relating to the Assets after the Closing Date in any capacity, accrued on or after the Closing Date, or in respect of any Contract on or after the Closing Date, shall as of the Closing Date be for the account of Buyer. Any such amounts received by the Sellers and their Affiliates after the Closing Date shall be received by the Sellers and their Affiliates in trust for the Buyer and the Sellers will, and will cause their respective Affiliates to, subject to the consummation of the Closing, promptly pay such amounts to an accounted designated by Buyer upon receipt of such account information from Buyer.

(b) Any interest, commissions, fees and other payments, including payments in respect of principal and interest, received by the Buyer in any capacity in respect of any Excluded Asset (whether because the Closing has not yet occurred or otherwise) shall be received by the Buyer in trust for the Sellers and the Buyer will promptly pay such amounts to an account designated by Sellers upon receipt of such account information from the Seller Representative.

Section 6.13 Franchise Agreements.

(a) Prior to the Closing, the Sellers and one or more Affiliates of the Sellers shall enter into a franchise agreement in substantially the form attached as Exhibit E with respect to one or more of the properties listed on Schedule 6.13(a); provided, however, at the option of Sellers, Sellers may elect (for the benefit of themselves and their Affiliates) not to enter into a franchise agreement with the respect to the properties located in Secaucus, New Jersey, Jamesburg, New Jersey or Fairfield, New Jersey.

(b) Prior to the Closing, (i) the Sellers, on the one hand, and (ii) either one or more Affiliates of Sellers or Biltmore Mountain, L.L.C., an Ohio limited liability company (or any of its Affiliates), on the other hand, shall each enter into a franchise agreement in substantially the form attached as Exhibit F with respect to the property listed on Schedule 6.13(b); provided, however, if Biltmore Mountain, L.L.C. objects to the form of franchise agreement attached as Exhibit F with respect to the property listed on Schedule 6.13(b), the Sellers shall have the right to use the form of franchise agreement attached as Exhibit G in lieu thereof.

(c) At the option of the Sellers, prior to the Closing, the Sellers and Wyndham Management Corporation ("WMC") (or its successors and assigns) may enter into a franchise agreement in substantially the form attached as Exhibit H. If Sellers and WMC elect not to enter into such franchise agreement, the Sellers and WMC shall act promptly to remove all indicia of a System Hotel from such hotel, as provided in Section XVIII of Exhibit E.

(d) In addition to the foregoing franchise agreements, Sellers shall have the right to enter into one or more agreements with mortgage or mezzanine lenders acknowledging collateral assignments of these franchise agreements in favor of such lenders and related matters provided such agreements are in a form reasonably acceptable to Buyer.

(e) For purposes of this Agreement, upon entering any of the franchise agreements (and other agreements relating thereto) prior to the Closing as contemplated by clauses (a), (b), (c) or (d) above, such agreement shall be deemed a Franchise Agreement (or a modification thereof) for all purposes under this Agreement from and after the date so executed (and, for the avoidance of doubt, to the extent any of the foregoing franchise agreements as contemplated by clauses (a), (b), (c) or (d) above are not entered into as provided herein, they shall not be deemed to be a Franchise Agreement for any purpose under this Agreement).

Section 6.14 Purchase Price Allocation. The parties will allocate the Purchase Price prior to Closing based upon a mutually satisfactory valuation analysis to be jointly prepared by the parties prior to the Closing. The allocation of the Purchase Price among assets sold by the Sellers, shall be prepared in accordance with the rules under Section 1060 of the Code and the Treasury Regulations promulgated thereunder; provided, however, that, in the event of any adjustment to the Purchase Price pursuant to this Agreement, (i) the Sellers shall promptly prepare and furnish to the Buyer an amendment to such allocation, (ii) the Buyer may promptly, but in no event later than 10 days after receipt of such amendment, comment on the amendment and (iii) the parties shall consult with each other to arrive at a mutually satisfactory amendment to the allocation. The Sellers and the Buyer agree to act in accordance with the computations and allocations resulting from the procedures set forth in this Section 6.14 (including, without limitation, any modifications pursuant to the proviso immediately preceding this sentence), and shall not take any position inconsistent therewith on any Tax Return (including, without limitation, any forms or reports required to be filed pursuant to Section 1060 of the Code, the Treasury Regulations promulgated thereunder or any provisions of local, state and foreign Law) or before any taxing authority, except as required by applicable Law.

Section 6.15 Transfer Taxes.

(a) Notwithstanding anything to the contrary in this Agreement, all sales, use, stamp, registration and other similar Taxes resulting from the transactions contemplated by this Agreement (collectively, the "Transfer Taxes") shall be borne one-half by Buyer and one-half by Sellers;

(b) Subject to Section 6.15(c), Buyer shall prepare and file (or cause to be prepared and filed) all Tax Returns required to be filed in respect of Transfer Taxes, and shall pay (or cause to be paid) to the applicable Tax Authorities the Transfer Taxes shown to be due and payable on the face of such Tax Returns. The Sellers agree to cooperate in the preparation and filing of such Tax Returns, and agrees to pay promptly to the Buyer the Sellers' share of such Transfer Taxes.

(c) The Sellers shall prepare and file (or cause to be prepared and files) all Tax Returns required under applicable Law to be filed by the Sellers in respect of Transfer Taxes, and shall pay (or cause to be paid) to the applicable Tax Authorities the Transfer Taxes shown to be due and payable on the face of such Tax Returns. The Buyer agrees to cooperate in the preparation and filing of such Tax Returns, and agrees to pay promptly to the Sellers the Buyer's share of such Transfer Taxes.

Section 6.16 Bonaventure. Wyndham Management Corporation shall notify Bonaventure Associates, Ltd. of its desire to terminate the Bonaventure Letter Agreement no later than the Closing Date. In connection with such termination, Wyndham Management Corporation shall cooperate with Buyer to seek from Bonaventure Associates, Ltd. (i) the release of any and all claims against Wyndham Management Corporation and Buyer and their respective Affiliates and (ii) an agreement not to disparage Wyndham Management Corporation or Buyer or their respective Affiliates or properties. Prior to the Bonaventure Termination Date, at the request of Buyer and upon reasonable notice, the Seller Representative shall cooperate with Buyer to seek a meeting with Bonaventure Associates, Ltd. with respect to the possibility of Buyer providing Bonaventure Associates, Ltd. hotel management services.

Section 6.17 Insurance.

(a) After the Closing, the Sellers shall not improperly or unnecessarily exhaust, commute, release, novate or otherwise interfere with or prejudice any right the Buyer (or any of its Affiliates) may have under any insurance policy that is in effect as of the date hereof which provides insurance coverage to the Business or Assets (collectively, the "Applicable Insurance Policies"); provided that Seller shall not be required to bear any cost in connection with the foregoing.

(b) After the Closing, (i) each party shall cooperate and assist the other parties and their Affiliates in making claims, pursuing recoveries and securing defense costs under the Applicable Insurance Policies in respect of matters which have occurred or arisen prior to the Closing related to the Business, the Assets or the Excluded Assets and (ii) recoveries or other payments received by the Sellers or their Affiliates under any Applicable Insurance Policy related to the Business, Assets or Assumed Liabilities shall be paid to the Buyer (less any amount actually expended by the Sellers or their Affiliates) for the benefit of the Business, Assets or Assumed Liabilities in connection therewith.

(c) To the extent necessary to maximize recoveries and payouts under the Applicable Insurance Policies, any Liability in respect of matters which have occurred or arisen prior to the Closing related to the Business or Assets for which insurance would have been available under the Applicable Insurance Policies (if the Business and Assets were owned by the Sellers) shall be deemed an Excluded Liability solely to the extent of any recovery or other payment received by the Sellers or their Affiliates under any Applicable Insurance Policy (less any amounts actually expended by the Sellers).

(d) At the Buyer's request, and at the expense of Buyer, Sellers will cooperate with Buyer to obtain a D&O liability insurance tail or an amendment to Sellers' existing D&O liability insurance tail, an employment practices insurance tail and a tail insurance policy for any claims made insurance policy covering the Business, the Assets or the Transferred Employee.

Section 6.18 Transition Services Agreement. Between the date hereof and the Closing Date, the parties shall negotiate in good faith to enter into a transition services agreement (a "Transition Services Agreement") substantially consistent with the terms set forth onSchedule 6.18 and shall develop a plan for implementation of the Services (as defined in the terms set forth on Schedule 6.18) to be provided with respect to Summerfield Suites.

Section 6.19 Books and Records.

(a) Following the Closing, subject to applicable Laws, contractual restrictions and privacy policies, Buyer shall not dispose of or destroy any Business Records or guest and customer lists relating to periods prior to the Closing other than in accordance with the Buyer's document retention policies, without first offering to turn over possession thereof to the Sellers by written notice at least sixty days prior to the proposed date of such disposition or destruction.

(b) Following the Closing, the parties shall allow each other and their agents reasonable access to all Business Records existing as of the Closing on reasonable notice and at reasonable times and for a reasonable purpose at the disclosing party's principal place of business or at any location where any Business Records are stored, and the requesting party shall have the right, at its own expense, to make copies of any Business Records; provided, however, that any such access or copying shall be had or done in such a manner so as not to unduly interfere with the normal conduct of the disclosing party's business. Notwithstanding the foregoing, to the extent Sellers or their Affiliates are required by Law to retain any Business Records or Documents relating to the Business or Assets prior to the Closing, Sellers shall, and shall cause their Affiliates to, (i) allow Buyer and its Representatives access to such Business Records and Documents and (ii) make copies of such Business Records and Documents for Buyer at Sellers' expense.

(c) Notwithstanding anything to the contrary in this Agreement but subject to applicable Laws, contractual restrictions and privacy policies, (i) prior to the Closing Date and (ii) after the Closing, on reasonable notice and at reasonable times at mutually agreed locations, the Sellers may make, or cause to be made, such duplicates of the guest and customer lists of the Business prior to the Closing as they desire and may retain possession of any such duplicate guest and customer lists; provided, that, Sellers may retain and use such guest and customer lists on a nonexclusive, nontransferable basis solely for purposes of managing and marketing hotel and lodging properties owned or managed by Sellers or their Affiliates.

Section 6.20 Tempus. On or before the date hereof, Wyndham International Inc. has delivered to Tempus a Termination Notice (as defined in the Tempus Termination Agreement) and, on or before September 22, 2005, Sellers shall pay the Termination Payment (as defined in the Tempus Termination Agreement) to Tempus. From and after the Closing, Buyer shall comply with and satisfy the obligations of Wyndham International Inc. under Sections 3.3 and 3.6 of the Tempus Termination Agreement and any fees received by the Sellers from Tempus on account of the performance by Buyer of such obligations shall be promptly paid over to Buyer. In the event that at any time after the Closing, Buyer gives Sellers notice that it desires to remove the Palms Resort (as defined in the Tempus Termination Agreement) from the central reservation system, websites and directories of the System Hotels, Wyndham International, Inc. shall give notice of such removal to Tempus under Section 3.6 of the Tempus Termination Agreement.

Section 6.21 Bifurcated Agreements.

(a) The Sellers and the Buyer shall use commercially reasonable efforts to cause the counterparty under each Group Contract to bifurcate the rights and obligations under the applicable Group Contract into two separate contracts or agreements (each such contract, a "Bifurcated Contract"), one of which shall be applicable solely to the operations of the Business (or the portion of the operations of the Business previously subject to such contract) and the other of which shall be applicable to the balance of the operations and properties previously subject to such contract.

(b) In the event a Group Contract is bifurcated, (i) each new contract shall be on substantially the same terms and conditions as the original Group Contract with appropriate equitable adjustments to reflect the bifurcation and (ii) the Sellers (or an Affiliate thereof) shall assign and the Buyer shall assume the applicable Bifurcated Contract at Closing.

(c) In the event that prior to the Closing, one or more Group Contracts have not been successfully bifurcated pursuant to the provisions of this Section 6.21, Buyer and Sellers shall cooperate to assign such non-bifurcated Group Contract to Buyer; provided, however, to the extent such Group Contract is assigned to Buyer or an Affiliate thereof, Sellers shall continue to receive the benefit of such Group Contract and shall reimburse the Buyer from time to time, upon demand, for the actual costs incurred by Buyer (or an Affiliate thereof) under such Group Contract allocable to the Excluded Assets for any period after the Closing.

(d) In the event that prior to the Closing, one or more Group Contracts have not been successfully bifurcated pursuant to the provisions of this Section 6.21 and have not been assigned to Buyer or its Affiliates pursuant to Section 6.21(c), any such Group Contract shall not be assigned by Sellers (or an Affiliate thereof) nor assumed by Buyer; provided, however, to the extent the Buyer or an Affiliate thereof continues to receive the benefit of such Group Contract, it shall reimburse the Sellers from time to time, upon demand, for the actual costs incurred by Sellers (or an Affiliate thereof) under such Group Contracts allocable to the Business for any period after the Closing.

Section 6.22 Wyndham Metairie. The Buyer agrees that it shall, at the request of the Seller Representative, agree to terminate that certain Management Agreement (as amended by the First Amendment dated February 7, 2001) with respect to the Wyndham Metairie – New Orleans in accordance with agreements existing as of the date of this Agreement (as such agreements may be amended from time to time) with the hotel owner of the Wyndham Metairie – New Orleans to permit such termination and take such other reasonable measures (or refrain from taking such reasonable measures) as requested by the Seller Representative with respect to such Management Agreement assigned to Buyer hereunder; provided, however, that any Liabilities of Buyer arising out taking such actions at the request of the Seller Representative as provided hereunder shall be deemed Excluded Liabilities hereunder.

Section 6.23 Content License Back. Subject to any applicable contractual or other restrictions existing as of the Closing Date other than any such restriction entered into by Buyer with a third party, and only to the extent of Buyer's ownership rights in the Content: (i) Buyer hereby grants to Sellers a perpetual, royalty-free and fully-paid up (without right of accounting), worldwide license to exercise all rights under and otherwise fully exploit the Content in connection with the Retained Business; (ii) the rights granted in the foregoing subsection (i) are sublicensable and assignable (including assignment in connection with a sale of the Retained Business) in accordance and consistent with this Section 6.23 (except that the Content may not be licensed or otherwise provided or transferred as a reseller or otherwise other than in connection with the Retained Business); and (iii) for seven (7) years from and after the Closing Date, Sellers shall use commercially reasonable efforts to maintain the confidentiality of the confidential Content. The foregoing license grant is made on an "AS IS" basis, with all faults, and Seller's exercise of its rights under this Section 6.23 is at its sole risk and liability; Buyer disclaims all representations and warranties regarding the Content and the rights granted in this Section 6.23, including any and all representations regarding merchantability, fitness for a particular purpose or against infringement. Sellers acknowledge that they have no rights to any updates or replacements to the Content, or any support related thereto, from Buyer. Except for the express rights granted above in this Section 6.23, Buyer expressly reserves all of its right title and interest in and to the Content. Notwithstanding anything in this Agreement to the contrary, this Section 6.23 shall survive in perpetuity.

ARTICLE VII

TERMINATION

Section 7.1 Termination Events. This Agreement may be terminated at any time prior to the Closing Date by:

(a) Mutual Consent. The mutual written consent of the Buyer and the Sellers

(b) Court or Administrative Order. The Buyer or the Sellers, if there shall be in effect a final, non-appealable injunction or order of a Governmental Entity of competent jurisdiction prohibiting the consummation of the transactions contemplated hereby.

(c) Delay. The Buyer or the Sellers, if the Closing shall not have occurred by the two-month anniversary of the date of this Agreement (the "Termination Date"), provided that (i) the Termination Date shall be extended to the three-month anniversary of the date of this Agreement if the condition set forth in Section 5.1(a) shall not have been satisfied by such two-month anniversary and (ii) the failure of the Closing to occur on or before the Termination Date (as it may be extended) did not result from the failure by the party seeking termination of this Agreement to fulfill any undertaking or agreement provided for herein that is required to be fulfilled by it prior to Closing.

Section 7.2 Effect of Termination. In the event of the termination of this Agreement in accordance with Section 7.1, this Agreement shall become void and have no effect, without any liability on the part of any party, other than the provisions of Section 6.8, this Section 7.2 and Article IX, except that, notwithstanding anything in this Agreement to the contrary, neither party shall be relieved or released from any Liabilities or damages arising out of its willful breach of any provision of this Agreement.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Survival. None of the representations, warranties, covenants or agreements contained in this Agreement or in any instrument delivered under this Agreement shall survive the Closing; provided, however, that (a) the representations contained in Section 3.8(b), Section 3.9(a) and Section 3.13 (solely in respect of the Assets other than the Contracts or the Assigned IP) shall survive for one year following the Closing Date and (b) this Section 8.1 shall not limit any covenant or agreement of the parties contained in this Agreement which by its terms contemplates performance after the Closing.

Section 8.2 Indemnification.

(a) After the Closing, the Sellers shall jointly and severally indemnify and hold harmless the Buyer and its Affiliates and their respective officers, directors, employees and agents (collectively, the "Seller Indemnified Parties") for, and will pay to the Seller Indemnified Parties the amount of any loss, claim (including third party claims), demand, damages (of any nature whatsoever), cause of action, cost, penalty, fine, judgment, Legal Action, settlement or expense (including reasonable costs of investigation, reasonable attorneys' fees, consultants' fees and costs, experts' fees or any reasonable legal and other costs, expenses or disbursements in giving testimony or furnishing documents in response to a subpoena or otherwise, including without limitation, the costs, expenses and disbursements as and when incurred, of investigating, preparing or defending any such Legal Action), in each case actually suffered or incurred (collectively, "Damages"), arising from or related to (i) subject to Section 8.2(c), the breach of any representation or warranty that survives the Closing, (ii) the breach of any covenant or obligation to be performed after the Closing made by Sellers in this Agreement or (iii) any Excluded Liability.

(b) After the Closing, the Buyer shall indemnify and hold harmless the Sellers and their Affiliates and their respective officers, directors, employees and agents (collectively, the "Buyer Indemnified Parties" and, together with the Seller Indemnified Parties, the "Indemnified Parties") for, and will pay to the Buyer Indemnified Parties the amount of any Damages arising from or related to any Assumed Liability or the breach of any covenant or obligation to be performed after the Closing made by Buyer in this Agreement.

(c) No indemnity shall be payable to any Seller Indemnified Parties with respect to any claim under clause (i) of Section 8.2(a) unless a claim with respect to such breach shall have been made in accordance with Section 8.3 prior to the one-year anniversary of this Agreement and unless and until the aggregate of all Damages indemnified by the Sellers hereunder exceeds $2 million (such amount, the "Basket Amount"), and then only to the extent of such excess; provided, however, that the aggregate amount payable by Sellers to the Seller Indemnified Parties with respect to claims under clause (i) of Section 8.2(a) shall not exceed $50 million. For the avoidance of doubt, the limitations set forth in the preceding sentence shall not apply in the case of any Damages suffered by (i) any Buyer Indemnified Parties arising from or related to the Assumed Liabilities or the breach by a Seller of any covenant or obligation to be performed after the Closing in this Agreement or (ii) any Seller Indemnified Parties arising from or related to the Excluded Liabilities or the breach by the Buyer of any covenant or obligation to be performed after the Closing in this Agreement.

Section 8.3 Indemnification Procedure. Any Indemnified Party seeking indemnification under this Article VIII shall give the party from whom indemnification is being sought (an "Indemnifying Party") notice of any matter which such Indemnified Party has determined has given or could give rise to a right of indemnification under this Article VIII, promptly following such determination, stating the amount of the Damages, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Section 8.3 except to the extent (and only to the extent) the Indemnifying Party is actually and materially prejudiced by such failure. The obligations and Liabilities of an Indemnifying Party under this Article VIII with respect to Damages arising from claims of any third party which are subject to the indemnification provided for in this Article VIII ("Third Party Claims") shall be governed by and contingent upon the following additional terms and conditions: if an Indemnified Party shall receive notice of any Third Party Claim, the Indemnified Party shall give the Indemnifying Party notice of such Third Party Claim within 30 days of the receipt by the Indemnified Party of such notice;provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Section 8.3 except to the extent (and only to the extent) the Indemnifying Party is actually and materially prejudiced by such failure. If the Indemnifying Party acknowledges in writing its obligation to indemnify the Indemnified Party hereunder against any Losses that may result from such Third Party Claim, then the Indemnifying Party shall be entitled to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice (which counsel must be reasonably acceptable to the Indemnified Party) if it gives notice of its intentions to do so to the Indemnified Party within 20 Business Days (or sooner, if the nature of the Third Party Claim so requires) of the receipt of such notice from the Indemnified Party; provided, however, that if (i) the Indemnified Party shall have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to the Indemnifying Party, and, in the reasonable opinion of the Indemnified Party, counsel for the Indemnifying Party could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with those of the Indemnifying Party or (ii) the Indemnifying Party shall not have assumed the defense of the Third Party Claim in a timely fashion, then the Indemnified Party shall be entitled to retain its own counsel, at the expense of the Indemnifying Party; provided that in any case the Indemnifying Party shall not be obligated to pay the expenses of more than one separate counsel for all Indemnified Parties, taken together. In the event the Indemnifying Party is, directly or indirectly, conducting the defense against any such Third Party Claim, the Indemnified Party shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Indemnifying Party. Similarly, in the even the Indemnified Party is, directly or indirectly, conducting the defense against any such Third Party Claim, the Indemnifying Party shall cooperate with the Indemnified Party in such defense and make available to the Indemnified Party, all such witnesses, records, materials and information in the Indemnifying Party's possession or under the Indemnifying Party's control relating thereto as is reasonably required by the Indemnified Party. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, (i) settle or compromise any Third Party Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the Indemnified Party of a written release from all Liability in respect of such Third Party Claim or (ii) settle or compromise any Third Party Claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by the Indemnifying Party without the prior written consent of the Indemnifying Party. No Third Party Claim which is being defended in good faith by the Indemnifying Party in accordance with the terms of this Agreement shall be settled by the Indemnified Party without the prior written consent of the Indemnifying Party.

Section 8.4 Indemnification as Exclusive Remedy. The indemnification provided in this Article VIII, subject to the limitations set forth herein, shall be the sole and exclusive post-Closing remedy of the Indemnified Parties, whether in contact, tort or otherwise, in connection with this Agreement and the transaction contemplated hereby, including for any breach of any representation, warranty, covenant or agreement contained herein; provided, however, that this Section does not preclude a party from bringing an action for (i) specific performance or other equitable remedy to require a party to perform its obligation under this Agreement or (ii) fraud.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Intentionally Omitted.

Section 9.2 Successors and Assigns; No Third-Party Beneficiaries. The terms, covenants and agreements contained in this Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective permitted successors and assigns (including any successor entity after a public offering of stock, merger, consolidation, purchase or other similar transaction involving a party hereto) and, except for the right of Indemnified Parties under Section 8.2, nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties hereto and such permitted successors and assigns, any legal or equitable rights hereunder.

Section 9.3 Assignment. This Agreement and any of the rights and obligations hereunder may not be assigned by the Buyer without the prior written consent of the Seller Representative. This Agreement and any of the rights and obligations hereunder may not be assigned by any Sellers without the prior written consent of the Buyer. The Buyer may designate one or more Affiliates to which the right to purchase one or more of the Assets will be assigned at the Closing, provided that the Buyer will continue to remain primarily liable under this Agreement notwithstanding any such designation.

Section 9.4 Further Assurances. From time to time, as and when requested by any party hereto, the other party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as such other party may reasonably deem necessary or desirable to consummate the transactions contemplated by this Agreement.

Section 9.5 Notices. All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and shall be (i) personally delivered, (ii) delivered by express mail, Federal Express or other comparable overnight courier service or (iii) telecopied, with telephone confirmation within one Business Day, as follows:

(a) To any Seller:

Wyndham International Inc.
1950 Stemmons Frwy, Suite 6001
Dallas, Texas 75207 Attention: Mark A. Solls, Executive Vice President and
General Counsel
Facsimile: (214) 863-1841
Telephone: (214) 863-1821

with copies thereof to:

Blackstone Real Estate Acquisitions IV L.L.C.
345 Park Avenue
32nd Floor
New York, New York 10154
Attention: Jonathan D. Gray
Facsimile: (212) 583-5573
Telephone: (212) 583-5803

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Gregory J. Ressa, Esq.
Brian M. Stadler, Esq.
Facsimile: (212) 455-2502
Telephone: (212) 455-2000

(b) To Buyer:

Cendant Hotel Group, Inc.
1 Sylvan Way
Parsippany, New Jersey 07054
Attention: Joel R. Buckberg, Executive Vice President,
Deputy General Counsel
Facsimile: (973) 496-2699
Telephone: (973) 496-5265

with copies thereof to:

Cendant Corporation
9 West 57th Street
New York, New York 10019
Attention: Eric J. Bock, Executive Vice President—Law,
Corporate Secretary
Facsimile: (212) 413-1922
Telephone: (212) 413-1836

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, New York 10036
Attention: Eric J. Friedman, Esq.
Alejandro Radzyminski, Esq.
Facsimile: (212) 735-2000
Telephone: (212) 735-3000

(c) All notices (i) shall be deemed to have been given on the date that the same shall have been delivered in accordance with the provisions of this Section and (ii) may be given either by a party or by such party's attorneys. Any party may, from time to time, specify as its address for purposes of this Agreement any other address upon the giving of 10 days' prior notice thereof to the other parties.

Section 9.6 Entire Agreement.

(a) This Agreement, along with the Exhibits and Schedules hereto constitute the entire agreement and supersede all other prior agreements, understandings, representations and warranties, both written and oral, among the parties to this Agreement with respect to the subject matter of this Agreement.

(b) In entering into this Agreement, the Buyer acknowledges and agrees that it has not been induced by and has not relied upon any written or oral representations, warranties or statements, whether express or implied, made by any Seller, any shareholder, member, partner of any Seller, or any Affiliate, agent, employee, or other representative of any of the foregoing or by any broker or any other person representing or purporting to represent any Seller, with respect to the Assets or the Business or any other matter affecting or relating to the transactions contemplated hereby, other than those expressly set forth in this Agreement. The Buyer acknowledges and agrees that, except as expressly set forth in this Agreement, no Seller makes any representations or warranties whatsoever, whether express or implied or arising by operation of Law, with respect to the Assets or the Business. Without limiting the foregoing, the Buyer acknowledges that it has received from the Sellers and their Affiliates certain projections and other forecasts and certain business plan information. The Buyer acknowledges that there are uncertainties inherent in attempting to make such projections and other forecasts and plans, that the Buyer is familiar with such uncertainties, that the Buyer is taking full responsibility for making its own evaluation of the adequacy and accuracy of all projections and other forecasts and plans so furnished to it, and that the Buyer shall have no claim against anyone with respect thereto other than with respect to claims for fraud.

Section 9.7 Amendments. This Agreement may not be amended, modified, supplemented or terminated, nor may any of the obligations of the Sellers or the Buyer hereunder be waived, except by written agreement executed by the party or parties to be charged.

Section 9.8 No Waiver. No waiver by any party of any failure or refusal by the other party to comply with its obligations hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply.

Section 9.9 Governing Law. This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with, the Laws of the State of New York.

Section 9.10 Submission to Jurisdiction. The Buyer and each Seller irrevocably submits to exclusive the jurisdiction of (a) the Supreme Court of the State of New York and (b) the United States District Court for the Southern District of New York for the purposes of any suit, action or other proceeding arising out of or relating to this Agreement or any transaction contemplated hereby, except that any judgment or order of any New York Court issued hereunder may be entered and enforced in any court having jurisdiction. The parties further agree that service of any process, summons, notice or document in accordance with Section 9.5 shall be effective service of process for any action, suit or proceeding in the New York Courts with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. The Buyer and each Seller irrevocably and unconditionally waives trial by jury and irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in the New York Courts for the, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Section 9.11 Severability. If any term or provision of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by Law.

Section 9.12 Section Headings. The headings of the various Sections of this Agreement have been inserted only for purposes of convenience, are not part of this Agreement and shall not be deemed in any manner to modify, explain, expand or restrict any of the provisions of this Agreement.

Section 9.13 Counterparts; Effectiveness. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. This Agreement shall become effective when each party to this Agreement shall have received counterparts signed by all of the other parties.

Section 9.14 Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

Section 9.15 Specific Performance. The parties recognize and agree that irreparable harm will result from any breach of this Agreement. In the event of such a breach prior to the termination of this Agreement pursuant to Article VII, in addition to any other remedy to which a party may be entitled, any party shall be entitled to equitable relief, including injunctive relief and/or specific performance, as damages will not be an adequate remedy. The performing party may seek such relief in any state or federal court contemplated by Section 9.10 without the posting of a bond.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

SELLERS:

WYNDHAM MANAGEMENT CORPORATION

By: ________________________________
Name:
Title:

GH-GALVESTON, INC.

By: ________________________________
Name:
Title:

W-ISLA, LLC

By: ________________________________
Name:
Title:

PERFORMANCE HOSPITALITY
MANAGEMENT COMPANY

By: ________________________________
Name:
Title:

WYNDHAM (BERMUDA) MANAGEMENT
COMPANY, LTD.

By: ______________________________
Name:
Title:

WYNDHAM HOTELS & RESORTS
(ARUBA) N.V.

By: ______________________________
Name:
Title:

WHC FRANCHISE CORPORATION

By: ______________________________
Name:
Title:

WYNDHAM INTERNATIONAL INC.

By: ______________________________
Name:
Title:

WYNDHAM IP CORPORATION

By: ______________________________

Name:
Title:

WYNDHAM 58TH STREET, L.L.C.

By: ______________________________

Name:
Title:

GRAND BAY MANAGEMENT COMPANY

By: ______________________________

Name:
Title:

WYNDHAM INTERNATIONAL OPERATING PARTNERSHIP, L.P.

BY: WYNDHAM INTERNATIONAL INC., its General Partner

By: ______________________________

Name:

Title:

BUYER:

CENDANT CORPORATION

By: ______________________________

Name:

Title:

Exhibit 10.21

**AMENDMENT AGREEMENT
TO ASSET PURCHASE AGREEMENT**

This Amendment Agreement to the Asset Purchase Agreement (this "Amendment Agreement") is entered into as of October 11, 2005, among Wyndham Management Corporation, a Delaware corporation, GH-Galveston, Inc., a Texas corporation, W-Isla, LLC, a Delaware limited liability company, Performance Hospitality Management Company, a Delaware corporation, Wyndham (Bermuda) Management Company Ltd., a company incorporated in the islands of Bermuda, WHC Franchise Corporation, a Delaware corporation, Wyndham International Inc., a Delaware corporation, Wyndham Hotels & Resorts (Aruba) N.V., a company organized under the laws of Aruba, Wyndham IP Corporation, a Delaware corporation, Wyndham 58th Street, L.L.C., a Delaware limited liability company, Wyndham International Operating Partnership, L.P., a Delaware limited partnership, and Grand Bay Management Company, a Florida corporation, and Cendant Corporation, a Delaware corporation.

W I T N E S S E T H:

WHEREAS, the parties hereto entered into that certain Asset Purchase Agreement dated September 13, 2005 (the "Asset Purchase Agreement"; capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement); and

WHEREAS, the parties desire to amend the Asset Purchase Agreement as set forth below.

NOW, THEREFORE, intending to be legally bound hereby, the parties hereto hereby agree as follows:

Section 1. Definitions. Section 1.1 of the Asset Purchase Agreement is hereby amended by adding the following definition in alphabetical order:

"Fixed Adjustment Amount" means $256,390.00.

Section 2. Purchase Price. Section 2.3 of the Asset Purchase Agreement is hereby amended by deleting the phrase "One Hundred Million U.S. Dollars ($100,000,000)" therein and inserting the phrase "One Hundred One Million U.S. Dollars ($101,000,000)" in lieu thereof.

Section3. Other Payments.

(a) Section 2.4(a) of the Asset Purchase Agreement is amended and restated by deleting the current section in its entirety and replacing it with the following:

"Section 2.4 Payment for Receivables, Payables, Incentive Fees and Other Amounts (a) On the Closing Date, the Seller Representative shall deliver to the Buyer a statement (the "Estimated Net Payment Statement") in reasonable detail setting forth the Seller Representative's good faith estimate (on a preliminary basis) of the difference between, on the one hand (i) the sum of the Receivables Amount, the Fixed Adjustment Amount and the Prepaid Expenses Amount, *minus*, on the other hand, (ii) the sum of the Payables Amount, the amounts contemplated by Section 2.1(a)(viii) (for the avoidance of doubt, the customer and Franchisee deposits in the possession of Sellers arising out of the Management Agreements or Franchise Agreements include such deposits that consist of reserve funds for workers compensation claims, personal injury claims and property damage claims) and the amounts contemplated by Section 2.1(a)(xii), in each case, as of and including the day immediately preceding the Closing Date (such estimate, the "Estimated Net Payment Amount"). At the Closing, to the extent that the Estimated Net Payment Amount is a positive amount, then the Buyer shall pay such amount to the Seller Representative and, to the extent that the Estimated Net Payment Amount is a negative amount, then the Seller Representative shall pay such amount to the Buyer."

(b) Section 2.4(b) of the Asset Purchase Agreement is amended and restated by deleting the current section in its entirety and replacing it with the following:

"(b) Within sixty (60) days after the Closing Date, the Buyer will deliver to the Seller Representative a statement (the "Net Payment Statement") in reasonable detail setting forth the difference between, on the one hand (i) the sum of the Receivables Amount, the Fixed Adjustment Amount and the Prepaid Expenses Amount, *minus*, on the other hand, (ii) the sum of the Payables Amount, the amounts contemplated by Section 2.1(a)(viii) (for the avoidance of doubt, the customer and Franchisee deposits in the possession of Sellers arising out of the Management Agreements or Franchise Agreements include such deposits that consist of reserve funds for workers compensation claims, personal injury claims and property damage claims) and the amounts contemplated by Section 2.1(a)(xii), in each case, as of and including the day immediately preceding the Closing Date in each case, as of and including the day immediately preceding the Closing Date (the "Net Payment Amount"). The Sellers will assist and cooperate with the Buyer in the preparation of the Net Payment Statement, including by providing the Buyers and its Affiliates with reasonable access to the books and records relating to the Contracts and to any other information reasonably necessary to prepare the Net Payment Statement."

Section 4. Confidentiality Matters. The first sentence of Section 6.7(a) of the Asset Purchase Agreement is hereby amended by:

(a) adding the following phrase after the word "franchisees" in Section 6.7(a)(ii):

", service providers"; and

(b) adding the following phrase at the end of the first sentence of such section and before the period of such sentence:

"provided that, for the avoidance of doubt, nothing in this sentence shall restrict the use of a party's own information or information to which it has rights to use in accordance with the terms of this Agreement".

Section 5. Employee Matters. Section 6.9(l) of the Asset Purchase Agreement is amended by adding to the end of such section the following:

"Notwithstanding anything set forth in this Section 6.9(l) or this Agreement to the contrary, each Transition Employee who provides services to the Buyer or any of its Affiliates (other than System Hotel Employees or Contract Employees), and each Transferred Employee who provides services to the Sellers or any of their Affiliates (other than System Hotel Employees or Contract Employees), whose employment is terminated without cause by their respective employer upon the termination of the provision of their services to the applicable Person, shall be entitled, in addition to any other severance pay and benefits to which they may be entitled under any other severance plan or arrangement of their respective employer, to a lump sum payment equal to six (6) weeks of their base salary or wages, as applicable (at the rate in effect as of the date of termination) (the "Severance Bonus"), payable promptly after such termination of employment by their respective employer; provided, however, that the Sellers and their Affiliates shall be liable for, and, if the payor of any such Severance Bonus is the Buyer, shall be responsible for prompt reimbursement to the Buyer of, one hundred percent (100%) of any Severance Bonus paid to any such Transition Employee or Transferred Employee. In addition to the foregoing, and notwithstanding anything set forth in this Section 6.9(l) or this Agreement to the contrary, Buyer shall pay each Transferred Employee (other than System Hotel Employees or Contract Employees), a lump sum payment, at such time as annual bonuses would otherwise be paid consistent with past practice, an amount equal to the pro rata portion of the annual bonus that such Transferred Employee would otherwise be entitled to receive in respect of calendar year 2005 (which amount is pro rated based on the number of days in calendar year 2005 occurring through the Closing Date, relative to 365), such that the sum of all pro rated annual bonus amounts payable to all Transferred Employees by Buyer shall be equal to at least $666,220.00."

Section 6. Purchase Price Allocation. Section 6.14 of the Asset Purchase Agreement is hereby amended and restated by deleting the current section in its entirety and replacing it with the following:

"Section 6.14 Purchase Price Allocation.

(a) Within sixty (60) days after the Closing Date, the Seller Representative shall prepare and deliver to Buyer a proposed IRS Form 8594 (and any required exhibits thereto) allocating the sum of the Purchase Price and the Assumed Liabilities in the manner required by Section 1060 of the Code and the Treasury Regulations thereunder (together, the "Asset Acquisition Statement"). Such Asset Acquisition Statement shall become final for purposes of this Section 6.14 unless Buyer objects in writing to the Asset Acquisition Statement within forty-five (45) days after Buyer's receipt thereof. If Buyer so objects, Buyer and the Seller

Representative shall in good faith attempt to resolve the dispute within sixty (60) days of written notice to the Seller Representative of Buyer's objection. Any unresolved disputes shall be promptly submitted for determination to the Neutral Auditor. Buyer and Sellers will each pay one-half of the fees and expenses of the Neutral Auditor. Buyer and Sellers shall cooperate with each other and the Neutral Auditor in connection with the matters contemplated by this Section 6.14, including, by furnishing such information and access to books, records, personnel and properties as may be reasonably requested.

(b) To the extent applicable, the Seller Representative shall promptly prepare and deliver to Buyer from time to time revised copies of the Asset Acquisition Statement so as to report any matters on the Asset Acquisition Statement that need updating consistent with the agreed upon allocation of the Purchase Price specified in the Asset Acquisition Statement. Buyer may object in writing to such revised Asset Acquisition Statement within forty-five (45) days of Buyer's receipt thereof, which objection shall be resolved in accordance with the procedures described in Section 6.14(a) above.

(c) Each of Buyer and Sellers agree to (i) prepare and timely file all Tax Returns, including IRS Form 8594 (and all supplements thereto), in a manner consistent with the Asset Acquisition Statement as finalized and revised in accordance with Section 6.14(a) and Section 6.14(b) and (ii) act in accordance with the Asset Acquisition Statement for all Tax purposes, in either case, except as otherwise required by Law. In the event that any of the allocations determined pursuant to such statement are disputed by any Governmental Entity, the party receiving notice of such dispute shall promptly notify and consult with the other parties hereto concerning the resolution of such dispute."

Section 7. Bonaventure and Santa Maria. Section 6.16 of the Asset Purchase Agreement is hereby amended and restated by deleting the current section in its entirety and replacing it with the following:

"Section 6.16 Bonaventure and Santa Maria. (a) No later that 90 days following the Closing Date, the Bonaventure Letter Agreement shall be terminated in accordance with its terms. In connection with such termination, Wyndham Management Corporation shall use commercially reasonable efforts to seek from Bonaventure Associates, Ltd. (i) the release of any and all claims against Wyndham Management Corporation and Buyer and their respective Affiliates and (ii) an agreement not to disparage Wyndham Management Corporation or Buyer or their respective Affiliates or properties (including the Wyndham brand and Wyndham Marks).

(b) Wyndham IP Corporation shall use its reasonable best efforts to cause, within 90 days following the Closing Date, the termination of the Promotional License Agreement, dated as of November 9, 2004, as amended, by and between Santa Maria Joint Venture and Wyndham IP Corporation; and in connection with such efforts to terminate, Wyndham IP Corporation agrees to avail itself of any of its rights under said Promotional License Agreement applicable to the termination thereof to the extent it may act in good faith in accordance with the terms of such agreement."

Section 8. <u>Insurance</u>. Section 6.17 of the Asset Purchase Agreement is hereby amended by adding the following Section 6.17(e) and Section 6.17(f) at the end of such section:

"(e) The parties agree to cooperate in order to, within 30 days following the Closing Date, replace letters of credit with respect to insurance, letters of guaranty and similar instruments of Sellers and their Affiliates with respect to claims relating to the Assets assumed by Buyer hereunder with one or more letters of credit, letters of guaranty or similar instruments posted by Buyer or its Affiliates, in such amount and scope as requested by the applicable insurance carrier in connection with such replacement.

(f) The parties agree to cooperate in order to, within 30 days following the Closing Date, with respect to all surety bonds and similar instruments of Sellers and their Affiliates relating to the Assets assumed by Buyer hereunder, replace such surety bonds and similar instruments with one or more surety bonds or similar instruments posted by Buyer or its Affiliates, or substitute Buyer or its Affiliates for Sellers and their Affiliates as obligors under all such surety bonds and similar instruments, in each case in such amount and scope as requested by the applicable beneficiaries of such surety bond."

Section 9. <u>Schedules</u>.

(a) Schedule 1D to the Asset Purchase Agreement is hereby amended and restated by deleting the current schedule in its entirety and replacing it with the Schedule 1D attached hereto.

(b) Schedule 2.1(a)(iii) to the Asset Purchase Agreement is hereby amended and restated by deleting the current schedule in its entirety and replacing it with the Schedule 2.1(a)(iii) attached hereto.

(c) Schedule 2.1(b)(xiii) to the Asset Purchase Agreement is hereby is hereby amended and restated by deleting the current schedule in its entirety and replacing it with the Schedule 2.1(b)(xiii) attached hereto.

Section 10. <u>Ratification and Confirmation</u>.

The Asset Purchase Agreement, as hereby amended and supplemented, is hereby ratified and confirmed in all respects. Any reference in any other document to the Asset Purchase Agreement shall be deemed to refer to the Asset Purchase Agreement, as modified by this Agreement. The execution, delivery and effectiveness of this Amendment Agreement shall not constitute a modification, acceptance or waiver of any provision of the Asset Purchase Agreement other than as expressly provided herein.

Section11. Counterparts.

This Amendment Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

SELLERS:

WYNDHAM MANAGEMENT CORPORATION

By: ____________________________
Name:
Title:

GH-GALVESTON, INC.

By: ____________________________
Name:
Title:

W-ISLA, LLC

By: ____________________________
Name:
Title:

PERFORMANCE HOSPITALITY
MANAGEMENT COMPANY

By: ____________________________
Name:
Title:

WYNDHAM (BERMUDA) MANAGEMENT
COMPANY, LTD.

By: ______________________________
Name:
Title:

WYNDHAM HOTELS & RESORTS
(ARUBA) N.V.

By: ______________________________
Name:
Title:

WHC FRANCHISE CORPORATION

By: ______________________________
Name:
Title:

WYNDHAM INTERNATIONAL INC.

By: ______________________________
Name:
Title:

WYNDHAM IP CORPORATION

By: ______________________________
Name:
Title:

WYNDHAM 58TH STREET, L.L.C.

By: ______________________________
Name:
Title:

GRAND BAY MANAGEMENT COMPANY

By: ______________________________
Name:
Title:

WYNDHAM INTERNATIONAL OPERATING PARTNERSHIP, L.P.

BY: WYNDHAM INTERNATIONAL INC., its General Partner

By: ______________________________
Name:
Title:

BUYER:

CENDANT CORPORATION

By: ______________________________
Name:
Title:

Exhibit 10.22

AMENDED AND RESTATED
FAIRSHARE VACATION PLAN USE MANAGEMENT TRUST AGREEMENT

THIS AMENDED AND RESTATED FAIRSHARE VACATION PLAN USE MANAGEMENT TRUST AGREEMENT (the "Trust Agreement") is effective as of the 1st day of January, 1996, by and among Fairshare Vacation Owners Association, an Arkansas nonprofit corporation, Fairfield Communities, Inc., a Delaware corporation, Fairfield Myrtle Beach, Inc., a Delaware corporation, such other subsidiaries of Fairfield Communities, Inc. and such other unrelated third parties as may from time to time desire to subject property to this Trust Agreement in accordance with the terms and conditions set forth herein, and amends FairShare Vacation Plan Use Management Trust Agreement dated June 26, 1991 and recorded in the counties and states listed on Exhibit A attached hereto.

WHEREAS, Fairfield is the developer of certain resort communities at which Fairfield sells timeshare and other real property interests;

WHEREAS, Fairfield desires to establish a trust to permit the Beneficiaries to use and exchange the Accommodations subjected to this Trust Agreement; and

WHEREAS, Persons that (i) subject one or more Accommodations to this Trust Agreement by an assignment of their Use Rights to the Trust, or (ii) purchase Accommodations which have previously been subjected to this Trust Agreement, shall be allocated Points symbolic of their respective Accommodations and shall be permitted to use their symbolic Points as described herein; and

WHEREAS, the Points allocated to a Member may be used to reserve Trust Properties pursuant to the procedures described in this Trust Agreement and the FairShare Plus Vacation Program Directory; and

WHEREAS, the Trustee has agreed to develop, or contract with a third party to provide, a reservation system to enable Members to reserve the use of the Trust Properties;

WHEREAS, the parties have agreed that the Trust, as an administrative convenience to the Members, will collect fees due from each Member to the property owner's association or associations in which such Member's Accommodation is located, hold such fee in escrow on behalf of each such Member and remit such fee to the appropriate POAs pursuant to each such Member's directions;

WHEREAS, the Trust may, from time to time or at some future time, hold legal or equitable title to, or the Use Rights associated with, some or all of the Trust Properties,

WHEREAS, from time to time, other subsidiaries of Fairfield and/or third parties may, with the written consent of Fairfield and Trustee, subject property to this Trust Agreement; and

WHEREAS, this Trust Agreement will be recorded in the various states and counties in which the Accommodations may be located.

NOW, THEREFORE, Fairfield and the Trustee hereby enter into this Trust Agreement and each Member and/or third party shall be deemed to have consented to and agreed to be bound by this Trust Agreement at the time their respective Accommodations are subjected to the terms and conditions of this Trust Agreement by an assignment of Use Rights, or upon execution of a contract for the purchase of an Accommodation which has been previously subjected to this Trust Agreement or upon execution of such other documents as may be acceptable to the Trustee.

ARTICLE I

DEFINITIONS

As used herein, the following terms shall have the following meanings:

Section 1.01 **"Accommodation"** means an interest in a Vacation Unit, or an undivided percentage interest in one or more Vacation Units which is subjected to this Trust Agreement by a Member, Fairfield or a Third Party and which is either (i) a fixed or floating timeshare interval, as defined in the applicable Declaration, (ii) an estate for years, with or without a remainder over with other owners, (iii) a leasehold or "right to use" interest, or (iv) such other interest as the Trustee may accept from time to time, in Trustee's sole discretion.

Section 1.02 **"Annual Lodging Point Value"** means the sum of the Points required for occupancy of an Accommodation for an entire year.

Section 1.03 **"Assignment Agreement"** shall mean that provision in a Member's Purchase Agreement, the FairShare Vacation Ownership Assignment Agreement or other document whereby an Accommodation is subjected to the conditions and restrictions of this Trust Agreement and assigned a symbolic number of Points.

Section 1.04 **"Association"** means the Fairshare Vacation Owners Association, an Arkansas non-profit corporation.

Section 1.05 **"Beneficiaries"** means the beneficiaries of this Trust Agreement, which beneficiaries shall include the Members, the Association, the Plan Manager, Fairfield and the Third Parties.

Section 1.06 **"Board"** or **"Board of Directors"** shall mean the Board of Directors of the Association.

Section 1.07 **"Declaration"** means the Declaration of Covenants and Restrictions or Supplemental Declaration of Covenants and Restrictions or other similar document establishing a condominium, timeshare or other regime which contains one or more of the Accommodations or other property interests subjected to this Trust Agreement.

Section 1.08 **"Directory"** means the FairShare Plus Vacation Program Directory which describes the Trust Properties and the terms and conditions of the FairShare Vacation Plan, as may be amended and updated from time to time.

Section 1.9 **"Escrow Account"** means the account established by the Trustee into which the FairShare Plus Assessments paid by the Members are deposited.

Section 1.10 **"Fairfield"** means Fairfield Communities, Inc., a Delaware corporation, Fairfield Myrtle Beach, Inc., a Delaware corporation, and such other subsidiaries of Fairfield Communities, Inc. that may from time to time desire to subject property to this Trust Agreement in accordance with the terms and conditions set forth herein. Fairfield Communities, Inc. is the successor by merger to Fairfield Harbor, Inc., Fairfield in the Carolina's, Inc., Fairfield Ocean Ridge, Inc., Fairfield Pagosa, Inc., Fairfield Plantation, Inc., Fairfield Williamsburg, Inc. and Fairfield Ventura, Inc.

Section 1.11 **"FairShare Plus Assessment"** means the annual fee paid to the Trust by a Member. The FairShare Plus Assessment consists of the Program Fee and the POA Fee.

Section 1.12 **"Member"** means the holder of a right to occupy an Accommodation subjected to this Trust Agreement, their heirs, successors or assigns. Fairfield is a Member of the Association to the extent it has subjected Accommodations to this Trust Agreement which have not yet been sold; provided, however, Fairfield is not required to pay any POA Fees or Program Fees except as provided by Section 11.08 of this Trust Agreement.

Section 1.13 **"Membership"** means the relationship of a Member to the Plan; the bundle of rights, duties and benefits including without limitation, the symbolic points, a Member receives by subjecting his Accommodation to the Trust Agreement.

Section 1.14 **"Plan"** means the FairShare Vacation Plan established by this Trust Agreement. The Plan is also known as the FairShare Plus Program.

Section 1.15 **"Plan Manager"** means the manager of the FairShare Vacation Plan, its successors and permitted assigns.

Section 1.16 **"Points"** means the symbolic value allocated to a Member in connection with such Member's Membership or an Accommodation subjected to this Trust Agreement and the symbolic value placed upon the nightly occupancy of an Accommodation.

Section 1.17 **"POA"** means an underlying condominium, townhouse or timeshare property owners association, master association or community club to which an Accommodation is subject.

Section 1.18 **"POA Fee(s)"** shall mean the fee or fees paid by the Members to, and held in escrow in accordance with the terms of this Trust Agreement by, the Trustee for the Members' respective annual POA fees, including without limitation recreation, maintenance and reserve fees and assessments, that each Member became obligated to pay to its respective POA when such Member purchased its Accommodation.

Section 1.19 **"Program Fee(s)"** shall mean the fees payable to the Trustee under Article X below by the Members for the expenses incurred in connection with the operation and administration of the Trust.

Section 1.20 **"Program Fund"** means the account or accounts in which the Program Fee is deposited to pay the expenses incurred in connection with the operation and administration of the Trust and the Plan.

Section 1.21 **"Purchase Agreement"** means any documents evidencing the purchase of an Accommodation by a Member.

Section 1.22 **"Recording Office"** means the appropriate local clerk's office in any county in which any of the Accommodations are located.

Section 1.23 **"Third Party" or "Third Parties"** means all individuals or entities not affiliated with Fairfield that subject property to this Trust Agreement.

Section 1.24 **"Trust"** means the trust established by this Trust Agreement, as amended from time to time.

Section 1.25 **"Trust Properties"** means all Accommodations or interests therein, including but not limited to the Use Rights conveyed, assigned or subjected to this Trust Agreement by virtue of the conveyance or assignment of Accommodations to the Trust in accordance with the terms of this Trust Agreement, and all rights and privileges appurtenant thereto. Trust Properties may further include personal property and/or services used in connection with the Accommodations or otherwise made available to the Members and all substitutions, replacements and/or proceeds therefrom. Real and personal property may be added to the Trust Properties from time to time by Fairfield, the Plan Manager or the Trustee. The Trust Properties shall not include the POA Fees.

Section 1.26 **"Trustee"** means Fairshare Vacation Owners Association, any substitute trustee, or its successors and assigns.

Section 1.27 **"Use Rights"** shall mean those rights a Member has to use, occupy and possess an Accommodation, which rights are subjected to the restrictions and conditions of this Trust.

Section 1.28 **"Vacation Unit"** means an apartment, condominium or cooperative unit, cabin, lodge, hotel or motel room or any other private or commercial structure designed and available for use and occupancy for residential vacation purposes by one or more individuals.

Section 1.29 **"Voting Designee"** means the person or entity, its successors or assigns, who has been designated by a Member, to exercise such Member's voting privileges in a POA.

Section 1.30 **"Voting Member"** is the person or entity designated on behalf of multiple owners of an Accommodation to exercise the vote of such multiple owners in the Association.

ARTICLE II

DECLARATION AND TITLE, PURPOSE AND EFFECTIVE DATE OF TRUST

Section 2.01 **Declaration and Title of the Trust**. Effective as of the 26th day of June, 1991, there is established a Trust, which Trust shall be irrevocable during the time any Member has a right to occupy an Accommodation subjected to the terms of this Trust, which Trust shall be known as the "FairShare Vacation Plan Use Management Trust". The Trust shall hold the Trust Properties on behalf of the Beneficiaries and the POA Fees on behalf of the Members, all for the use and purposes as set forth in this Trust Agreement.

Section 2.02 **Purpose of the Trust.** The purpose of the Trust shall be to secure for the Beneficiaries their respective rights and interests as set forth in this Trust Agreement, in the Purchase Agreements and/or Assignment Agreements executed by the Members.

Section 2.03 **Governing Law.** This Trust Agreement shall be deemed an Arkansas Trust and shall be governed by the laws of the State of Arkansas.

ARTICLE III

BENEFICIARIES

Section 3.01 **Interest of Beneficiaries.** The interest of a Beneficiary under this Trust Agreement shall consist of the rights set forth in this Trust Agreement. No Beneficiary shall have any right of partition as to any real or personal property held in Trust hereunder except to the extent of a Member's right to the POA Fees held by the Trust in escrow as provided in Article X below and for the right of the Members to have the Use Rights to their respective Accommodation reconveyed upon termination of the Trust, if applicable. The death of a Beneficiary shall not terminate this Trust nor in any manner affect the powers of the Trustee.

Section 3.02 **Beneficiary Acts.** No Beneficiary shall have the authority to contract for or in the name of the Trust or any other Beneficiary or to bind the Trust or any Beneficiary.

Section 3.03 **Assignment.** Until the Trust receives written notice of an assignment or transfer, by operation of law or otherwise, by a Beneficiary of its interest in an Accommodation, or of any other event upon which any interest hereunder may depend, the Trust shall not be liable for any assignments or transfers with respect to such interest or other action which would have been proper prior to such assignment or other transfer, or other event, unless such action is done in bad faith.

Section 3.04 **Fairfield.** Fairfield may sell Accommodations subject to this Trust Agreement for cash or other terms acceptable to Fairfield. Fairfield may finance, with one or more lenders, Accommodations which are subjected to this Trust, and Fairfield may deliver to any such lender, deeds of trust, mortgages or other security instruments or liens against such Accommodations. Fairfield may also pledge to one or more lenders the Purchase Agreements given by Members secured by UCC-1 Financing Statements. Any such liens or security interests shall contain subordination language which subordinates the lenders' interest in the Accommodations to that of the Member upon such Member's fulfillment of the contractual obligations under the Member's Purchase Agreement.

ARTICLE IV

ASSETS

Section 4.01 **Trust Properties.** The assets of the Trust shall be the Trust Properties. The POA Fees held in escrow pursuant to Article X and the reservation system owned by the Plan Manager shall not be part of the Trust Properties.

Section 4.02 **Allocation of Points.** For administrative convenience in operation of the Plan, the Trustee has established or will establish Point values for use of the Trust Properties. The symbolic Points assigned to an Accommodation are based on the location, size and season of occupancy of the Accommodation. When an Accommodation is subjected to the Trust, it will be allocated Points by the Trustee. The total number of Points required to reserve all Accommodations during all use days shall always equal or exceed the total number of Points allocated to all of the Members.

(a) Undivided Interest Accommodations. The ownership interest of a Member in undivided interest Vacation Units subjected to this Trust Agreement as stated in such Member's Purchase Agreement or deed may not be changed. However, from time to time the Trustee may adjust the number of symbolic points required to reserve an Accommodation in such Vacation Units in order to respond to actual use patterns and changes in use demand. Any increase or decrease in the total number of points required to reserve such Vacation Units shall also result in a pro-rata increase or decrease in the number of Points allocated to the Members that own such Vacation Units (including Fairfield or such other applicable third party if all undivided interests have not yet been sold). However, any such adjustments made by the Trustee shall not result in a redistribution of the symbolic points assigned to undivided interest Vacation Units from one season of a year to another season in excess of a cumulative point total of twenty percent (20%) unless approved by a majority of the Members. Any such increase or decrease shall not alter or change the total number of symbolic points available for sale by Fairfield, a Member or any Third Party.

(b) Assigned Accommodations. From time to time, the Trustee may reevaluate the number of points previously assigned to an Accommodation that has been subjected to this Trust Agreement by a Member pursuant to an Assignment Agreement. Any increase or decrease in the number of points required to reserve such re-evaluated Accommodation shall also apply to the Member that subjected such Accommodation to this Trust Agreement.

ARTICLE V

TERMINATION OF THE TRUST, WITHDRAWALS, ADDITIONS, SUBSTITUTIONS,
AND TERMINATION OF POINTS

Section 5.01 **Termination.** Unless sooner terminated or extended as provided for elsewhere herein, this Trust shall terminate on December 31, 2025.

Section 5.02 **Withdrawal of Accommodations.** The Trustee may withdraw an Accommodation or an interest therein from the Trust and cancel the Points allocated to any Member owning an interest in any such withdrawn Accommodation by executing and recording, if necessary, an appropriate withdrawal document in the Recording Office, under any one of the following conditions:

(a) Default Under Purchase Agreement. If a Purchase Agreement for an Accommodation is cancelled due to default, the Trustee, upon the direction of Fairfield, shall execute the documents necessary to (i) cancel the Assignment Agreement and withdraw the Accommodation from this Trust, if applicable and/or (ii) terminate the Membership of the defaulting Member. In the event of a cancellation due to default, the defaulting Member forfeits to the Trust any and all previously paid Program Fees.

(b) Changed Circumstances. If the Trustee, in its discretion, has determined that an Accommodation should be withdrawn due to circumstances that render the Accommodation unsuitable for continued use in the Plan, the Trustee shall assure that a substitute Accommodation is available to be included in the Trust Properties in place of the withdrawn Accommodation or that all Points attributable to the withdrawn Accommodation are canceled. The Trustee shall execute any and all documents necessary to reconvey the Use Rights and/or transfer title to the withdrawn Accommodation to the appropriate Member or Fairfield, if necessary. If a substitute Accommodation is designated, the Trustee shall assure that the Annual Lodging Point Value of the substituted Accommodation is equal to or greater than the Annual Lodging Point Value of the withdrawn Accommodation.

(c) Destruction or Condemnation. If an Accommodation has been destroyed, condemned, damaged or lost such that in the Trustee's sole discretion it is no longer suitable for use in the Plan, the Trustee shall withdraw the Accommodation from the Trust Properties and cancel, by written notice to the Members, the Annual Lodging Point Value for the Accommodation which has been destroyed or condemned.

(d) Termination of Declaration or Partition. If an Accommodation is terminated or partitioned pursuant to the Declaration establishing said Accommodation or interest, the Points in the Plan attributable to such Accommodation shall be removed from the Plan and the Members owning such terminated or partitioned Accommodation shall no longer have the right to participate in the Plan.

(e) Expiration. If a leasehold interest or "right to use" interest in an Accommodation expires, the Members owning Points associated with such expired interests shall have no further right to participate in the Plan and the symbolic points associated with such expired interests shall be cancelled.

(f) Fairfield Withdrawal. Fairfield may withdraw Accommodations subjected by Fairfield to this Trust Agreement if no undivided interests in such Accommodations have been sold, or Fairfield has reacquired all previously sold undivided interests in such Accommodations or Fairfield has subjected substitute Accommodations to this Trust Agreement in the manner described in Section 5.02(b) above.

Section 5.03 **Addition of Accommodations.** Fairfield may, from time to time, in its sole and absolute discretion, cause Use Rights for additional Accommodations and other real or personal property or services to be transferred or otherwise made available to the Members and the Trust without the consent of the Members or the Trustee; but under no circumstances shall Fairfield be required to make any such transfers. The addition of Use Rights for Accommodations and other real and personal property and/or services to the Trust may result in the addition of new Members who will compete with existing Members in making reservations for the use of the Trust Properties, and may also result in an increase in the Program Fee.

Section 5.04 **Substitutions.** Fairfield and the Trustee may, from time to time, in their sole and absolute discretion, substitute new Accommodations, personal property and services for existing Accommodations, personal property and services. The determination of whether to substitute will be based on the use by the Members of the Trust Properties, availability of similar property in the same general vicinity as the existing property, the age of the Trust Properties, the expenses incurred in connection with maintaining the Trust Properties and such other factors as may be determined by Fairfield and/or the Trustee from time to time. The Members have no right to consent to the substitution of new accommodations, property or services for existing accommodations, property or services. The replacement accommodations, property and services will provide Members with an opportunity to enjoy a substantially similar vacation experience as was available with the replaced accommodation, property or service. In determining whether the replacement accommodations, properties and/or services will provide a substantially similar vacation experience, all relevant factors will be considered, including, but not limiting to, some or all of the following: size, capacity, furnishings, maintenance, location (geographic, topographic, and scenic), demand and availability for Member use, and recreational capabilities.

ARTICLE VI

DUTIES AND OBLIGATIONS
OF THE TRUSTEE

Section 6.01 **Duties and Obligations.** The Trustee shall, without limiting the other duties and obligations set forth in other provisions of this Trust Agreement, provide the following services with respect to the Trust:

(a) Title. The Trustee shall accept and hold title or Use Rights to the Trust Properties for the beneficial use of each Member. In the event title to any Accommodation is transferred to the Trust, said Accommodation shall be subject in all respects to the provisions of this Trust Agreement. The Trustee shall have no equitable rights in any of the Accommodations subjected to this Trust Agreement nor any right to the income or profits to be derived from the sale of any Accommodations owned by the Trust. The Trustee will not accept, without the consent of Fairfield, Accommodations from any person or entity other than Fairfield.

(b) Liens. The Trustee shall use reasonable efforts to ascertain that at the time an Accommodation is subjected to this Trust Agreement that (1) no liens affect such Accommodation which would prevent the use of such Accommodation by the Members, (2) the holder of any lien has agreed that such lien is subordinated to the rights of a Member that satisfies the terms of his Purchase Agreement, and (3) the holder of any blanket lien has agreed to a non-disturbance provision in which it agrees that a Member that satisfies the terms of his Purchase Agreement shall be entitled to the Use Rights of the applicable Accommodation pursuant to the terms of this Trust Agreement; provided, however, the Trustee may accept Use Rights for Accommodations that do not satisfy such conditions if, in the Trustee's sole discretion, the failure to satisfy such conditions with respect to such Accommodations does not materially adversely affect the total availability of Accommodations to the Members.

(c) Recording of Trust Agreement. The Trustee shall record or cause to be recorded in the Recording Office a copy of this Trust Agreement, and the appropriate amendments or addendums thereto and take all other steps necessary to assure that all Trust Properties are held by the Trust pursuant to this Trust Agreement as amended from time to time.

(d) Accounting. The Trustee shall from time to time employ, at the expense of the Trust, an independent accounting firm to verify and/or report on: (1) the inventory of the Trust Properties and the cumulative number of Points represented by the Trust Properties; (2) the cumulative number of Points allocated to Accommodations; and (3) all financial transactions, if any, of the Trust. Upon request, the Trustee shall furnish a copy of such report to the Association. Either Fairfield or the Association may request such a report if the Trustee has not obtained such a report during either of the previous two calendar years.

(e) Personal Property. Trustee shall provide for the maintenance, repair, and replacement of personal property located in the Accommodations, if the POA is not obligated to provide such maintenance, repair and replacement.

(f) Tax Returns. Trustee shall cause to be prepared and filed on behalf of the Trust all state and federal income tax returns.

(g) Member List. Trustee shall maintain a record of the names all Members and the cumulative number of Points allocated to the Trust Properties.

(h) Insurance. The Trustee shall cause to be maintained adequate insurance on the Trust Properties against fire and other unavoidable casualties if the POA is not obligated to provide such insurance. The Trustee shall hold any insurance proceeds received from such insurance pending the reconstruction of an Accommodation or the acquisition of a replacement Accommodation. The Trustee shall be responsible for reconstruction of the Accommodation or the acquisition of a replacement Accommodation if the applicable POA is not obligated to so reconstruct or acquire and shall assure that adequate arrangements are made for alternate accommodations during the time an Accommodation is being reconstructed. In the event a destroyed Accommodation is not reconstructed or replaced, the Trustee shall distribute any proceeds from insurance it may receive pursuant to Section 5.02 to the appropriate Members;

(i) POA Agreements. The Trustee may enter into agreements with each POA to set forth the delegation of duties between the Trust and the POA. If a POA is not a party to such an agreement, then the Trustee, as the holder of the Use Rights, may take any action it deems necessary to enforce the rights of the Members with respect to the Accommodations.

Section 6.02 **Delegation of Duties.** The Trustee may delegate any or all of its duties under this Article VI or any other Article of this Trust Agreement to the Plan Manager.

Section 6.03 **Plan Manager.** The initial Plan Manager shall be Fairfield, its successors or assigns. The Plan Manager shall operate the Plan pursuant to this Trust Agreement and the Management Agreement between Plan Manager and the Trustee, which Management Agreement is incorporated herein by reference and made a part hereof as though set forth word for word. The Plan Manager may be removed by a seventy-five percent (75%) vote of all of the Members. In order to assure continuity, the Plan Manager shall be prohibited from resigning prior to the appointment of a successor Plan Manager.

Section 6.04 **Expenses.** Trustee shall have no liability for any expenses attributable to the Trust Properties or the operation of the Trust.

ARTICLE VII

RIGHTS AND POWERS OF THE TRUSTEE

Section 7.01 **Resignation of the Trustee.** The Trustee may resign upon 90 days prior written notice of intent to resign delivered to the Board of Directors of the Association. Such notice shall become effective when, and Trustee shall continue to perform pursuant to this Trust Agreement until, a successor Trustee has been appointed. The successor Trustee must agree to perform the functions specified in this Trust Agreement. Fairfield and the Plan Manager shall agree on a successor Trustee. In the event Fairfield and the Plan Manager fail to agree on a successor Trustee, then the Board of Directors may appoint a successor Trustee. In the event the Board of Directors fails to appoint a successor Trustee, any interested party may petition the Chancery Court of Pulaski County, Arkansas, for the appointment of a successor Trustee. Upon appointment, a successor Trustee shall have all the powers and duties and shall perform the functions as described in this Trust Agreement. Nothing herein shall prohibit or preclude the appointment by the Trustee of a co-Trustee or a substitute Trustee under such circumstances as the Trustee shall deem necessary.

Section 7.02 **Insurance by Trustee.** Trustee shall obtain and maintain errors and omissions insurance coverage in an amount not less than the amount required by Fairfield, or as may be required by law.

Section 7.03 **Compensation of Trustee.** For its services performed in connection with the Trust, the Trustee shall receive the following from the funds in the Program Fund:

(a) Fee. A reasonable fee as may be agreed upon by Fairfield and the Trustee.

(b) Costs and Expenses. All costs and expenses of operating the Trust and maintaining, repairing, and operating the Trust Properties.

(c) Escrow. All costs and expenses incurred in connection with any escrow which may be established (including without limitation, the escrow for the POA Fees), it being understood, however, that neither the Trust nor the Trustee is required to take any action resulting in any expense of any kind unless the Trust has funds on deposit in the Program Fund to pay such expense, or unless the Trust receives a written guarantee satisfactory to the Trustee that such expenses will be promptly paid.

Section 7.04 **General and Permissive Acts.**

(a) Actions. The Trustee may commence or defend any actions at law or in equity relating to the Trust Properties. If a court action should be instituted in connection with the Trust Properties or any part thereof and the Trustee is named and served as a party, the Trustee shall be reimbursed by the Trust for all fees and expenses incurred in connection with such action.

(b) Employment of Others. The Trustee may employ counsel, accountants and such other persons as in its judgment shall be necessary to perform its duties as Trustee. Trustee shall not be liable to any Beneficiary and shall be indemnified and held harmless by the Beneficiaries and the Trust (i) for the default, defalcation or wrongdoing of any such person if Trustee exercised due care in the selection of such person, or (ii) for any non-negligent action taken or suffered by Trustee in good faith in reliance upon the instructions or advice of any person so selected.

(c) Compliance with Laws. The Trustee may do any and all things as may be necessary to comply with all applicable laws, ordinances and regulations promulgated by any governmental authority concerning the Trust Properties or any portion thereof, including, but not limited to, modifying, amending or restating this Trust Agreement to comply with such laws, ordinances and regulations.

(d) Execution of Documents. The Trustee may join with Fairfield or other necessary parties upon request in executing any necessary amendment or supplement to this Trust Agreement or any underlying Declarations, documents, plats, or similar documents.

ARTICLE VIII

TRUSTEE MAY NOT ENCUMBER PROPERTY

Section 8.01 **Restrictions on Encumbrances.** Trustee, in its capacity as Trustee under this Trust, shall not encumber any of the Trust Properties or the escrowed POA Fees, except to the extent of the lien in favor of the Trustee for the payment of the Program Fees; provided, however, the Trustee shall not be restricted from accepting a conveyance to this Trust of an Accommodation which has encumbrances or other interests which are or may be prior to those of any Beneficiary provided the provisions of ARTICLE VI, Section 6.01 (b) have been met.

ARTICLE IX

TRUSTEE LIABILITY

Section 9.01 **Reliance on Opinion of Counsel.** Trustee may rely upon the advice of counsel selected and employed by the Trustee. The opinion of any such counsel with respect to the construction of this Trust Agreement or the rights, obligations and powers of any person affected hereby, shall constitute full protection and be a justification to the Trustee for any action taken by the Trustee in good faith in reliance on such opinion.

Section 9.02 **Protection of Trustee.** The Trustee is hereby relieved of any and all liability to any Beneficiary for any losses to their interest resulting from the Trustee acting in accordance with the terms hereof. So long as the Trustee shall undertake to carry out its responsibilities under this Agreement in good faith, it shall not be liable in damages or otherwise to the Beneficiaries or their representatives or to any third party who may rely on the terms of this Agreement. Trustee shall not be required to verify the validity of any Purchase Agreement or Assignment Agreement which is valid on its face and which becomes part of a financing transaction affecting the Trust Properties. The Trustee does not guarantee to any Member that said Member will be entitled to use or occupy his Accommodation or any other Accommodation for which the Trustee holds Use Rights. If any dispute or difference arises between any of the Beneficiaries hereof and any third person or if any conflicting demands shall be made upon the Trustee, Trustee shall not be required to determine the same or take any action; but Trustee may await settlement of the controversy by final, appropriate legal proceedings or otherwise as it may require, or Trustee may file suit in interpleader in Chancery Court for Pulaski County, Arkansas, for the purpose of having the respective rights of the parties adjudicated and may deposit with said court any and all Trust Properties held hereunder and any and all documents, contracts, accounts any/or rights of any form or character. Upon institution of any such interpleader suit and upon giving notice thereof to the parties thereto by personal service in accordance with the order of the court or in accordance with the requirements of the laws of Arkansas, Trustee shall be fully released and discharged from all further obligations hereunder with respect to the property and documents so deposited.

Section 9.03 **Payment to Trustee by Plan Manager.** Trustee may pay on demand, from the funds on deposit in the Program Fund, any and all costs, damages, judgments, attorney's fees, expenses, obligations and liabilities of every kind and nature reasonably suffered or incurred in connection with the interpretation of this Trust Agreement, any action, acts, amendments or supplements to this Trust Agreement if required to establish the validity of same, or with respect to any interpleader or any other proceeding.

ARTICLE X

FAIRSHARE PLUS ASSESSMENT; PROGRAM FUND

Section 10.01 **FairShare Plus Assessment.** Each Member other than Fairfield is required to pay the FairShare Plus Assessment to the Trust. The FairShare Plus Assessment consists of the sum of the Program Fee and the POA Fee, each of which will be determined on an annual basis prior to the beginning of each year. Upon receipt by the Trust, the FairShare Plus Assessment shall be deposited in the Escrow Account.

Section 10.02 **Program Fee.**

(a) Amount. The amount of the Program Fee shall be determined by the Trustee on a pro-rata basis based on the number of symbolic Points owned by each Member. This determination shall be made prior to January 1 of each year in connection with the budget process for the Trust.

(b) Use. The Program Fee will be used by the Trustee to fund the operations of the Trust.

(c) Transfers from Escrow Account. On a regular and recurring basis, the Trustee shall transfer all or a portion of the Program Fees to the Program Fund to pay the operating and administrative expenses of the Trust.

Section 10.03 **POA Fee.**

(a) Amount. Each Member's POA Fee shall be equal to the sum of all annual POA fees, including without limitation recreation, maintenance and reserve fees and assessments, that each such Member agreed to pay the POA when such Member purchased his or her Accommodation. The amount of the POA Fee will be determined by each Member's respective POA and not by the Trust. The amount of the POA Fee will vary from Member to Member as determined by the board of directors of the POA at the location of each Member's Accommodation.

(b) Use. The POA Fee will be collected by the Trust pursuant to the direction of each Member as set forth in each Member's Purchase Agreement and/or Assignment Agreement and held in the Escrow Account for each such Member until the POA Fee is due to each such Member's respective POA. This fee will be paid on behalf of each Member that has fully deposited his or her POA Fees in the Escrow Account by the Trust on or before the date the fee is due to such Member's POA. The POA Fee will be collected by the Trust on behalf of the Member and neither the Trust, the Trustee nor the Plan Manager shall have any discretionary power over the disposal or use of the POA Fee.

(c) Escrow Account. All POA Fees will remain in the Escrow Account until paid to the appropriate POA.

Section 10.04 **Method of Payment.** FairShare Plus Assessments may be paid annually or in monthly installments. Members who elect to pay their assessments on an annual basis must pay for an entire twelve-month period in advance.

Section 10.05 **Escrow Account.** Funds on deposit in the Escrow Account may from time to time be invested in accordance with the Trust's investment policy. Investment income, if any, shall be included in the income of the Trust and shall be used by the Trust to offset the Program Fees for the year or years following the year in which the investment income is recorded.

Section 10.06 **Special Assessments.**

(a) Program Fees. The determination of the amount of the Program Fee will be based upon the best available information at the time of the preparation of the Trust's budget. If necessary, Members will be required to pay or reimburse the Trust for Program Fund shortfalls. Adjustments, if any, to cover Program Fund shortfalls will be prorated among Members in an equitable fashion as determined by the Trustee in its sole discretion.

(b) POA Fees. The POA Fees will be estimated at the beginning of each year based upon the best available information at the time of the determination of the FairShare Plus Assessment. The amounts due for the POA Fees will be adjusted at the end of each year upon receipt of the actual amounts of the fees due the POAs and each Member will be billed for any increase in the POA Fees on or about January 31 of the following year. Any surplus resulting from a decrease in any POA Fees will be held in the Escrow Account and used by the Trust to offset the amount collected for the POA Fees for the following year. Refunds may be requested by a Member if the reduction in such Member's POA Fee held in the Escrow Account exceeds five percent (5%) of the anticipated POA Fee for the next year.

Section 10.07 **Surplus at Termination.** Upon termination of this Trust, any Program Fund surplus, if any, remaining after payment of all costs and expenses incurred in connection with such termination shall be paid to the Member on a pro-rata basis. Any amounts collected as POA Fees from the Members and held in the Escrow Account shall be returned to the appropriate Members.

Section 10.08 **Withdrawal from Trust.** In the event a Member withdraws from the Trust for any reason, such Member shall be entitled to receive a refund of the prepaid POA Fee held in the Escrow Account on his behalf. The amount of the refund shall equal the balance of the withdrawing Member's prepaid POA Fees less any administrative fees charged by the Trust and/or the Plan Manager in connection with such withdrawal. Program Fees are not refundable.

Section 10.09 **Payment History.** Each Member may request a payment history report from the Trust showing receipts and disbursements related to such Member's Points; provided, however, no more than two such reports may be requested in any twelve (12) month period without an additional administrative charge.

Section 10.10 **Confirmation of Escrow.** From time to time the Trustee may need to confirm in writing each Member's directions to the Trustee to collect the POA Fees and remit them when due to the appropriate POA. Each Member agrees to execute any documents reasonably deemed necessary by the Trustee to evidence such confirmation.

ARTICLE XI

TRUST PROPERTY RESERVATIONS

Section 11.01 **Directory.** Set forth below in summary form are certain of the most important features of the Plan. The rules, regulations, guidelines, policies and procedures related to the allocation of Points to the Trust Properties and the use of points by Members in connection with the Trust Properties and the Plan are fully described in the Directory. In the event of a conflict between the information described in this Article XI and the information set forth in the Directory, the information set forth in the Directory shall be controlling. Fairfield in its sole discretion, reserves the right to amend the Directory and the provisions therein from time to time as may be necessary to implement the Plan.

Section 11.02 **Use Year.** All Members shall be assigned a “Use Year” which determines the expiration date of such Member’s Points for that particular year. Each Member shall have as the end date of his “Use Year” one of the following four quarterly dates: March 31, June 30, September 30 or December 31.

Section 11.03 **Reservations.** The rules, regulations and guidelines concerning reservations and exchanges shall be set forth in the Directory. Reservations must be made in writing or by telephone and can be made for time periods of greater than a week or less than a week and for more than one period of time in a “Use Year”, provided the Member has sufficient Points for all such reservations. Reservations not used and not canceled 30 days prior to the intended use shall result in a loss of the Points used by the Member for the reservation unless the reserved Accommodation is subsequently used by other Members or by Fairfield.

Section 11.04 **Wait List.** A “wait list” system has been established by the Trustee for those Members who desire reservation dates that are unavailable and who want to be on a list in the event there are cancellations. The Trustee may charge a fee for the maintenance of the “wait list”, which fee may change, without any guarantee that the reservation date requested will become available. Use of the “wait list”, however, does not prevent a Member from making other reservations during the time such Member might be on the “wait list”.

Section 11.05 **Rotating Priority List.** Holidays and other high demand vacation periods are a popular vacation time at many of the Accommodations. Accordingly, a Rotating Priority List may be established by the Trustee to provide all Members the opportunity to enjoy their choice of Accommodations during such time periods. The rules, regulations and guidelines for the Rotating Priority List are set forth in the Directory.

Section 11.06 **The Points Credit Pool.** The Trustee has established a “Points Credit Pool” for the deposit of certain qualified Points that will not be used by a Member. The rules, regulations, guidelines and restrictions for the Points Credit Pool are set forth in the Directory.

Section 11.07 **Delinquent Assessments.** The Trustee reserves the right to prohibit a Member from utilizing his Points to reserve Accommodations, in the event of a delinquency in the payment of any amounts due to Fairfield or any other seller, lender or lienholder related to such Member’s Accommodation or Points, or in the event of a delinquency in the payment of the FairShare Plus Assessment to the Trust or the payment of any amounts due from such Member to a POA.

Section 11.08 **Fairfield Use.** Fairfield may reserve available Accommodations up to 60 days in advance of the first day of anticipated occupancy, for its own purposes, including renting to the public, provided it pays or otherwise causes a third party to pay into the Program Fund the occupancy related expenses of such Accommodations for each night to be used. All such occupancy related expenses shall be determined by the Trustee. As a result of Fairfield’s use there will be less space available for Member use; however, Fairfield may not reserve the last 10% of available occupancy for a type of Accommodation until 30 days prior to the first day of intended use. In addition, to the extent more points are available in the Plan than are allocated to Members other than Fairfield, Fairfield may sell or lease points on such terms as Fairfield and the Trustee deem reasonable. The purchasers of such Points shall have such Membership rights as Fairfield and the Trustee deem appropriate.

Section 11.09 **Presales.** In the event Fairfield presells Accommodations with proper regulatory approval, the purchaser of such Accommodations shall be entitled to reserve Accommodations prior to the time the Accommodation in which such purchaser has purchased an interest is available for occupancy if the Trustee has determined that the available Accommodations are sufficient to accommodate such purchaser. Should the Trustee determine that there are insufficient Points available to accommodate a purchaser who has purchased an interest in an Accommodation that is not available for use, said purchaser shall not be entitled to reserve Accommodations until such time as said Accommodation is available for occupancy.

Section 11.10 **Additional Exchange Programs.**

(a) Internal. Fairfield may develop an internal exchange program for Members by which the Members may reserve time at resorts outside of the Trust Properties. Fairfield may enter into an agreement with one or more resorts or resort developers at resorts not a part of the Trust Properties which may provide additional accommodations that Members would be able to utilize. The number and location of available resorts will change from time to time as set forth in the Directory and availability will be subject to the provisions of the Plan Manager's reservation system. Fairfield may charge a fee for each transaction it consummates on behalf of a Member, which fee will be subject to change. Fairfield's internal exchange system, called "FAX", may be made available to Members who wish to use their Points to reserve time at resorts which are included in the "FAX" exchange network. Fairfield may charge a fee, which will be subject to change, for each transaction which involves an exchange into the "FAX" exchange network. Persons who have acquired properties in other Fairfield resorts and who are therefore entitled to the privileges of the "FAX" exchange network may also be entitled to exchange their properties for use of Accommodations, but such persons who are members of the "FAX" exchange network and who wish to exchange for Accommodations may not submit reservations more than seven months in advance of their requested use period provided they have banked their property with FAX six months in advance.

(b) External. An external exchange program may from time to time be available to qualified Members. Each Member, however, must determine whether he is eligible and desires to become a member of such external exchange program. Each participating Member will be required to pay any fees associated with membership in or the use of any such external exchange program. These external exchange programs are independent companies with no affiliation or relationship to Fairfield. The guidelines for exchanging through an external exchange company are subject to change and, when available, will be set forth in the Directory.

(c) Availability of Exchange. Fairfield does not guarantee to the Members that any exchange as set forth in the exchange programs referenced above will be available to the Members.

ARTICLE XII

OTHER RIGHTS AND RESPONSIBILITIES OF MEMBERS

Section 12.01 **Sale or Transfer.** A Member may sell or otherwise transfer his Accommodation and symbolic Points provided such Member gives notice to the Trustee at the address specified herein and provided further that the Points allocated to an Accommodation may not be sold separate from such Accommodation. A Member may not transfer any interest in his Accommodation, nor permit others to use the Points associated therewith unless such Member is current in the payment of his FairShare Plus Assessment. The transfer of an Accommodation and the Points associated therewith may not result in a Member owning less than the minimum number of points needed to reserve one week at an Accommodation. A Member desiring to transfer his Accommodation must also obtain the written consent of Fairfield, which consent may be withheld if the Member is delinquent in the payment of any obligations then due Fairfield under his Purchase Agreement. Fairfield and/or the Plan Manager has the right, in its discretion, to charge the purchaser a reasonable transfer fee for documenting the transfer of the Accommodation and the appurtenant Points.

Section 12.02 **No Sale Assistance.** The Trustee and Fairfield have no obligation to repurchase or assist a Member with the sale of his Accommodation and the Points associated therewith.

ARTICLE XIII

MEMBERSHIP IN THE FAIRSHARE VACATION OWNERS ASSOCIATION AND OTHER PROPERTY OWNERS ASSOCIATIONS

Section 13.01 **Owners Association.** All Members are members of the Association and are entitled to one vote in the Association without regard to the number of Points allocated to such Member. If there are multiple owners of an Accommodation or Points then the multiple owners shall designate one owner as the voting Member and such Member shall be required to advise the Trustee of his selection. All Members are entitled to be members of the Board of Directors pursuant to the provisions set forth in the Articles of Incorporation and Bylaws of the Association. Any Member who is a member of the Board of Directors will pay his own expenses involved in traveling to and from the location of Board meetings. In addition, Fairfield shall be a member of the Association.

Section 13.02 **POA.** All Members shall remain or become members of the POA that governs their respective Accommodations, if applicable, and may also be members of the site or master association should one exist. Where allowed by law, each Member, by executing an Assignment Agreement or a contract or accepting a deed for an Accommodation subject to the Trust, delegates to the Voting Designee the authority to exercise any voting privileges such Member may have in the POA. Each Member also agrees to execute any additional documentation that may be requested from time to time by the Trustee to further evidence or continue the effectiveness of such delegation. In exercising the voting privilege of a Member, the Voting Designee agrees in its reasonable discretion to act at all times in the best interest of the Member. The Voting Designee agrees that it will notify the Member and vote as directed by the Member in writing on the following issues:

(a) Waiver of Material Rights. Waiver of any material rights of the POA or of the Members against the Plan Manager, Fairfield or a Third Party;

(b) Fee Increases. Any increase in the POA's annual maintenance fee or common expense in excess of 115% of the previous year's budget, excluding reserves;

(c) Termination. Voluntary termination of the timeshare, condominium or townhouse regime or any proposal not to reconstruct any unit or common element after destruction or casualty. The Voting Designee shall serve in such capacity until such time as the Accommodation is no longer subject to the terms of this Trust Agreement. All POA Fees shall remain the personal obligation of Member, its heirs, successors or assigns; provided, however, it is agreed that all POA Fees shall be paid to the Trust and held in the Escrow Account by the Trust on behalf of the Member until such amount is due to the POA.

Section 13.03 **Payment of Delinquent FairShare Plus Assessments.** Neither the Plan Manager, the Trustee, the Association nor Fairfield shall be responsible for paying any FairShare Plus Assessments or any delinquencies in any FairShare Plus Assessments.

ARTICLE XIV

MISCELLANEOUS

Section 14.01 **Construction of Trust Agreement.** Nothing contained herein shall preclude the Trustee or any Beneficiary from the right to judicial construction of any of the terms to this Trust Agreement. This Trust Agreement shall be construed in accordance with the laws of the State of Arkansas. This Trust Agreement shall be interpreted liberally in favor of an interpretation which will give this Trust Agreement full force and effect. Any action brought to enforce the terms or interpret any provision of this Trust Agreement shall be brought in the Chancery Court of Pulaski County, Arkansas.

Section 14.02 **Arbitration.** The Trustee may, upon request by all Members involved, arbitrate disputes arising between Members concerning the use and occupancy of an Accommodation and the interpretation of this Trust Agreement. The parties agree to abide by the findings of the Trustee.

Section 14.03 **Severability.** In the event any one or more of the phrases, sentences, clauses or paragraphs should be invalid, this Trust Agreement shall be construed as if such invalid phrase or phrases, sentence or sentences, clause or clauses, and paragraph or paragraphs had not been inserted, and the remaining provisions will therefore be valid and fully enforceable in accordance with the terms thereof.

Section 14.04 **Notice to the Parties.** Any notice to be given to a Beneficiary shall be given by certified mail, return receipt requested, addressed to the post office address last shown on the records of the Trustee. Every notice so given shall be effective from the date of the mailing of such notice and the date of the mailing of such notice shall be the date such notice is deemed given for all purposes.

Notice to be given to the Plan Manager or the Trustee shall be given by certified mail, return receipt requested to the following address:

Before December 1, 1996

Plan Manager FairShare Vacation Plan
Fairfield Communities, Inc.
P.O. Box 3375
Little Rock, AR 72203

Trustee
Fairshare Vacation Owners Association
P.O. Box 3375
Little Rock, AR 72203

On or After December 1, 1996

Plan Manager FairShare Vacation Plan
Fairfield Communities, Inc.
11001 Executive Center Drive
Little Rock, AR 72211

Trustee
Fairshare Vacation Owners Association
11001 Executive Center Drive
Little Rock, AR 72211

Section 14.05 **Amendments.** The Trustee or Fairfield may amend this Trust Agreement in writing from time to time and shall cause any such amendment to be recorded in the Recording Offices of all counties in which there are located Accommodations or interests therein subject to this Trust Agreement. This Trust Agreement may be amended in any manner necessary to clarify or to correct inconsistencies, errors in typing or preparation of this Trust Agreement, or in any manner necessary or convenient to bring this Trust Agreement into compliance with applicable laws, judicial decisions, ordinances, rules and regulations of governmental authorities having jurisdiction over the Trust Properties or over the registration of the Accommodations or interests therein and in order to give full force and effect to the provisions of this Trust Agreement and to assure that the provisions of this Trust Agreement will be valid under applicable law and enforceable in accordance with the terms hereof. This Trust Agreement may be amended from time to time to add a Third Party or additional Fairfield subsidiary that desires to participate in the Plan, provided said amendment clearly refers to, adopts and confirms this Trust Agreement. A Third Party may also be required to execute a resort affiliation agreement setting forth the terms of its participation in the Plan. Any amendment to the Trust Agreement adding a Third Party may contain complimentary additions and modifications to the Trust Agreement as may be necessary to reflect the different character, if any, of the Third Party or the Third Parties Accommodations, provided such changes or modifications are not inconsistent with this Trust Agreement. All amendments or modifications of the Trust Agreement must be approved by the Trustee.

Section 14.06 **Further Assurances.** Any party to this Trust Agreement or any Beneficiary will execute any additional document necessary or convenient to carry out the intent and purposes of the parties to this Trust Agreement.

Section 14.07 **Ratification by Members.** All Members by executing a Purchase Agreement or by accepting a deed to an Accommodation, ratify, confirm and agree to be bound by the terms and provisions of this Trust Agreement and the Management Agreement executed in connection herewith.

Section 14.08 **Exchange Programs.** The Trustee is authorized to enter into an agreement with exchange programs for the exchange of occupancy rights in the Accommodations or interests therein.

Section 14.09 **Extensions.** This Trust Agreement may be extended in whole or in part for successive ten (10) year periods by the affirmative vote of a majority of the affected Members and the approval of such extension by the Trustee.

Section 14.10 **Successors and Assigns.** This Trust Agreement shall be binding upon and shall inure to the benefit of the Members, their heirs, successors and assigns as well as the parties hereto, their successors and assigns. This Trust Agreement may only be amended by Fairfield, the Trustee and the Plan Manager.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the 1st day of January, 1996.

FAIRFIELD COMMUNITIES, INC., a Delaware corporation

By: /S/ Joe T. Gunter, Senior Vice President
Attest: /S/William J. Bennett, Assistant Secretary (SEAL)

FAIRFIELD MYRTLE BEACH, INC., a Delaware corporation

By: /S/ Joe T. Gunter, Vice President
Attest: /S/ Daniel Kling, Assistant Secretary (SEAL)

FAIRSHARE VACATION OWNERS ASSOCIATION,
an Arkansas nonprofit corporation, in its capacity as Trustee

By: /S/ Clayton G. Gring, Sr., President
Attest: /S/ B. S. Keller (SEAL)

FAIRFIELD COMMUNITIES, INC.,
a Delaware corporation, in its capacity as PLAN MANAGER

By: /S/ Joe T. Gunter, Senior Vice President
Attest: /S/ William J. Bennett, Assistant Secretary (SEAL)

FAIRSHARE VACATION OWNERS ASSOCIATION,
an Arkansas nonprofit corporation

By /S/ Clayton G. Gring, Sr., President
Attest: /S/ B. S. Keller, Secretary (SEAL)

The following EXHIBIT A was attached to the Amended and Restated
FairShare Vacation Plan Use Management Trust Agreement

EXHIBIT A

Original "FairShare Vacation Plan Use Management Trust Agreement"
Recorded in the following counties:

SITE	STATE	COUNTY OFFICE	DATE	BOOK, PAGE ET SEQ.
Bay	AR	Cleburne Clerk of Court	07/09/91	Bk. Vol. 345, pp 675
	AR	Van Buren Clerk of Court	07/09/91	Doc. #91-3367
Branson	MO	Taney Recorder of Deeds	06/18/93	Bk. 320, pp 4761
Flagstaff	AZ	Coconino County Recorder	07/11/91	Doc. 1408, pp 544
Glade	TN	Cumberland Office of Register	07/09/91	Bk. 401, pp 648
Harbour	NC	Craven Register of Deeds	07/09/91	Bk. 1288, pp 534
Mountains	NC	Rutherford Register of Deeds	07/08/91	Bk. 579, pp 102
Myrtle Beach	SC	Horry RMC Office	07/10/91	Bk. 1480, pp 726
Nashville	TN	Davidson Office of Register	10/11/94	Bk. 9489, pp 981
Ocean Ridge	SC	Colleton RMC Office	07/12/91	Bk. 529, pp 135
Orlando	FL	Orange Comptroller	04/28/95	Bk. 4885, pp 2488
	FL	Osceola Clekr of Circiut Ct.	03/24/93	Bk. 1115, pp 2135
Pagosa	CO	Archuleta Office of Recorder	07/09/91	Recept. 180408
Plantation	GA	Carroll Office of Clerk	07/17/91	D. Book 706, pp 312
Sapphire Valley	NC	Jackson Register of Deeds	07/10/91	Bk. 782, pp 15
	NC	Transylvania Register of Deeds	07/16/91	Bk. 341, pp 174
Ventura	CA	Ventura Office of Recorder	08/02/91	Doc. #91-111853
Williamsburg	VA	York Office of Clerk	07/12/91	Bk. 620, pp 260

Exhibit 10.23

FIRST AMENDMENT TO THE
AMENDED AND RESTATED FAIRSHARE VACATION
PLAN USE MANAGEMENT TRUST AGREEMENT

This Amendment to the Amended and Restated FairShare Vacation Plan Use Management Trust Agreement (this "Amendment") is effective as of the 29th day of February, 2000 by and between the Fairshare Vacation Owners Association, an Arkansas nonprofit corporation (the "Trustee") and Fairfield Communities, Inc., a Delaware corporation ("Fairfield").

WITNESSETH THAT:

WHEREAS, the Amended and Restated FairShare Vacation Plan Use Management Trust Agreement (the "Trust Agreement"), recorded at Book 1634, Page 1995 et seq. in the Office of the Clerk of the Circuit Court in the city of Alexandria, Virginia, created to secure for the beneficiaries their respective rights and interests as set forth in the Trust Agreement;

WHEREAS, the Trustee is the entity responsible for the duties and obligations set forth in the Trust Agreement;

WHEREAS, the Trustee has determined, after thorough consideration and analysis, that the Program Fee needs to be restructured and other changes made to the Trust; and

WHEREAS, the parties hereto desire to modify the terms of the Trust Agreement set forth in this Amendment pursuant to Section 14.05 of said Trust Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto mutually agree as follows:

1. Article VII is hereby amended with the addition of a new sentence to Section 7.04(a), thereby becoming the third and final sentence of said section, as follows:

   The Trustee may also take any action not otherwise prohibited by law, this Trust Agreement, the Association's articles of incorporation or the Association's bylaws, deemed necessary by the Trustee to manage the Trust and carry out the purposes for which this Trust Agreement was established.

2. Section 10.02(a) beginning with "The amount of the Program Fee…" is hereby stricken in its entirety and the following shall be inserted in its place:

   Amount. The amount of the Program Fee shall be determined by the Trustee as needed to cover the cost of the operation and administration of the Fairshare Plus Program. The Trustee may establish varying fees among Members provided there is a reasonable basis for such a fee structure. The Program Fee shall be determined prior to January 1 of each year in connection with the budget process for the Trust.

3. Section 10.06(a) is amended by striking the word “prorated” in the third sentence beginning with “adjustments” and inserting in its place the word “allocated”.

4. Section 14.05 is amended by striking in its entirety the paragraph following the heading “**Amendments**” and inserting the following in its place:

   The Trustee, with the consent of Fairfield, may amend this Trust Agreement in writing from time to time and shall cause any such amendment to be recorded in the Recording Offices of all counties in which Accommodations or interests therein subject to this Trust Agreement are located. The Trustee, with the consent of Fairfield, may from time-to-time add a Third Party or additional Fairfield subsidiary as a party to this Trust Agreement on terms and conditions acceptable to the Trustee and Fairfield.

5. The modifications to the Trust Agreement contained in this Amendment shall become effective on the date first written above.

6. The Trust Agreement shall remain in full force and effect except as hereby amended, and the Agreement, as amended, is hereby approved, ratified and confirmed.

7. The agreements herein contained shall be binding upon and shall inure to the benefit of the respective parties thereto and their respective successors and assigns. This Amendment may not be modified except by a written agreement executed and acknowledged by both parties.

IN WITNESS WHEREOF, this Amendment has been duly executed by the parties hereto on the 2nd day of November, 2001.

FAIRSHARE VACATION OWNERS ASSOCIATION,
an Arkansas nonprofit corporation

By: /S/ Mark Nuzzo, President
Attest: /S/ Michael A. Hug, Secretary

FAIRFIELD COMMUNITIES, INC., a Delaware corporation

By: /S/ Angela K. Halladay, Vice President
Attest: /S/ Anna L. Walton, Assistant Secretary

Exhibit 10.24

Prepared by and return to:
Fairfield Resorts, Inc.
Legal Department
8427 South Park Circle, #500
Orlando, Florida 32819

SECOND AMENDMENT TO THE
AMENDED AND RESTATED FAIRSHARE VACATION
PLAN USE MANAGEMENT TRUST AGREEMENT

This Second Amendment to the Amended and Restated FairShare Vacation Plan Use Management Trust Agreement (this "Amendment") is made as of this 19th day of February, 2003 by and between the Fairshare Vacation Owners Association, an Arkansas nonprofit corporation (the "Trustee") and Fairfield Resorts, Inc., a Delaware corporation ("Fairfield"), formerly known as Fairfield Communities, Inc., which name was changed by Certificate of Amendment to the Fairfield Communities, Inc. Certificate of Incorporation filed with the Secretary of State for Delaware on the 26th day of June 2001.

WITNESSETH THAT:

WHEREAS, the Amended and Restated FairShare Vacation Plan Use Management Trust Agreement (the "Trust Agreement") was created to secure for the beneficiaries their respective rights and interests as set forth in the Trust Agreement;

WHEREAS, the Trustee is the entity responsible for the duties and obligations set forth in the Trust Agreement;

WHEREAS, the Trustee has determined, after thorough consideration and analysis, that the Trust Agreement requires amending (i) to reflect the change in the name of Fairfield Communities, Inc., (ii) to alter the language in Article XI, Section 11.10 (b), because Fairfield has been owned since April 2, 2001 by Cendant Vacation Holdco, Inc., a subsidiary of Cendant Corporation ("Cendant"), which is the parent company of Resort Condominiums International, LLC ("RCI"), (iii) to add a new section to Article XI to reflect enhancements made to the Plan, (iv) to modify Article XII to clarify transfer requirements, and (v) to modify Article XIII to clarify voting designation rights; and

WHEREAS, the parties hereto desire to modify the terms of the Trust Agreement as set forth in this Amendment pursuant to Section 14.05 of said Trust Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto mutually agree as follows:

1. Effective October 2, 2001, the third (3rd) and fourth (4th) lines in the first paragraph on page 1, following the heading AMENDED AND RESTATED FAIRSHARE VACATION PLAN USE MANAGEMENT TRUST AGREEMENT, are

amended by changing the name Fairfield Communities, Inc. to read Fairfield Resorts, Inc. and after "Fairfield Resorts, Inc., a Delaware corporation", in the third (3d) line is added the parenthetical word ("Fairfield").

2. Effective October 2, 2001, the Trust Agreement is amended by changing the name of Fairfield Communities, Inc. in all instances in the Trust Agreement, to read Fairfield Resorts, Inc. Further, Section 1.10 is deleted in its entirety and the following substituted in lieu thereof:

> Section 1.10 **"Fairfield"** means Fairfield Resorts, Inc., a Delaware corporation, formerly known as Fairfield Communities, Inc., Fairfield Myrtle Beach, Inc., a Delaware corporation, and such other subsidiaries of Fairfield Resorts, Inc. that may from time to time desire to subject property to this Trust in accordance with the terms and conditions set forth herein. Fairfield Resorts, Inc. is the successor by merger to Fairfield Harbor, Inc., Fairfield in the Carolina's, Inc., Fairfield Ocean Ridge, Inc., Fairfield Pagosa, Inc., Fairfield Plantation, Inc., Fairfield Williamsburg, Inc., and Fairfield Ventura, Inc.

3. Effective April 2, 2002, Article XI is amended by changing the period at the end of the fourth (4th) sentence in Section 11.10(b) to a comma and by adding the following language:

> … other than Resort Condominiums International, LLC ("RCI"), which is a subsidiary of Cendant Corporation, the parent company of Fairfield.

4. Article XI is amended by adding the following new provision as Section 11.11:

> Section 11.11 **Priority Reservation Rights.** The Trustee may establish different rules and reservation rights for Members based upon (a) levels of Points owned, or (b) the location of the Accommodations purchased by a Member, or (c) any other criteria determined by Trustee. Such rules and reservation rights, including priorities, fees, reservation periods, and other policies, guidelines and restrictions shall be set forth in the Directory.

5. Article XII is amended by changing the period at the end of the fourth (4th) sentence in Section 12.01 to a comma and by adding the following language to the end of the fourth (4th) sentence in Section 12.01:

> . . . and/or the terms and conditions of the Member's Assignment Agreement prohibit the sale, conveyance or transfer of the Membership to persons other than Fairfield.

6. Article XIII is amended by deleting the second sentence of Section 13.02 in its entirety and substituting the following in lieu thereof:

> Where allowed by law, each Member (with the exception, unless otherwise agreed between the Trustee and the respective POA, of those Members owning Accommodations at Resorts which have not been developed by Fairfield, either as

primary developer or as a co-developer with another entity), by executing an Assignment Agreement or a contract or accepting a deed for an Accommodation subject to the Trust, delegates to the Voting Designee the authority to exercise any voting privileges such Member may have in the POA.

7. The modifications to the Trust Agreement contained in this Amendment shall become effective on the date first written above, unless otherwise noted.

8. The Trust Agreement shall remain in full force and effect except as hereby amended, and the Trust Agreement, as amended, is hereby approved, ratified and confirmed.

The agreements herein contained shall be binding upon and shall inure to the benefit of the respective parties thereto and their respective successors and assigns. This Amendment may not be modified except by a written agreement executed and acknowledged by both parties.

IN WITNESS WHEREOF, this Amendment has been duly executed by the parties hereto on the day and year first above written.

FAIRSHARE VACATION OWNERS ASSOCIATION,
an Arkansas nonprofit corporation

By: /S/ John Monaweck, Vice President
Attest: /S/ Michael A. Hug, Secretary (Seal)

FAIRFIELD RESORTS, INC.,
a Delaware corporation

By: /S/ Michael A. Hug, Senior Vice President and Controller
Attest: /S/ Anna L. Walton, Assistant Secretary (Seal)

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is dated as of January 1, 1996, by and between FAIRSHARE VACATION OWNERS ASSOCIATION, an Arkansas nonprofit corporation ("Owners Association"), as Trustee under that certain Amended and Restated FairShare Vacation Plan Use Management Trust Agreement dated as of January 1, 1996, as may be amended from time to time (in such capacity, the "Trustee"), and FAIRFIELD COMMUNITIES, INC., a Delaware corporation ("Manager").

SECTION 1

DEFINITIONS

Unless the context otherwise requires, the Definitions set forth in the AMENDED AND RESTATED FAIRSHARE VACATION PLAN USE MANAGEMENT TRUST AGREEMENT dated as of January 1, 1996, as may be amended from time to time ("Trust Agreement"), are hereby adopted as the definitions herein.

SECTION 2

RECITALS

2.1. Vacation Plan. The FairShare Vacation Plan has been established by Fairfield Communities, Inc. to acquire, own, lease, care for, maintain, operate and manage vacation accommodations for the benefit of the Members. The vacation accommodations and such other real and personal property as may be subjected from time to time to the Trust Agreement (collectively, the "Trust Property") will be available for use by the Members through the reservation system established by the rules and regulations ("Rules") set forth in the Directory.

2.2. Management. The Trustee is responsible for the maintenance, operation, management, and general care of the Trust Property, the collection of the FairShare Plus Assessments, and the implementation of a Reservation System for the Trust Property.

2.3. Manager. The Trustee is authorized to retain a professional manager and to delegate to such manager certain of the Trust's powers and responsibilities. The Trustee desires to engage Manager to manage and operate the Trust and the Trust Properties and provide access to the Manager's Reservation System to the Members, and Manager desires to accept such engagement, all on the terms and conditions set forth below.

SECTION 3

ENGAGEMENT OF MANAGER

The Trustee hereby engages Manager as the exclusive Plan Manager for the Plan and the Trust Property, and Manager hereby accepts said appointment and undertakes to perform all of the services and responsibilities set forth herein in such capacity, and to implement and to comply with all the provisions of this Agreement and the Trust Agreement.

SECTION 4

TERM

4.1. Initial Term. Unless terminated earlier pursuant to Paragraph 4.4 below, the initial term of this Agreement shall be for a period of five (5) years commencing on the date first written above ("Effective Date").

4.2. Automatic Renewal. The term of this Agreement shall be automatically renewed for successive terms of five (5) years each at the end of each calendar year unless the Trustee shall have delivered written notice of termination to Manager on or before six (6) months prior to the end of a calendar year. In the event written notice of termination is given by the Trustee to Manager hereunder, this Agreement shall thereafter terminate at the end of the five (5) year term then in effect. Any renewal under this section need not be evidenced in writing.

4.3. Notice of Nonrenewal. The Members of the Owners Association may elect to terminate this Agreement pursuant to Paragraph 4.2 above on the vote or written consent of seventy five percent (75%) of the Members entitled to vote.

4.4. Termination. This Agreement may be terminated for cause by the Trustee at any time prior to expiration, provided that, if the cause constitutes a breach or default of this Agreement which is capable of being cured, such breach or default shall not have been cured within ninety (90) days following receipt by Manager of written notice of such breach or default. If Manager shall dispute a termination by the Trustee pursuant to this paragraph, the dispute may, at Manager's option, be submitted to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

4.5. Resignation.

(a) Notice. Manager may resign by delivering to the Trustee written notice of its resignation at least nine (9) months in advance of the date the resignation shall be effective (the "Termination Date"); and

(b) New Agreement. On or before the Termination Date, the Trustee shall have entered into a management agreement with another management firm in accordance with applicable provisions of the Trust Agreement, or shall discharge the duties delegated to Manager hereunder with its own personnel, or otherwise.

4.6. Duties Following Termination. Following a termination of the Management Agreement by either party, Manager will, in Manager's sole discretion, either:

(a) Permit the Trust to utilize Manager's reservation system for a transition period of up to nine (9) months from the Termination Date in the same manner and at the same cost as the Trust utilized the reservation system prior to the Termination Date in order to afford the Trust a reasonable opportunity to obtain a new reservation system and arrange for the transfer of all relevant data from the Reservation System to the new reservation system as described in subsection (b) below; or

(b) Promptly transfer to the Trust all relevant data contained in the Reservation System, including but not limited to the names, addresses, and reservation status of Accommodations, the names and addresses of all Members, all outstanding confirmed reservations and reservation requests, and such other Member and Trust Property records and information as is sufficient, in the reasonable discretion of the Trustee, to permit the uninterrupted operation and administration of the Trust for the collective benefit of the Members. All reasonable costs incurred by the Manager in effecting such transfer shall be reimbursed thereto and shall constitute common expenses of the Trust.

SECTION 5

DUTIES AND OBLIGATIONS OF MANAGER

5.1. Generally. Manager shall provide or cause to be provided all services and personnel required to administer the affairs of the Trust and to manage and operate the Trust Property as contemplated by the Trust Agreement, at all times not inconsistent with the Trust Agreement, resolutions of the Board and the Members, this Agreement and any applicable state or federal statute, rule or regulation. Any persons actually hired by Manager shall be the employees of Manager rather than the Trust. Manager, in its absolute discretion, may cause to be discharged any employee or subcontractor so hired.

(a) Powers. Manager shall have all the powers and authority, and limitations thereon, which the Trustee has, pursuant to the Trust Agreement, to the extent necessary to perform its duties and obligations hereunder.

(b) Delegation. Subject to Paragraph 5.6 below, Manager may delegate its authority and responsibilities to one or more subagents or subcontractors, whether or not affiliated with Manager, for such periods and upon such terms as Manager deems proper, but shall remain ultimately responsible for the performance of any such delegated duties and obligations.

(c) Efficiency. Manager will furnish its services and use its best efforts to provide the Trust with economic efficiency consistent with safe and proper management and enjoyment of the Trust Property by the Members and their guests. Manager will use its reasonable best efforts to keep total operating costs within the Budget.

5.2. Administrative Services. Without limiting the generality of the foregoing, Manager shall provide the following administrative services:

(a) Meetings. Manager shall organize and have the right to attend all meetings of the Board and of the Members. Manager shall prepare and deliver notices of meetings in accordance with the Bylaws, prepare the agenda for all meetings, assist in the conduct of the meetings, and oversee the election of directors and other business.

(b) Trust Records. Manager shall maintain all records of the affairs of the Trust, including, but not limited to, minutes of meetings, correspondence, financial records and modifications of the Bylaws and the Rules.

(c) Rules. Manager shall have the authority to promulgate, adopt and amend the Rules of the Trust as it deems advisable, in its sole discretion, for the use and occupancy of the Property, subject to the approval of the Trustee.

(d) Insurance. Manager shall provide through the Budget, either directly or through the appropriate entity designated in the applicable Resort Declaration, fire and casualty insurance coverage of the Accommodations owned by Trust, unless such insurance is paid through the applicable POA. Manager shall deliver to the Trust any insurance proceeds it may receive, to be held pending the reconstruction of an Accommodation or the acquisition of a replacement Accommodation. Where not provided by the POA, Manager, subject to prior approval of the Trustee and availability of funds from insurance proceeds or other funds of the Trust, shall be responsible for reconstruction of said Accommodation or the acquisition of a replacement Accommodation and shall assure that adequate arrangements for alternate lodging during the time an Accommodation is being reconstructed are made, all at the expense of the Trust.

(e) Reservations. Manager shall establish and operate the Reservation System implementing the reservation procedure set forth in the Trust Agreement and the Rules. The Reservation System shall reflect reservations made, use of Vacation Points, and such other information as shall be necessary to operate the Trust. The Trustee agrees and acknowledges that the Reservation System is and will remain the sole property of Manager.

(f) Exchange Program. Manager shall administer any External Exchange Program with which the Trust may become affiliated from time to time.

(g) Additions or Withdrawals. Manager, with the consent of the Trustee, may from time to time add or withdraw Accommodations from the Trust Property pursuant to the provisions of the Trust Agreement.

(h) Vote. Manager shall represent and act and vote for the Trust in all POAs at Resort Developments where the Trust Property is located. Manager shall exercise such vote and representation in the best interest of the Trust, in Manager's discretion, unless specifically directed by the Trustee. The Trustee agrees to execute any written proxy or proxies that may be requested by any POA or Manager.

(i) Professionals. Manager may hire or retain on behalf of the Trust, professionals such as attorneys, accountants and engineers, whose services may be reasonably required to perform the duties and powers set forth herein on any basis it deems appropriate.

(j) Resort Associations. Manager may enter into an agreement with each POA which shall set forth the delegation of duties between the Manager and the POA.

(k) Plan Manager. Manager shall perform all duties to be performed by the Plan Manager or delegated to the Plan Manager in accordance with the Trust Agreement.

5.3. Financial Services. Without limiting the generality of section 5.1 above, Manager shall, subject to the supervision of the Trustee, provide the following financial services:

(a) Budget. Manager shall prepare and submit to the Trustee for approval, not less than forty-five (45) days prior to the end of each succeeding Fiscal Year, a budget of the anticipated income, expenses and reserves for the next calendar year, in accordance with the Trust Agreement; provided, however, if Manager has not received all POA budgets and other necessary financial information from the POAs required to prepare the budget, then the date the budget must be submitted to the Trustee shall be extended to the earlier of ten (10) days after receipt of all such POA budgets and information and the last day of the current Fiscal Year. If the budget is submitted on the last day of the Fiscal Year prior to receipt of all required POA budgets and financial information then Manager shall estimate such amounts based on the prior year's budget. Each budget approved by the Trustee is hereinafter called the "Budget".

(b) Program Fees. During December of each year, Manager shall determine each Member's Program Fee based upon the Budget and the number of Vacation Points owned by such Member.

(c) Special Assessments. Manager shall determine whether a Special Assessment may be required, from time to time, and, promptly upon making a determination that a Special Assessment is required, shall submit a recommendation to the Trustee that a Special Assessment be levied.

(d) Collections. Manager shall cause the Assessments to be collected and enforce payment of FairShare Plus Assessments as follows:

(i) Manager shall cause to be prepared and mailed to all Members periodic statements setting forth the amount of all FairShare Plus Assessments then due from each Member, pursuant to the Trust Agreement;

(ii) Manager shall cause to be prepared and mailed to any delinquent Members a notice of delinquency and shall use its reasonable best efforts to collect delinquent Assessments as provided in the Trust Agreement; and

(iii) Manager shall have the right to enforce any lien for unpaid Assessments and all other sums due from a Member to the same extent as the Trust has such right pursuant to the Trust Agreement. Manager may assign the right to enforce any such lien to any party to which Manager has delegated any collection duties pursuant to this Section 5. Manager may compromise liens for Assessments, interest, late charges, or any fines imposed in such amounts as it deems advisable, in its sole discretion, and may satisfy liens of record.

(e) Bank Accounts. Manager shall establish the deposit accounts provided for in the Trust Agreement or designated by the Trustee or required by applicable state or federal statute, rule or regulation, and shall promptly deposit funds collected from Members and all other amounts collected by Manager in connection with the performance of its duties hereunder, in the accounts designated for such purposes. Manager shall keep accurate books and records reflecting the amount of such accounts attributable to each Member.

(f) POA Fees. Manager shall collect and deposit each Member's POA Fee in the Escrow Account in accordance with the terms of the Trust Agreement. Manager shall pay the POA Fee on behalf of each Member that has fully deposited his or her POA Fee in the Escrow Account on or before the date the POA Fee is due to such Member's POA.

(g) Disbursements. Manager shall pay, with Trust funds, all expenses adequately substantiated in writing that are consistent with the applicable Budget, are otherwise approved by the Board or are permitted by the Trust Agreement.

(h) Financial Statements and Tax Returns. Manager shall annually provide a full and complete accounting of the past fiscal year's expenditures to each Member. Upon the request of the Trustee, Manager shall employ, at the expense of the Trust, an independent auditor to annually audit the accounts of the Trust. A copy of any such annual audit shall be delivered by the independent auditor to Manager, the Trustee and to any Member that requests a copy. Manager shall also cause to be prepared and filed on behalf of the Trust all state and federal income tax returns.

(i) Books and Records. Manager shall keep and maintain or cause to be kept and maintained full and adequate books and records reflecting the results of operation of the Trust in accordance with generally accepted accounting principles. The books of account and other records relating to the operation of the Trust shall be available to the Trust and its representatives at all reasonable times for examination, inspection and transcription.

(j) Reports. Manager shall prepare or cause to be prepared the reports and statements required to be prepared by the Trust Agreement and such additional membership communications and reports as to subjects and frequency as the Trustee reasonably requests.

(k) Inventory. Manager shall maintain an accurate inventory of all furniture, fixtures and equipment, purchased for or owned or leased by the Trust.

(l) Membership Roster. Manager shall maintain a record of the names of all Members and the cumulative number of Points allocated to the Trust Property.

5.4. Physical Services. Without limiting the generality of Section 5.1 above, Manager shall provide the following physical services where such services are not provided by the applicable POA.

(a) Inspections. Manager shall make inspections of the Accommodations and render reports and make recommendations concerning the Trust Property to the Trustee.

(b) Repair and Maintenance. Manager shall cause the Trust Property and the Accommodations to be repaired, maintained, repainted, furnished and refurnished in a manner consistent with the reserves established for such purposes and as required to maintain the quality standards of the Trust.

(c) Check-In and Check-Out. Manager shall cause on-site personnel to be available at all required times in order to check-in and check-out Members and/or their guests.

(d) Maid Service. Manager shall cause maid, cleaning and linen service to be provided for the Accommodations.

(e) Right of Entry. Manager, or its duly authorized agents or employees, shall have the right, at reasonable times and upon reasonable notice, without liability to the Trust or any Member, to enter into any Accommodation for the purposes of carrying out the above described duties and responsibilities, if necessary.

5.5. Manager Insurance. Manager shall, at its sole cost and expense, furnish to the Trustee, on the effective date, satisfactory evidence of the insurance coverage set forth below showing Manager as the named insured, naming the Trust as an additional insured and/or providing for waiver of subrogation as to the Trust, and providing that such coverages are cancelable only upon 30 days prior written notice to the secretary of the Trustee:

(a) Worker's Compensation. Insurance required by the Worker's Compensation Laws of the respective states in which Manager has employees managing the Trust Property;

(b) Liability. Insurance against loss or damage resulting from damage to property in the amount of at least $100,000 and injury or death to any person or persons in the aggregate sum of at least $1,000,000 per occurrence;

(c) Fidelity. A bond or insurance in favor of the Trust, against loss from monies, securities or other properties being stolen, converted or misappropriated by Manager or any of its directors, officers or employees, in an amount reasonably satisfactory to the regulatory authorities in states where Memberships are marketed; and

(d) Errors and Omissions. Errors and omissions insurance if available at reasonable and competitive rates.

5.6. Limited Liability. Manager shall not be responsible for the acts, omissions to act or conduct of any of the Members or for the breach of any of the obligations of any of the Members.

SECTION 6

COMPENSATION

6.1. Fee. Manager shall receive a monthly compensation equal to one-twelfth (1/12th) of five percent (5%) of the Program Fees, special and other assessments (other than the POA Fees) collected from Members in connection with the operation of the Trust.

6.2. Expenses.

(a) Trust. The Trust shall be responsible for and pay or reimburse Manager for all costs and expenses (including without limitation, a reasonable profit at the prevailing market rate) arising from:

(i) the operation and maintenance of Manager's reservation system as used by Members in excess of amounts received by Manager through fees charged for use of the reservation system;

(ii) ownership and management of the Trust Property, including without limitation, expenses for the refurbishment of all interiors and furnishings of the Trust Property where not provided by the POA; provided, however, no major refurbishment of any interiors shall be performed during the last four years the particular Accommodation is in the Plan without the approval of the Trustee.

(iii) services applied directly to Trust purposes, and solely for the benefit of the Trust, such as maid and cleaning, telephone, postage, messenger and delivery, photocopying, and printing;

(iv) rent and utilities for offices used solely for Trust business;

(v) supplies and equipment used solely for Trust business, including lease or rent payments therefor;

(vi) Trust employees or independent contractors for services rendered exclusively to the Trust;

(vii) insurance for the Trust and Trust employees as required by the Trust Agreements;

(viii) such other services as Manager may from time to time render;

(ix) salaries, bonuses and benefits of employees of Manager that perform services for the Trust;

(x) Manager's participation, on the Trust's behalf, in the affairs of any POA;

(xi) the operation and management of the Trust, including, but not limited to, the Trustee's fees and expenses described in the Trust Agreement; and

(xii) such other goods or services related to the Trust as may be necessary and reasonable in the opinion of Manager.

(b) Manager. Manager shall be responsible for and pay from Manager's own funds all costs and expenses arising from:

(i) services which are not applied to Manager's duties hereunder and are not for the benefit of the Trust;

(ii) supplies, equipment and offices not used for the benefit of the Trust;

(iii) advertising, commissions and other marketing costs regarding sales of Memberships;

(iv) insurance or bonding required of Manager by this Agreement; and

(v) employees of Manager who do not perform services for the Trust.

6.3. Advances and Reimbursements. Manager shall not be required to perform any act or duty hereunder involving an expenditure of money unless there shall be sufficient funds for such expenditure in the deposit accounts of the Trust. If at any time the funds in the bank accounts of the Trust are not sufficient to pay the Trust obligations in a timely manner, Manager, although not obligated to do so, may advance such sums as it deems necessary, and Manager shall thereupon be entitled to reimburse itself from Trust funds for the amount of such advances, together with interest at the rate of 10.00% per year beginning from and after 20 days from the date of the advance by Manager.

6.4. Payment. Manager is hereby authorized to pay itself the Management Fee, reimbursements, and authorized expenses, out of the deposit accounts of the Trust.

SECTION 7

GENERAL PROVISIONS

7.1. Agency. Nothing in this Agreement shall constitute a partnership between, or joint venture by, the parties hereto, or constitute Manager an employee of the Trust or the Trustee. Manager is an independent contractor.

7.2. Amendment. No supplement, modification or amendment of this Agreement shall be established except in a writing executed by each of the parties.

7.3. Assignment. Manager may assign this Agreement at any time without the consent of the Trustee, so long as the assignee agrees in writing to assume and perform the terms and covenants of this Agreement. Upon such assignment and assumption, Manager shall be released from any and all obligations hereunder.

7.4. Attorneys' Fees. Should any action or proceeding be commenced between the parties hereto concerning this Agreement or their rights and duties hereunder, the party prevailing in such action or proceeding shall be entitled to reasonable attorneys' fees and costs in such action or proceeding, which shall be determined by the court or arbitrator. Each party shall bear its own costs, expenses, and attorney fees incurred in negotiating, preparing, and signing this Agreement.

7.5. Captions. The subject headings or captions in this Agreement are for convenience and reference only and do not in any way modify, interpret, or construe the intent of the parties or affect any of the provisions of this Agreement.

7.6. Competition. The Trustee agrees that it will not, on its own behalf or on behalf of the Trust, solicit, hire, employ, or in any way obtain or retain the services of any employee of Manager, whether or not for compensation, during the Term of this Agreement and for a period of twelve (12) months following the date of termination or expiration of this Agreement.

7.7. Entire Agreement. This Agreement and all documents executed contemporaneously herewith and/or specifically referred to herein, including without limitation the Trust Agreement, constitute the complete, exclusive and final expression of the agreements between the parties pertaining to the subject matter contained herein and therein, supersedes all prior and contemporaneous agreements, representations, and understandings of the parties, and may not be contradicted by evidence of any prior or contemporaneous agreement.

7.8. Further Assurances. The parties hereto agree to perform any further acts and to execute and deliver any further documents which may be necessary or appropriate to carry out the purposes of this Agreement.

7.9. Hold Harmless and Indemnity. Each of the parties agrees to hold the other party harmless and indemnify the other party from and against any and all loss, cost, damage or liability which the other party may incur or sustain as a result of any action by such party or any breach by such party of any warranty or representation contained in this Agreement, or for any misrepresentation or material omission in the representations herein, or for any violation of any applicable law, ordinance or regulation, whether by neglect or willful act and whether by a party or its agents, contractors, or employees. The Trustee agrees to hold harmless and indemnify Manager from and against any and all loss, cost, damage or liability to which Manager may be subjected by reasonable, good faith performance of its duties hereunder. such indemnification shall include, among other costs, attorneys' fees and costs of appeal, settlement or defense, and the obligation to undertake or assume the defense of any claim.

7.10. Law Applicable. This Agreement and its interpretation, construction, and enforcement, shall be governed by the laws of the State of Arkansas.

7.11. Legal Effects. No representation, warranty or recommendation is made by any party or his respective agent or attorney regarding the legal sufficiency or effect or tax consequences of any transaction contemplated under this Agreement to any individual or specific entity, and each party acknowledges it his been advised to submit this Agreement to independent legal counsel before signing it. There shall be no presumption in favor of or against any party with regard to which party arranged for initial drafting of this Agreement.

7.12. Notices. Any notice required or desired to be given hereunder shall be deemed given if personally delivered, or ninety-six (96) hours after mailing (first class postage prepaid, return receipt requested), to the parties at the following addresses, or at such other addresses as may be given by proper notice:

(a) Manager:	Fairfield Communities, Inc. 11001 Executive Center Drive Little Rock, Arkansas 72211 Attention: General Counsel
(b) Trust:	Fairshare Vacation Owners Association 11001 Executive Center Drive Little Rock, Arkansas 72211 Attention: President

7.13. Parties In interest. Unless specifically otherwise provided herein, (a) nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties hereto; (b) nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement; and (c) nothing herein shall give any third person any right of subrogation or action over or against any party to this Agreement.

7.14. Records. Each party shall maintain books and records containing all transactions in furtherance of this such books and records shall be maintained in accordance with usual accounting methods.

7.15. Remedies. No remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy given hereunder or now or hereafter listing at law or in equity. The election of any one or more remedies by any party shall not constitute a waiver of the right to pursue other available remedies.

7.16. Severability. If any provision of this agreement is held to be unenforceable invalid or illegal by any court of competent jurisdiction such shall not affect the remainder of this Agreement.

7.17. Successors. Subject to the paragraph regarding Assignment, this Agreement shall be binding upon and benefit the heirs, legal representatives, successors, and assigns of the parties.

7.18. Survival. All covenants and warranties hereunder shall survive the recording of any document, and some provisions shall survive termination or expiration of this Agreement for a reasonable time or for the specified time if necessary to carry out their reasonably intended effect.

7.19. Time. Time is of the essence of this Agreement. If any date or time referred to herein shall fall on Saturday, Sunday, or a legal holiday, the date or time shall be extended to the next regular business day.

7.20. Waiver. No waiver of enforcement or breach of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provisions whether or not similar nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the person making the waiver.

7.21. Word Usage. unless the context clearly otherwise requires (a) the plural and singular or the masculine, feminine and neuter genders shall each be deemed to include the others; (b) "shall", "will", or "agrees" are mandatory, and "may" is permissive; (c) "or" is not exclusive; and (d) "including" or "such as" is not limiting.

TRUSTEE:

FAIRSHARE VACATION OWNERS ASSOCIATION,
an Arkansas non-profit corporation, as Trustee of the FairShare Vacation Plan Use Management Trust

By: /S/ Clayton G. Gring, Sr.
President

MANAGER:

FAIRFIELD COMMUNITIES, INC.
a Delaware corporation

By: /S/ Mark Nuzzo
Vice President

Exhibit 10.26

Recording Requested By:

When Recorded Mail To:

Trendwest Resorts, Inc.
Registration Department
9805 Willows Road
Redmond, WA 98052

DECLARATION OF

VACATION OWNER PROGRAM

(WORLDMARK, THE CLUB -*[NAME OF PROJECT])

THIS DECLARATION is made ***[Month and Day]**, **[Year]** by TRENDWEST RESORTS, INC., an Oregon corporation ("Declarant"), whose address is 9805 Willows Road, Redmond, Washington 98052, and WORLDMARK, THE CLUB, a California nonprofit mutual benefit corporation ("Co-Declarant" or "Club"), whose address is 9805 Willows Road, Redmond, Washington 98052.

Declarant and Co-Declarant hereby declare as follows:

RECITALS

A. Property. Declarant is or was the equitable owner of all of the property ("Property") specifically described on Exhibit "A" attached hereto and incorporated herein. Prior to the recording of this Declaration the property has been or will be conveyed to the Club at Declarant's direction.

B. Marketing Rights and Proceeds. In accordance with that certain Vacation Program Agreement (**[*Third][Fourth][Fifth] as applicable]** Amended), dated * , * , between Declarant and Club, as the same may be amended from time to time, Declarant shall have exclusive rights for marketing Memberships and to the proceeds from the sale of Memberships to the public and the right to reasonably approve or veto changes in Bonus Time fees or charges, and the rights and protections granted herein, in consideration for acquiring and conveying or transferring the Property to Club. In connection therewith, Declarant shall have the rights and powers further described in Restrictions 2.5 and 8, among others.

C. Project. There are **[*number of units written] (*)** numbered units or lots plus the Common Area set forth and described on the recorded Map for the Project of which the Property is a portion. **[* DESCRIPTION OF THE PROJECT'S UNDERLYING STRUCTURE DOCUMENTS, IF ANY, E.G.: "The Project is subject to the Master Governing Documents, including the Declaration more specifically described in Exhibit "B" attached hereto. Definitions and Restrictions in the Master Governing Documents apply to the Property and to the Governing Documents unless otherwise defined and/or provided herein."**

D. Program. Declarant desires to subject the Property to and impose upon it mutual and beneficial restrictions, covenants, conditions and charges ("Restrictions") contained in this Declaration, and as subsequently amended, which is intended to satisfy the requirements of local statutes specifying the contents and enforceability of Declarations of Restrictions, and which constitutes a general plan or scheme for the purpose of establishing a Vacation Owner Program ("Program"), and for the benefit of all Members of the Program.

E. Phases. The Property may include an unlimited number of Units and/or additional Property, whether fixed or mobile, to be added in additional Phases by a Declaration of Annexation or Additional Declaration under Restriction 8 below.

F. Notice of Timeshare Plan. This Declaration is intended to serve as a "notice of time share plan" as defined under Section 514E-1 of the Hawaii Revised Statutes. Accordingly, this Declaration is intended to serve the purposes, and have the effects, described in Section 514E-21 of the Hawaii Revised Statutes, a copy of which is attached hereto as Exhibit "C".

DECLARANT AND CO-DECLARANT HEREBY DECLARE that from and after the Effective Date all of the Property is held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied, and improved subject to the following Restrictions:

1: DEFINITIONS. Unless the context otherwise specifies or requires, the terms used in this Declaration shall have the following meanings:

1.1 Anniversary Date; the last day of the month one year following the month in which the Membership is issued and the same day each year thereafter, provided that the Anniversary Date for memberships issued in February shall be February 29 in each leap year.

1.2 Anniversary Year; the one year period commencing each year at check-in time on the Anniversary Date and ending at checkout time on the next succeeding Anniversary Date. Check-in and check-out times shall be established by the Rules.

1.3 Articles; the Articles of Incorporation of the Club filed with the Secretary of State of the State of California, as amended, which shall not be inconsistent with this Declaration.

1.4 Association; see “Club” below.

1.5 Basic Membership; A Membership which includes 5,000 Vacation Credits, the minimum required to be held to constitute a Membership.

1.6 Board; the Board of Directors or governing body of the Club.

1.7 Bonus Time; the consecutive days during which a Member has use rights in a Unit under a reservation made according to the Rules in addition to such Member’s Vacation Credit Use(s) and for which the specified fee is paid. The Bonus Time net fees shall accrue to the benefit of Club.

1.8 Bylaws; the Bylaws of the Club, as such Bylaws may be amended from time to time, which shall not be inconsistent with this Declaration.

1.9 City; the City of **[*NAME OF CITY, IF ANY, OR DELETE AS UNNECESSARY IF IN UNINCORPORATED AREA OF COUNTY], [*NAME OF COUNTY]** County, in which the Property is located.

1.10 Club; the association of Members who hold Memberships, WORLDMARK, THE CLUB, a California nonprofit mutual benefit corporation, or its successor.

1.11 Co-Declarant, WorldMark, The Club, a California Non-Profit Mutual Benefit Corporation, owner of the Property.

1.12 Common Area; all land and Improvements located on the Project which do not constitute part of a Unit or other separately owned or rented portion, and which are shared in common with other owners or lessees outside the Property but in the same Project.

1.13 Common Furnishings; all standard furniture, furnishings and appliances, telephone system and other personal property from time to time owned, leased or held by the Club.

1.14 County; **[*NAME OF COUNTY]** County, State of **[*NAME OF STATE]**, in which the Property is located.

1.15 Declarant; Trendwest Resorts, Inc., developer of the Program, which has entered into an agreement to purchase the Property and which has directed or will direct that title to the Property be transferred to the Club, and its successors and assigns who hold for sale to the public twelve (12) or more memberships.

1.16 Effective Date; the date when this Declaration is recorded or filed. The Effective Date for each subsequent Phase shall be the date when a Declaration of Annexation or Additional Declaration covering that Phase and a deed or declaration of transfer conveying or transferring that Phase of the Property to the Club are recorded or filed with the agency where ownership titles are registered.

1.17 Governing Documents; the Articles, Bylaws, Rules, this Declaration, and the Management Agreement.

1.18 Improvements; buildings, outbuildings, roads, sidewalks, driveways, parking areas, fences, retaining walls, stairs, decks, landscaping and vegetation, poles, fixtures, interior walls, builtin appliances, furnishings, and any other structures or attached improvements of any type or kind.

1.19 Management Agreement; an agreement between the Club and the Manager in form and substance substantially similar to Exhibit "D" attached hereto.

1.20 Master Association; **[*IF APPLICABLE, THE NAME OF ANY UNDERLYING MASTER ASSOCIATION]**, a **[*NAME OF STATE OF INCORPORATION OF MASTER ASSOCIATION]** nonprofit mutual benefit corporation, formed pursuant to the Master Governing Documents to govern and manage the Project. Club is a member of the Master Association because it owns the Property in the Project.

1.21 Master Governing Documents; **[*IF APPLICABLE, A LIST OF THE GOVERNING DOCUMENTS SUCH AS:** the Articles of Incorporation, Bylaws, and Rules of the Master Association, and the Declaration ("Master Declaration") described in Exhibit "B" attached hereto.

1.22 Member; a Member of the Club, further described in Restriction 3.2 below.

1.23 Membership; the relationship of a Member to the Club; the bundle of rights, duties, and benefits of a Member, as further described in Restriction 3.3 below.

1.24 Mortgagee; the holder, guarantor or insurer of any indebtedness secured by a mortgage or deed of trust encumbering the Property, such as a mortgagee or beneficiary of a deed of trust or their successors and assigns. "Mortgage" shall include deed of trust, Mortgagor" shall include the trustor of a deed of trust. A "first" mortgage or "first" mortgagee is one having priority over all other mortgages or holders of mortgages encumbering the same Unit or other portion of the Property.

1.25 Project; the Property and all Common Area and other separately owned or rented dwelling units governed or administered under a common plan and scheme pursuant to the Declaration described in Exhibit “B” attached hereto, including all Improvements constructed thereon or therein.

1.26 Resort; collectively, the Property in a particular location and the recreational facilities and Common Area appurtenant thereto.

1.27 Restrictions; any or all covenants, conditions, servitudes, provisions and terms of this Declaration, as same may from time to time be amended, supplemented or modified.

1.28 Rules; the Rules and Regulations adopted and amended from time to time by the Board, which relate to the possession, use and enjoyment of the Property, which may be entitled “Guidelines.”

1.29 State; the State of **[*NAME OF STATE]**, in which the Property is located.

1.30 Unit; the separately owned portion of the Property, to which a Member receives use rights when a reservation is made under the Rules, which Unit may consist of a condominium unit, a separately owned dwelling on a lot in a planned development, a hotel suite, a house boat, a motor home, or a cabin, and/or similar facility suitable for human living quarters.

1.31 Use Easement; the exercise of any and all rights pertaining to the use, possession and enjoyment of the Property by a Member, as further described in Restriction 5.7 below.

1.32 Vacation Credit; the essential element and measure of a Membership, further described in Restriction 3.4 below.

1.33 Vacation Credit Use; the consecutive days during which a Member has exclusive use rights in a Unit under a reservation made according to the Rules and for which Vacation Credits are surrendered.

1.34 Voting Power; the aggregate votes of Members, including, if applicable, both Classes, unless otherwise specified.

2: USE RESTRICTIONS. Determinations of responsibility, nuisance, or violation under any provision of the Restrictions shall be only pursuant to the “Discipline” Section of the Bylaws or by court or arbitration proceeding.

2.1 Animals. No live animal, fish or bird of any kind shall be brought to or kept at the Property.

2.2 Camping. There shall be no camping or temporary structure on the Property.

2.3 Clothesline. No outside clothesline or clothes drying or airing shall be conducted or maintained on the Property or on any Unit if visible from another Unit or the Common Area.

2.3A Creditors. Claims of Creditors of the Declarant and any owner of the Property are subordinate to this Declaration and to the rights and privileges of Members who become Members after recordation of this Declaration.

2.4 Damage. Without the prior specific written permission of the Board there shall be no use of the Property (a) which increases the cost of maintenance thereof, or (b) which in any way alters the Property or the location, color, design or materials of any Improvement. Each Member or exchange user shall be liable to the Club for any damage to the Property caused by him or his family or guests, which is not covered by insurance.

2.5 Declarant. Notwithstanding any provision herein, Declarant shall have the right to perform such acts as are necessarily incident to construction and development of the Property and sales of the Memberships without Board approval, provided such rights shall not unreasonably interfere with the use and enjoyment of the Property by Members. Declarant shall not reserve any occupancy period earlier than 45 days before the first day of that period, and all such reservations must be in accordance with Vacation Credits attributable to Declarant, whether unsold or reacquired by Club or Declarant.

2.6 Exterior Lighting. No exterior lighting shall be installed or maintained on any Unit or the Common Area, other than that provided by Declarant or Club, without the written permission of the Club.

2.7 Indemnification. Each Member, by acceptance of his Membership, agrees for himself and for the members of his family, his contract purchasers, guests or invitees, to indemnify each and every other Member and the Club, and to hold them harmless from, and to defend them against, any claim of any person for personal injury or property damage occurring within the Unit of that particular Member during such Member’s Vacation Credit Use, Bonus Time or other occupancy, and within any exclusive easements over the Common Area appurtenant to such Unit, except to the extent (a) that such injury or damage is covered by liability insurance in favor of the Club or other Member or (b) the injury or damage occurred primarily by reason of the willful or negligent act or omission of the Club, Master Association, or another Member or person.

2.8 Insurance. Nothing shall be done in or upon any Unit or the Property which will increase the cost of or cause the cancellation of any insurance maintained by the Club covering liability, fire, damage, theft and other risks customarily insured against in similar projects without the express written consent of the Club. All property and liability insurance, if any, carried by a Member, shall contain a cross-liability endorsement and an express waiver of subrogation as to the Club and any officer, director, employee, agent or member thereof.

2.9 Lawful Activities. No activity shall be conducted in any Unit or the Property in violation of any law or ordinance, which affects the quiet enjoyment of other Members.

2.10 Nuisances. No noxious or offensive activity or nuisance shall be carried on or maintained within the Property or Common Area, nor shall anything be done or placed upon the Property or Common Area which shall cause unreasonable embarrassment, disturbance or annoyance to other Members or their guests.

2.11 Occupancy and Use. Each Member has the right to occupy and use a Unit and the Property during such Member’s Vacation Credit Use or Bonus Time, reserved pursuant to the Rules. Rules specifying the times required for making or canceling Reservations can only be changed by a majority of the Voting Power held by Members other than Declarant and by a majority of the total Voting Power. Notwithstanding, however, the Board of Directors may make temporary adjustments in the times required for reservations at specific resorts, when there is a predictable low usage period, which could be corrected to a higher level of usage by such adjustments.

2.11(a) Wrongfully Holding Over. If any Member or guest of a Member fails to vacate a Unit at the end of a vacation credit use or Bonus Time, or otherwise makes unauthorized use of a Unit during a period other than such Member’s Vacation Credit Use or Bonus Time, or prevents another Member or guest from using or occupying a Unit during such other Member’s Vacation Credit Use, the detaining Member or guest shall (i) be subject to immediate removal, eviction or ejection from the Unit wrongfully used or occupied; (ii) be deemed to have waived any notice required by law with respect to any legal proceedings regarding removal, eviction or ejection, to the extent such waiver is allowed by law; (iii) reimburse Club and the detained Member or guest for all costs and expenses incurred by Club and such Member or guest as a result of such conduct, including, but not limited to, costs of reasonable alternate accommodations, travel costs, court costs and actual attorneys’ fees incurred in connection with moving, evicting or ejecting the detaining Member or guest, and costs, including actual attorneys’ fees, incurred in collecting such amounts; (iv) pay to the detained Member or guest entitled to use or occupy the Unit during such wrongful occupancy, as liquidated damages in addition to the costs and expenses described in subsentence (iii) above, an amount equal to 200% of the fair rental value per day of the Unit for each day or portion thereof the detaining Member prevented use and occupancy of the Unit by the excluded Member. “Fair rental value” shall be determined at the sole discretion of the Board based upon the cost of renting comparable accommodations in the vicinity of the Unit. The Club shall use reasonable efforts to remove such detaining Member or guest from the Unit, and to assist the excluded Member or guest in finding comparable alternate accommodations during such hold over period. If the Club deems it necessary, in its sole discretion, to contract for a period greater than the Vacation Credit Use, which the excluded Member was prevented from using, in order to obtain adequate alternate accommodations, the entire cost shall be assessed to the detaining Member. Each Member agrees that it would be impracticable and extremely difficult to ascertain the actual damages caused by wrongful occupancy, and that the liquidated damages described above provide a fair estimate of such damages.

2.11(b) Damage. If a Member or such Member's guest renders a Unit uninhabitable by an intentional or negligent act, such Member shall be deemed a detaining Member for such period as the Unit remains uninhabitable and shall be subject to the consequences described in Section 2.11(a) above,

2.11(c) Unavailability of Unit. If a Member has a verified reservation for a vacation credit use, and there is no Unit available at the Resort for which the reservation was made, then Club shall arrange comparable alternate accommodations for such Member at Club's expense, in the same Project if possible.

2.12 Occupations and Professions. There shall be no gainful occupation, profession or trade maintained in any Unit or on the Property without the prior written permission of the Club, and the City or County if a special use permit is required for such use; provided, however, that this shall in no way limit or restrict Declarant in its activities pertaining to the sale of Memberships.

2.13 Power Equipment. No power equipment, hobby shops, car maintenance or boat maintenance (other than emergency work) shall be permitted on the Property without prior written approval of the Board, which shall not be unreasonably withheld. The Board shall consider the possible effects of noise, air pollution, dust, dirt, grease, fire hazard, interference with radio or television reception, etc., from the proposed activity.

2.14 Refuse. The storage of garbage, rubbish and trash within the Property shall be in a clean, secure and sanitary manner, and screened from the view of other Units, the Common Area and roads. All refuse shall be frequently and regularly removed from the Property.

2.15 Renting of Units. A Member other than Declarant may charge a fee or rent for the use of a Unit during such Member's Vacation Credit Uses by a guest or invitee. However, the WorldMark Board of Directors may determine to either restrict or place conditions on rentals at particular resorts to comply with laws or restrictions by governing entities, so that The Club can own and operate at a resort location; and so that no excessive financial burden is imposed on The Club.

2.16 Residential Occupancy. No Unit shall be held for other than residential purposes and occupancy, nor occupied by more than two (2) individuals per bedroom or sleeping area, without prior written approval from the Club, except Declarant may use any of the Units for sales tours in accordance with the Rules and when not timely reserved and occupied by a Member.

2.17 Storage. There shall be no storage of flammable liquids or gases in any Unit, and no private storage within the Property without the prior written consent of the Club.

2.18 Structures. Nothing shall be done within any Unit or the Property which shall affect the plumbing or electrical systems or structural integrity of any Improvement, or which will alter any structure, without the express approval of the Club.

2.19 Vehicles. Vehicles used by or belonging to Members or their guests shall be parked only in marked parking areas, enclosed parking or garage areas appurtenant to the Property and available for parking by Members. No stripped down, wrecked or junk motor vehicle shall be kept, parked, stored or maintained within the Property or the Common Area. No off-road, unlicensed vehicles shall be operated on the Property or the Common Area. No commercial vehicle bearing commercial signs or markings shall be parked within the Property unless such vehicle is used as the Member's means of personal transportation, and provided that the Board shall determine that such signs and markings are unobtrusive and inoffensive. No vehicle shall be operated in the Property or the Common Area in a manner, which constitutes a danger or nuisance to others. Applicable provisions of the local Vehicle Code shall be enforced within the Property.

A vehicle located on the Property or the Project in violation of the Club or Master Association Governing Documents may be towed away and stored in compliance with local law and ordinances, whether said vehicle shall belong to a Member, a member of his family, or his guest or invitee. Charges for towing and storage shall be assessed against the Member responsible for the presence of such vehicle.

2.20 Waste. No waste shall be committed on the Property.

3: CLUB

3.1 Purposes and Powers. The Club is organized to own or lease, maintain and operate the Property, to provide for maintenance of all landscaping and all Improvements, to the extent such is not provided by the Master Association, and to further and promote the common interests and welfare of the Members. The Club shall have such powers and duties as are set forth in these Restrictions, the Articles and the Bylaws, including but not limited to the promulgation and enforcement of all Rules necessary to govern the use and enjoyment of the Units, the Property and any personal property owned by the Club, insuring against liability and property loss, and granting or denying permission to do certain acts as required herein, in the Bylaws or in the Rules.

3.2 Member. Each person who acquires sufficient Vacation Credits and is issued a Basic Membership in the Club is a Member. Except as otherwise specifically provided, Declarant is not to be deemed a Member based on unsold or reacquired Vacation Credits. For purposes of assessments and Voting Power, Declarant shall be deemed to hold the number of Memberships determined by dividing (the unsold or reacquired Vacation Credits) by (the average number of Vacation Credits per Membership held by Members other than Declarant), as adjusted periodically. Declarant's "Memberships" shall each be deemed to consist of the average number of Vacation Credits per Membership held by Members other than Declarant.

3.3 Membership. A Membership in the Club is a vacation license which constitutes only (a) a right to use and occupy a Unit during the Member's Vacation Credit Use or Bonus Time, (b) a nonexclusive license to use, enjoy and occupy the Property and recreational facilities appurtenant thereto during Member's Vacation Credit Use or Bonus Time, (c) voting rights in the Club as described in the Bylaws, and (d) participation in the corporate ownership of the real estate and other assets of the Club. However, a Membership does not include any title or direct interest in the Property by any individual member of the Club, or any recourse against the Property or any other property owned or operated by the Club. The terms of Memberships may be perpetual and/or for a term of years, as prescribed by the Board, and whether a Membership is perpetual or for a term of years shall not affect the assessment obligation or voting rights otherwise attributable thereto, prior to the expiration of a non-perpetual Membership. After a Membership has been issued, the term of such Membership cannot be reduced without the approval of a majority of all Members so affected.

3.4 Vacation Credits. The magnitude and extent of benefits and obligations of a Membership are measured in Vacation Credits, which are renewed annually in the amount acquired and may be surrendered in varying amounts for Vacation Credit Uses in different Resorts at different times. Vacation Credits which are unused at the end of an Anniversary Year will automatically carry over for use in the subsequent year, and will expire at the end of that year. Usage will be charged first against any carry-over Vacation Credits and then against the current year's Credits. Owners may use in their current Anniversary Year (borrow) their Vacation Credits from the next succeeding Anniversary Year, but only if they have paid the Club assessments for such succeeding year. The Board may provide Guidelines for the reasonable regulation of borrowed and carry-over Vacation Credits.

3.4(a) Allocation. Prior to recording or filing this Declaration as to a Phase of the Property, Declarant shall allocate to each Unit in that Phase the number of Vacation Credits required for occupancy during different seasons of the year and on different days of the week. Such allocation shall be based on the relative use-value of the new Resort compared to existing Resorts, in Declarant's reasonable discretion. Declarant shall notify Club in writing of the schedule of Credits allocated to a Unit no later than when the Unit is conveyed or transferred to the Club. The total Vacation Credits allocated to each Unit is shown on Exhibit "A" attached hereto.

3.4(b) Constant Total. Whenever Vacation Credits have been allocated to a Resort and this Declaration is recorded or filed as to such Property, the total Vacation Credits in the Program cannot increase or decrease except upon addition or deletion, respectively, of a Phase or Unit. The total allocated Vacation Credits [(issued and outstanding) plus (available to be issued)] shall always equal the [(total number of days each Unit is available for Member use) multiplied by (the respective Vacation Credits required to stay in each Unit on each day)].

3.4(c) Loss of Unit. If a Unit is lost to use for any reason, Vacation Credits shall be appropriately diluted so each Member has proportionately the same right to use the Program as he or she had prior to the loss of a Unit.

3.5 Assessments. The Club shall have the power to levy annual and special assessments ("assessments") against each Membership, including those of Declarant, as described in the Bylaws. Such assessments shall be equal in amount for each Basic Membership; except special charges for fines, penalties or reimbursements against a particular Member shall be levied according to procedures and subject to the limitations and exemptions set forth in the Bylaws and these Restrictions.

3.6 Right of Entry. The Board or their duly authorized agents or employees, shall have the right, at reasonable times and upon reasonable notice, without liability to the Member, to enter into any Unit for the purposes of maintaining the Property, if necessary, or (i) maintaining such Unit in good repair and sanitary condition; (ii) removing any Improvements constructed, reconstructed, refinished, altered or maintained in or upon such Unit in violation of these Restrictions; (iii) restoring such Unit as authorized by these Restrictions; (iv) installing utilities or conveniences for that Unit or any other Unit(s); or (v) otherwise enforcing or carrying out its duties under these Restrictions and applicable laws and ordinances. "Reasonable notice" of entry shall mean at least forty-eight (48) hours except in emergencies. Any expense incurred by the Club in taking action under this Section shall be recovered from the offending Member, if any, by means of a reimbursement charge levied against such Member.

3.7 Membership Ownership. All unsold or reacquired Memberships shall be deemed owned by Declarant for assessment and voting purposes, whether reacquired by Club or by Declarant.

3.8 Declarant's Obligations. Declarant shall, within 30 days after the end of each fiscal quarter, furnish to each member of the Board at his or her residence address a written statement containing the following, as applicable:

3.8(a) Completion. A status report covering each Improvement which was scheduled for completion during the current quarter according to the Planned Construction Statement for the Resort and each still uncompleted Improvement that was scheduled for completion during an earlier quarter.

3.8(b) Credits. The numbers of Vacation Credits held by Declarant as of the first and last day of the current quarter.

3.8(c) Assessment Obligation. The total regular and special assessments which Declarant became obligated to pay during the current quarter as an owner of Vacation Credits.

3.8(d) Assessment Payments. The total regular and special assessments paid by Declarant during the quarter.

3.8(e) Delinquency. The amount of any delinquency of Declarant in the payment of regular and special assessments that has not been cured as of the date of the report to the Board.

3.8(f) Subsidy. An itemized report of funds, goods and services furnished, or caused to be furnished to the Association under a subsidy program, including monetary contributions to the reserves of the Association for replacement or major repairs of common facilities in the project and an itemized monetary valuation of goods and services furnished.

3.8(g) Board Enforcement. If the statement of Declarant is not received by the Board members within 45 days after the end of a quarter, or if the statement evidences a failure by Declarant to fulfill an obligation to complete Improvements, pay assessments, or to subsidize the costs of operating the Program and/or maintaining the Project, the Board shall meet specially, together or by conference telephone call, to discuss and to vote on initiating action against Declarant and/or Declarant's surety to enforce the unfulfilled obligations.

3.8(h) Director Enforcement. The director of the Association elected solely by the votes of Members other than Declarant is hereby empowered to initiate an action in the name of the Association and at the Association's expense to enforce Declarant's unfulfilled obligation(s) if the Board fails to meet to consider and vote on the question of enforcing Declarant's obligation(s) within 75 days after the end of the quarter, or if the Board refuses to initiate such action after having met for that purpose. If such director determines that it is in the best interest of the Members to initiate an action under this special authority, he or she shall do so in the name of the Association within 90 days after the end of the quarter, and the Board shall thereafter take such steps as are necessary and appropriate in furtherance of the purpose of the action.

3.8(i) Arbitration. Any disagreement or controversy between Declarant and the Association regarding Declarant's obligations to complete and pay for Improvements, to pay regular and special assessments as an owner of Vacation Credits, or to pay a subsidy, shall, at the request of either party, be submitted to arbitration.

3.8(j) Exoneration. Any completion bond or similar financial assurance shall be exonerated by the beneficiaries thereof upon expiration of the period for filing mechanics liens following recordation of a notice of completion or notice of occupancy for the Improvement.

4: ASSESSMENT COVENANT AND LIEN

4.1 Commencement. Assessments shall commence as to all Memberships attributable to a Unit on the first day of the month immediately following the first issuance of a Membership attributable to that Unit.

4.2 Covenant and Obligation to Pay. Declarant hereby covenants to, and each Member shall, by acceptance of a Membership, whether from Declarant or a subsequent owner of such Membership, bind himself, his heirs, personal representatives and assigns to pay all dues, assessments and late charges determined and levied by the Club upon each Membership owned by him, including interest thereon and collection costs thereof, if any, including attorneys' fees. The obligation to pay such dues, assessments, charges, interest and costs cannot be waived or avoided by nonuse of the Property or abandonment or transfer of a Membership, and constitutes a personal obligation secured by the Membership. The transferee of a voluntary transfer of a Membership is jointly and severally liable with the transferor for all unpaid assessments which accrued against the Membership prior to the time of transfer and which are described in a statement from the Club to such transferee prior to transfer of the Membership. Provided, however, Declarant may discharge its dues and assessment obligations to Club by means of a Reimbursement Agreement.

4.3 Lien. Each assessment and any late charges and costs of collection, including attorneys fees, pursuant thereto shall be and remain a lien upon each Membership from the date of assessment until paid. Sale or transfer of any Membership shall not affect the lien for assessments, charges and costs provided for in this Section 4.3, and the obligation of the former Member to pay assessments and charges which became due during the period of his Membership shall pass to subsequent Members unless such charges are paid in full.

4.4 Power of Sale. The Club is hereby granted a power of sale as to each and every Membership for the purpose of collecting delinquent assessments.

4.5 Enforcement. The Board shall institute appropriate legal proceedings to collect all assessments or charges sixty (60) days past due. All liens, assessments, and charges herein provided for shall be enforceable by foreclosure in the manner provided for under the Uniform Commercial Code, Article 9, by suit at law, by exercise of the power of sale in the manner prescribed by the Uniform Commercial Code, Article 9, or in any other manner authorized by law. By acceptance of the Membership, Member thereby appoints the Club as trustee for the benefit of himself and all other Members to foreclose such liens, to sue to enforce the personal obligations and covenants, or to exercise the power of sale to collect delinquent assessments, at the election of the Board, provided, however, that except for late charges, interest or costs and attorney fees for delinquent general assessments, neither the power of sale nor judicial foreclosure shall be invoked to enforce collection of (a) a fine, (b) a penalty, (c) an individual charge levied to bring a Member into compliance with the Restrictions, or (d) a damage reimbursement for damage to the Property or Common Area. The Board's election to pursue one form of action or remedy shall not abrogate its right to pursue other forms of action or remedies against the same Member. The Club shall not cause the absolute forfeiture of a Membership except pursuant to a judgement of a court or the decision of an arbitrator based on a violation of the Governing Documents, or a foreclosure or a sale under a power of sale for the failure of a Member to pay assessments duly levied by the Club.

5: PROPERTY

5.1 Completion. See Restriction 3.8.

5.2 Ownership. Fee ownership of, or the leasehold or subleasehold interest with current right of possession in, the Property shall be held by the Club.

5.3 Condemnation. The term “taking” as used in this Section 5.3 shall mean condemnation by eminent domain or sale under threat of condemnation. Upon a taking or threatened taking by a valid condemning authority, each Member, by acceptance of a Membership, hereby authorizes the Board to represent the Club in any action or sale under this Section 5.3, with power to execute, acknowledge and deliver conveyances pursuant to this Section 5.3. If the taking involves damage to a portion of the Property, and does not constitute “Total Taking” as defined below, repair of the remaining Improvements shall be conducted pursuant to Section 5.4 below. Unless the award or proceeds of sale is apportioned among the Club and Declarant by court judgment or by agreement between the condemning authority and each and all of such parties, then the following shall apply:

Upon a total or partial taking, if the number of vacation credits lost by reason of Condemnation (the “Lost Vacation Credits”) is less than or equal to the number of unsold vacation credits available immediately prior to such loss (the “Available Inventory”), the Declarant shall be entitled to all of the proceeds arising out of the Lost Vacation Credits and the Available Inventory shall be reduced by the Lost Vacation Credits. If, however, the Lost Vacation Credits exceeds the Available Inventory, the Declarant shall be entitled to a percentage of the proceeds equal to the percentage the Available Inventory bears to the Lost Vacation Credits. The Club shall receive the remaining balance of any proceeds and shall use the same to purchase replacement units of comparable quality and accessibility. In any case where the Lost Vacation Credits exceeds the Available Inventory, the Available Inventory shall be deemed exhausted; and the provisions of Section 3.4(c) shall apply to the balance of any Lost Vacation Credits which are not replaced.

5.4 Destruction.

5.4(a) Minor Repairs. Notwithstanding anything to the contrary in this Section 5.4, and irrespective of the amount or availability of insurance proceeds, if the estimated cost of repair and/or reconstruction is $20,000 or less, the Board shall proceed immediately to arrange for prompt repair and/or reconstruction. Such amount shall be adjusted annually according to the U.S. Department of Labor Consumer Price Index for all Urban Consumers (CPI-U). Any portion of said amount which is not covered by insurance proceeds shall be paid by the Members pursuant to a special assessment levied for that purpose, subject to any limitation which may be set forth in the Bylaws.

5.4(b) Decision to Repair and/or Reconstruct. Upon total or partial destruction of the Improvements in the Property, and if available insurance proceeds are sufficient to cover not less than eighty-five percent (85%) of the estimated costs of repair and/or reconstruction, such Improvements shall be promptly reconstructed unless, within ninety (90) days from the date of destruction, or within sixty (60) days after final settlement of insurance claims, whichever is later, seventy-five percent (75%) of the Members approve a resolution that such repair and reconstruction shall not occur. A meeting or ballot for such determination shall be held upon the written request of at least one (1) Member or if called pursuant to the Bylaws. A special assessment shall be levied by the Board to make up the difference subject to any limitation which may be set forth in the Bylaws. If the insurance proceeds are less than eighty-five percent (85%) of the estimated costs of repair and/or reconstruction, repair and reconstruction may nevertheless take place if, within ninety (90) days from the date of destruction or within sixty (60) days after final settlement of insurance claims, whichever is later, seventy-five percent (75%) of the

Members other than Declarant approve a resolution that such repair and/or reconstruction shall occur, and approve a special assessment levied against each Member to make up the difference. The "estimated costs" shall be determined by obtaining estimates from at least two reputable contractors.

5.4(c) Special Assessment. Any special assessment levied pursuant to subsection (b) shall be levied on the basis of the ratio of the Vacation Credits held by a Member to be assessed, to the total Vacation Credits held by Members to be assessed, and shall not be subject to any limitation or approval not required by subsection (b) or this subsection (c). Members who object to their portion of the special assessment may, within ten (10) days of receiving notice thereof, submit written objections to the Board supported by appraisals, cost estimates and/or other relevant evidence, and request a hearing before the Board. If the Board adjusts the individual assessments, notice thereof shall be given to all Members, and a special meeting of the Members called to affirm or modify any recommended adjustments by approval of a majority of the Members. The decision of the Board as to no adjustment, or the decision of the Members as to adjusted amounts, shall be final.

5.4(d) Certificate. Within one hundred twenty (120) days after the destruction, or within ten (10) days after any required resolution becomes final, whichever is later, the Board shall execute, acknowledge and record in the office of the County Recorder, a certificate declaring the decision to reconstruct or not to reconstruct.

5.4(e) Construction Contract. If reconstruction and/or repair is necessary, the Board shall obtain bids from at least two reputable contractors within thirty (30) days following the date repair and/or reconstruction is determined to be necessary, and shall promptly award a contract to the contractor it deems best able to serve the interests of the Club, after considering primarily price, but also other factors the Board deems relevant. The contract shall, among other terms, contain specific provisions (i) obligating the contractor to complete repair and/or reconstruction within a reasonable definite time period or periods, (ii) levying liquidated damages against the contractor for late performance of each stage, (iii) limiting payments to the value of specific stages of work timely completed, and (iv) warranting the work for one (1) year following completion.

5.4(f) Insurance Proceeds. Any excess insurance proceeds, for whatever reason, shall be retained in the general funds of the Club, or, in case of a decision not to repair and/or reconstruct, shall be distributed to the Club and Declarant as follows:

Upon a total or partial destruction, if the number of vacation credits lost by reason of destruction (the "Lost Vacation Credits") is less than or equal to the number of unsold vacation credits available immediately prior to such loss (the “Available Inventory”), the Declarant shall be entitled to all of the proceeds arising out of the Lost Vacation Credits and the Available Inventory shall be reduced by the Lost Vacation Credits. If, however, the Lost Vacation Credits exceeds the Available Inventory, the Declarant shall be entitled to a percentage of the proceeds equal to the percentage the Available Inventory bears to the Lost Vacation Credits. The Club shall receive the remaining balance of any proceeds and shall use the same to purchase replacement units of comparable quality and accessibility. In any case where the Lost Vacation Credits exceeds the Available Inventory, the Available Inventory shall be deemed exhausted; and the provisions of Section 3.4(c) shall apply to the balance of any Lost Vacation Credits which are not replaced.

5.4(g) Clearing and Re-landscaping. If the Property is only partially destroyed, upon a determination not to repair or reconstruct the Improvements on the Property, the area destroyed shall be cleared and landscaped; provided, however, that there shall exist in the Property adequate vehicular and pedestrian rights-of-way to insure legal access to the remaining Units, the costs thereof shall be paid for with the insurance proceeds, and any deficiency may be raised by the levy of a uniform special assessment.

5.5 Appraisal. Wherever in this Article reference is made to a determination of the value or fair market value by appraisal, this shall mean an appraisal by an independent appraiser selected by the Board, who shall be a member of the Society of Real Estate Appraisers or other nationally recognized appraiser organization, and who shall apply its or such other organization’s standards in determining value or fair market value. The costs of such appraisals shall be paid from the proceeds of sale or insurance proceeds, as the case may be.

5.6 Maintenance. The Property shall be maintained by the Club, except portions thereof required to be maintained by the Master Association, if any, under Master Governing Documents or the Landlord, if any, under a Lease.

5.7 Use Easement. Declarant and Club grant and convey unto each Member, including, but not limited to, Declarant as a Member with respect to any Vacation Credits held by Declarant, whether such Member is a Member of the Club as of the date of recordation hereof or becomes a Member of the Club by reason of the purchase of Vacation Credits and a Membership in the future, an easement in gross for the use, possession and enjoyment of the Property and the exercise of any and all rights appertaining thereto (the "Use Easement"). Such Use Easement shall be subject to the following:

5.7(a) Terms. The terms of the Use Easement shall be as follows:

(i) The Use Easement shall be exclusive as against all persons who are not Members, including but not limited to the holder of title to the Property and its successors and assigns, and shall be non-exclusive as among the Members; provided however that the exclusive use of the Use Easement by Members shall not interfere with the rights of Members to permit the use, possession and enjoyment of the Property by the guests of Members or by exchange users. As among the Members, use, possession and enjoyment of the Property shall be apportioned as provided in the Declaration, Bylaws, Rules and the Retail Installment Contract Vacation Owner Agreement pursuant to which a Member purchases a Membership and Vacation Credits.

(ii) The Use Easement shall be appurtenant to and inseparable from the Membership of each Member. No Member shall convey, mortgage, pledge, hypothecate or otherwise transfer the Use Easement separately from the Membership of such Member, and any attempt to do so shall be null and void. Transfer of a Membership shall automatically transfer to the transferee thereof the Use Easement appurtenant to the Membership whether or not the instrument of transfer specifically so states.

(iii) The Use Easement shall have a term which is coextensive with the term of the Membership of the Member who holds the Use Easement.

(iv) The rights, if any, of Members to seek or obtain judicial partition of the Use Easement or the sale in lieu of partition of the Use Easement are waived for the duration of the Use Easement.

(v) The Use Easement will remain in effect as to the Property for the duration of the Vacation Owner Program, except the Use Easement shall automatically be terminated earlier if any of the following events happens:

a. The Property is destroyed and a decision is made not to repair, rebuild, or restore it (in which event the Use Easement shall remain in effect only as to such portions, if any, of the Property which continue in use for purposes of the Vacation Owner Program);

b. The Property is taken in condemnation proceedings or under threat of condemnation (in which event the Use Easement shall remain in effect only as to such portions, if any, of the Property not so taken and which continue in use for purposes of the Vacation Owner Program);

c. The Club records a document terminating this Declaration as to all or any portion of the Property (in which event the Use Easement shall be terminated only as to so much of the Property as is described in said termination document); provided, however, that any such document must be signed and acknowledged by an officer of the Club pursuant to a written resolution of the Club Board of Directors; and provided further that such termination must first be approved by the Director of the Department of Commerce and Consumer Affairs of the State of Hawaii and a copy of the Director's letter approving such termination must be attached to the document terminating this Declaration and Notice;

d. Title to the Property is transferred to the trustee of a title holding trust established pursuant to Section 514E-19(b)(1), Hawaii Revised Statutes; provided that the trust arrangement must first be accepted by the Director of the Department of Commerce and Consumer Affairs of the State of Hawaii and a copy of the Director's letter accepting such trust arrangement must be attached to the instrument transferring the Property to the trustee; or

e. With respect to the Use Easement of any individual Member (i) upon the expiration or termination of the Member's Membership, (ii) upon the transfer of all or any portion of the Property to any public agency, authority, or utility pursuant to Section 5.7(c)(iii) of this Declaration as to which such termination or cancellation is applicable, or (iii) upon the occurrence of the events described in the immediately preceding sentence. It is the intent of the Declarant that the Use Easement shall be a determinable easement and not an easement subject to a condition subsequent.

5.7(b) Declarant Rights. The Use Easement shall be subject to the rights of the Declarant under this Declaration to the construction and development of the Property and sales of Memberships.

5.7(c) Club Rights. The Use Easement shall be subject to the following rights of the Club, acting in its capacity as the owners' association for the Vacation Owner Program, and its agents, employees and independent contractors:

(i) to enter upon the Property for the purpose of performing its duties and obligations under this Declaration to manage, maintain, operate, and improve the Property for the use and benefit of the Members;

(ii) as provided in the Club's Bylaws, to suspend the rights of any Member for any period during which any assessment against his or her Membership remains unpaid and delinquent, or for violation of the Governing Documents or Master Governing Documents;

(iii) to dedicate or transfer all or any part of the Property to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer shall be effective unless approved by seventy-five percent (75%) of the Members, and an instrument is signed by the Secretary of the Club certifying that such dedication or transfer has been approved by the required vote and is recorded in the County;

(iv) to establish uniform Rules and regulations pertaining to the use of the Property and the facilities thereon, and reasonable fees for the use of any Club property which is individual-use intensive, other than the Units and the Common Furnishings normally in them such as appliances, kitchenware, beds, couches, T.V., telephones etc. Examples of items that might be charged for are cribs, roll-away beds and other items not normally furnished with a unit;

(v) to regulate the number and behavior of guests of Members; and

(vi) the rights reserved to the Club under Section 6.6, below.

5.8 Partition. The rights of any person acquiring any right, lien or interest in any Unit or all or any portion of the Property shall be subordinate to this Declaration. There shall be no partition or sale of a Unit or the Property in lieu of partition unless this Restriction 5.8 is amended to remove a Unit from the Program, pursuant to Restriction 9.1.

6: EASEMENTS. The following easements are also reserved over all the Property, including additional Property annexed under Restriction 8, in favor of the Members and of Declarant in relation to construction at the Property and sales of Memberships, provided that such easements shall not unreasonably interfere with use and enjoyment of the Property by the Members.

6.1 Construction. Declarant hereby reserves for itself and its contractors and subcontractors a non-exclusive easement for ingress and egress, drainage, encroachment, construction, and for temporary storage of construction materials, equipment and vehicles thereon, over the Property until the earlier of (a) completion of the construction, finishing and furnishing, of all Units, or (b) five (5) years after the Effective Date.

6.2 Ingress and Egress. Declarant reserves for the Members, including itself, and for emergency vehicles and personnel, mutual and reciprocal nonexclusive easements for ingress and egress, for pedestrian and vehicular access.

6.3 [RESERVED]

6.4 Parking. Parking spaces shall be used for parking of permitted vehicles only and not for the permanent parking or storage of boats, trailers or non-mobile vehicles of any description. Garage space shall not be used for conversion into inhabitable space such as, but not limited to, a hobby shop or recreation room. The Club may establish rules and regulations for the parking of vehicles in the Property. Use by Members of parking spaces must be established by the Club and evidenced by written notice from the Club. This permission will create only a license to use such parking spaces, revocable at any time by the Club upon five (5) days' written notice. The decision of the Boar as to the assignment, reassignment or location of or the condition or other matter related to any parking space shall be final and conclusive as to the rights of any Member concerning such parking space.

6.5 Use Easement. See Section 5.7 herein.

6.6 Utility Easements. There is hereby reserved, and Declarant or the Club may hereafter grant, easements throughout the Property for lines, cables, wires, conduits, pipes and drains for electricity, gas, water, sewer, telephone and similar purposes ("utilities").

6.6(a) Interference Prohibited. Within the easements existing at the Effective Date or thereafter created by the Club for the installation and maintenance of utilities and drainage facilities, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may damage, interfere, or change the direction of flow of drainage facilities in the easement.

6.6(b) Access and Maintenance. Utility, or drainage, duct or flue easements in the Property or in Units shall at all times be open and accessible to (a) public and quasi-public utility corporations and other persons, including the Club, erecting, constructing or servicing such utilities and quasi-utilities; and (b) to Declarant and its successor or assigns during construction; all of whom shall have the right of ingress and egress thereto and therefrom, and the right and privilege of doing whatever may be necessary in, under and upon said locations for the carrying out of any of the purposes for which said easements, reservations and rights of way are reserved or granted. The easement areas in the Property and all Improvements located thereon shall be maintained by the Club, except for those improvements for which a public authority or utility company is responsible or has accepted responsibility.

6.7 Television Reception. It is contemplated that a cable or central television antenna system may be installed and connected to each Unit. Said system, if installed, shall be maintained by the television company, which installs the system, or by a successor chosen by them. To the extent required to implement the foregoing plan, there shall be an easement appurtenant to each Unit for the purpose of connecting the same with the central television cable or antenna. The Property shall be subject to such easement in favor of all Members and in favor of the company, which installs the system, to provide for the passage through the Property and any Improvement thereon of television connections from any Unit to the cable system, and shall be subject to further easements for the placement and maintenance of such connections. The foregoing easements are granted and reserved subject to the condition that their use and enjoyment shall not unreasonably interfere with the use, occupancy or enjoyment of all or any part of the Property.

7: ENFORCEMENT.

7.1 Who May Enforce. Except as otherwise specifically provided, the following shall have the right to enforce any or all of the Restrictions, Articles, Bylaws, Rules or valid resolutions of the Board pursuant to this Article 7:

7.1(a) Club,

7.1(b) A Member.

7.2 Proceedings and Relief. Every act or omission whereby any of these Restrictions, the Articles, Bylaws, Rules or any valid resolution of the Board is violated in whole or in part may be enjoined or abated by arbitration or by a court of competent jurisdiction, whether the relief sought is for negative or affirmative relief. The prevailing party in any action or proceeding shall be entitled to recover damages, costs and/or attorneys' fees.

7.3 Violations of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of the Property is hereby declared to be a violation of the Restrictions and subject to any or all of the enforcement procedures set forth herein.

7.4 Non-Waiver. The waiver of any breach of these Restrictions shall not be deemed a continuing waiver of any subsequent breach, whether of the same or another of these Restrictions.

7.5 Arbitration. Any dispute as to the violation, interpretation or application of any Restriction herein or of the Articles, Bylaws or Rules, shall, upon written request of one party to the dispute served on the other(s), be submitted to arbitration, and such arbitration shall comply with and be governed by the provisions of the Rules of the American Arbitration Association.

8: ANNEXATION OF PROPERTY. The Property may be enlarged to include an unlimited number of Units, although neither Declarant nor Club is obligated to develop or annex any additional Property.

8.1 Method. Annexation of additional Units and/or Property to the Program shall be accomplished by Declarant recording in the County a counterpart of this Declaration or a Declaration of Annexation incorporating therein this Declaration and expressly subjecting to this Declaration the respective Units and Property described therein. Any such Declaration may contain such additions and modifications of the Restrictions herein as may be necessary to reflect the different character, if any, of the annexed Property, or as Declarant may deem appropriate in the development of such Property; provided, however, that such modifications shall not be inconsistent with the general plan or scheme of this Declaration, nor shall they modify or revoke any of the Restrictions in this Declaration. If the Property is located in a different county a Declaration in form and substance substantially similar to this Declaration (an "Additional Declaration") shall be recorded in such county. Annexation of personal property shall be effected by transfer of unencumbered ownership to the Club and the filing of this Declaration with any agency with which title is customarily registered and with any office in which a filing is required under the Uniform Commercial Code for perfection of a security interest.

8.2 Conditions. Provided, however, that no Declaration of Annexation or additional Declaration may (a) cause a substantial increase in the costs and expenses then being borne by Members which was not disclosed in the Disclosure Documents for the Program when the Member purchased his or her Membership, or (b) otherwise materially adversely affect the rights of Members, without the approval of sixty-six and two-thirds percent (66-2/3%) of the Members.

8.3 Effect. Upon recording or filing the Declaration of Annexation or Additional Declaration and conveying or transferring the property described therein to the Club, such Property shall become a part of the Program and subject to the provisions substantially similar to this Declaration and the rights and powers of the Club pursuant to the terms of the Governing Documents. Any Declaration of Annexation or Additional Declaration recorded or filed pursuant to this Declaration shall be conclusive in favor of all persons who relied upon it in good faith.

8.4 Easements. The supplemental declaration shall expressly reserve for the benefit of all Property which may from time to time be covered by this Declaration, reciprocal easements of use, enjoyment, access, ingress and egress over the annexed Phase and appurtenant to all Phases subject to this Declaration. Such easements may be used by Declarant, its successors, and all Members, their guests, and invitees for sidewalks, walkways, vehicular access and such other purposes reasonably necessary to the use and enjoyment of all Units.

9: GENERAL RESTRICTIONS

9.1 Amendment and Term. This Declaration shall remain in force until amended or rescinded as follows:

9.1(a) Members. These Restrictions may be amended or rescinded only by the affirmative vote or written assent of (i) a majority of each class of Voting Power, if there is more than one class; or (ii) if there is only one class of Voting Power, a majority of Voting Power residing in Members other than Declarant along with a majority of the Total Voting Power. Provided, however, the vote required for an amendment shall never be less than the vote required for action under the clause being amended.

9.1(b) Board of Directors. Notwithstanding subsection (a) above, the Board alone can amend the Declaration (i) to comply with lawful requirements of the State of Hawaii in connection with obtaining and maintaining registration of the Club in Hawaii provided no such amendment shall diminish the rights and protections of the Owners, or (ii) to change one Unit for another within the Project, provided the new Unit is reasonably comparable to or better than the former Unit as to size, accommodations and amenities, or (iii) to rescind the Declaration entirely if all of the following occur: (A) an identical Declaration is simultaneously recorded against another Project, (B) in a location reasonably as accessible as the deleted Resort, (C) with reasonably comparable Units as to size, accommodations and amenities, and (D) comparable recreational features, and (E) such an Amendment of the Declaration is accepted by the State of Hawaii timeshare sales regulatory agency.

9.1(c) Notwithstanding anything in this Declaration to the contrary, this Declaration cannot be rescinded or otherwise terminated without the joinder of the Director of the Department of Commerce and Consumer Affairs of the State of Hawaii (the "Director"). Notwithstanding anything in this Declaration to the contrary, this Declaration cannot be amended without the joinder of the Director if such amendment deletes, limits or modifies, directly or indirectly: (i) the Use Easement granted in Section 5.7 of this Declaration, or (ii) any other aspect of this Declaration which has the effects described in Section 514E-21 of the Hawaii Revised Statutes, as set forth in Exhibit "C", or (iii) this Declaration's effectiveness as a "notice of time share plan," or (iv) any provision of this Declaration which requires the consent or acceptance of the State of Hawaii. Any attempt to amend, rescind or otherwise terminate this Declaration without the joinder of said Director as required in this Section 9.1(c) shall be null, void and of no effect. No amendment shall be effective until recordation in the office of the County Recorder or the filing with the agencies where the original Declaration was filed pertaining to a particular Phase, of a document fully setting forth the amendment, specifically referring to this Declaration, and setting forth the authority by which the amendment was adopted.

9.2 Applicability and Effect. The Restrictions and covenants set forth herein are made for the mutual and reciprocal benefit of each and every Member, of the Property, and of the Club; and are intended to: (a) create mutual equitable servitudes upon each of the Units and the Property, in favor of each and all of the owners of the Property, the Members and the Club; (b) to create reciprocal rights among the Members, the Club, and the Declarant; (c) to create a privity of contract and estate between the grantees, successors, and assigns of Declarant, and the Club and Members; (d) to operate as covenants running with the land as to each owner of the Property and the Club, for the benefit and burden of the Property, each owner of the Property and the Members of the Club. A substantially similar Declaration shall be recorded in each county, and shall describe each Resort, where the Club owns or leases real property subject to the Vacation Owner Program and Club Memberships. The provisions of recorded Declarations shall have priority over the Bylaws, and inconsistent provisions among various Declarations shall be resolved in favor of the most restrictive provision on the Club or Declarant and/or the most favorable provision for protecting the Members.

9.3 Notices. Any notice herein permitted or required to be delivered shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same has been deposited in the United States mail with postage thereon fully prepaid and addressed to any person at the address given by such person to the Club for the purposes of service of such notice, or to the residence of such person if no address has been given to the Club. Such address may be changed from time to time by notice in writing to the Club. Any notice required by the Bylaws shall be governed by the provisions of the Bylaws.

9.4 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a uniform plan for the development and operation of the Property. This Declaration shall be construed under the laws of the State.

9.5 Severability. If any provision of this Declaration is declared to be invalid or unenforceable, the remaining provisions shall nevertheless remain in full force and effect.

9.6 Captions. All captions and titles used in this Declaration are intended solely for convenience or reference and shall not affect that which is set forth in any of the provisions hereof.

9.7 No Public Rights Created. Nothing contained in this Declaration shall be deemed to be a gift or dedication of any portion of the Property to the general public or for any public use or purpose.

9.8 Gender; Number. The masculine, feminine and neuter genders, or singular and plural numbers, shall each be deemed to include the others whenever appropriate.

9.9 <u>Exhibits</u>. The following exhibits are attached hereto and incorporated herein:

“A” Property Description & Vacation Credits Allocated

“B” **[*IF APPLICABLE]** Reference to Master Declaration

“C” Section 514E-21 of Hawaii Revised Statutes

“D” Management Agreement

IN WITNESS WHEREOF, Declarant and Co-Declarant have executed this Declaration on the day and year first above written.

Co-Declarant:

WORLDMARK, THE CLUB, a California nonprofit mutual benefit corporation

By: ______________________________

Name:

Title:

By: ______________________________

Name:

Title:

Declarant:

TRENDWEST RESORTS, INC., an Oregon corporation

By: ______________________________

Name:

Title:

By: ______________________________

Name:

Title:

STATE OF WASHINGTON)
) SS.
COUNTY OF KING)

On this _____ day of ______________, 20__, I, ______________________________ a Notary Public in and for the State of Washington, duly commissioned and sworn, certify that I know or have satisfactory evidence that ______________________________ is the person who appeared before me, and said person acknowledged that he signed this instrument on oath stated that he was authorized to execute the instrument and acknowledge it as the __________________________ of **WorldMark, The Club** to be the free and voluntary act of such party for the uses and purposes set forth therein.

____

(Notary Signature)

Residing at:
My commission expires:

STATE OF WASHINGTON)
) SS.
COUNTY OF KING)

On this _______ day of ___________________, 20__, I, _________________________ a Notary Public in and for the State of Washington, duly commissioned and sworn, certify that I know or have satisfactory evidence that _______________________________ is the person who appeared before me, and said person acknowledged that he signed this instrument on oath stated that he was authorized to execute the instrument and acknowledge it as the _____________________ of **WorldMark, The Club** to be the free and voluntary act of such party for the uses and purposes set forth therein.

(Notary Signature)

Residing at:
My commission expires:

STATE OF WASHINGTON)
) SS.
COUNTY OF KING)

On this ____ day of _____________, 20__, I, ____________________________ a Notary Public in and for the State of Washington, duly commissioned and sworn, certify that I know or have satisfactory evidence that _______________________________ is the person who appeared before me, and said person acknowledged that he signed this instrument on oath stated that he was authorized to execute the instrument and acknowledge it as the _____________________ of **Trendwest Resorts, Inc.** to be the free and voluntary act of such party for the uses and purposes set forth therein.

(Notary Signature)

Residing at:
My commission expires:

STATE OF WASHINGTON)
) SS.
COUNTY OF KING)

On this _____ day of __________________, 20__, I, ________________________ a Notary Public in and for the State of Washington, duly commissioned and sworn, certify that I know or have satisfactory evidence that _______________________________ is the person who appeared before me, and said person acknowledged that he signed this instrument on oath stated that he was authorized to execute the instrument and acknowledge it as the _____________________ of **Trendwest Resorts, Inc.** to be the free and voluntary act of such party for the uses and purposes set forth therein.

____
(Notary Signature)

Residing at:
My commission expires:

EXHIBIT "A"

TO
DECLARATION OF
VACATION OWNER PROGRAM

PROPERTY DESCRIPTION & VACATION CREDITS ALLOCATED

The real property located in the County of **[*NAME OF COUNTY],** State of **[*NAME OF STATE]**, described as follows:

[* UNIT OR LOT NUMBERS] of Tract No. ___*****, **[*NAME OF PROJECT],** according to the Map thereof recorded on **[*RECORDING DATE],** 199* in Volume ___***** of ***[PLATS][MAPS][DOCUMENTS],** at Pages ___***** through ___*****, inclusive, Official Records of **[*NAME OF COUNTY][NAME OF STATE]**, and including the rights and easements appurtenant thereto.

Vacation Credits are hereby allocated to the Units as follows:

Lot/Unit No.	Vacation Credits

Important Notice:

[48 WEEKS]

Vacation Credits are not allocated to the above Units for the Vacation Credit equivalent of one (1) week per year so that time is available for maintenance. The Vacation Credit equivalent of this one (1) week cannot be rented, sold or offered for sale. In addition, Vacation Credits are not allocated to the above Units for the Vacation Credit equivalent of three (3) weeks per year so that time is available for Bonus Time. The Vacation Credit equivalent of these three (3) weeks cannot be (i) sold or offered for sale, or (ii) rented before Members have an opportunity to reserve them as Bonus Time in accordance with the then-current Club Guidelines (Rules). Subject to restrictions on the availability of Bonus Time contained in the Declaration and the Rules, Bonus Time is available for use by Members when there is unreserved time in the project covered by this Notice.

-OR-

[50 WEEKS] Vacation Credits are not allocated to the above Units for the Vacation Credit equivalent of one (1) week per year so that time is available for maintenance. The Vacation Credit equivalent of this one (1) week cannot be rented, sold or offered for sale. In addition, Vacation Credits are not allocated to the above Units for the Vacation Credit equivalent of one (1) week per year so that time is available for Bonus Time. The Vacation Credit equivalent of this one (1) week cannot be (i) sold or offered for sale, or (ii) rented before Members have an opportunity to reserve them as Bonus Time in accordance with the then-current Club Guidelines (Rules). Subject to restrictions on the availability of Bonus Time contained in the Declaration and the Rules, Bonus Time is available for use by Members when there is unreserved time in the project covered by this Notice.

-OR-

[51 WEEKS] Vacation Credits are not allocated to the above Units for the Vacation Credit equivalent of one (1) week per year so that time is available for maintenance. The Vacation Credit equivalent of this one (1) week cannot be rented, sold or offered for sale. Subject to restrictions on the availability of Bonus Time contained in the Declaration and the Rules, Bonus Time is available for use by Members when there is unreserved time in the project covered by this Notice.

EXHIBIT “B”
[*IF APPLICABLE]

TO
DECLARATION OF
VACATION OWNER PROGRAM

REFERENCE TO MASTER DECLARATION

The Project is subject to that certain **[*NAME OF MASTER DOCUMENT], E.G. Declaration of Covenants, Conditions, Restrictions and Easements for _______________ dated __________ and recorded _____________ as Document No. ____________, Official Records, ___________ County, _________.**

EXHIBIT "C"

TO
DECLARATION OF
VACATION OWNER PROGRAM

SECTIONS 514E-21 OF
HAWAII REVISED STATUTES

Section 514E-21 — Effect of recording a notice of time share plan.

When a notice of time share plan is recorded, claims by creditors of the developer and claims upon, or by successors to, the interest of the title holder who executed the notice of time share plan, shall be subordinate to the interest of owners whose purchase of time share interests in the time share plan is closed after the notice of time share plan is recorded. The recording of a notice of time share plan shall not affect:

(1) The rights or lien of a lienholder whose lien was recorded prior to the notice of time share plan;

(2) The rights of the holder of an option recorded before the notice of time share plan;

(3) The rights or lien of a lienholder having purchase money lien on a time share interest.

EXHIBIT "D"

TO
DECLARATION OF
VACATION OWNER PROGRAM

MANAGEMENT AGREEMENT

SEE MANAGEMENT AGREEMENT ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

* * * WORLDMARK, THE CLUB * * *

MANAGEMENT AGREEMENT

(Fourth Amended)

THIS MANAGEMENT AGREEMENT is dated for reference purposes September 30, 1994, by and between WORLDMARK, THE CLUB, a California nonprofit mutual benefit corporation ("Club"), and TRENDWEST RESROTS, INC., an Oregon corporation ("Manager" herein, and the "Declarant" under the Declaration establishing the Vacation Owner Program), for the purpose of amending and restating in its entirety as amended that Management Agreement between the same parties dated September 14, 1989 and amended October 25, 1990, February 13, 1991, and December 21, 1992.

1: RECITALS.

1.1 Program. The Vacation Owner Program (the "Program") has been created or will be created and enlarged by Manager by the recording in the office of the county recorder of each county where Property subject to the Program is located, that certain Declaration of Vacation Timeshare Program, Club Esprit ("Declaration"), the first of which is dated September 14, 1989, and a counterpart of which shall be recorded in each county, and shall describe each Resort, where Club owns or leases real property subject to the Vacation Owner Program and Club Memberships.

1.2 Property. Pursuant to the Declaration, Declarant shall convey or transfer or cause to be conveyed or transferred each Phase of Property to the Club at the same time the Declaration is recorded or filed as to that Phase.

1.3 Club. The Club is and will be responsible for ownership or leasing and maintenance, control, operation, and management of the Property within the Program, and for cleaning, maintenance, furniture repair and replacement, maid service and general care of the Property.

1.4 Manager. The Club is authorized to retain a professional manager and to delegate to such manager certain of the Club's powers and responsibilities. The Board of Directors of the Club desires to engage Manager to manage and operate the Vacation Program contemplated by the Declaration, and Manager desires to accept such engagement, all on the terms an conditions set forth below and pursuant to the Governing Documents.

CONTENTS

2: ENGAGEMENT OF MANAGER. Club hereby engages Manager as the exclusive managing and servicing agent of the Vacation Owner Program contemplated by the Declaration, and Manager hereby accepts said appointment and undertakes to perform all of the services and responsibilities set forth herein in such capacity, to implement and to comply with all the provisions of this Agreement and the Governing Documents. If there is a conflict, the Declaration and Bylaws shall supersede this Agreement.

3: DEFINITIONS. Unless the context otherwise requires, the Definitions set forth in the DECLARATION OF VACATION TIMESHARE PROGRAM (CLUB ESPRIT – OTTER CREST) as may be amended from time to time (“Declaration”), are hereby adopted as the definitions herein. The Declaration was originally recorded September 6 1989, in Microfilm Volume 209, Page 141, Official Records, Lincoln County, Oregon. A substantially similar Declaration shall be recorded in each county, and shall describe each Resort, where the Club owns or leases real property subject to the Vacation Owner Program and Club Memberships. The provisions of recorded Declarations shall have priority over this Agreement, and inconsistent provisions among various Declarations shall be resolved in favor of the most restrictive provision on the Club or Declarant and/or the most favorable provision for protecting the Members.

4: TERM.

4.1 Initial Term. Unless terminated earlier pursuant to Paragraph 4.4, below, the initial term of this Agreement shall be for a period of three (3) years commencing on the date first written above or on October 1, 1989, whichever is later (“effective date”).

4.2 Automatic Renewal. The term of this Agreement shall be automatically renewed annually on the anniversary of the effective date for one (1) year at each renewal.

4.3 Notice of Nonrenewal. The Club may prevent automatic renewal by the vote or written assent of a majority of the Voting Power residing in Members other than Declarant and providing written notice of nonrenewal to Manager at least sixty (60) days prior to expiration of the then current term.

4.4 Termination. This Agreement may be terminated for cause at any time prior to expiration, provided that, if the cause constitutes a breach or default of this Agreement which is capable of being cured, such breach or default shall not have been cured within 30 days following receipt by Manager of written notice of such breach or default. If Manager shall dispute a termination by the Club pursuant to this paragraph, the dispute may, at Manager's option, be submitted to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

4.5 Resignation. Manager may resign only upon the following conditions:

4.5(a) Notice. Manager shall have given at least 90 days prior written notice to the Club; and

4.5(b) New Agreement. Prior to or at the expiration of the 90-day notice period Club shall have entered into a management agreement with another management firm in accordance with applicable provisions of the Governing Documents, or shall have made a determination to discharge the duties delegated to Manager hereunder with its own personnel or otherwise; provided, however, that if the Club shall fail to make reasonable efforts during such 90-day period, Manager's resignation shall be effective at the end of such 90-day notice period. If the Club has made reasonable efforts during such 90-day period to satisfy such requirements and has not entered into such a management agreement or determined to discharge the duties delegated to Manager hereunder with its own personnel or otherwise, and thereafter continues to use reasonable efforts to discharge such requirements, the resignation of Manger shall not be effective until such a new management agreement is entered into between the Club and a new management firm, or the Club has determined to discharge such duties with its own personnel or otherwise.

4.6 Return of Materials. On or before the effective date of Manager's resignation or termination or expiration of this Agreement, Manager shall give to the successor managing agent or the Club all books and records relating to the management and operation of the Club and the Program and any Club proprietary materials.

4.7 Audit. Any audit requested upon termination or expiration of this Agreement shall be at the expense of the party requesting the audit.

5: DUTIES AND OBLIGATIONS OF MANAGER.

5.1 Generally. Manager shall provide or cause to be provided all services and personnel required to administer the affairs of the Club and to manage and operate the Vacation Program contemplated by the Declaration, at all times not inconsistent with the Governing Documents, the resolutions of the Board and Members, and this Agreement.

5.1(a) Powers. Manager shall have all the powers and authority, and limitations thereon, which the Club Board has, pursuant to the Governing Documents, to the extent necessary to perform its duties and obligations hereunder.

5.1(b) Delegation. Subject to Paragraph 5.6 below, Manager may delegate its authority and responsibilities to one or more subagents or subcontractors, whether or not affiliated with Manager, for such periods and upon such terms as Manager deems proper, but shall remain ultimately responsible for the performance of any such subagents.

5.1(c) Efficiency. Manager will furnish its services and use its best efforts to provide Club with economic efficiency consistent with safe and proper management and enjoyment of the Program by the Members and their guests. Manager will use its best efforts to keep total operating costs within the Budget.

5.2 Administrative Services. Without limiting the generality of the foregoing, Manager shall provide the following administrative services:

5.2(a) Club Meetings. Manager shall organize and attend the meetings of the Board and of the Members, including the preparation and delivery of notices of meetings, in accordance with the Bylaws. Manager shall prepare the agenda for all meetings and assist in the conduct of the meetings and oversee the election of directors and other business. Manager shall circulate minutes of any such meeting as prepared by the secretary of the Club.

5.2(b) Club Records. Manager shall maintain all records of the affairs of the Club, including, but not limited to, minutes of meetings, correspondence, financial records and modification of Bylaws and Rules and Regulations.

5.2(c) Rules. Manager shall, from time to time as necessary or desirable, recommend to the Club that it amend or supplement the Rules and Regulations.

5.2(d) Roster. Manager shall compile and maintain a complete and accurate list of Members ("Roster") setting forth the name and mailing address of each Member. Manager shall, upon written request from a Member, furnish a copy of the Roster to the Member, provided that the Manager may (i) charge a reasonable fee to such Member for the cost of preparation of the Roster, and (ii) require that such Member agree in writing to make no commercial use of the Roster.

5.2(e) Club Insurance. Manager shall procure and keep in force all insurance required by the Governing Documents. Manager shall administer all such insurance and any claims under such insurance policies.

5.2(f) Reservations. Manager shall establish and operate a reservation system implementing the reservation procedure set forth in the Rules. The reservation system shall include the books and records required to reflect reservations made, Assigned Periods actually used, and such other information as shall be necessary to coordinate efficiently the Program operation.

5.2(g) Exchange Program. Manager shall administer any exchange program with which Club may be affiliated from time to time.

5.2(h) Vote. If specifically, authorized by Club, Manager shall represent and act and vote for the membership of the Club in all Home Owner or Condominium Associations ("Master Associations") at Projects where the Club owns Property. Manager shall exercise such vote and representation in the best interest of the Club, in Manager's discretion unless specifically directed by the Club.

5.2(i) Professionals. Manager may hire or retain on behalf of Club, and coordinate with, professionals such as attorneys, accountants and engineers, but must obtain Board or Member approval if the cost of such professional(s) is not included in the Budget.

5.3 Financial Services. Without limiting the generality of Section 5.1 above, Manager shall, subject to the supervision of the Club, provide the following financial services:

5.3(a) Budget. Attached hereto as Exhibit A is the initial budget for the Club. Manager shall prepare and submit to the Board for approval, not less than 90 days prior to the end of each succeeding Fiscal Year, a budget meeting the requirements of the Governing Documents. Each budget approved by the Board is called the "Budget".

5.3(b) Special Assessments. Manager shall determine whether a special assessment may be required, from time to time, and, promptly upon making a determination that a special assessment is required, shall submit a recommendation to the Board that a special assessment be levied.

5.3(c) Collections. To the extent that Assessments against Members are not otherwise collected from Members, Manager shall cause the Assessments to be collected and enforce payment of Assessments as follows:

(i) Manager shall cause to be prepared and mailed to all Members periodic statements setting forth the amount of all Assessments then due from each Member, pursuant to the Bylaws; and,

(ii) Manager shall cause to be prepared and mailed to any delinquent Members a notice of delinquency and shall use every effort to collect delinquent Assessments as provided in the Governing Documents.

5.3(d) Bank Accounts. Manager shall establish the bank accounts provided for in the Bylaws or designated by the Board, and shall promptly deposit or invest funds collected from Members and all other amounts collected by Manager in connection with the performance of its duties hereunder, in the accounts designated for such purposes. The Manger shall keep accurate books and records reflecting the amount of such accounts attributable to each Member.

5.3(e) Disbursements. Manager shall disburse from the bank accounts, over two signatures, only in the payment of all expenses incurred consistent with the applicable Budget and as otherwise permitted by the Governing Documents and adequately substantiated in writing, in Manager's sole discretion.

5.3(f) Financial Statements. Manager shall cause an audit to be conducted and the financial statements to be prepared and copies thereof distributed to each Member as provided in the Governing Documents.

5.3(g) Books and Records. Manager shall keep and maintain or cause to be kept and maintained full and adequate books and records reflecting the results of operation of the Program in accordance with generally accepted accounting principles. The books of account and other records relating to the operation of the Program shall be available to the Club and its representatives at all reasonable times for examination, inspection and transcription.

5.3(h) Reports. Manager shall prepare or cause to be prepared the reports and statements required to be prepared by the Governing Documents and such additional membership communications and reports as to subjects and frequency as the Board reasonably requests.

5.3(i) Inventory. Manager shall maintain an accurate inventory of all chattels, equipment, tools, appliances, materials and supplies purchased for or owned or leased by the Club.

5.4 Physical Services. Without limiting the generality of Section 5.1 above, Manager shall provide the following physical services:

5.4(a) Inspections. Manager shall make regular inspections of the Units and render reports and make recommendations concerning the Property to the Board, In addition, but not by way of limitation, after each Member has checked-out of a Unit, the written inventory of the Common Furnishings completed by the Member who just vacated the Unit (or, if such occupant failed to complete a written inventory, the master written inventory for such Unit) shall be compared with an inventory actually made by the Manger of the Manager's agent subsequent to such occupant's departure, and both such inventories shall be retained for a period of at least one year. In addition, a general check shall be made of the physical condition of the Unit, and any damage thereto (other than normal wear and tear) shall be noted. If any item is missing or there is damage to the Unit, Manager shall, at the expense of the Club, replace the missing item(s) and/or cause the damage to be repaired and shall charge the Member for the missing item(s) and/or damage, if in the judgment of Manager it is reasonable to do so.

5.4(b) Repair and Maintenance. Manager shall cause the Property, the Units and the Common Furnishings to be repaired, maintained, repainted, furnished and refurnished in a manner consistent with the reserves established for such purposes and as required to maintain the quality standards of the Club, and for which adequate personnel shall be available at all times.

5.4(c) Check-In and Check-Out. Manager shall cause on-site personnel to be available at all required times in order to check-in and check-out Members and/or their Guests.

5.4(d) Maid Service. Manager shall cause maid service to be provided to the Units as prescribed by the Club.

5.4(e) Major Cleaning. Manager shall cause each Unit to be thoroughly cleaned at least annually and otherwise assure that it is in a first-class condition at all times during Assigned Periods and Bonus Use.

5.4(f) Right of Entry. Manager, or its duly authorized agents or employees, shall have the right, at reasonable times and upon reasonable notice, without liability to the Member, to enter into any Unit for the purposes of carrying out the above described duties and responsibilities, if necessary, or (i) maintaining such Unit in good repair and sanitary condition; (ii) removing any Improvements constructed, reconstructed, refinished, altered or maintained in or upon such Unit in violation of the Governing Documents; (iii) restoring such Unit as authorized by the Governing Documents; (iv) installing utilities or conveniences for the Unit or any other Unit; or (v) otherwise enforcing or carrying out its duties or the duties of Club under the Governing Documents and applicable laws and ordinances. "Reasonable notice" of entry shall mean at least forty-eight (48) hours except in emergencies.

5.5 Manager Insurance. Manager shall, at its sole cost and expense, furnish to the Club, prior to the effective date, satisfactory evidence of the following insurance coverages (i) showing Manager as the named insured, (ii) written by such carrier or carriers as shall be acceptable to the Club, (iii) naming Club as an additional insured and/or providing for waiver of subrogation as to Club, (iv) and providing that they are cancelable only upon 30 days prior written notice to the secretary of the Club:

5.5(a) Worker's Compensation. Insurance required by the Worker's Compensation Laws of the respective states wherein Manager has employees;

5.5(b) Liability. Insurance against loss or damage resulting from damage to property in the amount of at least $100,000 and injury or death to any person or persons in the aggregate sum of at least $1,000,000 per occurrence.

5.5(c) Fidelity. A bond or insurance in favor of the Club, against loss from monies, securities or other properties being stolen, converted or misappropriated by Manager or any of its directors, officers or employees, in an amount reasonably satisfactory to the regulatory authorities in states where Memberships are marketed; and

5.5(d) Errors and Omissions. Insurance if available at reasonable and competitive rates.

5.6 Limitations. Notwithstanding the powers of the Manager described above in Paragraphs 5.1 through 5.5, inclusive, Manager shall not:

5.6(a) Contracts. Enter into a contract with a third person or entity whereby such person or entity will furnish goods or services to the Program or a Property for a term longer than one year unless authorized by the vote or written consent of at least a majority of the Voting Power held by Members other then Declarant, except for:

(i) Utilities. A contract with a public utility company if the rates charged for the materials or services are regulated by a public utilities commission; provided, however, that the term of the contract shall not exceed the shortest term for which the utility company will contract at the regulated rate;

(ii) Insurance. Prepaid casualty and/or liability insurance policies not to exceed a term of three years, provided that the policy permits short rate cancellation by the insured; or

(iii) Five-year or shorter contracts or leases for the following (so long as the lessor or provider is not an entity in which Declarant or Manager has a direct or indirect interest of ten percent (10%) or more: (1) Common Furnishings; (2) laundry room fixtures and equipment; (3) cable or satellite TV equipment or services; (4) alarm services or equipment; and/or (5) access to an exchange program by Members electing to participate therein.

5.6(b) Budget. Enter into any contract in the name of the Club for goods or services unless (a) the amount payable by the Club pursuant thereto shall not exceed the amount for such items set forth in the then current Budget; (b) such contract provides that the persons or entities with whom such contract is made shall have no claim against the Club for any amount whatsoever in excess of the amount for such item(s) as is set forth in the then current Budget; and (c) Manager has authorized total expenditures for such item(s) during the fiscal year not in excess of the total amount budgeted therefor.

5.7 Limited Liability. Manager shall not be responsible for the acts, omissions to act or conduct of any of the Members of for the breach of any of the obligations of any of the Members.

6: COMPENSATION.

6.1 Fee. Manager shall receive a monthly compensation equal to one-twelfth (1/12h) of the lesser of (a) fifteen percent (15%) of the budgeted annual expenses and reserves of the Club, exclusive of Manager's Fee, or (b) the projected amount remaining after the Club pays or adequately provides for its expenses and reserves, which amount shall be adjusted as each year passes to equal the actual amount so available. Manager shall not be entitled to extra compensation for attendance at meetings or other extraordinary time commitments.

6.2 Expenses. Club shall be responsible for and pay or reimburse Manager for all costs and expenses arising from: (a) Ownership and management of the Property (except direct costs of acquisitions or as lessee); (b) services applied directly to Club purposes, and solely for the benefit of Club, such as maid and cleaning, telephone, postage, messenger and delivery, photocopying, and printing; (c) rent and utilities for offices used solely for Club business; (d) supplies and equipment used solely for Club business, including lease or rent payments therefor; (e) Club employees or independent contractors for services rendered exclusively to Club; (f) insurance for Club and Club employees as required by the Governing Documents.

Manager shall be responsible for and pay from Manager's own funds all costs and expenses arising from: (a) acquisition or leasing of the Property and transfer or sublease thereof to the Club; (b) services which are not applied directly to Manager's duties hereunder and are not solely for the benefit of Club; (c) supplies, equipment and offices not used exclusively for the benefit of Club; (d) advertising, commissions and other marketing costs regarding sales of Membership; (e) insurance or bonding required of Manager by this Agreement; and (f) employees of Manager.

6.3 Advances and Reimbursements. Manager shall not be required to perform any act or duty hereunder involving an expenditure of money unless there shall be sufficient funds therefore in the bank accounts of the Club. If at any time the funds in the bank accounts of the Club are not sufficient to pay Club obligations in a timely manner, Manger, although not obligated to do so, may advance such sums as it deems necessary, and Manager shall thereupon be entitled to reimburse itself for Club funds for the amount of such advances, together with interest at the rate of 10% per year beginning from and after 20 days from the date of the advance by Manager.

6.4 Payment. Manager is hereby authorized to pay itself its Management Fee, reimbursements, and authorized expenses, out of the General Account of the Club.

6.5 Discounts. All discounts, rebates or commissions or like items shall benefit the Club.

7: GENERAL PROVISIONS.

7.1 Agency. Nothing in this Agreement shall constitute a partnership between, or joint venture by, the parties hereto, or constitute Manager an employee of Club. Manager is an independent contractor.

7.2 Amendment. No supplement, modification or amendment of this Agreement shall be established except in a writing executed by each of the parties.

7.3 Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the making, performance, or interpretation thereof, shall be settled by arbitration in King County, Washington, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then existing, and judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy.

7.4 Assignment. This Agreement is personal between or among the parties, and neither party may sell, assign, transfer, or hypothecate any rights or interests created under this Agreement without the express written consent of the other party. Any purported sale, assignment, transfer, or hypothecation of any such rights or interests of either party without such consent shall be void.

7.5 Attorneys' Fees. Should any action or proceeding be commenced between the parties hereto concerning this Agreement or their rights and duties hereunder, the party prevailing in such action or proceeding shall be entitled to reasonable attorneys' fees and costs in such action or proceedings, which shall be determined by the court or arbitrator. Each party shall bear its own costs, expenses and attorney fees incurred in negotiating, preparing, and signing this Agreement.

7.6 Captions. The subject headings or captions in this Agreement are for convenience and reference only and do not in any way modify, interpret, or construe the intent of the parties or affect any of the provisions of this Agreement.

7.7 Competition. Club agrees that it will not solicit, hire, employ, or in any way obtain or retain the services of any employee of Manager, whether or not for compensation, during the Term of this Agreement and for a period of twelve (12) months following the date of termination or expiration of this Agreement.

7.8 Entire Agreement. This Agreement and all documents executed contemporaneously herewith and/or specifically referred to herein, such as the Governing Documents, constitute the complete, exclusive and final expression of the agreement between the parties pertaining to the subject matter contained in it; it supersedes all prior and contemporaneous agreements, representations, and understandings of the parties; and it may not be contradicted by evidence of any prior or contemporaneous agreement. No extrinsic evidence whatsoever may be introduced in any proceeding concerning the terms of this Agreement.

7.9 Further Assurances. The parties hereto agree to perform any further acts and to execute and deliver any further documents which may be necessary or appropriate to carry out the purposes of this Agreement.

7.10 Hold Harmless and Indemnity. Each of the parties agrees to hold the other party harmless and indemnify the other party from and against any and all loss, cost, damage or liability which the other party may incur or sustain as a result of any action by such party or any breach by such party of any warranty or representation contained in this Agreement, or for any misrepresentation or material omission in the representations herein, or for any violation of any applicable law, ordinance or regulation, whether by neglect or willful act and whether by a party or its agents, contractors, or employees. Club agrees to hold harmless and indemnify Manager from and against any and all loss, cost, damage or liability to which Manager may be subjected by reasonable, good faith performance of its duties hereunder. Such indemnification shall include, among other costs, attorneys' fees and costs of appeal, settlement of defense, and the obligation to undertake or assume the defense of any claim.

7.11 Law Applicable. This Agreement and its interpretation, construction, and enforcement, shall be governed by the laws of the State of Washington.

7.12 Legal Effects. No representation, warranty or recommendation is made by any party or his respective agent or attorney regarding the legal sufficiency or effect or tax consequences of any transaction contemplated under this Agreement to any individual or specific entity, and each party acknowledges it has been advised to submit this Agreement to independent legal counsel before signing it. There shall be no presumption in favor of or against any party with regard to which party arranged for initial drafting of this Agreement.

7.13 Notices. Any notice required or desired to be given hereunder shall be deemed given if personally delivered, or ninety-six (96) hours after mailing (first class postage prepaid, return receipt requested), to the parties at the following addresses, or at such other addresses as may be given by proper notice:

7.13(a) Manager: Trendwest Resorts, Inc., 4010 Lake Washington, Suite 210, Kirkland, Washington 98033.

With a copy to: John Rogers Burk, 2140 Professional Drive, Suite 120, Roseville, California 95661.

7.13(b) Club: Club Esprit, 4010 Lake Washington, Suite 210, Kirkland, Washington 98033.

7.14 Parties In Interest. Unless specifically otherwise provided herein, (a) nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties hereto; (b) nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement; and (c) nothing herein shall give any third person any right of subrogation or action over or against any party to this Agreement.

7.15 Reasonableness. The parties recognize that this Agreement contains conditions, covenants, and time limitations that are reasonably required for the protection of the business of the parties of a particular party. If any limitation, covenant or condition shall be deemed to be unreasonable and unenforceable by a court or arbitrator of competent jurisdiction, then this Agreement shall thereupon be deemed to be amended to provide for modification of such limitation, covenant and/or condition to such extent as the court or arbitrator shall find to be reasonable.

7.16 Records. Each party shall maintain books and records containing all transactions in furtherance of this Agreement. Such books and records shall be maintained in accordance with usual accounting methods. Either party shall have the right, during normal business hours and upon reasonable notice, to examine the books and records of the other party relating to this Agreement.

7.17 Remedies. No remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy given hereunder or now or hereafter existing at law or in equity. The election of any one or more remedies by any party shall not constitute a waiver of the right to pursue other available remedies.

7.18 Severability. If any provision of this Agreement is held to be unenforceable, invalid or illegal by any arbitrator or court of competent jurisdiction, such shall not affect the remainder of this Agreement.

7.19 Successors. Subject to the paragraph regarding Assignment, this Agreement shall be binding upon and benefit the heirs, legal representatives, successors, and assigns of the parties.

7.20 Survival. All covenants and warranties hereunder shall survive the recording of any document and the final payment hereunder, and some provisions shall survive termination or expiration of this Agreement for a reasonable time or for the specified time if necessary to carry out their reasonably intended effect.

7.21 Time. Time is of the essence of this Agreement, and any breach of a time covenant or condition hereunder shall be deemed a material breach of this Agreement. However, if any date or time referred to herein shall fall on Saturday, Sunday, or a legal holiday, the date or time shall be extended to the next regular business day.

7.22 Waiver. No waiver of enforcement or breach of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the person making the waiver.

7.23 Word Usage. Unless the context clearly otherwise requires, (a) the plural and singular numbers or the masculine, feminine and neuter genders shall each be deemed to include the others; (b) "shall", "will", or "agrees" are mandatory, and "may" is permissive; (c) "or" is not exclusive; and (d) "including" or "such as" is not limiting.

7.24 Exhibits. The following Exhibit is attached hereto and incorporated herein by this reference:

A Club Budget

8: SIGNATURES: The individuals applying their signatures to this Agreement warrant that they are signing in a representative capacity for a person or entity whose name is set forth immediately above their signature, and that they have been expressly authorized to sign the Agreement on behalf of such person or entity.

CLUB:

WORLDMARK, THE CLUB,
A California Nonprofit Mutual Benefit Corporation

By: /s/ J. Michael Moyer
J. Michael Moyer, Secretary

MANAGER:

TRENDWEST RESORTS, INC.,
An Oregon Corporation

By: /s/ William F. Peare
William F. Peare, President

(MgmtAgmt.4Am 9/30/94)

Exhibit 99.1

CENDANT

[ ], 2006

Dear Cendant Corporation Stockholder:

I am pleased to inform you that on [ ], 2006, the Board of Directors of Cendant Corporation approved the distribution of all of the shares of common stock of Wyndham Worldwide Corporation, a wholly owned subsidiary of Cendant, to Cendant stockholders. Wyndham Worldwide holds or will hold the assets and liabilities associated with Cendant's Hospitality Services (including Timeshare Resorts) businesses, which include the lodging, vacation exchange and rental, and vacation ownership businesses and is one of the preeminent providers of hospitality products and services in the world.

This distribution is the second in a series of distributions to be made pursuant to a plan preliminarily approved by our Board on October 23, 2005 to separate Cendant into four independent, publicly traded companies—one for each of Cendant's Hospitality Services (including Timeshare Resorts), Real Estate Services, Travel Distribution Services and Vehicle Rental businesses. This distribution follows the distribution of the shares of common stock of Realogy Corporation, which holds the assets and liabilities associated with the former Real Estate Services businesses of Cendant. Upon each distribution, Cendant stockholders will own 100% of the common stock of the company being distributed. Cendant's Board of Directors believes that creating four focused companies is the best way to unlock the full value of Cendant's businesses for the benefit of Cendant, our stockholders and each of the businesses, in both the short and long terms. The Cendant Board expects to receive, prior to the distribution being finally approved, an opinion from Evercore Group L.L.C. to the effect that, as of the date of such opinion, the distribution is fair, from a financial point of view, to the stockholders of Cendant. A copy of the opinion that Evercore is expected to deliver to the Cendant Board will be attached to this information statement as Annex A.

The distribution of Wyndham Worldwide common stock will occur on [ ], 2006 by way of a pro rata dividend to Cendant stockholders. Each Cendant stockholder will be entitled to receive one share of Wyndham Worldwide common stock (and a related preferred stock purchase right) for every five shares of Cendant common stock held by such stockholder at the close of business on [ ], 2006, the record date of the distribution. The dividend will be issued in book-entry form only, which means that no physical stock certificates will be issued. No fractional shares of Wyndham Worldwide common stock will be issued. If you would otherwise have been entitled to a fractional share of Wyndham Worldwide common stock in the distribution, you will receive the net cash value of such fractional share instead.

Stockholder approval of the distribution is not required, and you are not required to take any action to receive your Wyndham Worldwide common stock.

Following the distribution, you will own shares in both Cendant and Wyndham Worldwide. Cendant's common stock will continue to trade on the New York Stock Exchange under the symbol "CD." We intend to apply to have Wyndham Worldwide's common stock listed on the New York Stock Exchange under the symbol "WYN."

The information statement, which is being mailed to all Cendant stockholders, describes the distribution in detail and contains important information about Wyndham Worldwide. We urge you to read the information statement carefully.

I want to thank you for your continued support of Cendant and we look forward to your support of Wyndham Worldwide in the future.

Sincerely,

Henry R. Silverman
Chairman of the Board and Chief Executive Officer

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[ ], 2006

Dear Wyndham Worldwide Corporation Stockholder:

It is my pleasure to welcome you as a stockholder of our company, Wyndham Worldwide Corporation. As one of the world's largest hospitality companies, we offer our individual consumers and business-to-business customers a broad suite of hospitality products and services across various accommodation alternatives and price ranges through our premier portfolio of world-renowned brands. With more than 20 brands, which include Wyndham Hotels & Resorts, Ramada, Days Inn, Super 8, TripRewards, RCI, Landal GreenParks, English Country Cottages, Novasol, Fairfield and Trendwest, we have a significant presence in most major hospitality and leisure markets in the United States and throughout the rest of the world. The hospitality products and services we offer include lodging, vacation exchange and rental services, and vacation ownership interests in vacation ownership resorts. We are the world's largest lodging franchisor, vacation exchange network and vacation ownership business, and we are among the world's largest global marketers of vacation rental properties.

We intend to apply to have our common stock listed on the New York Stock Exchange under the symbol "WYN" in connection with the distribution of our company's common stock by Cendant Corporation.

I invite you to learn more about Wyndham Worldwide by reviewing the enclosed information statement. We look forward to our future as an independent, publicly traded company and to your support as a holder of Wyndham Worldwide common stock. We also look forward to welcoming you as a new or returning customer at one of our hotels, resorts or other vacation accommodations around the world.

Sincerely,

Stephen P. Holmes
Chairman and Chief Executive Officer

Preliminary Information Statement
(Subject to Completion, Dated May 11, 2006)

Information Statement

Distribution of

Common Stock of

WYNDHAM WORLDWIDE CORPORATION

by

CENDANT CORPORATION

to Cendant Corporation Stockholders

This information statement is being furnished in connection with the distribution by Cendant Corporation to its stockholders of all of its shares of common stock of Wyndham Worldwide Corporation, an already-existing, wholly owned subsidiary of Cendant that holds or will hold the assets and liabilities associated with Cendant's Hospitality Services (including Timeshare Resorts) businesses, which include Cendant's lodging, vacation exchange and rental, and timeshare resorts businesses. To implement the distribution, Cendant will distribute all of its shares of our common stock on a pro rata basis to the holders of Cendant common stock. Each of you, as a holder of Cendant common stock, will receive one share of Wyndham Worldwide common stock (and a related preferred stock purchase right) for every five shares of Cendant common stock that you held at the close of business on [ ], 2006, the record date for the distribution. The distribution will be effective as of [ ], 2006. Immediately after the distribution is completed, Wyndham Worldwide will be an independent public company.

No vote of Cendant stockholders is required in connection with this distribution. We are not asking you for a proxy and you are requested not to send us a proxy. Cendant stockholders will not be required to pay any consideration for the shares of our common stock they receive in the distribution, and they will not be required to surrender or exchange shares of their Cendant common stock or take any other action in connection with the distribution.

All of the outstanding shares of our common stock are currently owned by Cendant. Accordingly, there currently is no public trading market for our common stock. We intend to file an application to list our common stock under the ticker symbol "WYN" on the New York Stock Exchange. Assuming that our common stock is approved for listing, we anticipate that a limited market, commonly known as a "when-issued" trading market, for our common stock will develop on or shortly before the record date for the distribution and will continue up to and including through the distribution date, and we anticipate that "regular-way" trading of our common stock will begin on the first trading day following the distribution date.

In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 26 of this information statement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of any of the securities of Wyndham Worldwide Corporation, or determined whether this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is [ ], 2006.

This information statement was first mailed to Cendant stockholders on or about [ ], 2006.

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Wyndham Hotel Group

RCI Global Vacation Network

Wyndham Vacation Ownership

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TRADEMARKS AND SERVICE MARKS

We own or have rights to use the trademarks, service marks and trade names that we use in conjunction with the operation of our business. Some of the more important trademarks that we own or have rights to use that appear in this information statement include "Wyndham Hotels & Resorts," "Ramada," "Days Inn," "Super 8," "TripRewards," "RCI," "Landal GreenParks," "English Country Cottages," "Novasol," "Fairfield" and "Trendwest," which may be registered in the United States and other jurisdictions. Each trademark, trade name or service mark of any other company appearing in this information statement is owned by such company.

INDUSTRY DATA

This information statement includes industry and trade association data, forecasts and information that we have prepared based, in part, upon data, forecasts and information obtained from independent trade associations, industry publications and surveys and other information available to us. Some data also is based on our good faith estimates, which are derived from management's knowledge of the industry and independent sources. The primary sources for third-party industry data and forecasts are Smith Travel Research, PricewaterhouseCoopers LLP, World Travel and Tourism Council, Travel Industry Association of America and American Resort Development Association and other industry reports and articles. These third-party publications and surveys generally state that the information included therein has been obtained from sources believed to be reliable and that the publications and surveys can give no assurance as to the accuracy or completeness of such information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions on which such data is based. Similarly, we believe our internal research is reliable, even though such research has not been verified by any independent sources.

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SUMMARY

This summary highlights selected information from this information statement relating to our company, our separation from Cendant and the distribution of our common stock by Cendant to its stockholders. For a more complete understanding of our business and the separation and distribution, you should carefully read the entire information statement.

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement, including the combined financial statements of the Wyndham Worldwide business of Cendant, which is comprised of the assets and liabilities used in managing and operating the Hospitality Services (including Timeshare Resorts) businesses of Cendant, assumes the completion of all the transactions referred to in this information statement in connection with the separation and distribution. Except as otherwise indicated or unless the context otherwise requires, "Wyndham Worldwide Corporation," "Wyndham Worldwide," "we," "us," "our" and "our company" refer to Wyndham Worldwide Corporation and its combined subsidiaries, and "Cendant Corporation" and "Cendant" refer to Cendant Corporation and its consolidated subsidiaries. Unless otherwise indicated, information is presented as of March 31, 2006.

Our Company

As one of the world's largest hospitality companies, we offer individual consumers and business-to-business customers a broad suite of hospitality products and services across various accommodation alternatives and price ranges through our premier portfolio of world-renowned brands. With more than 20 brands, which include Wyndham Hotels & Resorts, Ramada, Days Inn, Super 8, TripRewards, RCI, Landal GreenParks, English Country Cottages, Novasol, Fairfield and Trendwest, we have built a significant presence in most major hospitality markets in the United States and throughout the rest of the world. In 2006, total spending by domestic and international travelers in the United States is expected to reach $675 billion, an increase of approximately 5% from spending levels in 2005 and of approximately 16% from spending levels in 2000, which witnessed the highest ever levels of travel spending for any year prior to the September 11, 2001 terrorist attacks. Globally, travel spending is expected to grow by 5% in 2006 to $4.5 trillion. Historically, we have pursued what we believe to be financially-attractive entrance points in the major global hospitality markets to strengthen our portfolio of products and services. Wyndham Worldwide is well positioned to compete in the major hospitality segments of this large and growing industry.

We operate primarily in the lodging, vacation exchange and rental, and vacation ownership segments of the hospitality industry:

- Through our lodging business, we franchise hotels in the upscale, middle and economy segments of the lodging industry and provide property management services to owners of upscale branded hotels;
- Through our vacation exchange and rental business, we provide vacation exchange products and services to owners of intervals of vacation ownership interests, and we market vacation rental properties primarily on behalf of independent owners; and
- Through our vacation ownership business, we market and sell vacation ownership interests to individual consumers, provide consumer financing in connection with the sale of vacation ownership interests and provide property management services at resorts.

Each of our lodging, vacation exchange and rental and vacation ownership businesses has a long operating history. Our lodging business began operations in 1990 with the acquisition of the Howard Johnson and Ramada brands, each of which opened its first hotel in 1954. RCI, the best known brand in our vacation exchange and rental business, was established more than 30 years ago, and our vacation ownership brands, Fairfield and Trendwest, began vacation ownership operations in 1980 and 1989, respectively.

We provide directly to individual consumers our high quality products and services, including the various accommodations we market, such as hotels, vacation resorts, villas and cottages, and products we offer, such as vacation ownership interests. We also provide valuable products and services to our business-to-business customers, such as franchisees, affiliated resort developers and prospective developers. These products and services include marketing and central reservation systems, back office services and loyalty programs. We strive to provide value-added products and services that are intended both to enhance the travel experience of the individual consumer and to drive revenue to our business-to-business customers. The depth and breadth of our businesses across different segments of the hospitality industry provide us with the opportunity to expand our relationships with our existing individual consumers and business-to-business customers in one or more segments of our business by offering them additional or alternative products and services from our other segments.

The largest portion of our revenues comes from fees we receive in exchange for providing products and services. We receive fees, for example, as royalties for utilizing our brands and for providing property management and vacation exchange and rental services. The remainder of our revenues comes from the proceeds of sales of products, such as vacation ownership interests, and related services. The fees we earn by providing products and services and proceeds from sales of our products and services provide us with strong and stable cash flows. For the year ended December 31, 2005, we generated revenues of $3,470 million and net income of $428 million.

Our Business Segments

We operate our business in three segments: Wyndham Hotel Group, our lodging business, RCI Global Vacation Network, our vacation exchange and rental business, and Wyndham Vacation Ownership, our vacation ownership business. We believe that we are an industry leader in each of our business segments.

Wyndham Hotel Group

Wyndham Hotel Group, our lodging business, franchises hotels and provides property management services to owners of upscale branded hotels. Through steady organic growth and acquisitions of established lodging franchise systems over the past 15 years, our lodging business has become the world’s largest lodging franchisor as measured by the number of franchised hotels. Our lodging business has over 6,300 franchised hotels, which represent approximately 525,000 rooms on six continents. Our franchised hotels operate under one of our ten lodging brands, which are Wyndham Hotels & Resorts, Wingate Inn, Ramada, Baymont, Days Inn, Super 8, Howard Johnson, AmeriHost Inn, Travelodge and Knights Inn. The breadth and diversity of our lodging brands provide potential franchisees with a range of options for affiliating their properties with one or more of our brands. Our lodging business has a strong presence across the middle and economy segments of the lodging industry and a developing presence in the upscale segment, thus providing individual consumers who are traveling for leisure or business with options for hospitality products and services across various price ranges. We first entered the upscale segment of the domestic lodging industry in October 2005, when we acquired the franchise and property management businesses associated with the Wyndham Hotels & Resorts brand. We strengthened our position in the middle segment of the domestic lodging industry in April 2006, when we acquired the franchise business of Baymont Inn & Suites.

Throughout this information statement, we use the term “hotels” to apply to hotels, motels and/or other accommodations, as applicable. In addition, the term “franchise system” refers to a system through which a franchisor provides services to hotels whose independent owners pay to receive such services from the franchisor under the specific terms of a franchise agreement. The services provided through a franchise system typically include reservations, sales leads, marketing and advertising support, training, quality assurance inspections, operational support and information, pre-opening assistance, prototype construction plans, and national or regional conferences.

Our franchised hotels represent approximately 10% of the U.S. hotel room inventory. In 2005, our franchised hotels sold 8.2%, or approximately 84.1 million, of the approximately one billion hotel rooms sold in the United States. Throughout this information statement, we refer to nights at hotel rooms as “hotel room nights.” In 2005, our franchised hotels sold approximately 19.5% of all hotel room nights sold in the United States in the economy and midscale segments. Our franchised hotels are dispersed throughout North America, which reduces our exposure to any one geographic region. Approximately 92% of the hotel rooms, or approximately 481,000 rooms, in our franchised hotels are located throughout North America, and approximately 8% of the hotel rooms, or approximately 44,000 rooms, are located outside of North America. In addition, our lodging franchises are dispersed among numerous franchisees, which reduces our exposure to any one lodging franchisee. Of our approximately 5,000 lodging franchisees, no one franchisee accounts for more than 2% of our franchised hotels. In connection with our acquisition of Wyndham Hotels & Resorts’ franchise business in October 2005, we acquired the related property management business and began offering hotel property management services.

Our lodging business derives a majority of its revenues from franchising hotels and derives additional revenues from property management. The sources of revenues from franchising hotels are initial franchise fees, which relate to services provided to assist a franchised hotel to open for business under one of our brands, and ongoing franchise fees, which are comprised of royalty fees and other fees relating to marketing and reservations. The sources of revenues from property management are management fees, incentive fees, service fees and reimbursement revenues. In 2005, our lodging business, which is part of the business that Cendant currently refers to as the Hospitality Services business, contributed approximately 15% of our revenues and approximately 26% of our combined segment EBITDA.

RCI Global Vacation Network

RCI Global Vacation Network, our vacation exchange and rental business, provides vacation exchange products and services to developers, managers and owners of intervals of vacation ownership interests, and markets vacation rental properties. We are the world’s largest vacation exchange network and among the world’s largest global marketers of vacation rental properties. Our vacation exchange and rental business has access for specified periods, in a majority of cases on an exclusive basis, to approximately 55,000 vacation properties, which are comprised of approximately 4,000 vacation ownership resorts around the world and approximately 51,000 vacation rental properties that are located principally in Europe, which we believe makes us one of the world’s largest marketers of European vacation rental properties as measured by the number of properties we market for rental. Each year, our vacation exchange and rental business provides more than four million leisure-bound families with vacation exchange and rental products and services. The properties available to leisure travelers through our vacation exchange and rental business include hotel rooms and suites, villas, cottages, bungalows, campgrounds, vacation ownership condominiums, city apartments, second homes, fractional private residences, luxury destination clubs and boats. We offer leisure travelers flexibility (subject to availability) as to time of travel and a choice of lodging options in regions to which such travelers may not typically have such ease of access, and we offer property owners marketing services, quality control services and property management services ranging from key-holding to full property maintenance for such properties. Our vacation exchange and rental business markets our products and services using seven primary brands and other related brands and operates through 50 worldwide offices. In 2005, our vacation exchange and rental business, which is part of the business that Cendant currently refers to as the Hospitality Services business, contributed approximately 31% of our revenues and approximately 37% of our combined segment EBITDA.

Throughout this information statement, we use the term “inventory” in the context of our vacation exchange and rental business to refer to intervals of vacation ownership interests and primarily independently owned properties, which include hotel rooms and suites, villas, cottages, bungalows, campgrounds, vacation ownership condominiums, city apartments, second homes, fractional private residences, luxury destination clubs and boats. In addition, throughout this information statement, we refer to intervals of vacation ownership interests as “intervals” and individuals who purchase vacation rental products and services from us as “rental customers.”

- ***Vacation Exchange Business***

  Through our vacation exchange business, RCI, we have relationships with approximately 4,000 vacation ownership resorts in more than 100 countries. Historically, our vacation exchange business consisted of the operation of worldwide exchange programs for owners of intervals. Today, our vacation exchange business also provides property management services and consulting services for the development of tourism-oriented real estate, loyalty programs, in-house and outsourced travel agency services, and third-party vacation club services. We operate our vacation exchange business, RCI, through three worldwide exchange programs: RCI Weeks, an exchange network of traditional, week-long intervals that is the world's largest vacation ownership exchange network; RCI Points, a global points-based exchange network; and The Registry Collection, a global exchange network of luxury accommodations. Participants in these exchange programs pay annual membership dues. For additional fees, such participants are entitled to exchange intervals for intervals at other properties affiliated with our vacation exchange business. In addition, certain participants may exchange intervals for other leisure-related products and services. We refer to participants in these three exchange programs as "members."

Our vacation exchange business, RCI, derives a majority of its revenues from annual membership dues and exchange fees for transactions. Our vacation exchange business also derives revenues from ancillary services, including travel agency services and loyalty programs.

- ***Vacation Rental Business***

  The rental properties we market are principally privately-owned villas, cottages and bungalows that generally belong to property owners unaffiliated with us. In addition to these properties, we market inventory from our vacation exchange business to developers of vacation ownership properties and other sources. We market rental properties under proprietary brand names, such as Landal GreenParks, English Country Cottages, Novasol, Cuendet and Canvas Holidays, and through select private-label arrangements. Most of the rental activity under our brands takes place in Europe, the United States and Mexico, although we have the ability to source and rent inventory in approximately 100 countries. Our vacation rental business currently has relationships with approximately 35,000 independent property owners in more than 22 countries, including the United States, United Kingdom, Mexico, France, Ireland, The Netherlands, Belgium, Italy, Spain, Portugal, Denmark, Norway, Sweden, Germany, Greece, Austria, Croatia and certain countries in Eastern Europe and the Pacific Rim. We currently make over 1.4 million vacation rental bookings a year. Our vacation rental business also has the opportunity to market and provide inventory to the over three million owners of intervals who participate in our vacation exchange business. Our vacation rental business also has an ownership interest in, or capital leases for, approximately 9% of the properties in our rental portfolio.

Our vacation rental business primarily derives its revenues from fees, which generally range from approximately 25% to 50% of the gross rent charged. Our vacation rental business also derives revenues from travel insurance sales in Europe, transportation fees, property management fees and on-site revenue from ancillary services, including travel agency services.

Wyndham Vacation Ownership

Wyndham Vacation Ownership, our vacation ownership business, includes marketing and sales of vacation ownership interests, consumer financing in connection with the purchase by individuals of vacation ownership interests, property management services to property owners' associations, and development and acquisition of vacation ownership resorts. We operate our vacation ownership business primarily through our two brands, Fairfield and Trendwest. We have the largest vacation ownership business in the world as measured by the numbers of vacation ownership resorts, vacation ownership units and owners of vacation ownership interests. We have developed or acquired over 140 vacation ownership resorts in the United States, Canada, Mexico, the Caribbean and the South Pacific that represent more than 18,000 individual vacation ownership units and over 750,000 owners of vacation ownership interests and other real estate interests.

We pride ourselves on the quality of the resorts in which we sell vacation ownership interests and on our customer service. We believe the quality of the resorts and our customer service result in a consistently high level of customer satisfaction as evidenced by the percentage of owners of vacation ownership interests who buy additional vacation ownership interests each year. In 2005, approximately 37% of our net sales of vacation ownership interests resulted from upgrade sales to existing owners of interests at our vacation ownership resorts.

Our portfolio of resorts includes a mix of destination resorts and drive-to resorts. The majority of the resorts in which Fairfield markets and sells vacation ownership interests are destination resorts that are located at or near attractions, such as the Walt Disney World® Resort in Florida; the Las Vegas Strip in Nevada; Hawaii; Myrtle Beach in South Carolina; and Colonial Williamsburg® in Virginia. Fairfield resorts are located primarily in the United States and, as of March 31, 2006, consisted of 72 resorts that represented approximately 13,300 units. As of March 31, 2006, there were approximately 500,000 owners of vacation ownership interests and other real estate interests in Fairfield resorts. The resorts in which Trendwest markets and sells vacation credits are primarily drive-to resorts that are located in closer proximity to regions in which our owners and prospective owners reside. Trendwest resorts are located primarily in the Western United States, Canada, Mexico and the South Pacific and, as of March 31, 2006, consisted of 69 resorts that represented approximately 4,900 units. As of March 31, 2006, there were over 250,000 owners of vacation credits in Trendwest resorts.

Our vacation ownership brands, Fairfield and Trendwest, operate vacation ownership programs through which vacation ownership interests can be redeemed for vacations through points-based internal reservation systems that provide owners with flexibility (subject to availability) as to resort location, length of stay, unit type and time of year. The points-based reservation systems offer owners redemption opportunities for a wide variety of travel and leisure products, including airfare, cruises, and specialized leisure activities and attractions, and the opportunity for owners to use our products for one or more vacations per year based on level of ownership. Our vacation ownership programs allow us to market and sell our vacation ownership products in variable quantities as opposed to the fixed quantity of the traditional, fixed-week vacation ownership, which is primarily sold on a weekly interval basis, and to offer to existing owners "upgrade" sales to supplement such owners' existing vacation ownership interests. FairShare Plus, formed in 1991, is Fairfield's points-based internal reservation system. Our Trendwest brand operates two points-based vacation ownership programs, WorldMark, the Club, formed in 1989, and WorldMark South Pacific Club, formed in 2000, which we refer to collectively as the Clubs.

Our vacation ownership business also provides consumer finance and property management services. We offer financing to the purchasers of vacation ownership interests. Providing consumer financing reduces the initial cash required by customers to purchase vacation ownership interests, thereby enabling us to attract additional customers and generate substantial incremental profits. Similar to other companies that provide consumer financing, we securitize a majority of the receivables originated in connection with selling products, which in our case are vacation ownership interests. As of March 31, 2006, we serviced a portfolio of approximately 236,000 loans that totaled $2,272 million in aggregate principal amount outstanding. Our property management business generally provides day-to-day management for vacation ownership resorts, including oversight of housekeeping services, maintenance and refurbishment of the units, and provides certain accounting and administrative services to property owners' associations.

Our vacation ownership business derives a majority of its revenues from the sales of vacation ownership interests and derives other revenues from consumer financing and property management. In 2005, our vacation ownership business, which is the same business that Cendant currently refers to as the Timeshare Resorts business, contributed approximately 54% of our revenues and approximately 37% of our combined segment EBITDA.

Our Strengths

We believe that the following competitive strengths differentiate us in the hospitality industry:

- ***Strong portfolio of global, well-recognized brands***

  We believe that our brand names, which are some of the world's most well-recognized brands in the hospitality industry, serve as the foundation for our industry-leading businesses. We believe that the strong market presence and familiarity of our brands attract customers to the products and services offered by our businesses. For our lodging business, our brand names include Wyndham Hotels & Resorts, Ramada, Days Inn, Super 8 and TripRewards. Hotels associated with our lodging brands operate in the upscale, middle and economy segments of the lodging industry and therefore provide leisure and business customers with options for hospitality products and services across various price ranges. For our vacation exchange and rental business, our brand names include RCI, which is a vacation exchange brand, and Landal GreenParks, English Country Cottages and Novasol, which are some of Europe's best known vacation rental brands. For our vacation ownership business, our brand names include Fairfield and Trendwest, which benefit from high levels of customer satisfaction as evidenced by the volume of annual revenues resulting from upgrade sales to our existing owners of vacation ownership interests.

- ***Industry leading positions across our business segments***

  We believe that our industry leading positions across our business segments help us to attract customers and position us for continued growth. We are the world's largest lodging franchise business as measured by the number of franchised hotels, vacation exchange company as measured by the numbers of exchanges per year and members, and vacation ownership business as measured by the numbers of vacation ownership resorts, vacation ownership units and owners of vacation ownership interests, and we are among the world's largest global marketers of vacation rental properties.

- ***Diversity of inventory and customer base***

  We market a breadth of accommodations, including hotel rooms and suites, vacation ownership interests, villas, cottages, bungalows, campgrounds, vacation ownership condominiums, city apartments, second homes, fractional private residences, luxury destination clubs and boats. The diversity of our inventory provides individual consumers options with respect to accommodations, and our experience with such inventory has enabled us to build extensive expertise across a variety of accommodation categories. Individual consumers value having options with respect to accommodations, and our business-to-business customers value our expertise with respect to our accommodations. In addition to having a breadth of hospitality accommodations, we have a diverse customer base across our business segments. Our customers include our franchisees, members, rental customers and owners of vacation ownership interests, many of whom are potential purchasers of additional products and services from our businesses. Our loyalty programs encourage repeat business, which generally results in enhanced margins, as compared to the margins associated with new customer acquisitions. In addition, our franchisees and members, by the nature of our business models, provide a level of annuity-like revenue and earning streams.

- ***Diversity and breadth help mitigate effects of economic downturns, political unrest and natural disasters***

  We believe that our breadth of lodging inventory helps to insulate us during periods of weakness in the overall travel sector because our lodging inventory has a significant presence in the economy and middle segments of the domestic lodging market, which tend to display relative strength at times when the broader travel sector experiences weakness and concurrent decreases in airline travel. This relative strength can be attributed in part to the drive-to nature of many of the properties that operate in the economy and the middle segments of the lodging industry. In addition, we believe that the geographic diversity of our businesses mitigates the risk that exogenous events, such as regional economic slowdowns, political unrest or natural disasters, will have a material adverse effect on our financial results.

- ***Innovation***

  We develop unique products and services to meet the needs of our franchisees, members, rental customers and owners of vacation ownership interests. We were one of the first vacation exchange companies to introduce a points-based vacation exchange system and one of the first vacation ownership companies to offer a points-based vacation ownership system. Our loyalty programs, including TripRewards and RCI Elite Rewards, are innovative in both their breadth of benefits and their development of ways participants can earn and use points. We believe that our innovation enables us to respond more effectively to changes in members' and rental customers' preferences for accommodation and vacation experiences, and our responses to these changing preferences help us to maintain and increase revenues and earnings.

- ***Significant scale***

  We believe that our size and general scale allow us to (i) provide individual consumers choice of destinations and accommodation types across various price ranges on six continents, (ii) offer our business-to-business customers, including our franchisees, value-added global business solutions with respect to operations, services and technology, (iii) reduce our operational risk and (iv) generate operating efficiencies, including purchasing efficiencies, that enable us to provide products and services in a cost-effective manner and to acquire new individual consumers and business-to-business customers at a relatively low cost. The benefits of our size and scale provide us with increased profit margins and access to capital to execute our strategies to grow our business.

- ***Stable revenues and earnings from diverse sources, and strong and stable cash flows***

  Our fee-for-service based businesses, lodging and vacation exchange and rental, and our vacation ownership business (which has a fee-for-service component) provide us with stable revenues and earnings from diverse sources, and strong and stable cash flows. Our lodging business derives revenues from franchise fees, including royalty fees, and property management fees. Our vacation exchange and rental business derives revenues from annual membership dues and exchange fees for transactions and from commissions and rental fees in connection with vacation rentals. Our vacation ownership business derives fee-based revenues from property management fees. The stable revenues and earnings we derive from these fee-based models provide us with strong and stable cash flows. In addition, the sales of vacation ownership interests by our vacation ownership business and the consumer financings of such sales augment our revenues, earnings and cash flows from fees.

- ***Strong management team***

  We believe that our strong management team will effectively execute our growth strategies. Collectively, our chief executive officer and the chief executive officers of our lodging, vacation exchange and rental, and vacation ownership businesses have 60 years of combined experience in the hospitality industry, and our chief financial officer, general counsel and chief human resources officer have 30, 16 and 18 years of experience, respectively, in their respective fields. We believe that having a strong management team with extensive experience enables us to respond to changing market conditions and evolving preferences of our customers and is essential to our overall success and our future growth as a stand-alone hospitality company.

Our Strategy

Our company-wide business strategy includes generating new customers and selling additional products and services to our current customers by utilizing our unique range of inventory and offering improved products and services that enhance the value we provide to customers. We seek to generate new customers for our products and services by, for example, attracting additional leisure and business travelers in the upscale segment of the lodging industry to new and existing hotels franchised under the Wyndham Hotels & Resorts brand. We seek to sell to our current customers in one or more segments of the hospitality industry additional products and services from other segments by, for example, providing customers of our vacation exchange and rental business with access to inventory from our lodging business and by improving our products and services, including loyalty programs and property management services, to enhance the value we provide to customers. In addition, we seek to expand our international presence in the hotel and vacation ownership segments.

We expect to increase profits and cash flows in each of our three segments by successfully executing the following strategies:

- ***Wyndham Hotel Group.*** We intend to continue to accelerate growth of our lodging business by (i) expanding our strong presence in the domestic economy segment to maintain our leadership position through room growth and RevPAR growth; (ii) expanding the number of properties in the domestic middle and upscale segments; and (iii) expanding our international presence through increasing the number of properties in our core brands.
- ***RCI Global Vacation Network.*** We intend to continue to grow the numbers of members and rental customers of and transactions facilitated through our vacation exchange and rental business by (i) continually enhancing our core vacation networks; (ii) developing new business models; and (iii) expanding into new markets.
- ***Wyndham Vacation Ownership.*** We intend to grow our vacation ownership business by increasing sales of vacation ownership interests to new owners and sales of upgrades to existing owners by expanding our marketing and sales efforts, strengthening our product offerings and further developing our consumer financing activities. We plan to leverage the Wyndham brand in our marketing efforts, add new resorts, expand our marketing alliances and increase our on-site sales activities to existing owners.

Our Risks

We face a number of risks and uncertainties relating to our business. Examples of the risks and uncertainties that we face include:

- The hospitality industry is highly competitive, and our continued success depends, in large part, upon our ability to compete effectively in markets that contain numerous competitors, some of which may have significantly greater financial, marketing and other resources than we have.
- We may not be successful in achieving our objectives for increasing the number of franchised and managed properties in our lodging business, the number of vacation exchange members acquired by our vacation exchange business, the number of rental weeks sold by our vacation rental business and the number of tours generated and vacation ownership interests sold by our vacation ownership business.

- Our revenues and profits, and in turn our financial condition, may be significantly adversely affected by exogenous events that generally adversely affect the travel industry. Such events include terrorist incidents and threats, acts of God, war, bird flu and other pandemics, the financial instability of many of the air carriers, airline job actions and strikes, and high fuel prices. In addition, our businesses may be adversely affected by a deterioration in general economic conditions or a weakening of one or more of the industries in which we operate.
- We have not operated as an independent company and have in the past relied on Cendant for certain services. We may be unable to make the changes necessary to operate as an independent company or to obtain these services from unaffiliated third parties on reasonable terms or at all.
- As part of our separation from Cendant, we will be responsible for certain of Cendant's contingent and other corporate liabilities and we expect to enter into borrowing arrangements for a total of $1,850 million with external lenders to repay a portion of Cendant's debt and otherwise support our business needs.

For further discussion of these risks and other risks and uncertainties that we face, see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Separation

Overview

On October 23, 2005, the Board of Directors of Cendant preliminarily approved a plan to separate Cendant into four independent, publicly traded companies—one for each of Cendant's Hospitality Services (including Timeshare Resorts), Real Estate Services, Travel Distribution Services and Vehicle Rental businesses. The separation will occur through distributions to Cendant's stockholders of all of the shares of common stock of three subsidiaries of Cendant that hold or will hold the assets and liabilities, including the entities holding substantially all of the assets and liabilities, of the businesses other than the Vehicle Rental business, which will remain after the distributions. Following each distribution, Cendant stockholders will own 100% of the common stock of the subsidiary being distributed. The distribution to Cendant's stockholders of all of the shares of common stock of Wyndham Worldwide, an already-existing, wholly owned subsidiary of Cendant that holds or will hold the assets and liabilities, including the entities holding substantially all of the assets and liabilities, of Cendant's Hospitality Services (including Timeshare Resorts) businesses, is expected to be the second in a series of distributions to effectuate the plan to separate Cendant into four companies. The distribution of the shares of Wyndham Worldwide common stock is expected to follow the distribution of the shares of common stock of Realogy Corporation, or Realogy, which holds the assets and liabilities, including the entities holding substantially all of the assets and liabilities, associated with the former Real Estate Services businesses of Cendant. The third and final distribution at this time is expected to be of the shares of common stock of Travelport Inc., or Travelport, the Cendant subsidiary that will hold the assets and liabilities, including the entities holding substantially all of the assets and liabilities, associated with Cendant's Travel Distribution Services businesses. Following the final distribution, it is expected that Cendant will change its name to Avis Budget Group, Inc.

Before the separation of Realogy from Cendant, we will enter into a Separation and Distribution Agreement and several other agreements with Cendant and Cendant's other businesses to effect the separation and provide a framework for our relationships with Cendant and Cendant's other businesses after the separation. These agreements will govern the relationships among us, Cendant, Realogy and Travelport subsequent to the completion of the separation plan and provide for the allocation among us, Cendant, Realogy and Travelport of Cendant's assets, liabilities and obligations (including employee benefits and tax-related assets and liabilities) attributable to periods prior to our separation from Cendant. The Separation and Distribution Agreement, in particular, requires us to assume 30% of certain contingent and other corporate liabilities of Cendant or its subsidiaries which are not primarily related to our business or the businesses of Realogy, Travelport or Cendant's Vehicle Rental business. In addition, pursuant to the Separation and Distribution Agreement, we expect to enter into borrowing arrangements for a total of $1,850 million, of which we expect to draw $1,280 million and transfer the proceeds to Cendant to repay a portion of Cendant's corporate debt. The amount of debt we will incur was based on future estimates of our ability to service the debt relative to the other separated companies and our ability to maintain an investment grade credit rating.

The announcement of the proposed separation plan indicated that the Cendant Board believes that the separation is the best way to unlock the full value of Cendant's businesses in both the short and long terms, which the Cendant Board does not believe has been fully recognized by the investment community. Cendant believes that the separation into four independent, publicly traded companies should not only enhance their strength, but also improve each company's strategic, operational and financial flexibility. Although there can be no assurance, Cendant believes that over time following the separation, the common stock of the separated companies should have a higher aggregate market value, on a fully distributed basis and assuming the same market conditions, than if Cendant were to remain under its current configuration. Cendant expects that such value increase in the common stock should enhance the value of equity-based compensation for the employees of the separated companies and should permit the separated companies to effect future acquisitions with their own common stock in a manner that preserves capital with less dilution of the existing stockholders' interests than would occur by issuing pre-distribution Cendant common stock, in each case, resulting in a real and substantial benefit for the companies. Further, the Cendant Board believes that the separation should allow each separated company to maintain a sharper focus on its core business and growth opportunities, which should allow each separated company to be better able to make the changes to its business necessary for it to respond to developments in the industry in which it operates. See "The Separation—Reasons for the Separation," included elsewhere in this information statement.

The Cendant Board expects to receive an opinion from Evercore Group L.L.C., or Evercore, to the effect that, as of the date of such opinion, the distribution is fair, from a financial point of view, to the stockholders of Cendant. The Cendant Board also expects to receive an opinion from Duff & Phelps, LLC, or Duff & Phelps, to the effect that Wyndham Worldwide and Cendant each will be solvent and adequately capitalized immediately after the distribution and that Cendant has sufficient surplus under Delaware law to declare the dividend of Wyndham Worldwide common stock.

The distribution of our common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. See "The Separation—Conditions to the Distribution," included elsewhere in this information statement. Furthermore, we cannot provide any assurance that the final distribution, which at this time is expected to be the distribution of shares of common stock of Travelport, will be completed, nor can we provide information at this time with respect to the terms on which the final distribution will be consummated. The final distribution is subject to certain conditions precedent, including final approval of the Cendant Board.

We hold or will hold the assets and liabilities of Cendant's Hospitality Services (including Timeshare Resorts) businesses as a result of an internal reorganization implemented by Cendant. Our headquarters are located at Seven Sylvan Way, Parsippany, New Jersey 07054, and our general telephone number is (973) 496-8900. We maintain an Internet site at http://www.[ ].com. Our website and the information contained on that site, or connected to that site, are not incorporated by reference into this information statement.

Recent Events—Potential Sale of Travelport

On April 24, 2006, Cendant announced a modification to its previously announced separation plan. In addition to pursuing its original plan to distribute the shares of common stock of Travelport to Cendant stockholders, Cendant also is exploring the possible sale of Travelport. Cendant reiterated its plan to distribute our shares and the shares of Realogy to Cendant stockholders as previously announced, which would result in three separate public companies, including Cendant (which would be comprised of its Vehicle Rental business), if Travelport is sold. There can be no assurance that a sale of Travelport will be completed or as to the terms of any such sale. At this time, it is unclear whether if there is a sale of Travelport, such sale would occur prior to or following our separation from Cendant. If a sale of Travelport is not completed, Cendant expects to pursue its original plan to distribute the shares of common stock of Travelport to Cendant stockholders.

Unless and until Cendant enters into a definitive agreement for a sale of Travelport and such a sale is completed, the implications of a sale on our separation from Cendant cannot be fully determined. However, if Cendant were to sell Travelport, the terms of our as well as Realogy's separation from Cendant would be impacted. It is currently anticipated that if there were a sale of Travelport, the net cash proceeds from the sale would be utilized in part to reduce and/or repay the indebtedness anticipated to be incurred by us and Realogy in connection with the separation and utilized to satisfy certain outstanding Cendant corporate indebtedness (for a detailed discussion of our planned borrowings in connection with our separation, see "Description of Material Indebtedness"). The amount and timing of such reduction and/or repayment would depend, in large part, on the timing of any sale of Travelport and on the amount of proceeds realized in such a sale. Depending upon the timing of such a sale, the reduction to our indebtedness resulting from a potential sale of Travelport could also affect the financial data presented in our unaudited pro forma combined financial statements presented elsewhere in this information statement.

In addition, if a sale of Travelport were to occur, we expect that such sale would affect the allocation among us, Cendant, Realogy and Travelport of Cendant's assets, liabilities and obligations (specifically including employee benefits and tax-related assets and liabilities and certain of Cendant's contingent and other corporate assets and liabilities) attributable to periods prior to our separation from Cendant (see "The Separation—Results of the Separation" and "Certain Relationships and Related Party Transactions—Agreements with Cendant, Realogy and Travelport—Separation and Distribution Agreement"; "—Tax Sharing Agreement"). For example, upon a sale of Travelport, certain Cendant assets and liabilities may be allocated only to us and Realogy. Although we do not currently expect the terms of any commercial arrangements, including any short-term transition arrangements, to be affected by a potential sale of Travelport, there can be no assurance that this will be the case.

If a sale of Travelport were to occur, it is expected that the distribution of the shares of our common stock would be the second and final distribution.

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Questions and Answers about Wyndham Worldwide and the Separation

Why is the separation of Wyndham Worldwide structured as a distribution?	Cendant believes that a tax-free distribution of shares of Wyndham Worldwide and of the entities that hold or will hold substantially all of the assets and liabilities of the other Cendant businesses other than Cendant's Vehicle Rental business is a tax-efficient way to separate the businesses in a manner that will create benefits and/or value for us and Cendant and long-term value for us and Cendant stockholders.
How will the separation of Wyndham Worldwide work?	The separation will be accomplished through a series of transactions that will result in Wyndham Worldwide, a Delaware corporation and an already-existing, wholly owned subsidiary of Cendant, holding the assets and liabilities, including the entities holding substantially all of the assets and liabilities, of Cendant's Hospitality Services (including Timeshare Resorts) businesses, with the common stock of Wyndham Worldwide being distributed by Cendant to its stockholders on a pro rata basis.
When will the distribution occur?	We expect that Cendant will distribute the shares of Wyndham Worldwide common stock on [ ], 2006 to holders of record of Cendant common stock on [ ], 2006, the record date.
What do stockholders need to do to participate in the distribution?	Nothing, but we urge you to read this entire document carefully. Stockholders who hold Cendant common stock as of the record date will not be required to take any action to receive Wyndham Worldwide common stock in the distribution. No stockholder approval of the distribution is required or sought. We are not asking you for a proxy and you are requested not to send us a proxy. You will not be required to make any payment, surrender or exchange your shares of Cendant common stock or take any other action to receive your shares of our common stock. If you own Cendant common stock as of the close of business on the record date, Cendant, with the assistance of Mellon Investor Services, the distribution agent, will electronically issue shares of our common stock to you or to your brokerage firm on your behalf by way of direct registration in book-entry form. Mellon Investor Services will mail you a book-entry account statement that reflects your shares of Wyndham Worldwide common stock, or your bank or brokerage firm will credit your account for the shares. If you sell shares of Cendant common stock in the "regular-way" market up to and including through the distribution date, you will be selling your right to receive shares of Wyndham Worldwide common stock in the distribution. Following the distribution, stockholders whose shares are held in book-entry form may request that their shares of Wyndham Worldwide common stock held in book-entry form be transferred to a brokerage or other account at any time, without charge.
Can Cendant decide to cancel the distribution of the common stock even if all the conditions have been met?	Yes. The distribution is subject to the satisfaction or waiver of certain conditions. See "The Separation—Conditions to the Distribution," included elsewhere in this information statement. Cendant has the right to terminate the distribution, even if all of the conditions are

satisfied, if at any time the Cendant Board determines that the distribution is not in the best interests of Cendant and its stockholders or that market conditions are such that it is not advisable to separate the Hospitality Services (including Timeshare Resorts) businesses from Cendant.

Does Wyndham Worldwide plan to pay dividends?

The declaration and payment of future dividends by us will be subject to the discretion of our Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our operating subsidiaries, covenants associated with certain of our debt obligations, legal requirements, regulatory constraints and other factors deemed relevant by our Board.

Will Wyndham Worldwide incur any debt?

Yes. In connection with our separation, we expect to enter into borrowing arrangements for a total of $1,850 million, comprised of a $250 million term loan facility, a $750 million interim loan facility and an $850 million revolving credit facility. At or prior to the distribution, we expect to draw approximately $1,280 million against those facilities, and issue approximately $170 million in letters of credit, leaving approximately $400 million available to provide liquidity for up to $230 million in additional letters of credit and for ongoing working capital and general corporate needs.

Historically, Cendant has borrowed funds under its existing asset-linked facility relating to certain of the assets of Cendant's Hospitality Services (including Timeshare Resorts) businesses, which amounted to $575 million and $550 million at March 31, 2006 and December 31, 2005, respectively. These Cendant borrowings have been reflected in our accompanying historical combined financial statements. We expect Cendant to repay the then-outstanding balance of these borrowings at the time of our separation with a portion of our initial borrowings of $1,280 million, and we expect to transfer the balance of our initial borrowings to Cendant solely for the purposes of permitting Cendant to repay certain other outstanding indebtedness of Cendant.

We intend to replace the interim loan facility with permanent financing primarily through the issuance of debt securities and, as appropriate, other sources of funding.

Certain of our vacation ownership subsidiaries have a securitization program to securitize certain vacation ownership contract receivables. This program will remain in place following the separation. As of March 31, 2006, $1,167 million was outstanding under this program and $1,556 million of assets collateralized this indebtedness.

For additional information relating to our planned financing arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial

Conditions, Liquidity and Capital Resources—Financial Obligations—Pro Forma Indebtedness Following Separation" and "Description of Material Indebtedness," included elsewhere in this information statement.

What will the separation cost?

Cendant expects to incur pre-tax separation costs of approximately $990 million to $1,140 million in connection with the consummation of the separation plan, which costs are expected to consist of, among other things, debt repayment costs, severance and retention costs, and legal, accounting and other advisory fees. Over the 12 months following our separation, the portion of these pre-tax costs expected to be recorded in our financial statements is approximately $70 million to $110 million. A majority of our separation costs are expected to be non-cash.

What are the U.S. federal income tax consequences of the distribution to Cendant stockholders?

The distribution is conditioned upon Cendant's receipt of an opinion of Skadden, Arps, Slate, Meagher & Flom LLP substantially to the effect that the distribution, together with certain related transactions, should qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, as amended, or the Code. Assuming the distribution so qualifies, for U.S. federal income tax purposes, no gain or loss will be recognized by you, and no amount will be included in your income, upon the receipt of shares of our common stock pursuant to the distribution. You generally will recognize gain or loss with respect to any cash received in lieu of a fractional share of our common stock. See "The Separation—Certain U.S. Federal Income Tax Consequences of the Distribution," included elsewhere in this information statement.

How will I determine the tax basis I will have in the Wyndham Worldwide shares I receive in the distribution?

Shortly after the distribution is completed, Cendant will provide U.S. taxpayers with information to enable them to compute their tax bases in both Cendant and Wyndham Worldwide shares and other information they will need to report their receipt of Wyndham Worldwide common stock on their 2006 U.S. federal income tax returns as a tax-free transaction. Generally, your aggregate tax basis in the stock you hold in Cendant and Wyndham Worldwide shares received in the distribution (including any fractional share interest in Wyndham Worldwide common stock for which cash is received) will equal your tax basis in your Cendant common stock immediately before the distribution, allocated between the Cendant common stock and Wyndham Worldwide common stock (including any fractional share interest of Wyndham Worldwide common stock for which cash is received) in proportion to their relative fair market values on the date of the distribution.

You should consult your tax advisor about the particular consequences of the distribution to you, including the application of state, local and foreign tax laws.

What will the relationships between Cendant and Wyndham Worldwide be following the separation?

Before the separation of Realogy from Cendant, we will enter into a Separation and Distribution Agreement and several other agreements with Cendant and Cendant's other businesses to effect the separation and provide a framework for our relationships with Cendant and Cendant's other businesses after the separation. These agreements will govern the relationships among us, Cendant, Realogy and Travelport subsequent to the completion of the separation plan and provide for the allocation among us, Cendant, Realogy and Travelport of Cendant's assets, liabilities and obligations (including employee benefits and tax-related assets and liabilities) attributable to periods prior to our separation from Cendant. The Separation and Distribution Agreement, in particular, requires Wyndham Worldwide to assume or retain the liabilities of Cendant or its subsidiaries primarily related to Wyndham Worldwide's business and 30% of certain contingent and other corporate liabilities of Cendant which are not primarily related to the businesses of Wyndham Worldwide, Realogy, Travelport or the Vehicle Rental business, and establishes the amount of the debt that each separated company will initially incur to repay Cendant's corporate debt. We cannot assure you that these agreements will be on terms as favorable to us as agreements with unaffiliated third parties. See "Certain Relationships and Related Party Transactions," included elsewhere in this information statement.

Six of our directors will continue to serve as directors of Cendant until the completion of Cendant's separation plan.

Will I receive physical certificates representing shares of Wyndham Worldwide common stock following the separation?

No. Following the separation, neither Cendant nor Wyndham Worldwide will be issuing physical certificates representing shares of Wyndham Worldwide common stock. Instead, Cendant, with the assistance of Mellon Investor Services, the distribution agent, will electronically issue shares of our common stock to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. Mellon Investor Services will mail you a book-entry account statement that reflects your shares of Wyndham Worldwide common stock, or your bank or brokerage firm will credit your account for the shares. A benefit of issuing stock electronically in book-entry form is that there will be none of the physical handling and safekeeping responsibilities that are inherent in owning physical stock certificates.

What if I want to sell my Cendant common stock or my Wyndham Worldwide common stock?

You should consult with your financial advisors, such as your stockbroker, bank or tax advisor. Neither Cendant nor Wyndham Worldwide makes any recommendations on the purchase, retention or sale of shares of Cendant common stock or the Wyndham Worldwide common stock to be distributed.

If you decide to sell any shares before the distribution, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your Cendant common stock or the Wyndham Worldwide common stock you will receive in the distribution or both.

Where will I be able to trade shares of Wyndham Worldwide common stock?	There is not currently a public market for our common stock. We intend to apply to list our common stock on the New York Stock Exchange, or NYSE, under the symbol "WYN." We anticipate that trading in shares of our common stock will begin on a "when-issued" basis on or shortly before the record date and will continue up to and including through the distribution date and that "regular-way" trading in shares of our common stock will begin on the first trading day following the distribution date. If trading begins on a "when-issued" basis, you may purchase or sell our common stock up to and including through the distribution date, but your transaction will not settle until after the distribution date. We cannot predict the trading prices for our common stock before, on or after the distribution date.
Will the number of Cendant shares I own change as a result of the distribution?	No. The number of shares of Cendant common stock you own will not change as a result of the distribution. However, it is anticipated that Cendant will seek to effect a reverse stock split after the completion of the distribution of shares of common stock of Travelport.
What will happen to the listing of Cendant common stock?	Nothing. It is expected that after the distribution of Wyndham Worldwide common stock, Cendant common stock will continue to be traded on the NYSE under the symbol "CD." After the final distribution, which at this time is expected to be of Travelport, Cendant, which will comprise the Vehicle Rental business, is expected to change its name to Avis Budget Group, Inc. and its trading symbol to "CAR," and the Cendant name and trading symbol are expected to be retired.
Will the distribution affect the market price of my Cendant shares?	Yes. As a result of the distribution, we expect the trading price of shares of Cendant common stock immediately following the distribution to be lower than immediately prior to the distribution because the trading price will no longer reflect the value of the Hospitality Services (including Timeshare Resorts) businesses. Furthermore, until the market has fully analyzed the value of Cendant without the Hospitality Services (including Timeshare Resorts) businesses, the price of Cendant shares may fluctuate significantly. In addition, although Cendant believes that over time following the separation, the common stock of the separated companies should have a higher aggregate market value, on a fully distributed basis and assuming the same market conditions, than if Cendant were to remain under its current configuration, there can be no assurance that this will occur, and thus the combined trading prices of Cendant common stock and Wyndham Worldwide common stock after the distribution may be equal to or less than the trading price of shares of Cendant common stock before the distribution.
Are there risks to owning Wyndham Worldwide common stock?	Yes. Our business is subject to both general and specific risks and uncertainties relating to our business, our leverage, our relationship with Cendant and our being a separate publicly traded company. Our business also is subject to risks relating to the separation. These risks are described in the "Risk Factors" section of this information statement beginning on page 26. We encourage you to read that section carefully.

Where can Cendant stockholders get more information?

Before the separation, if you have any questions relating to the separation, you should contact:

Cendant Corporation
Investor Relations
9 West 57th Street
New York, New York 10019
Tel: (212) 413-1800
Fax: (212) 413-1909
www.cendant.com

After the separation, if you have any questions relating to our common stock, you should contact:

Wyndham Worldwide Corporation
Investor Relations
Seven Sylvan Way
Parsippany, New Jersey 07054
Tel: (973) 496-8900
Fax: (973) 496-8906
www.[ ].com

After the separation, if you have any questions relating to the distribution of our shares, you should contact:

Mellon Investor Services LLC
480 Washington Boulevard
Jersey City, New Jersey 07310
Tel: [ ]
Fax: [ ]
www.melloninvestor.com

Summary of the Separation

The following is a summary of the material terms of the separation and other related transactions.

Distributing company	Cendant Corporation. After the distribution, Cendant will not own any shares of our common stock.
Distributed company	Wyndham Worldwide Corporation, a Delaware corporation and an already-existing, wholly owned subsidiary of Cendant that holds or will hold the assets and liabilities of Cendant's Hospitality Services (including Timeshare Resorts) businesses. After the distribution, Wyndham Worldwide will be an independent public company.
Distribution ratio	Each holder of Cendant common stock will receive one share of our common stock for every five shares of Cendant common stock held on [ ], 2006. Cash will be distributed in lieu of fractional shares, as described below.
Distributed securities	All of the shares of Wyndham Worldwide common stock owned by Cendant, which will be 100% of our common stock outstanding immediately prior to the distribution. Based on approximately one billion shares of Cendant common stock outstanding on April 28, 2006 and applying the distribution ratio of one share of Wyndham Worldwide common stock for every five shares of Cendant common stock, approximately 200 million shares of our common stock will be distributed to Cendant stockholders who hold Cendant common stock as of the record date. The number of shares that Cendant will distribute to its stockholders will be reduced to the extent that cash payments are to be made in lieu of the issuance of fractional shares of our common stock. Our Board of Directors is expected to adopt a stockholder rights plan prior to the distribution date. The stockholder rights plan is designed to protect our stockholders from coercive or otherwise unfair takeover tactics. You will receive one preferred stock purchase right for every share of Wyndham Worldwide common stock you receive in the distribution. Unless the context otherwise requires, references herein to our common stock include the related preferred stock purchase rights. See "Description of Capital Stock—Rights Plan."
Fractional shares	Cendant will not distribute any fractional shares of our common stock to its stockholders. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate net cash proceeds of the sales pro rata to each holder who otherwise would have been entitled to receive a fractional share in the distribution. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares. The receipt of cash in lieu of fractional shares generally will be taxable to the recipient stockholders as described in

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	"The Distribution—Certain U.S. Federal Income Tax Consequences of the Distribution," included elsewhere in this information statement.
Record date	The record date for the distribution is the close of business on [ ], 2006.
Distribution date	The distribution date is [ ], 2006.
Distribution	On the distribution date, Cendant, with the assistance of Mellon Investor Services, the distribution agent, will electronically issue shares of our common stock to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. You will not be required to make any payment, surrender or exchange your shares of Cendant common stock or take any other action to receive your shares of our common stock. If you sell shares of Cendant common stock in the "regular-way" market up to and including through the distribution date, you will be selling your right to receive shares of Wyndham Worldwide common stock in the distribution. Registered stockholders will receive additional information from the distribution agent shortly after the distribution date. Following the distribution, stockholders whose shares are held in book-entry form may request that their shares of Wyndham Worldwide common stock held in book-entry form be transferred to a brokerage or other account at any time, without charge. Beneficial stockholders that hold shares through a brokerage firm will receive additional information from their brokerage firms shortly after the distribution date.
Conditions to the distribution	The distribution of our common stock is subject to the satisfaction or, if permissible under the Separation and Distribution Agreement, waiver by Cendant of the following conditions, among other conditions described in this information statement:

- the Securities and Exchange Commission, or SEC, shall have declared effective our registration statement on Form 10, of which this information statement is a part, under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and no stop order relating to the registration statement is in effect;
- all permits, registrations and consents required under the securities or blue sky laws of states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the distribution shall have been received;
- Cendant has received a legal opinion of Skadden, Arps, Slate, Meagher & Flom LLP substantially to the effect that the distribution, together with certain related transactions, should qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code;
- our entry into various new debt facilities with a syndicate of financial institutions, as described in "Description of Material Indebtedness," included elsewhere in this information statement;

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- the listing of our common stock on the NYSE shall have been approved, subject to official notice of issuance;
- the Cendant Board shall have received an opinion from Duff & Phelps to the effect that we and Cendant each will be solvent and adequately capitalized immediately after the distribution and that Cendant has sufficient surplus under Delaware law to declare the dividend of Wyndham Worldwide common stock;
- the Cendant Board shall have received an opinion from Evercore to the effect that, as of the date of such opinion, the distribution is fair, from a financial point of view, to the stockholders of Cendant;
- all material government approvals and other consents necessary to consummate the distribution shall have been received;
- certain of our and our subsidiaries' credit facilities shall have been amended to permit our separation from Cendant; and
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the transactions related thereto, including the transfers of assets and liabilities contemplated by the Separation and Distribution Agreement, shall be in effect.

The fulfillment of these conditions does not create any obligation on Cendant's part to effect the distribution, and the Cendant Board has reserved the right, in its sole discretion, to amend, modify or abandon the distribution and related transactions at any time prior to the distribution date. Cendant has the right not to complete the distribution if, at any time, the Cendant Board determines, in its sole discretion, that the distribution is not in the best interests of Cendant or its stockholders or that market conditions are such that it is not advisable to separate the Hospitality Services (including Timeshare Resorts) businesses from Cendant.

Stock exchange listing

We intend to file an application to list our shares of common stock on the NYSE under the ticker symbol "WYN." We anticipate that on or prior to the record date for the distribution, trading of shares of our common stock will begin on a "when-issued" basis and will continue up to and including through the distribution date. See "The Separation—Trading Between the Record Date and Distribution Date," included elsewhere in this information statement.

After Cendant's final distribution, which at this time is expected to be the distribution of shares of common stock of Travelport, it is expected that Cendant (i) will comprise the Vehicle Rental business and (ii) will change its name to Avis Budget Group, Inc. and its trading symbol to "CAR," and the Cendant name and trading symbol are expected to be retired.

Transfer and distribution agent	Mellon Investor Services LLC 480 Washington Boulevard Jersey City, New Jersey 07310 Tel: [ ] Fax: [ ] www.melloninvestor.com
Incurrence of debt	In connection with our separation, we expect to enter into borrowing arrangements for a total of $1,850 million, comprised of a $250 million term loan facility, a $750 million interim loan facility and an $850 million revolving credit facility. At or prior to the distribution, we expect to draw approximately $1,280 million against those facilities, and issue approximately $170 million in letters of credit, leaving approximately $400 million available to provide liquidity for up to $230 million in additional letters of credit and for ongoing working capital and general corporate needs. Historically, Cendant has borrowed funds under its existing asset-linked facility relating to certain of the assets of Cendant's Hospitality Services (including Timeshare Resorts) businesses, which amounted to $575 million and $550 million at March 31, 2006 and December 31, 2005, respectively. These Cendant borrowings have been reflected in our accompanying historical combined financial statements. We expect Cendant to repay the then-outstanding balance of these borrowings at the time of our separation with a portion of our initial borrowings of $1,280 million, and we expect to transfer the balance of our initial borrowings to Cendant solely for the purposes of permitting Cendant to repay certain other outstanding indebtedness of Cendant. We intend to replace the interim loan facility with permanent financing primarily through the issuance of debt securities and, as appropriate, other sources of funding. Certain of our vacation ownership subsidiaries have a securitization program to securitize certain vacation ownership contract receivables. This program will remain in place following the separation. As of March 31, 2006, $1,167 million was outstanding under this program and $1,556 million of assets collateralized this indebtedness. For additional information relating to our planned financing arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital Resources—Pro Forma Indebtedness Following Separation" and "Description of Material Indebtedness," included elsewhere in this information statement.

Risks relating to ownership of our common stock and the distribution	Our business is subject to both general and specific risks and uncertainties relating to our business, our leverage, our relationship with Cendant and our being a separate publicly traded company. Our business is also subject to risks relating to the separation. You should read carefully "Risk Factors," beginning on page 26 in this information statement.
Tax considerations	Assuming the distribution, together with certain related transactions, qualifies as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code, no gain or loss will be recognized by a stockholder, and no amount will be included in the income of a stockholder, upon the receipt of shares of our common stock pursuant to the distribution. However, a stockholder will generally recognize gain or loss with respect to any cash received in lieu of a fractional share of our common stock as described in "The Separation—Certain U.S. Federal Income Tax Consequences of the Distribution," included elsewhere in this information statement.
Certain Agreements with Cendant	Before the separation of Realogy from Cendant, we will enter into a Separation and Distribution Agreement and several other agreements with Cendant and Cendant's other businesses to effect the separation and distribution and provide a framework for our relationships with Cendant and Cendant's other businesses after the separation. These agreements will govern the relationship among us, Cendant, Realogy and Travelport subsequent to the completion of the separation plan and provide for the allocation among us, Cendant, Realogy and Travelport of Cendant's assets, liabilities and obligations (including employee benefits and tax-related assets and liabilities) attributable to periods prior to our separation from Cendant. The Separation and Distribution Agreement, in particular, requires Wyndham Worldwide to assume 30% of certain of Cendant's contingent and other corporate liabilities and establishes the amount of the debt that each separated company will initially incur to repay Cendant's corporate debt. For a discussion of these arrangements, see "Certain Relationships and Related Party Transactions," included elsewhere in this information statement.

Summary Historical and Unaudited Pro Forma Combined Financial Data

The following table presents our summary historical and unaudited pro forma combined financial data, as well as certain unaudited operating statistics. The historical combined statement of income data for each of the years in the three-year period ended December 31, 2005 and the historical combined balance sheet data as of December 31, 2005 and 2004 have been derived from our audited combined financial statements included elsewhere in this information statement. The historical combined balance sheet data as of December 31, 2003 is derived from our unaudited combined financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth in this information statement. The historical financial statements represent the combined historical financial data of Cendant's Hospitality Services (including Timeshare Resorts) businesses.

The unaudited pro forma combined financial data have been derived from our historical combined financial statements and adjusted to give effect to the following transactions:

- the planned distribution of our common stock to Cendant stockholders by Cendant (assuming a five to one distribution ratio) and the related transfer to us of certain corporate assets and liabilities of Cendant (for which we are expected to assume approximately 30% of the costs and expenses including those relating to unresolved tax and legal matters, which may not be resolved for several years),
- the borrowing arrangements for a total of $1,850 million, of which we intend to draw $1,280 million; we expect to transfer the initial borrowings to Cendant for it to repay the then-outstanding balance of the asset-linked facility and to repay certain indebtedness of Cendant,
- the funding of $9 million of estimated fees and costs expected to be incurred in connection with the above planned borrowings,
- estimated incremental costs associated with operating as a separate public company, and
- estimated incremental interest expense associated with the above planned borrowings, which is calculated using current rates in effect since such borrowings are not yet committed.

In addition, such financial data also reflect an adjustment eliminating intercompany balances approximating $1,126 million due from Cendant.

The unaudited pro forma combined balance sheet data assume that the distribution and related transactions occurred on December 31, 2005 and the unaudited pro forma combined statement of income data assume that the distribution and related transactions occurred on January 1, 2005. The pro forma adjustments are based upon available information and assumptions that we believe are reasonable; however, such adjustments are subject to change based upon the finalization of the terms of the separation and the underlying separation agreements.

The unaudited pro forma combined statement of income data do not reflect non-recurring pre-tax charges directly related to our separation (which are currently estimated to be in the range of $70 million to $110 million), which will impact net income within the 12 months following our separation, the majority of which will be non-cash. Included within such range is an estimated $50 million to $60 million relating to the acceleration of certain Cendant equity awards. Additionally, the unaudited pro forma combined statement of income data do not reflect any expenses associated with liabilities that may be required to be established for guarantees we expect to provide to Cendant in connection with our separation.

The unaudited pro forma combined balance sheet data do not reflect liabilities that may be required to be established for guarantees we expect to provide to Cendant in connection with our separation. Any such liabilities, which could be material, will reflect the fair value of the guarantees, which is currently being determined. Upon determination of the fair values, we expect to increase pro forma liabilities by such amount with a corresponding decrease to pro forma total invested equity.

	Pro Forma 2005	As of or For the Year Ended December 31, 2005	2004	2003
		(In millions, except operating statistics)		
Statement of Income Data:				
Net revenues	$ 3,470	$ 3,470	$ 3,014	$ 2,652
Expenses	2,908	2,855	2,414	2,157
Operating income	562	615	600	495
Interest expense (income), net	73	(6)	13	(5)
Income before income taxes and minority interest	$ 489	$ 621	$ 587	$ 500
Net income	$ 346	$ 428	$ 349	$ 299
Balance Sheet Data:				
Secured assets[(a)]	$ 1,864	$ 3,169	$ 2,811	$ 1,865
Total assets	8,154	9,164	8,343	7,041
Total debt[(b)]	2,772	2,042	1,768	1,132
Total invested equity[(c)]	2,824	5,030	4,679	4,283
Operating Statistics:				
Lodging				
Weighted average rooms[(d)]		519,000	508,200	524,700
Number of properties[(e)]		6,300	6,400	6,400
RevPAR[(f)]		$ 31.00	$ 27.55	$ 25.92
Vacation Exchange and Rental				
Average number of members[(g)]		3,209,000	3,054,000	2,948,000
Annual dues and exchange revenue per member[(h)]		$ 135.76	$ 134.82	$ 131.13
Vacation rental transactions[(i)]		1,300,000	1,104,000	882,000
Average price per vacation rental[(j)]		$ 696.66	$ 691.52	$ 608.69
Vacation Ownership				
Gross vacation ownership interest sales[(k)] (in millions)		$ 1,396	$ 1,254	$ 1,146
Tours[(l)]		934,000	859,000	925,000
Volume Per Guest (VPG)[(m)]		$ 1,368	$ 1,287	$ 1,138

(a) Represents the portion of vacation ownership contract receivables, other vacation ownership related assets, and other vacation exchange and rental assets that collateralize our debt. Refer to Note 12 to the Combined Financial Statements for further information.

(b) Primarily represents debt related to secured assets.

(c) Represents Cendant's net investment (capital contributions and earnings from operations less dividends) in Wyndham Worldwide and accumulated other comprehensive income.

(d) Represents the weighted average number of hotel rooms available for rental for the year at lodging properties operated under franchise and management agreements.

(e) Represents the number of lodging properties operated under franchise and management agreements at the end of the year.

(f) Represents revenue per available room and is calculated by multiplying the percentage of available rooms occupied for the year by the average rate charged for renting a lodging room for one day.

(g) Represents members in our vacation exchange programs who pay annual membership dues. For additional fees, such participants are entitled to exchange intervals for intervals at other properties affiliated with our vacation exchange business. In addition, certain participants may exchange intervals for other leisure-related products and services.

(h) Represents total revenues from annual membership dues and exchange fees generated for the year divided by the average number of vacation exchange members during the year.

(i) Represents the gross number of transactions that are generated in connection with customers booking their vacation rental stays through us. In our European vacation rental businesses, one rental transaction is recorded each time a standard one-week rental is booked; however, in the United States, one rental transaction is recorded each time a vacation rental stay is booked, regardless of whether it is less than or more than one week.

(j) Represents the gross rental price generated from renting vacation properties to customers divided by the number of rental transactions.
(k) Represents gross sales of vacation ownership interests, including tele-sales upgrades, which is a component of upgrade sales.
(l) Represents the number of tours taken by guests in our efforts to sell vacation ownership interests.
(m) Represents revenue per guest and is calculated by dividing the gross vacation ownership interest sales, excluding tele-sales upgrades, which is a component of upgrade sales, by the number of tours.

RISK FACTORS

You should carefully consider each of the following risk factors and all of the other information set forth in this information statement. The risk factors generally have been separated into three groups: (i) risks relating to our business, (ii) risks relating to the separation and (iii) risks relating to our common stock. Based on the information currently known to us, we believe that the following information identifies the most significant risk factors affecting our company in each of these categories of risks. However, the risks and uncertainties our company faces are not limited to those set forth in the risk factors described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

If any of the following risks and uncertainties develops into actual events, these events could have a material adverse effect on our business, financial condition or results of operations. In such case, the trading price of our common stock could decline.

Risks Relating to Our Business

The hospitality industry is highly competitive, and we are subject to risks relating to competition that may adversely affect our performance.

We may lose business, which would adversely affect our performance, if we cannot compete effectively in the highly competitive hospitality industry. Our continued success depends, in large part, upon our ability to compete effectively in markets that contain numerous competitors, some of which may have significantly greater financial, marketing and other resources than we have.

Our businesses face the following competitive risks, and if such risks materialize, the performance of our businesses may be adversely affected:

- ***Competition in the hospitality industry may put pressure on our fees or prices and on our business model.*** Competition may reduce fee structures, potentially causing us to lower our fees or prices, which may adversely impact our profits. New competition or existing competition that uses a business model that is different from our business model may put pressure on us to change our model so that we can remain competitive.
- ***Our competitors may offer contract terms that may result in our having to agree to contract terms that are less favorable to us than the terms under our current contracts.*** If our competitors offer more favorable terms than the terms that we currently offer under our existing contracts (for example, with our franchisees, with property owners for property management, with affiliates of our vacation exchange business, with owners of intervals that are exchanged through our vacation exchange business and with owners of accommodations for our vacation rental business), we cannot assure you that new contracts entered into, renewed or renegotiated in the future will be on terms that are as favorable to us as the terms of our current contracts. The terms of our new, renewed or renegotiated contracts will be influenced by the terms that our competitors are offering at the time we enter into such contracts.

The weakening or unavailability of our intellectual property rights could adversely affect our business.

The weakening or unavailability of our trademarks, trade dress and other intellectual property rights could adversely affect our business. Our intellectual property rights are fundamental to the brands that we use in all of our businesses, and we believe the strength of these brands gives us a competitive advantage. We generate, maintain, utilize and enforce a substantial portfolio of trademarks, trade dress and other intellectual property rights. We use our intellectual property rights to protect the goodwill of our brand names, promote our brand name recognition, protect our proprietary technology and development activities, enhance our competitiveness and otherwise support our business goals and objectives. However, there can be no assurance that the steps we take to obtain, maintain and protect our intellectual property rights will be adequate. Our intellectual property rights may fail to provide us with significant competitive advantages, particularly in foreign jurisdictions that do not have, or do not enforce, strong intellectual property rights.

We are subject to operating or other risks common to the hospitality industry.

In addition to the other risks relating to our business identified in the "Risk Factors" section of this information statement, our business is subject to the following operating or other risks common to the hospitality industry:

- changes in operating costs, including, but not limited to, energy, labor costs (including minimum wage increases and unionization), workers' compensation and health-care related costs and insurance;
- changes in desirability of geographic regions of the hotels or resorts that we franchise or manage, of the resorts with units that are exchanged through our vacation exchange business, of the properties we market for rental through our vacation rental business and of the resorts in which we sell vacation ownership interests;
- increases in costs due to inflation that may not be fully offset by increases in room rates, annual vacation exchange membership dues and exchange fees for transactions, vacation rental fees and prices of vacation ownership interests;
- the quality of the services provided by franchisees, our vacation exchange and rental business, resorts with units that are exchanged through our vacation exchange business and/or resorts in which we sell vacation ownership interests may adversely affect our image and reputation and therefore may adversely affect our results of operations;
- our ability to generate sufficient cash to buy from third-party suppliers the products that we need to provide to the participants in our points programs who want to redeem points for such products;
- overbuilding in one or more segments of the hospitality industry and/or in one or more geographic regions, which could lead to excess supply compared to demand and therefore to decreases in hotel or resort occupancy and/or hotel or resort room rates;
- changes in the number of hotels operating under franchise agreements and management agreements and changes in the occupancy rates achieved by hotels;
- changes in the relative mix of franchised hotels in the various lodging industry price categories;
- our ability to develop and maintain positive relations with current and potential franchisees, hotel owners, resorts with units that are exchanged through our vacation exchange business and/or owners of vacation properties that our vacation rental business markets for rental;
- competition for desirable sites for the development of vacation ownership properties and liability under state and local laws with respect to any construction defects in the vacation ownership properties we develop;
- taxation of guest loyalty program benefits that adversely affects the cost or consumer acceptance of loyalty programs; and
- disruptions in relationships with third parties, including marketing alliances and affiliations with e-commerce channels.

We may not be able to achieve our objectives for growth in the number of franchised and managed properties, vacation exchange members acquired, rental weeks sold and vacation ownership interests sold.

There can be no assurance that we will be successful in achieving our objectives for increasing the number of franchised and managed properties in our lodging business, the number of vacation exchange members acquired by our vacation exchange business, the number of rental weeks sold by our vacation rental business and the number of tours generated and vacation ownership interests sold by our vacation ownership business. The reasons we may not achieve our growth objectives include, but are not limited to:

- our failure to introduce new branded offerings that gain market acceptance or to maintain the competitiveness of our existing brands;
- our ability to enter into and maintain strategic arrangements;
- the risks associated with entering new markets and the possible lack of demand for our products and services in such markets; and
- our failure to secure required governmental permits.

Disruptions and other impairment of our information technologies and systems could adversely affect our business.

Any disruption or other impairment in our technology capabilities could harm our business. Our businesses depend upon the use of sophisticated information technologies and systems, including technology and systems utilized for reservation systems, vacation exchange systems, property management, communications, procurement, member record databases, call centers, operation of our loyalty programs and administrative systems. The operation of these technologies and systems is dependent upon third-party technologies, systems and services for which there is no assurance of continued or uninterrupted availability and operational and maintenance support by the applicable third-party vendors on commercially reasonable terms. We cannot assure you that we will be able to continue to operate effectively and maintain our information technologies and systems.

In addition, our information technologies and systems are expected to require refinements and enhancements on an ongoing basis, and we expect that advanced new technologies and systems will continue to be introduced. There can be no assurance that we will be able to replace existing technologies and systems or obtain or introduce new technologies and systems as quickly as our competitors or in a cost-effective manner. Also, there can be no assurance that we will achieve the benefits anticipated or required from any new technology or system that we may seek to implement or that we will be able to devote financial resources to new technologies and systems in the future. In addition, our information technologies and systems are vulnerable to damage or interruption from various causes, including: (i) acts of God and other natural disasters, war and acts of terrorism; (ii) power losses, computer systems failures, Internet and telecommunications or data network failures, operator error, losses of and corruption of data and similar events; and (iii) computer viruses, penetration by individuals seeking to disrupt operations or misappropriate information and other physical or electronic breaches of security. We maintain certain disaster recovery capabilities for critical functions in most of our businesses, including certain disaster recovery services from Sungard and IBM. We are also currently in the process of adding disaster recovery capabilities to our recently acquired franchise and management businesses of Wyndham Hotels & Resorts and portions of our vacation ownership business. However, there can be no assurance that these capabilities will successfully prevent a disruption to or material adverse effect on our businesses or operations in the event of a disaster or other business interruption. Any extended interruption in our technologies or systems could significantly curtail our ability to conduct our business and generate revenue. Additionally, our business interruption insurance may be insufficient to compensate us for losses that may occur.

Our international operations are subject to risks not generally experienced by our U.S. operations.

Our international operations are subject to risks not generally experienced by our U.S. operations, and if such risks materialize, our profitability may be adversely affected. Such risks include, but are not limited to:

- exposure to local economic conditions;
- potential adverse changes in the diplomatic relations of foreign countries with the United States;

- hostility from local populations;
- restrictions on the withdrawal of foreign investment and earnings;
- government policies against businesses owned by foreigners;
- investment restrictions or requirements;
- diminished ability to legally enforce our contractual rights in foreign countries;
- foreign exchange restrictions;
- fluctuations in foreign currency exchange rates;
- withholding and other taxes on remittances and other payments by subsidiaries; and
- changes in foreign taxation structures.

We are subject to risks from laws of various international jurisdictions that limit the right and ability of non-U.S. entities to pay dividends and remit earnings to affiliated companies, unless specified conditions have been met. In addition, we may incur substantial tax liabilities, which would adversely affect our profitability, if we repatriate any of the cash generated by our international operations back to the United States.

We are subject to certain risks related to litigation filed by or against us, and adverse results may harm our business.

We cannot predict with certainty the cost of defense, the cost of prosecution or the ultimate outcome of litigation and other proceedings filed by or against us, including remedies or damage awards, and adverse results in such litigation and other proceedings may harm our business. Such litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, commercial arrangements, employment and labor law, personal injury, death, property damage or other harm resulting from acts or omissions by individuals or entities outside of our control, including franchisees, property owners, resorts with units that are exchanged through our vacation exchange business and resorts in which we sell vacation ownership interests. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in our business and injunctions prohibiting our use of business processes or technology that is subject to third-party patents or other third-party intellectual property rights.

We generally are not liable for the actions of our franchisees, owners and resorts with units that are exchanged through our vacation exchange business, and resorts in which we sell vacation ownership interests; however, there is no assurance that we would be insulated from liability in all cases.

We are subject to certain risks related to our indebtedness, our securitization of assets, the extension of credit by us and the cost and availability of capital.

In connection with our debt obligations or the securitization of certain of our assets, as applicable, we are subject to the following risks, among others:

- the risk that cash flows from operations or available lines of credit will be insufficient to meet required payments of principal and interest of non asset-backed debt when due and the risk that we may default on the covenants in our debt agreements that we anticipate will limit our ability to, among other things, borrow additional money, sell assets or engage in mergers. If we cannot make our payments on our debt and we cannot refinance our debt or we are unable to comply with these covenants, we would be in default under our debt agreements. Unless any such default is waived by our lenders, the debt could become immediately payable, which could materially adversely affect us;
- the risk that our leverage may adversely affect our ability to obtain additional financing for working capital, capital expenditures, acquisitions, surety bonds required by regulators to protect funds of

purchasers of vacation ownership interests pending deeding and resort completion (which surety bonds are required in lieu of escrowing all or a portion of purchaser funds), or other purposes, if required;

- the risk that our leverage requires the dedication of a significant portion of our cash flows to the payment of our indebtedness, thereby reducing the availability of cash flows to fund working capital, capital expenditures or other operating needs;
- the risk that (to the extent we maintain floating rate indebtedness) interest rates increase; and
- the risk that we may not be able to securitize our vacation ownership contract receivables because of, among other factors, the performance of the vacation ownership contract receivables, the market for vacation ownership loan-backed notes and asset-backed notes in general and the ability to insure the securitized vacation ownership contract receivables, and the risk that the actual amount of uncollectible accounts on our securitized vacation ownership contract receivables and other credit we extend is greater than our allowances for doubtful accounts.

The financial results of our vacation ownership business may be affected by the cost and availability of capital for the development or acquisition of vacation ownership resorts by us, for the financing of purchases of vacation ownership interests and for the renovation and maintenance of properties by vacation ownership resorts. The cost of capital affects the costs of developing or acquiring new properties because property owners generally have to borrow funds to develop or acquire new properties and affects the costs of renovation because property owners generally have to borrow funds to renovate properties.

The profitability of our vacation ownership business from our financing of customers' purchases of vacation ownership interests may be adversely affected by interest rate risk and risks associated with customer default.

In connection with our vacation ownership business, we generally provide financing at a fixed interest rate for significant portions of the aggregate purchase prices of vacation ownership interests we sell to customers. If interest rates were to increase significantly, we may not increase the interest rate offered to finance purchases of vacation ownership interests by the same amount of the interest rate increase. As a result, the spread between our rate of borrowing and the interest rate we charge our customers would decrease, and such decrease would adversely affect our profitability from financing activities. Conversely, if interest rates were to decrease and remain at historically low levels for extended periods, the likelihood of early prepayments would increase as customers may seek alternative financing sources. If customers prepaid their loans and refinanced at lower interest rates, our profitability from financing activities would decrease.

Our principal source of funding cash requirements for the vacation ownership business is borrowing against and selling the vacation ownership contract receivables that arise from our financing of customers' purchases of vacation ownership interests. When we finance the sale of a vacation ownership interest, we receive contract receivables at a fixed interest rate. We have revolving credit facilities under which we borrow against the vacation ownership contract receivables until the receivables qualify to be securitized. Once the vacation ownership contract receivables qualify to be securitized, we sell them and use the proceeds of the sales to repay our revolving credit facilities and, as a result of such repayment, replenish our ability to borrow under the revolving credit facilities to finance new vacation ownership contract receivables.

Our revolving credit facilities are, and are expected to continue to be, at variable interest rates. Any significant increase in interest rates on our borrowing against vacation ownership contract receivables or significant increase in prepayment rates on the current vacation ownership contract receivables could have a material adverse effect on the cost of borrowing under our credit facilities. Any adverse change in the securitization markets or significant declines in the credit qualities of our vacation ownership contract receivables could result in our having insufficient borrowing availability under our credit facilities to maintain our operations at current levels.

In addition, we face certain credit risks related to our consumer financing of vacation ownership interests. Purchasers of vacation ownership interests who finance a portion of the purchase price present a greater risk of default than typical borrowers under home mortgages in part because private mortgage insurance or its equivalent is not readily available to cover payments for vacation ownership interests. Despite the greater risk of default for purchasers of vacation ownership interests, we do not verify all potential purchasers' credit histories prior to offering each potential purchaser the opportunity to finance a portion of the purchase price of the vacation ownership interests, but, in some instances, we obtain credits scores from potential purchasers who wish to obtain financing on more favorable terms. To reduce the potential adverse effect on Wyndham Worldwide caused by purchasers of vacation ownership interests who finance a portion of their purchases but subsequently default, we obtain security interests in the vacation ownership interests purchased by our customers, but the value of the secured vacation ownership interests is not, in all instances, sufficient to cover the outstanding debt.

Our debt rating may suffer a downgrade, which may restrict our access to capital markets.

As a result of global economic and political events or natural disasters, it is possible that the rating agencies may downgrade the rating and/or outlook for many of the companies in the hospitality industry, including our company, and a downgrade below investment grade could increase our borrowing costs and therefore could adversely affect our financial results. In addition, it is possible that rating agencies may downgrade our rating and our outlook for the company based on our results of operations and financial condition. A downgrade in our credit rating could, in particular, increase our costs of capital under our credit facilities and the amounts of collateral required by our letters of credit. Pricing of any amounts drawn under our syndicated bank credit facilities includes a spread to LIBOR that increases as our ratings from Standard & Poor's and Moody's decrease. The amounts of collateral required by our letters of credit may increase as a result of a downgrade in our credit rating below investment grade.

We are subject to foreign currency exchange rate risk.

Changes in foreign currency exchange rates and in international monetary and tax policies could have a materially adverse effect on our business, results of operations and financial condition. We are subject to foreign currency exchange rate risk and risks associated with changes in international monetary and tax policies in connection with doing business abroad, principally in the United Kingdom, Western Continental Europe, South Africa, Mexico, Venezuela and Singapore. We may seek to mitigate our foreign exchange rate risk through strategic structuring of international business entities, swap agreements and borrowings denominated in foreign currencies, but we cannot assure that these strategies will be successful.

Several of our businesses are subject to extensive regulation, and the cost of compliance or failure to comply with such regulations may adversely affect our profitability or our business.

The cost of compliance or failure to comply with the extensive regulations to which several of our businesses are subject may adversely affect our profitability or our business. Our businesses are regulated by the states or provinces (including local governments) and countries in which our operations are conducted and in which our franchised and managed properties, resorts with units that are exchanged through our vacation exchange business, accommodations for our vacation rental business and resorts in which we sell vacation ownership interests are, in each case, located, marketed or sold. If we are not in substantial compliance with applicable laws and regulations, we may be subject to regulatory actions, fines, penalties and potential criminal violations, and purchasers of vacation ownership interests could have rescission rights.

Our businesses are subject, for example, to privacy laws and regulations enacted in the United States and other jurisdictions around the world that govern the collection and use of personal data of our customers and our ability to contact our customers and prospective customers, including through telephone or facsimile. Our vacation ownership business, for example, is subject to U.S. federal privacy regulation, including the federal Telemarketing Sales Rule with its "do not call" and "do not fax" provisions, and state privacy regulations. Many states have laws and regulations regarding the sale of vacation ownership properties, such as real estate licensing laws, travel sale licensing laws, anti-fraud laws, telemarketing laws, telephone solicitation laws, including "do not call" and "do not fax" regulations and restrictions on the use of predictive dialers, prize, gift and sweepstakes laws, and labor laws. Violations of certain provisions of these laws may limit the ability of our vacation ownership business to market, sell and finance vacation ownership interests. In addition, our vacation ownership business could be subject to damages and administrative enforcement actions. Any of these results could adversely affect the profitability of our vacation ownership business. The United States and other jurisdictions are in the process of considering passing additional laws and regulations to protect the privacy of customers and prospective customers. In addition, our vacation ownership business is subject to risks arising from the requirement under Australian law that all persons conducting vacation ownership sales and marketing and vacation ownership club activities hold an Australian Financial Services License, which subjects holders to several rules and regulations. In light of these and any future laws and regulations, there can be no assurance that we will be able to continue to market our services efficiently and maintain our rate of sales growth.

Liability arising under environmental laws, ordinances and regulations may adversely affect the results of our vacation ownership business, and non-compliance with such laws, ordinances and regulations may subject us to penalties from environmental violations, and we would have to take whatever steps are necessary to achieve compliance. We may incur costs in connection with environmental clean-up if hazardous or toxic substances are found at resorts we own or manage or resorts we previously owned or managed or may acquire in the future. Under various federal, state and local laws, ordinances and regulations, the current or previous owner, manager or operator of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances, including asbestos, located on or in, or emanating from, such property, for related costs of investigation and property damage or for the cost of removal of underground storage tanks. Environmental laws, ordinances and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of hazardous or toxic substances.

For a detailed description of the regulations to which we are subject, see "Business—Employees, Properties and Facilities, Government Regulation and Legal Proceedings."

The cost of compliance or failure to comply with the Sarbanes-Oxley Act of 2002 may adversely affect our business.

As a new reporting company under the Exchange Act, we will be subject to certain provisions of the Sarbanes-Oxley Act of 2002, which may result in higher compliance costs and may adversely affect our financial results and our ability to attract and retain qualified members of our Board of Directors or qualified executive officers. The Sarbanes-Oxley Act affects corporate governance, securities disclosure, compliance practices, internal audits, disclosure controls and procedures and financial reporting and accounting systems. Section 404 of the Sarbanes-Oxley Act, for example, requires companies subject to the reporting requirements of the U.S. securities laws to do a comprehensive evaluation of its and its consolidated subsidiaries' internal control over financial reporting. The failure to comply with Section 404, when we are required to comply, may result in investors' losing confidence in the reliability of our financial statements, which may result in a decrease in the market value of our common stock, prevent us from providing the required financial information in a timely manner, which could materially and adversely impact our business, our financial condition and the market value of our common stock, prevent us from otherwise complying with the standards applicable to us as a public company and subject us to adverse regulatory consequences.

Seasonality of our businesses may cause fluctuations in our gross revenues and net earnings.

We experience seasonal fluctuations in our gross revenues and net earnings from our franchise and management fees, exchange fees for transactions, commission income earned from renting vacation properties and sales of vacation ownership interests. Revenues from franchise and management fees are generally higher in the second and third quarters than in the first or fourth quarters because of increased leisure travel during the summer months. Vacation exchange transaction revenues are normally highest in the first quarter, which is generally when members of RCI plan and book their vacations for the year. Rental transaction revenues earned from booking vacation rentals to non-member customers is usually highest in the third quarter, when vacation rentals are highest. Revenues from sales of vacation ownership interests are generally higher in the second and third quarters than in other quarters. The seasonality of our business may cause fluctuations in our quarterly operating results. As we expand into new markets and geographical locations, we may experience increased or different seasonality dynamics that create fluctuations in operating results different from the fluctuations we have experienced in the past.

Our revenues are highly dependent on the travel industry and declines in or disruptions to the travel industry, such as those caused by terrorism, acts of God or war, may adversely affect our financial condition and results of operation.

Declines in or disruptions to the travel industry may adversely affect our financial condition and results of operation. Our revenues and profits, and in turn our financial condition, may be significantly adversely affected by exogenous events that generally adversely affect the travel industry. Such events include terrorist incidents and threats (and heightened travel security measures instituted in response to such incidents and threats), acts of God (such as earthquakes, hurricanes, fires, floods and other natural disasters), war, bird flu and other pandemics, the financial instability of many of the air carriers, airline job actions and strikes, and high fuel prices. The occurrence or worsening of any of these types of events could result in a decrease in overall travel and consequently in a decrease in travel to locations in which franchised and managed properties, resorts with units that are exchanged through our vacation exchange business, properties that are rented through our vacation rental businesses and resorts in which we sell vacation ownership interests have a presence. These types of events may also result in a general economic downturn, which may reduce the amount of discretionary spending that our customers have available for travel and vacations. In addition, from time to time, hurricanes or other adverse weather events may reduce the number of rooms available in our lodging business or the number of units available in resorts in which we exchange and sell intervals or interests, as applicable.

Our businesses may be adversely affected by a deterioration in general economic conditions or a weakening of one or more of the industries in which we operate.

A prolonged economic slowdown, significant price increases, adverse events relating to the travel and leisure industry and local, regional and national economic conditions and factors, such as unemployment, fuel prices, recession and macroeconomic factors, could hurt our operations and therefore adversely affect our results. The risks associated with our businesses are more acute during periods of economic slowdown or recession because such periods may be accompanied by decreased discretionary consumer and corporate spending. A weakening of one or more of the lodging, vacation exchange and rental, and vacation ownership industries could also hurt our operations and therefore adversely affect our results.

We are dependent on our senior management, and a loss of any of our senior managers may adversely affect our business and results of operations.

We believe that our future growth depends, in part, on the continued services of our senior management team. Losing the services of any members of our senior management team could adversely affect our strategic and customer relationships and impede our ability to execute our growth strategies. We do not currently maintain key person life insurance policies for our executive officers.

There may be risks associated with completing future acquisitions that we may decide to do.

If we pursue strategic acquisitions, there may be risks associated with them. We may be unable to identify acquisition targets that complement our businesses, and if we are able to identify suitable acquisition targets, we may not be able to complete acquisitions of such targets on commercially reasonable terms. Our ability to complete acquisitions depends on a variety of factors, including our ability to obtain financing on acceptable terms and requisite government approvals. If we are able to complete acquisitions, there is no assurance that we will be able to achieve the revenue and cost benefits that we expected in connection with such acquisitions or to successfully integrate the acquired businesses into our existing operations.

We are subject to risks relating to the concentration of a significant portion of the resorts in which we sell vacation ownership interests, our sales offices and the customers of our vacation ownership business in certain vacation areas and areas where our customers live, as applicable.

The concentration of a significant portion of the resorts in which we sell vacation ownership interests and of our sales offices in certain vacation areas and the concentration of a significant number of the customers of our vacation ownership business in certain geographic regions, in each case, may result in our results of operations being more sensitive to local and regional economic conditions and other factors, including competition, natural disasters such as hurricanes, and economic downturns, than our results of operations would be absent such geographic concentrations. Many sales offices and resorts in which we sell vacation ownership interests, for example, are concentrated in the Southeastern United States, a region that is prone to hurricanes. Local and regional economic conditions and other factors may differ materially from prevailing conditions in other parts of the world.

Florida, Nevada and California are examples of areas with concentrations of sales offices. For the twelve months ending December 31, 2005, approximately 14%, 14% and 12% of our vacation ownership interest sales revenue was generated in sales offices located in Florida, Nevada and California, respectively. In addition, as of March 31, 2006, approximately 27% of our outstanding vacation ownership contract receivables portfolio relates to customers who reside in California.

The private resale of vacation ownership interests could adversely affect our vacation ownership resorts and vacation exchange businesses.

The private resale of vacation ownership interests could adversely affect the sales and operations of our vacation ownership business and new member acquisition by our vacation exchange business. We sell vacation ownership interests to buyers for purposes of leisure and not for investment. We believe that the number of private resale of vacation ownership interests by buyers is presently limited and that any sales of vacation ownership interests are typically at prices substantially below the original purchase price. The availability of vacation ownership interests for resale may make ownership of vacation ownership interests less attractive to prospective buyers.

Moreover, as the vacation ownership industry grows, the number of private resales of vacation ownership interests may increase. An increase in the supply of vacation ownership interests available for resale may divert demand for or depress the market price of vacation ownership interests we sell. In addition, private resales of vacation ownership interests may adversely impact our vacation exchange business' new member acquisition because purchases made through resales may not result in enrollment in our vacation exchange programs.

Revenues from our lodging business are indirectly affected by our franchisees' pricing decisions.

Revenues from our lodging business are dependent upon the revenues of our franchisees and therefore on our franchisees' pricing decisions, which affect our franchisees' revenues. Pricing decisions on individual room rates are made by each individual franchisee. Although we can assist franchisees in understanding how best to take advantage of opportunities in their respective markets, we have no power to compel or command pricing decisions on the part of franchisees. The ability of an individual franchisee to maintain and increase room rates is a function of the franchisee's ability to market the hotel property locally and maintain the property in a manner necessary for the franchised hotel to compete for guests effectively.

Risks Relating to the Separation

We may be unable to achieve some or all of the benefits that we expect to achieve from our separation from Cendant.

As a stand alone, independent public company, we believe that our business will benefit from, among other things, allowing our management to design and implement corporate policies and strategies that are based primarily on the characteristics of our business, allowing us to focus our financial resources wholly on our own operations and implement and maintain a capital structure designed to meet our own specific needs. However, by separating from Cendant there is a risk that our company may be more susceptible to market fluctuations and other adverse events than we would have been were we still a part of the current Cendant. As part of Cendant we were able to enjoy certain benefits from Cendant's operating diversity, purchasing and borrowing leverage, available capital for investments and opportunities to pursue integrated strategies with Cendant's other businesses. As such, we may not be able to achieve some or all of the benefits that we expect to achieve as a stand alone, independent hospitality company.

We have no operating history as a separate public company, and our historical and pro forma financial information is not necessarily representative of the results we would have achieved as a separate publicly traded company and may not be a reliable indicator of our future results.

The historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the following factors:

- Prior to our separation, our business was operated by Cendant as part of its broader corporate organization, rather than as an independent company. Cendant or one of its affiliates performed various corporate functions for us, including, but not limited to, tax administration, certain governance functions (including compliance with the Sarbanes-Oxley Act of 2002 and internal audit) and external reporting. Our historical and pro forma financial results reflect allocations of corporate expenses from Cendant for these and similar functions. These allocations are less than the comparable expenses we believe we would have incurred had we operated as a separate publicly traded company.
- Currently, our business is integrated with the other businesses of Cendant. Historically, we have shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. While we expect to enter into short-term transition agreements that will govern certain commercial and other relationships among us, Cendant and the other separated companies after the separation, those temporary arrangements may not capture the benefits our businesses have enjoyed as a result of being integrated with the other businesses of Cendant. The loss of these benefits could have an adverse effect on our business, results of operations and financial condition following the completion of the separation.
- Generally, our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of Cendant. Following the completion of the separation, Cendant will not be providing us with funds to finance our working capital or other cash requirements. Without the opportunity to obtain financing from Cendant, we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements.
- Subsequent to the completion of our separation, the cost of capital for our business may be higher than Cendant's cost of capital prior to our separation because Cendant's credit ratings are higher than what ours are contemplated to be following the separation.
- Other significant changes may occur in our cost structure, management, financing and business operations as a result of our operating as a company separate from Cendant.

We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company, and we may experience increased costs after the separation or as a result of the separation.

Following the completion of our separation, Cendant and the other separated companies will be contractually obligated to provide to us only those services specified in the Transition Services Agreement and the other agreements we enter into with Cendant and the other separated companies in preparation for the separation. The Transition Services Agreement expiration date varies by service provided and is generally less than one year from the date of our separation, with the exception of certain services such as information technology services and telecommunications services, which will transition over varying periods (up to two years with respect to information technology services, and until certain third-party contracts expire with respect to telecommunications services). We may be unable to replace in a timely manner or on comparable terms the services or other benefits that Cendant previously provided to us that are not specified in the Transition Services Agreement or the other agreements. Also, upon the expiration of the Transition Services Agreement or other agreements, many of the services that are covered in such agreements will be provided internally or by unaffiliated third parties, and we expect that in some instances, we will incur higher costs to obtain such services than we incurred under the terms of such agreements. In addition, if Cendant or the other separated companies do not continue to perform effectively the transition services and the other services that are called for under the Transition Services Agreement and other agreements, we may not be able to operate our business effectively and our profitability may decline. Furthermore, after the expiration of the Transition Services Agreement and the other agreements, we may be unable to replace in a timely manner or on comparable terms the services specified in such agreements.

We may have received better terms from unaffiliated third parties than the terms we received in our agreements with Cendant and the other separated companies.

The agreements related to our separation from Cendant and the other separated companies, including the Separation and Distribution Agreement, Tax Sharing Agreement, Transition Services Agreement and the other agreements, were negotiated in the context of our separation from Cendant while we were still part of Cendant and, accordingly, may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties. The terms of the agreements we negotiated in the context of our separation related to, among other things, allocation of assets, liabilities, rights, indemnifications and other obligations among Cendant, the other separated companies and us. We may have received better terms from unaffiliated third parties because such parties may have competed with other potential suppliers to win our business. See "Certain Relationships and Related Party Transactions."

We will be responsible for certain of Cendant's contingent and other corporate liabilities.

Under the Separation and Distribution Agreement and other agreements, we, Realogy and Travelport will each assume and be responsible for 30%, 50% and 20%, respectively, of certain of Cendant's contingent and other corporate liabilities including those relating to unresolved tax and legal matters and associated costs and expenses. More specifically, we generally will assume and be responsible for the payment of 30% of (i) all taxes imposed on Cendant and certain other subsidiaries and (ii) certain contingent and other corporate liabilities of Cendant and/or its subsidiaries to the extent incurred on or prior to the earlier of (x) December 31, 2006 or (y) the date of the later to occur of the separation of us or Travelport from Cendant. These contingent and other corporate liabilities include liabilities relating to, arising out of or resulting from (i) certain of Cendant's terminated or divested businesses, including among others, Cendant's former PHH and Marketing Services (Affinion) businesses, (ii) the Securities Action, the PRIDES Action and the ABI Actions (for a further description of these litigation matters, see "Business—Legal Proceedings—Legal—Cendant Corporate Litigation") and (iii) any actions with respect to the separation plan or the distributions made or brought by any third party. However, in almost all cases, contingent and other corporate liabilities do not include liabilities that are specifically related to the business of one of the four separated companies which will be allocated 100% to the relevant company, including any liabilities related to the business disclosure in a separated company's registration statement on Form 10 or similar disclosure document filed or distributed in connection with the separation plan. Assuming our separation from Cendant occurred on December 31, 2005, we would have recorded liabilities of $466 million relating to our assumption of 30% of certain of Cendant's contingent and other corporate liabilities, which is reflected on our pro forma balance sheet. (See "Unaudited Pro Forma Condensed Combined Financial Statements.") This amount does not reflect liabilities that may be required to be established in connection with the guarantees we expect to provide Cendant in connection with the separation. Any such liabilities, which could be material, will reflect the fair value of the guarantees, which is currently being determined.

If any party responsible for such liabilities were to default in its payment, when due, of any such assumed obligations related to any such contingent corporate liability, each non-defaulting party (including Avis Budget Group, Inc.) would be required to pay an equal portion of the amounts in default. Accordingly, we may, under certain circumstances, be obligated to pay amounts in excess of the 30% of the assumed obligations related to such contingent and other corporate liabilities including associated costs and expenses.

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Many lawsuits are currently outstanding against Cendant, some of which relate to accounting irregularities arising from some of the CUC International, Inc. business units acquired when HFS Incorporated merged with CUC to form Cendant. While Cendant has settled many of the principal lawsuits relating to the accounting irregularities, these settlements do not encompass all litigation associated with the accounting irregularities. We do not believe that it is feasible to predict or determine the final outcome or resolution of these unresolved proceedings. Although we will share any costs and expenses arising out of this litigation with Realogy and Travelport, an adverse outcome from such unresolved proceedings or liabilities or other proceedings for which we have assumed partial liability under the Separation and Distribution Agreement could be material with respect to our earnings in any given reporting period.

For a more detailed description of the Separation and Distribution Agreement and treatment of certain historical Cendant contingent and other corporate liabilities, see "Certain Relationships and Related Party Transactions—Agreements with Cendant—The Separation and Distribution Agreement."

As part of our separation from Cendant, we will incur substantial debt with external lenders, which could subject us to various restrictions and decrease our profitability.

In connection with our separation, we expect to enter into borrowing arrangements for a total of $1,850 million, which is comprised of a $250 million term loan facility, a $750 million interim loan facility and a $850 million revolving credit facility. After completion of the separation, we intend to replace the interim loan facility with permanent financing primarily through the issuance of debt securities and, as appropriate, other sources of funding. We cannot assure you that we will be able to refinance the interim credit facility on terms that are reasonable to us. These financing arrangements will contain customary restrictions, covenants and events of default. The terms of these financing arrangements and any future indebtedness may impose various restrictions and covenants on us (such as tangible net worth requirements) that could limit our ability to respond to market conditions, provide for capital investment needs or take advantage of business opportunities. In addition, our financing costs may be higher than they were as part of Cendant. For a more detailed discussion of these borrowings and our liquidity following the separation, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital Resources—Financial Obligations—Pro Forma Indebtedness Following Separation."

The ownership by our executive officers and some of our directors of shares of common stock, options or other equity awards of Cendant or any of the other separated companies may create, or may create the appearance of, conflicts of interest.

Because of their current or former positions with Cendant, substantially all of our executive officers, including our Chairman and Chief Executive Officer and our Chief Financial Officer, and some of our non-employee director nominees own shares of Cendant and Realogy common stock and options to purchase shares of Cendant and Realogy common stock or other equity awards. Following Cendant's distribution of the other companies to its stockholders, these officers and non-employee directors will own shares of common stock and options to purchase shares of common stock and other equity awards in these companies. The individual holdings of common stock and options to purchase common stock and other equity awards of Cendant, Realogy and Travelport may be significant for some of these persons compared to these persons' total assets. Even though our Board will consist of a majority of directors who are independent from Cendant, the other separated companies and our company, and our executive officers who are currently employees of Cendant will cease to be employees of Cendant upon consummation of the separation, ownership by our directors and officers, after our separation, of common stock or options to purchase common stock and other equity awards of Cendant, Realogy and Travelport creates, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for Cendant, Realogy or Travelport than the decisions have for us.

After the separation, certain of our executive officers and directors may have actual or potential conflicts of interest because of their positions in Cendant and the other separated companies.

Six of our directors or director nominees, Messrs. Holmes (who is also our Chairman and Chief Executive Officer), Buckman, Herrera and Mulroney and Mses. Biblowit and Richards, will continue as directors of Cendant until the time of the final distribution. Upon completion of the final distribution, these six directors will resign from Cendant's Board. These common directors could create, or appear to create, potential conflicts of interest when our or Cendant's management and directors face decisions that could have different implications for us and Cendant. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between us and Cendant regarding the terms of the agreements governing the separation and the relationship thereafter between us and Cendant. Potential conflicts of interest could also arise if we and/or Cendant enter into any commercial arrangements with each other in the future. In addition, conflicts of interest may arise with regard to the allocation of the common directors' time between us and Cendant. In addition, it is currently anticipated that Mr. Buckman will serve on the Board of Travelport.

If the distribution, together with certain related transactions, were to fail to qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code, then our stockholders and/or we and Cendant might be required to pay U.S. federal income taxes.

The distribution is conditioned upon Cendant's receipt of an opinion of Skadden, Arps, Slate, Meagher & Flom LLP, special tax counsel, substantially to the effect that the distribution, together with certain related transactions, should qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code. The opinion of Skadden Arps will be based on, among other things, certain assumptions as well as on the accuracy of certain factual representations and statements that we and Cendant make to Skadden Arps. In rendering its opinion, Skadden Arps also will rely on certain covenants that we and Cendant enter into, including the adherence by Cendant and us to certain restrictions on our future actions. If any of the representations or statements that we or Cendant make are, or become, inaccurate or incomplete, or if we or Cendant breach any of our covenants, the distribution and such related transactions, might not qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code. You should note that Cendant does not intend to seek a ruling from the Internal Revenue Service, or IRS, as to the U.S. federal income tax treatment of the distribution and such related transactions. The opinion of Skadden Arps is not binding on the IRS or a court, and there can be no assurance that the IRS will not challenge the validity of the distribution and such related transactions, as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code or that any such challenge ultimately will not prevail.

If the distribution, together with certain related transactions, were to fail to qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code, then Cendant would recognize gain in an amount equal to the excess of (i) the fair market value of the Wyndham Worldwide common stock distributed to the Cendant stockholders over (ii) Cendant's tax basis in such common stock. Under the terms of the Tax Sharing Agreement, in the event the distribution were to fail to qualify as a reorganization and (i) such failure was not the result of actions taken after the distribution by Cendant, us or any of the other separated companies, we, Realogy and Travelport would be responsible for 30%, 50% and 20%, respectively, of any taxes imposed on Cendant as a result thereof and (ii) such failure was the result of actions taken after the distribution by one of the separated companies, the party responsible for such failure would be responsible for all taxes imposed on Cendant as a result thereof. In addition, each Cendant stockholder who received Wyndham Worldwide common stock in the distribution generally would be treated as having received a taxable distribution in an amount equal to the fair market value of the Wyndham Worldwide common stock received (including any fractional share sold on behalf of the stockholder), which would be taxable as a dividend to the extent of the stockholder's ratable share of Cendant's current and accumulated earnings and profits (as increased to reflect any current income including any gain recognized by Cendant on the taxable distribution). The balance, if any, of the distribution would be treated as a nontaxable return of capital to the extent of the Cendant stockholder's tax basis in its Cendant stock, with any remaining amount being taxed as capital gain.

Wyndham Worldwide and Cendant might not be able to engage in desirable strategic transactions and equity issuances following the distribution.

Wyndham Worldwide's and Cendant's ability to engage in significant stock transactions could be limited or restricted after the distribution in order to preserve the tax-free nature of the distribution to Cendant. Even if the distribution, together with certain related transactions, otherwise qualifies as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code, it would be taxable to Cendant (but not to Cendant stockholders) under Section 355(e) of the Code, if the distribution were deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquired directly or indirectly stock representing a 50% or greater interest, by vote or value, in the stock of either Cendant or Wyndham Worldwide. Current U.S. federal income tax law creates a presumption that the distribution would be taxable to Cendant, but not to its stockholders, if either Wyndham Worldwide or Cendant were to engage in, or enter into an agreement to engage in, a transaction that would result in a 50% or greater change, by vote or value, in Wyndham Worldwide's or Cendant's stock ownership during the four-year period that begins two years before the date of the distribution, unless it is established that the transaction is not pursuant to a plan or series of transactions related to the distribution. Treasury regulations currently in effect generally provide that whether an acquisition transaction and a distribution are part of a plan is determined based on all of the facts and circumstances, including, but not limited to, specific factors described in the Treasury regulations. In addition, the Treasury regulations provide several "safe harbors" for acquisition transactions that are not considered to be part of a plan. These rules may prevent Wyndham Worldwide and Cendant from entering into transactions which might be advantageous to their respective stockholders, such as issuing equity securities to satisfy financing needs or acquiring businesses or assets with equity securities. Thus, even if the distribution, together with certain related transactions, were to qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code, if acquisitions of Cendant stock or Wyndham Worldwide common stock after the distribution were to cause Section 355(e) of the Code to apply, Cendant would recognize taxable gain as described above, but the distribution would be tax free to each Cendant stockholder (except for cash received in lieu of a fractional share of Wyndham Worldwide common stock).

Under the Tax Sharing Agreement, there are restrictions on Wyndham Worldwide's ability to take actions that could cause the distribution to fail to qualify as a tax-free transaction, including, in certain cases, redeeming equity securities, selling or otherwise disposing of a substantial portion of its assets or acquiring businesses or assets with equity securities, in each case, for a period of 24 months from the day after the distribution. Moreover, the Tax Sharing Agreement generally provides that Wyndham Worldwide will be responsible for any taxes imposed on Cendant or Wyndham Worldwide as a result of the failure of the distribution, together with certain related transactions, to qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code if such failure is attributable to certain post-distribution actions taken by or in respect of Wyndham Worldwide (including its subsidiaries) or its stockholders, such as the acquisition of Wyndham Worldwide by a third party at a time and in a manner that would cause such failure. See "The Separation—Certain U.S. Federal Income Tax Consequences of the Distribution" and "Certain Relationships and Related Party Transactions—Agreements with Cendant, Realogy and Travelport—Tax Sharing Agreement."

Risks Relating to Our Common Stock

There is no existing market for our common stock and a trading market that will provide you with adequate liquidity may not develop for our common stock. In addition, once our common stock begins trading, the market price of our shares may fluctuate widely.

There is currently no public market for our common stock. It is anticipated that on or prior to the record date for the distribution, trading of shares of our common stock will begin on a "when-issued" basis and will continue up to and including through the distribution date. However, there can be no assurance that an active trading market for our common stock will develop as a result of the distribution or be sustained in the future.

We cannot predict the prices at which our common stock may trade after the distribution. The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- our business profile and market capitalization may not fit the investment objectives of Cendant stockholders, especially stockholders who hold Cendant stock based on Cendant's inclusion in the S&P 500 Index, as our common stock may not be included in the S&P 500 Index, and as a result, Cendant stockholders may sell our shares after the distribution;
- a shift in our investor base;
- our quarterly or annual earnings, or those of other companies in our industry;
- actual or anticipated fluctuations in our operating results due to the seasonality of our business and other factors related to our business;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant acquisitions or dispositions;
- the failure of securities analysts to cover our common stock after the distribution;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- overall market fluctuations; and
- general economic conditions.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock.

Investors may be unable to accurately value our common stock.

Investors often value companies based on the stock prices and results of operations of other comparable companies. Currently, no public hospitality company exists with combined size, scale and product offerings directly comparable to ours. As such, investors may find it difficult to accurately value our common stock, which may cause our common stock to trade below its true value.

Substantial sales of common stock may occur in connection with this distribution, which could cause our stock price to decline.

The shares of our common stock that Cendant distributes to its stockholders generally may be sold immediately in the public market. Following the distribution, we believe (based on information as of January 26, 2006) that Barclays Global Investors, N.A. will beneficially own 8.89% of our common stock (see "Security Ownership of Certain Beneficial Owners and Management"). Although we have no actual knowledge of any plan or intention on the part of any 5% or greater stockholder to sell our common stock following the separation, it is possible that some Cendant stockholders, including possibly some of our large stockholders, will sell our common stock received in the distribution for reasons such as that our business profile or market capitalization as an independent company does not fit their investment objectives. Moreover, index funds tied to the Standard & Poor's 500 Index, the Russell 1000 Index and other indices hold shares of Cendant common stock. To the extent our common stock is not included in these indices after the distribution, certain of these index funds will likely be required to sell the shares of our common stock that they receive in the distribution. The sales of significant amounts of our common stock or the perception in the market that this will occur may result in the lowering of the market price of our common stock.

Your percentage ownership in Wyndham Worldwide may be diluted in the future.

Your percentage ownership in Wyndham Worldwide may be diluted in the future because of equity awards that we expect will be granted to our directors, officers and employees and the accelerated vesting of other equity awards. Prior to the separation and record date for the distribution, we expect Cendant will approve the Wyndham Worldwide Corporation 2006 Equity and Incentive Plan, or the Plan, which will provide for the grant of equity based awards, including restricted stock, restricted stock units, stock options, stock appreciation rights and other equity-based awards to our directors, officers and other employees, advisors and consultants. No more than [ ] million shares of our common stock will be available for grants pursuant to the Plan, which include (i) shares which may be used for purposes of satisfying our obligations under our Non-Employee Directors Deferred Compensation Plan, Savings Restoration Plan and Officer Deferred Compensation Plan and (ii) approximately [ ] million shares necessary to implement the issuance of equity awards relating to our common stock granted pursuant to equitable adjustments of Cendant equity awards, or the Equitable Adjustment Awards. The Equitable Adjustment Awards will become vested on the earlier of (i) the date on which such units would have vested in accordance with the terms of the existing vesting schedule or (ii) the 30th day following the completion of the second of the series of distributions pursuant to Cendant's separation plan.

For a more detailed description of the Plan and the Equitable Adjustment Awards, see "Management— Employee Benefit Plans."

The Executive Committee of our Board of Directors will not consist of a majority of independent directors.

We have established an Executive Committee of the Board that consists of our Chairman and Chief Executive Officer, one other non-independent member and one independent member of our Board. Under our by-laws, the Executive Committee shall have and may exercise all of the powers of the Board of Directors when the Board is not in session, including the power to authorize the issuance of stock, except that the Executive Committee shall have no power to (1) alter, amend or repeal the by-laws or any resolution or resolutions of the Board of Directors; (2) declare any dividend or make any other distribution our stockholders; (3) appoint any member of the Executive Committee; or (4) take any other action which legally may be taken only by the Board. Accordingly, even though the Board has determined that five out of its seven members are independent, significant actions by the Board may be effected by a committee of directors, the majority of whom are not independent.

Provisions in our certificate of incorporation and by-laws, in our stockholder rights plan and of Delaware law may prevent or delay an acquisition of our company, which could decrease the trading price of our common stock.

Our certificate of incorporation, by-laws and Delaware law contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the raider and to encourage prospective acquirors to negotiate with our Board rather than to attempt a hostile takeover. These provisions include, among others:

- a Board of Directors that is divided into three classes with staggered terms;
- elimination of the right of our stockholders to act by written consent;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of our Board to issue preferred stock without stockholder approval; and
- limitations on the right of stockholders to remove directors.

Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock. For more information, see "Description of Capital Stock—Anti-takeover Effects of Our Certificate of Incorporation and By-laws and Delaware Law."

We expect our Board of Directors to adopt a stockholder rights plan prior to the distribution which provides, among other things, that when specified events occur, our stockholders will be entitled to purchase from us a newly created series of junior preferred stock. The preferred stock purchase rights are triggered by the earlier to occur of (i) ten business days (or a later date determined by our Board before the rights are separated from our common stock) after the public announcement that a person or group has become an “acquiring person” by acquiring beneficial ownership of 15% or more of our outstanding common stock or (ii) ten business days (or a later date determined by our Board before the rights are separated from our common stock) after a person or group begins a tender or exchange offer that, if completed, would result in that person or group becoming an acquiring person. The issuance of preferred stock pursuant to the stockholder rights plan would cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our Board of Directors. For a more detailed description of our rights plan, see “Description of Capital Stock—Rights Plan.”

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with our Board and by providing our Board with more time to assess any acquisition proposal. These provisions are not intended to make our company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board determines is not in the best interests of our company and our stockholders.

We cannot assure you that we will pay any dividends.

There can be no assurance that we will have sufficient surplus under Delaware law to be able to pay any dividends. This may result from extraordinary cash expenses, actual expenses exceeding contemplated costs, funding of capital expenditures, or increases in reserves. If we do not pay dividends, the price of our common stock that you receive in the distribution must appreciate for you to receive a gain on your investment in Wyndham Worldwide. This appreciation may not occur.

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FORWARD-LOOKING STATEMENTS

Forward-looking statements in our public filings or other public statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other public statements. These forward-looking statements were based on various facts and were derived utilizing numerous important assumptions and other important factors, and changes in such facts, assumptions or factors could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements include the information concerning our future financial performance, business strategy, projected plans and objectives. Statements preceded by, followed by or that otherwise include the words “believes,” “expects,” “anticipates,” “intends,” “projects,” “estimates,” “plans,” “may increase,” “may fluctuate” and similar expression 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 could affect our future results and could cause actual results to differ materially from those expressed in such forward-looking statements:

- terrorist attacks, such as the September 11, 2001 terrorist attacks, may negatively affect the travel industry, result in a disruption in our business and adversely affect our financial results;
- adverse developments in general business, economic and political conditions or any outbreak or escalation of hostilities on a national, regional or international basis;
- competition in our existing and future lines of business, and the financial resources of competitors;
- our failure to comply with regulations and any changes in laws and regulations, including hospitality, vacation rental and vacation ownership-related regulations, telemarketing regulations, privacy policy regulations and state, federal and international tax laws;
- seasonal fluctuation in the travel business;
- local and regional economic conditions that affect the travel and tourism industry;
- our failure to complete future acquisitions or to realize anticipated benefits from completed acquisitions;
- actions by our franchisees that could harm our business;
- our inability to access the capital and/or the asset-backed markets on a favorable basis;
- the loss of any of our senior management;
- risks inherent in operating in foreign countries, including exposure to local economic conditions, government regulation, currency restrictions and other restraints, changes in tax laws, expropriation, political instability and diminished ability to legally enforce our contractual rights;
- our failure to provide fully integrated disaster recovery technology solutions in the event of a disaster or other business interruption;
- the final resolutions or outcomes with respect to Cendant’s contingent and other corporate liabilities and any related actions for indemnification made pursuant to the Separation and Distribution Agreement;
- our inability to operate effectively as a stand-alone, publicly traded company; and
- the costs associated with becoming compliant with the Sarbanes-Oxley Act of 2002 and the consequences of failing to implement effective internal controls over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002 by the date that we must comply with that section of the Sarbanes-Oxley Act.

Other factors not identified above, including the risk factors described in the “Risk Factors” section of this information statement, may also cause actual results to differ materially from those projected by our forward-looking statements. Most of these factors are difficult to anticipate and are generally beyond our control.

You should consider the areas of risk described above, as well as those set forth under the heading “Risk Factors” above, in connection with considering any forward-looking statements that may be made by us and our businesses generally. Except for our ongoing obligations to disclose material information under the federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless we are required to do so by law.

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THE SEPARATION

General

On October 23, 2005, the Board of Directors of Cendant preliminarily approved a plan to separate Cendant into four independent, publicly traded companies—one for each of Cendant's Hospitality Services (including Timeshare Resorts), Real Estate Services, Travel Distribution Services and Vehicle Rental businesses.

After preliminarily approving the separation plan, the Cendant Board established a separation committee of its Board to meet regularly to assist with and oversee the separation process. The members of the separation committee are Robert W. Pittman, Martin L. Edelman and Sheli Z. Rosenberg.

Since October 23, 2005, the Cendant Board and the separation committee met numerous times with and without members of Cendant's senior management team to discuss the separation. In these meetings, the Cendant Board and the separation committee considered, among other things, the benefits to the businesses and to Cendant stockholders that are expected to result from the separation (see "—Reasons for the Separation"), the capital allocation strategies and dividend policies for the separated companies, the allocation of Cendant's existing assets, liabilities and businesses among the separated companies, the terms of certain commercial relationships among the separated companies that will exist following the separation, the corporate governance arrangements that will be in place at each company following the separation and the appropriate members of senior management at each company following the separation.

In furtherance of this plan, on [ ], 2006, the Cendant Board approved the distribution of all of the shares of our common stock held by Cendant to holders of Cendant common stock. The distribution of the shares of our common stock will follow the distribution of the shares of common stock of Realogy on [ ], 2006, which was the first in the series of distributions to effectuate the plan to separate Cendant into four independent, publicly traded companies. In the distribution of the shares of our common stock, each holder of Cendant common stock will receive on [ ], 2006, the distribution date, one share of our common stock (and a related preferred stock purchase right) for every five shares of Cendant common stock held at the close of business on the record date, as described below. Following the distribution, Cendant stockholders will own 100% of our common stock. The third and final distribution at this time is expected to be of Travelport. Following the final distribution, it is expected that Cendant will change its name to Avis Budget Group, Inc.

You will not be required to make any payment, surrender or exchange your shares of Cendant common stock or take any other action to receive your shares of our common stock.

We cannot provide any assurance that the final distribution, which at this time is expected to be the distribution of shares of common stock of Travelport, will be completed, nor can we provide information at this time with respect to the terms on which the final distribution will be consummated. The final distribution is subject to certain conditions precedent, including final approval of the Cendant Board.

Furthermore, the distribution of our common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see "—Conditions to the Distribution."

Recent Events—Potential Sale of Travelport

On April 24, 2006, Cendant announced a modification to its previously announced separation plan. In addition to pursuing its original plan to distribute the shares of common stock of Travelport to Cendant stockholders, Cendant also is exploring the possible sale of Travelport. Cendant reiterated its plan to distribute our shares and the shares of Realogy to Cendant stockholders as previously announced, which would result in three separate public companies, including Cendant (which would be comprised of its Vehicle Rental business), if Travelport is sold. There can be no assurance that a sale of Travelport will be completed or as to the terms of any such sale. At this time, it is unclear whether if there is a sale of Travelport, such sale would occur prior to or following our separation from Cendant. If a sale of Travelport is not completed, Cendant expects to pursue its original plan to distribute the shares of common stock of Travelport to Cendant stockholders.

Unless and until Cendant enters into a definitive agreement for a sale of Travelport and such a sale is completed, the implications of a sale on our separation from Cendant cannot be fully determined. However, if Cendant were to sell Travelport, the terms of our as well as Realogy's separation from Cendant would be impacted. It is currently anticipated that if there were a sale of Travelport, the net cash proceeds from the sale would be utilized in part to reduce and/or repay the indebtedness anticipated to be incurred by us and Realogy in connection with the separation and utilized to satisfy certain outstanding Cendant corporate indebtedness (for a detailed discussion of our planned borrowings in connection with our separation, see "Description of Material Indebtedness"). The amount and timing of such reduction and/or repayment would depend, in large part, on the timing of any sale of Travelport and on the amount of proceeds realized in such a sale. Depending upon the timing of such a sale, the reduction to our indebtedness resulting from a potential sale of Travelport could also affect the financial data presented in our unaudited pro forma combined financial statements presented elsewhere in this information statement.

In addition, if a sale of Travelport were to occur, we expect that such sale would affect the allocation among us, Cendant, Realogy and Travelport of Cendant's assets, liabilities and obligations (specifically including employee benefits and tax-related assets and liabilities and certain of Cendant's contingent and other corporate assets and liabilities) attributable to periods prior to our separation from Cendant (see "The Separation—Results of the Separation" and "Certain Relationships and Related Party Transactions—Agreements with Cendant, Realogy and Travelport—Separation and Distribution Agreement"; "—Tax Sharing Agreement"). For example, upon a sale of Travelport, certain Cendant assets and liabilities may be allocated only to us and Realogy. Although we do not currently expect the terms of any commercial arrangements, including any short-term transition arrangements, to be affected by a potential sale of Travelport, there can be no assurance that this will be the case.

If a sale of Travelport were to occur, it is expected that the distribution of the shares of our common stock would be the second and final distribution.

Internal Reorganization Prior to the Distribution

Prior to the distribution, Cendant will implement an internal reorganization that will result in Wyndham Worldwide, a Delaware corporation and an already-existing, wholly owned subsidiary of Cendant, holding the assets and liabilities, including the entities holding substantially all of the assets and liabilities, of Cendant's Hospitality Services (including Timeshare Resorts) businesses.

The Number of Shares You Will Receive

For every five shares of Cendant common stock that you owned at the close of business on [ ], 2006, the record date, you will receive one share of our common stock (and a related preferred stock purchase right) on the distribution date. Cendant will not distribute any fractional shares of our common stock to its stockholders. Instead, the transfer agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate net cash proceeds of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

When and How You Will Receive the Dividend

Cendant will distribute the shares of our common stock on [ ], 2006, the distribution date. Mellon Investor Services, which currently serves as the transfer agent and registrar for Cendant's common stock, will serve as transfer agent and registrar for our common stock and as distribution agent in connection with the distribution.

If you own Cendant common stock as of the close of business on the record date, the shares of Wyndham Worldwide common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. Registration in book-entry form refers to a method of recording stock ownership when no physical share certificates are issued to stockholders, as is the case in this distribution. **If you sell shares of Cendant common stock in the "regular-way" market up to and including through the distribution date, you will be selling your right to receive shares of our common stock in the distribution.**

Commencing on or shortly after the distribution date, if you hold physical stock certificates that represent your shares of Cendant common stock and you are the registered holder of the Cendant shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of our common stock that have been registered in book-entry form in your name. If you have any questions concerning the mechanics of having shares of our common stock registered in book-entry form, we encourage you to contact Mellon Investor Services at the address set forth on page 17 of this information statement.

Most Cendant stockholders hold their shares of Cendant common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the stock in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your Cendant common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares of our common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares of our common stock held in "street name," we encourage you to contact your bank or brokerage firm.

Mellon Investor Services, as distribution agent, will not deliver any fractional shares of our common stock in connection with the distribution. Instead, Mellon Investor Services will aggregate all fractional shares and sell them on behalf of the holders who otherwise would be entitled to receive fractional shares. The aggregate net cash proceeds of these sales, which generally will be taxable for U.S. federal income tax purposes, will be distributed pro rata (based on the fractional shares such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. See "—Certain U.S. Federal Income Tax Consequences of the Distribution" below for an explanation of the tax consequences of the distribution. If you physically hold Cendant common stock certificates and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the aggregate net cash proceeds of the sales. We estimate that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you hold your Cendant stock through a bank or brokerage firm, your bank or brokerage firm will receive on your behalf your pro rata share of the aggregate net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

Results of the Separation

After our separation from Cendant, we will be a separate, publicly traded company. Immediately following the distribution, we expect to have approximately 7,850 stockholders of record, based on the number of registered stockholders of Cendant common stock on April 28, 2006, and approximately 200 million shares of our common stock outstanding and applying the distribution ratio of one share of our common stock for every five shares of Cendant common stock held as of the record date. The actual number of shares to be distributed will be determined on the record date and will reflect any exercise of Cendant options between the date the Cendant Board declares the dividend for the distribution and the record date for the distribution.

Before the separation of Realogy from Cendant, we will enter into a Separation and Distribution Agreement and several other agreements with Cendant's other businesses to effect the separation and provide a framework for our relationships with Cendant's other businesses after the separation. These agreements will govern the relationship among us, Cendant, Realogy and Travelport subsequent to the completion of the separation plan and provide for the allocation among us, Cendant, Realogy and Travelport of Cendant's assets, liabilities and obligations (including employee benefits and tax-related assets and liabilities) attributable to periods prior to our separation from Cendant. The Separation and Distribution Agreement, in particular, requires Wyndham Worldwide to assume certain of Cendant's contingent and other corporate liabilities and establishes the amount of the debt that each separated company will initially incur solely to repay Cendant's corporate debt.

For a more detailed description of these agreements, see "Certain Relationships and Related Party Transactions," included elsewhere in this information statement.

The distribution will not affect the number of outstanding shares of Cendant common stock or any rights of Cendant stockholders.

Incurrence of Debt

In connection with our separation, we expect to enter into borrowing arrangements for a total of $1,850 million, comprised of a $250 million term loan facility, a $750 million interim loan facility and an $850 million revolving credit facility. At or prior to the distribution, we expect to draw approximately $1,280 million against those facilities, and issue approximately $170 million in letters of credit, leaving approximately $400 million available to provide liquidity for up to $230 million in additional letters of credit and for ongoing working capital and general corporate needs.

Historically, Cendant has borrowed funds under its existing asset-linked facility relating to certain of the assets of Cendant's Hospitality Services (including Timeshare Resorts) businesses, which amounted to $575 million and $550 million at March 31, 2006 and December 31, 2005, respectively. These Cendant borrowings have been reflected in our accompanying historical combined financial statements. We expect Cendant to repay the then-outstanding balance of these borrowings at the time of our separation with a portion of our initial borrowings of $1,280 million, and we expect to transfer the balance of our initial borrowings to Cendant solely for the purposes of permitting Cendant to repay certain other outstanding indebtedness of Cendant.

We intend to replace the interim loan facility with permanent financing primarily through the issuance of debt securities and, as appropriate, other sources of funding. Certain of our vacation ownership subsidiaries have a securitization program to securitize certain vacation ownership contract receivables. This program will remain in place following the separation. As of March 31, 2006, $1,167 million was outstanding under this program and $1,556 million of assets collateralized this indebtedness.

For a more detailed discussion of these borrowings, see "Description of Material Indebtedness."

Certain U.S. Federal Income Tax Consequences of the Distribution

The following is a summary of certain U.S. federal income tax consequences of the distribution. This summary is based on the Code, Treasury regulations promulgated thereunder and on judicial and administrative interpretations of the Code, all as in effect on the date of this information statement, and is subject to changes in these or other governing authorities, any of which may have a retroactive effect. This summary assumes that the distribution will be consummated in accordance with the Separation and Distribution Agreement and as described in this information statement. This summary is for general information only and does not purport to be a complete description of the consequences of the distribution nor does it address the effects of any state, local or foreign tax laws on the distribution. The tax treatment of a Cendant stockholder may vary depending upon that stockholder's particular situation, and certain stockholders (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, partners in partnerships that hold stock in Cendant, pass-through entities, traders in securities who elect to apply a mark-to-market method of accounting, stockholders who hold their Cendant stock as part of a "hedge," "straddle," "conversion," or "constructive sale transaction," individuals who received Cendant common stock upon the exercise of employee stock options or otherwise as compensation and non-U.S. stockholders) may be subject to special rules not discussed below. The summary assumes that the Cendant stockholders hold their Cendant common stock as capital assets within the meaning of Section 1221 of the Code.

Each stockholder is urged to consult its tax advisor as to the specific tax consequences of the distribution to that stockholder, including the effect of any state, local or foreign tax laws and of changes in applicable tax laws.

The distribution is conditioned upon Cendant's receipt of an opinion of Skadden, Arps, Slate, Meagher & Flom LLP substantially to the effect that the distribution, together with certain related transactions, should qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code. The opinion of Skadden Arps will be based on, among other things, certain assumptions as well as on the accuracy of certain factual representations and statements that we and Cendant make to Skadden Arps. In rendering its opinion, Skadden Arps also will rely on certain covenants that we and Cendant enter into, including the adherence by Cendant and us to certain restrictions on our future actions.

If any of the representations or statements that we or Cendant make are, or become, inaccurate or incomplete, or if we or Cendant breach any of our covenants, the distribution, together with certain related transactions, might not qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code. You should note that Cendant does not intend to seek a ruling from the IRS as to the U.S. federal income tax treatment of the distribution. The opinion of Skadden Arps is not binding on the IRS or a court, and there can be no assurance that the IRS will not challenge the validity of the distribution and related transactions as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code or that any such challenge ultimately will not prevail.

The Distribution

Assuming that the distribution, together with certain related transactions, qualifies as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code, the following describes certain U.S. federal income tax consequences to us, Cendant and Cendant stockholders:

- neither we nor Cendant will recognize any gain or loss upon the distribution of Wyndham Worldwide common stock and no amount will be includible in our income or that of Cendant as a result of the distribution, and certain related transactions, other than taxes arising out of internal restructurings undertaken in connection with our separation and with respect to any "excess loss account" or "intercompany transaction" required to be taken into account by Cendant under Treasury regulations relating to consolidated federal income tax returns;
- a Cendant stockholder will not recognize income, gain, or loss as a result of the receipt of our common stock pursuant to the distribution, except with respect to any cash received in lieu of fractional shares of our common stock;
- a Cendant stockholder's tax basis in such stockholder's Cendant common stock and in our common stock received in the distribution (including any fractional share interest in our common stock for which cash is received) will equal such stockholder's tax basis in its Cendant common stock immediately before the distribution, allocated between the Cendant common stock and our common stock (including any fractional share interest of our common stock for which cash is received) in proportion to their relative fair market values on the date of the distribution;

- a Cendant stockholder's holding period for our common stock received in the distribution (including any fractional share interest of our common stock for which cash is received) will include the holding period for that stockholder's Cendant common stock; and
- a Cendant stockholder who receives cash in lieu of a fractional share of our common stock in the distribution will be treated as having sold such fractional share for cash, and will generally recognize capital gain or loss in an amount equal to the difference between the amount of cash received and the Cendant stockholder's adjusted tax basis in the fractional share. That gain or loss will be long-term capital gain or loss if the stockholder's holding period for its Cendant common stock exceeds one year.

U.S. Treasury regulations require each Cendant stockholder who receives our common stock in the distribution to attach to the stockholder's U.S. federal income tax return for the year in which the stock is received a detailed statement setting forth such data as may be appropriate to demonstrate the applicability of Section 355 of the Code to the distribution. Within a reasonable period of time after the distribution, Cendant will provide to our stockholders, either directly or through our stockholders' banks or brokerage firms, the information necessary to comply with this requirement.

Certain U.S. Federal Income Tax Consequences if the Distribution Were Taxable

An opinion of counsel represents counsel's best legal judgment and is not binding on the IRS or any court. If the IRS were to assert successfully that the distribution was taxable, the above consequences would not apply and both Cendant and holders of Cendant common stock who received shares of our common stock in the distribution could be subject to tax, as described below. In addition, future events that may or may not be within Cendant's or our control, including extraordinary purchases of Cendant common stock or our common stock, could cause the distribution not to qualify as tax free to Cendant and/or holders of Cendant common stock. Depending on the circumstances, we may be required to indemnify Cendant for some or all of the taxes and losses resulting from the distribution and certain related transactions not qualifying as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code. See "Certain Relationships and Related Party Transactions—Agreements with Cendant, Realogy and Travelport—Tax Sharing Agreement."

If the distribution were to fail to qualify as a reorganization, then:

- Cendant would recognize gain in an amount equal to the excess of the fair market value of Wyndham Worldwide common stock on the date of the distribution distributed to Cendant stockholders (including any fractional shares sold on behalf of the stockholder) over Cendant's adjusted tax basis in our stock;
- each Cendant stockholder who received Wyndham Worldwide common stock in the distribution would be treated as having received a taxable distribution in an amount equal to the fair market value of such stock (including any fractional shares sold on behalf of the stockholder) on the distribution date. That distribution would be taxable to the stockholder as a dividend to the extent of Cendant's current and accumulated earnings and profits. Any amount that exceeded Cendant's earnings and profits would be treated first as a non-taxable return of capital to the extent of the Cendant stockholder's tax basis in its Cendant common stock with any remaining amounts being taxed as capital gain;
- certain stockholders would be subject to additional special rules governing taxable distributions, such as those that relate to the dividends received deduction and extraordinary dividends; and
- a stockholder's tax basis in Wyndham Worldwide common stock received generally would equal the fair market value of Wyndham Worldwide common stock on the distribution date, and the holding period for that stock would begin the day after the distribution date. The holding period for the stockholder's Cendant common stock would not be affected by the fact that the distribution was taxable.

Even if the distribution, together with certain related transactions, otherwise qualifies as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code, it could be taxable to

Cendant under Section 355(e) of the Code if one or more persons were to acquire directly or indirectly stock representing a 50% or greater interest by vote or value, in Cendant or us during the four-year period beginning on the date which is two years before the date of the distribution, as part of a plan or series of related transactions that includes the distribution. If such an acquisition of our stock or Cendant's stock were to trigger the application of Section 355(e), Cendant would recognize taxable gain as described above, but the distribution would be tax-free to each Cendant stockholder.

In connection with the distribution, we, Cendant and the other separated companies will enter into a Tax Sharing Agreement pursuant to which we and the other separated companies each will agree to be responsible for certain liabilities and obligations following the distribution. Our indemnification obligations will include a covenant to indemnify Cendant for any losses that it and its subsidiaries incur as a result of any action, misrepresentation or omission by us or one of our subsidiaries that causes the distribution of our common stock by Cendant to fail to qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)D and 355 of the Code. We also will be responsible for 30% of any taxes resulting from the failure of the distribution, together with certain related transactions, to qualify as such a reorganization for U.S. federal income tax purposes, which failure is not due to the actions, misrepresentations or omissions of us, any of the other separated companies or our respective subsidiaries. In addition, even if we were not contractually required to indemnify Cendant for tax liabilities if the distribution, together with certain related transactions, were to fail to qualify as such a reorganization for U.S. federal income tax purposes, we nonetheless could be legally liable under applicable tax law for such liabilities if Cendant were to fail to pay them. See "Certain Relationships and Related Party Transactions—Agreements with Cendant Corporation, Realogy and Travelport—Tax Sharing Agreement" for a more detailed discussion of the Tax Sharing Agreement between Cendant and us.

The foregoing is a summary of certain U.S. federal income tax consequences of the distribution under current law and is for general information only. The foregoing does not purport to address all U.S. federal income tax consequences or tax consequences that may arise under the tax laws of other jurisdictions or that may apply to particular categories of stockholders. Each Cendant stockholder should consult its tax advisor as to the particular tax consequences of the distribution to such stockholder, including the application of U.S. federal, state, local and foreign tax laws, and the effect of possible changes in tax laws that may affect the tax consequences described above.

Market for Common Stock

There is currently no public market for our common stock. A condition to the distribution is the listing on the NYSE of our common stock. We intend to apply to list our common stock on the NYSE under the symbol "WYN."

Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date and continuing up to and including through the distribution date, there will be two markets in Cendant common stock: a "regular-way" market and an "ex-distribution" market. Shares of Cendant common stock that trade on the regular way market will trade with an entitlement to shares of our common stock distributed pursuant to the distribution. Shares that trade on the ex-distribution market will trade without an entitlement to shares of our common stock distributed pursuant to the distribution. Therefore, if you sell shares of Cendant common stock in the "regular-way" market up to and including through the distribution date, you will be selling your right to receive shares of Wyndham Worldwide common stock in the distribution. If you own shares of Cendant common stock at the close of business on the record date and sell those shares on the "ex-distribution" market up to and including through the distribution date, you will still receive the shares of our common stock that you would be entitled to receive pursuant to your ownership of the shares of Cendant common stock.

Furthermore, beginning on or shortly before the record date and continuing up to and including through the distribution date, there will be a "when-issued" market in our common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for shares of our common stock that will be distributed to Cendant stockholders on the distribution date. If you owned shares of Cendant common stock at the close of business on the record date, you would be entitled to shares of our common stock distributed pursuant to the distribution. You may trade this entitlement to shares of our common stock, without the shares of Cendant common stock you own, on the "when-issued" market. On the first trading day following the distribution date, "when issued" trading with respect to our common stock will end and "regular-way" trading will begin.

Conditions to the Distribution

We expect that the distribution will be effective on [ ], 2006, the distribution date, provided that, among other conditions described in this information statement, the following conditions shall have been satisfied or, if permissible under the Separation and Distribution Agreement, waived by Cendant:

- the SEC shall have declared effective our registration statement on Form 10, of which this information statement is a part, under the Exchange Act, and no stop order relating to the registration statement is in effect;
- all permits, registrations and consents required under the securities or blue sky laws of states or other political subdivisions of the United States or of other foreign jurisdictions in connection with the distribution shall have been received;
- Cendant shall have received a legal opinion of Skadden, Arps, Slate, Meagher & Flom LLP substantially to the effect that the distribution, together with certain related transactions, should qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code;
- our entry into various new debt facilities with a syndicate of financial institutions, as described in "Description of Material Indebtedness";
- the listing of our common stock on the NYSE shall have been approved, subject to official notice of issuance;
- the Cendant Board shall have received an opinion from Duff & Phelps to the effect that we and Cendant each will be solvent and adequately capitalized immediately after the distribution and that Cendant has sufficient surplus under Delaware law to declare the dividend of Wyndham Worldwide common stock;
- the Cendant Board shall have received an opinion from Evercore to the effect that, as of the date of such opinion, the distribution is fair, from a financial point of view, to the stockholders of Cendant;
- all material government approvals and other consents necessary to consummate the distribution shall have been received;
- certain of our and our subsidiaries' credit facilities shall have been amended to permit our separation from Cendant; and
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the transactions related thereto, including the transfers of assets and liabilities contemplated by the Separation and Distribution Agreement, shall be in effect.

The fulfillment of the foregoing conditions does not create any obligation on Cendant's part to effect the distribution, and the Cendant Board has reserved the right, in its sole discretion, to amend, modify or abandon the distribution and related transactions at any time prior to the distribution date. Cendant has the right not to complete the distribution if, at any time, the Cendant Board determines, in its sole discretion, that the distribution is not in the best interests of Cendant or its stockholders or that market conditions are such that it is not advisable to separate the Hospitality Services (including Timeshare Resorts) businesses from Cendant.

Reasons for the Separation

The Cendant Board regularly reviews the various businesses that Cendant conducts to ensure that Cendant's resources are properly being put to use in a manner that is in the best interests of Cendant and its stockholders.

Over the last several years, Cendant has achieved increased revenues and earnings. During that time, however, Cendant has found that any real or perceived negative issue at any one of its business units has usually obscured the performance of Cendant as a whole. To this end, the Cendant Board evaluated a number of strategic alternatives to increase value and concluded that a separation would be the most feasible and the most financially attractive approach. The Cendant Board believes that creating four companies, each of which is focused on one industry is the best way to unlock the full value of Cendant's businesses in both the short and long terms. There will be one company for each of Cendant's Hospitality Services (including Timeshare Resorts), Real Estate Services, Travel Distribution Services and Vehicle Rental businesses.

Cendant believes that the separation of its businesses provides each separated company, including us, with certain opportunities and benefits. The following are some of the opportunities and benefits that the Cendant Board considered in preliminarily approving the separation:

- Although there can be no assurance, Cendant believes that over time following the separation, the common stock of the separated companies should have a higher aggregate market value, on a fully distributed basis and assuming the same market conditions, than if Cendant were to remain under its current configuration. The Cendant Board believes that such value increase in the common stock should enhance the value of equity-based compensation for each separated company's employees and should permit each separated company to effect future acquisitions with such common stock in a manner that preserves capital with less dilution of the existing stockholders' interests than would occur by issuing pre-distribution Cendant common stock, in each case resulting in a real and substantial benefit for the companies.
- The separation will allow the management of each separated company to design and implement corporate policies and strategies that are based primarily on the business characteristics of that company and to concentrate its financial resources wholly on its own operations.
- Each separated company will maintain a sharper focus on its core business and growth opportunities, which will allow each separated company to be better able to make the changes to its business necessary for each such company to respond to developments in the industry in which each company operates. In addition, after the separation, the businesses within each company will no longer need to compete internally for capital with businesses operating in other industries.
- Each separated company will have a capital structure designed to meet its needs. Our capital structure is expected to facilitate the acquisitions (including, possibly, acquisitions using Wyndham Worldwide common stock as currency), joint ventures, partnerships and internal expansion that are important for us to remain competitive in our industry. Cendant believes that our stock should be an attractive acquisition currency for the typical seller of a business to us. Cendant believes that this should provide Wyndham Worldwide with the ability to finance acquisitions with equity in a manner that preserves capital with less dilution of its stockholders' interests than would occur by issuing pre-distribution Cendant common stock.
- The separation will provide investors with four investment options that may be more attractive to investors than the investment option of one combined company. Separating Cendant into four publicly traded companies will provide investors with the opportunity to invest in each of the separated companies individually. The Cendant Board believes that certain investors may want to invest only in companies that are focused on only one industry and that the demand for the separated companies by such investors may increase the demand for each company's shares relative to the demand for Cendant's shares. The separation is intended to reduce the complexities surrounding investor understanding and give current investors in Cendant the ability to choose how to diversify their Cendant holdings.
- The separation will permit the creation of equity securities, including options and restricted stock units, for each of the companies with a value that is expected to reflect more closely the efforts and performance of each company's management. Such equity securities should enable each company to

provide incentive compensation arrangements for its key employees that are directly related to the market performance of each company's common stock, and Cendant believes such equity-based compensation arrangements should provide enhanced incentives for performance and improve the ability for each company to attract, retain and motivate qualified personnel.

The Cendant Board considered a number of other potentially negative factors in evaluating the separation, including the decreased capital available for investment, the loss of synergies from operating as one company, potential disruptions to the businesses as a result of the separation, the potential impact of the separation on the anticipated credit ratings of the separated companies, risks associated with refinancing and/or repaying Cendant's debt, risks of being unable to achieve the benefits expected to be achieved by the separation and the reaction of Cendant stockholders to the separation, the risk that the plan of execution might not be completed and the one-time and on-going costs of the separation. The Cendant Board concluded that the potential benefits of the separation outweighed these factors.

In view of the wide variety of factors considered in connection with the evaluation of the separation and the complexity of these matters, the Cendant Board did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to the factors considered. The individual members of the Cendant Board likely may have given different weights to different factors.

The Cendant Board expects to receive an opinion from Evercore to the effect that, as of the date of such opinion, the distribution is fair, from a financial point of view, to the stockholders of Cendant. In addition, the Cendant Board also expects to receive an opinion from Duff & Phelps to the effect that Wyndham Worldwide and Cendant each will be solvent and adequately capitalized immediately after the distribution and that Cendant has sufficient surplus under Delaware law to declare the dividend of Wyndham Worldwide common stock.

Opinion of Evercore Group L.L.C.

Cendant expects Evercore Group L.L.C. to provide to the Cendant Board a written opinion with respect to the fairness, from a financial point of view, to holders of shares of Cendant common stock of the distribution of the shares of Wyndham Worldwide common stock to such holders. Evercore will provide the fairness opinion for the information and assistance of the Cendant Board in connection with the Board's consideration of whether to declare the distribution. The fairness opinion will not constitute a recommendation to any Cendant stockholder as to how such holder should respond to the distribution and therefore will not constitute a recommendation as to whether such holder should hold or sell shares of Cendant common stock or shares of Wyndham Worldwide common stock. A copy of the fairness opinion that Evercore is expected to deliver to the Cendant Board will be attached to this information statement as Annex A.

For purposes of the fairness opinion and the analyses underlying the fairness opinion, Evercore will assume and rely upon, without assuming any responsibility for independent verification of, the accuracy and completeness of publicly available information and of the information supplied or otherwise made available to, discussed with or reviewed by Evercore. To enable Evercore to perform the analyses underlying the fairness opinion, members of Cendant's management will provide Evercore with certain financial projections (including Cendant's outlook with respect to the long-term growth prospects of Cendant's businesses) relating to Cendant and Wyndham Worldwide. Evercore will assume that the financial projections have been reasonably prepared on bases reflecting the best available estimates and good faith judgments of the future competitive, operating and regulatory environments and financial performances of Cendant and Wyndham Worldwide. Additionally, Evercore will rely upon the assessments of Cendant's management with respect to the business, operational and strategic risks, incremental costs and incremental cost savings arising from the distribution.

Evercore will not make or assume any responsibility for making any independent valuation or appraisal of the assets or liabilities of Cendant or any of its subsidiaries, and Evercore will not be furnished with any such valuations or appraisals. In addition, Evercore will not evaluate the solvency or fair value of Cendant or any of its subsidiaries or of Wyndham Worldwide or any of its subsidiaries under any state or federal laws relating to bankruptcy, insolvency or similar matters. For the purposes of its analyses, Evercore will assume that the distribution, together with certain related transactions, will qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code and, accordingly, that, for U.S. federal income tax purposes: (x) no income, gain or loss will be recognized by Cendant stockholders as a result of the receipt of Wyndham Worldwide common stock pursuant to the distribution, except with respect to any cash received in lieu of fractional shares of Wyndham Worldwide common stock and (y) no gain or loss will be recognized by Cendant or Wyndham Worldwide upon the distribution of Wyndham Worldwide common stock and no amount will be includible in the income of Wyndham Worldwide or Cendant as a result of the distribution and certain related transactions other than taxes arising out of internal restructuring transactions undertaken in connection with our separation and with respect to any "excess loss account" or "intercompany transaction" required to be taken into account by Cendant under Treasury regulations relating to consolidated federal income tax returns which will be assumed to be not in excess of the aggregate amounts estimated by the management of Cendant and provided to Evercore in connection with its analysis. Evercore will assume that all necessary governmental and regulatory and other approvals or consents (contractual or otherwise) for the distribution have been or will be timely obtained or made and that no restrictions will be imposed or costs incurred that will have an adverse effect on Cendant and its subsidiaries or on Wyndham Worldwide and its subsidiaries following the distribution. Evercore will further assume that the distribution will comply with all applicable U.S. federal and state laws and foreign laws, including, without limitation, laws relating to the payment of dividends, bankruptcy, insolvency, reorganization, fraudulent conveyance, fraudulent transfer and other similar laws affecting the rights of creditors. Evercore is not a legal, regulatory, accounting or tax expert and will assume the accuracy and completeness of assessments by Cendant and its advisors with respect to legal, regulatory, accounting and tax matters.

Evercore was not authorized to solicit, and did not solicit, any proposals from any third parties for the acquisition of Cendant or Wyndham Worldwide, and Evercore did not make any determination as to whether any such proposals could be obtained if solicited. Evercore did not consider and therefore Evercore's fairness opinion will not address the relative merits of the distribution as compared to other business strategies that might be available to Cendant and the underlying business decision of Cendant to proceed with the distribution.

Evercore's fairness opinion will not express any view as to the prices at which the shares of Cendant common stock or the shares of Wyndham Worldwide common stock will trade following the separation. The actual values of and prices at which the shares of Cendant common stock and the shares of Wyndham Worldwide common stock will trade following the separation will depend on a variety of factors including, without limitation, prevailing interest rates, dividend rates, market conditions, general economic conditions and other factors that generally influence the prices of securities. Evercore's fairness opinion will not address whether the aggregate market value of the outstanding shares of Cendant common stock and the outstanding shares of Wyndham Worldwide common stock following the separation will exceed the aggregate market value of the outstanding shares of Cendant common stock at any time prior to the separation or the aggregate market value of the outstanding shares of Cendant common stock in the absence of the separation. The shares of Cendant common stock and the shares of Wyndham Worldwide common stock may, after the distribution, initially trade at prices below those at which they would trade on a fully distributed basis.

Evercore's fairness opinion will necessarily be based on economic, market and other conditions as in effect on, and the information made available to Evercore as of, the date of delivery of the fairness opinion. It should be understood that subsequent developments may affect Evercore's fairness opinion and that Evercore will not have any obligation to update, revise or reaffirm its fairness opinion.

Evercore expects that in arriving at its opinion, it will, among other things (i) review certain publicly available business and financial information relating to Cendant and Wyndham Worldwide that it deems to be relevant; (ii) review certain internal financial statements and other non-public financial and operating data relating to Cendant and Wyndham Worldwide that will be prepared and furnished to Evercore by the management of Cendant; (iii) review certain financial projections relating to Cendant and Wyndham Worldwide that will be provided by and approved for use in connection with Evercore's opinion by the management of

Cendant; (iv) discuss the past and current operations, financial projections and current financial condition of Cendant and Wyndham Worldwide with the management of Cendant; (v) compare certain financial information for Cendant and Wyndham Worldwide with similar information for other relevant companies the securities of which are publicly traded; (vi) review the financial terms of certain publicly available transactions that Evercore deems comparable to the distribution; (vii) review the historical market prices and trading activity for the shares of Cendant common stock; and (viii) perform other examinations and analyses and consider other factors that Evercore deems appropriate.

Evercore expects that its conclusion with respect to the fairness, from a financial point of view, of the distribution will be based on a variety of factors including its analysis of the strategic and financial effects of the distribution on Cendant and Wyndham Worldwide, the incremental costs and cost savings arising from the distribution, and the results of other selected spin-off transactions.

Cendant engaged Evercore to act as a financial advisor to the Cendant Board in connection with the distribution of shares of Wyndham Worldwide common stock to holders of Cendant common stock based on Evercore's qualifications, experience and reputation and Evercore's knowledge of Cendant's businesses. Evercore is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses in connection with mergers and acquisitions, leveraged buyouts, competitive biddings, private placements and valuations for corporate and other purposes.

The Evercore engagement letter with Cendant provides that, for its services, Evercore is entitled to receive from Cendant a fee of $14.5 million payable in three equal installments, each of which is payable upon the consummation of a distribution contemplated by the separation plan. In 2005, Evercore received a $500,000 retainer fee from Cendant in connection with its engagement for this transaction. The engagement letter also provides that Evercore will be reimbursed for its reasonable expenses and be indemnified against certain liabilities arising out of Evercore's engagement.

Opinion of Duff & Phelps, LLC

Duff & Phelps, LLC was engaged by Cendant to provide to the Cendant Board a written opinion as to the sufficiency of the surplus of Cendant under Delaware law to make the distribution of Wyndham Worldwide common stock and as to the solvency and capitalization of each of Cendant and Wyndham Worldwide after giving effect to the distribution. On October 23, 2005, Duff & Phelps made a presentation to the Cendant Board summarizing its preliminary conclusions, based on information available to Duff & Phelps as of October 23, 2005, with respect to the solvency and capitalization of each of Cendant and Wyndham Worldwide and with respect to the surplus of Cendant. Cendant expects that Duff & Phelps will deliver to the Cendant Board a written opinion that provides final conclusions that are consistent with the preliminary conclusions presented to the Cendant Board on October 23, 2005. Duff & Phelps has informed Cendant and the Cendant Board that Duff & Phelps intends to continue to monitor both market conditions and the operating performance and financial condition of each of Cendant and Cendant's Hospitality Services (including Timeshare Resorts) businesses, as such market conditions, operating performance and financial condition relate to such written opinion. In its October 23, 2005 presentation to the Cendant Board, Duff & Phelps preliminarily concluded that:

(1) Immediately prior to the distribution, Cendant would have adequate surplus under Delaware General Corporation Law, or DGCL, to effect the distribution, and

(2) After giving effect to the distribution, Cendant and Wyndham Worldwide would be solvent and adequately capitalized.

Duff & Phelps noted that its preliminary conclusions were based on discussions with management of Cendant and Cendant's Hospitality Services (including Timeshare Resorts) businesses and on market conditions and the operating performance and financial condition of each of Cendant and Cendant's Hospitality Services (including Timeshare Resorts) businesses as such market conditions, operating performance and financial condition existed as of October 23, 2005. Duff & Phelps also noted that it had sufficient time, access to information and access to management to prepare its preliminary conclusions.

Cendant expects that Duff & Phelps will provide final conclusions that will confirm Duff & Phelps' preliminary conclusions and will deliver to Cendant a written opinion as to the sufficiency of the surplus of Cendant under Delaware law to make the distribution of Wyndham Worldwide common stock and as to the solvency and capitalization of each of Cendant and Wyndham Worldwide after giving effect to the distribution. The opinion that Duff & Phelps is expected to deliver to the Cendant Board will be attached to this information statement as Annex B. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Duff & Phelps in connection with the opinion. You should read the opinion carefully and in its entirety. Any such opinion provided by Duff & Phelps will be provided for the information and assistance of the Cendant Board. Duff & Phelps has indicated that the Board of Directors of Wyndham Worldwide may rely on any such opinion provided to Cendant. Duff & Phelps' final conclusions as set forth in any such final opinion will be dependent upon the market conditions, operating performance and financial condition of Cendant and Cendant's Hospitality Services (including Timeshare Resorts) businesses as of the time such written opinion is provided. Accordingly, changes in such market conditions, operating performance and financial condition that may occur between October 23, 2005 and the date such written opinion is provided could impact Duff & Phelps' ability to provide final conclusions that are consistent with the preliminary conclusions presented to the Cendant Board on October 23, 2005.

In preparing its preliminary and final conclusions, Duff & Phelps undertook or will undertake, as applicable, a number of investigations and analyses that it deemed or will deem, as applicable, appropriate, including meetings with senior management regarding the history, current operations, future outlook and "contingent and other liabilities" of Cendant and Wyndham Worldwide; analyses of financial, market and transaction information on public companies deemed or to be deemed, as applicable, comparable to each of Cendant and Wyndham Worldwide and on transactions deemed or to be deemed, as applicable, comparable to the separation of Wyndham Worldwide from Cendant; and a review of industry information and trends germane to each of Cendant's and Wyndham Worldwide's businesses. In addition, in preparing its preliminary and final conclusions, Duff & Phelps reviewed or will review, as applicable, Cendant's annual reports, filings with the SEC and audited and unaudited historical financial statements; certain internally prepared financial reports, including financial projections for Cendant and Wyndham Worldwide; and presentations delivered to the Cendant Board by certain of Cendant's other financial advisors.

Duff & Phelps relied and will rely upon, as applicable, the accuracy and completeness of all of the financial, accounting, tax and other information discussed or to be discussed, as applicable, with Duff & Phelps or reviewed or to be reviewed, as applicable, by Duff & Phelps and assumed and will assume, as applicable, such accuracy and completeness for purposes of expressing its preliminary conclusions on October 23, 2005 and subsequently rendering any written final opinion. In that regard, Duff & Phelps assumed and will assume, as applicable, with Cendant's consent, that certain internal analyses and forecasts for Cendant and Cendant's Hospitality Services (including Timeshare Resorts) businesses prepared by management of Cendant and Cendant's Hospitality Services (including Timeshare Resorts) businesses have been prepared or will be prepared, as applicable, on a basis reflecting the best currently available estimates and judgments of Cendant and Cendant's Hospitality Services (including Timeshare Resorts) businesses. In addition, Duff & Phelps did not and will not make an independent evaluation or appraisal of the assets and liabilities of Cendant and Cendant's Hospitality Services (including Timeshare Resorts) businesses and Duff & Phelps was not and is not expected to be furnished with any such evaluation or appraisal.

Cendant specifically requested that Duff & Phelps preliminarily and finally determine whether, as of the date of the distribution and after giving effect to the distribution:

(1) The "fair saleable value" of the assets of each of Cendant and Wyndham Worldwide, as applicable, exceeds the sum of its respective liabilities, including all contingent and other liabilities;

(2) The “present fair saleable value” of the assets of each of Cendant and Wyndham Worldwide, as applicable, exceeds the amount that will be required to pay its respective probable liabilities, including all contingent and other liabilities, on its respective existing debts as such debts become absolute and matured;

(3) Each of Cendant and Wyndham Worldwide, as applicable, will not have an unreasonably small amount of capital for the respective businesses in which it is engaged or is proposed to be engaged following the distribution, based on discussions with management of Cendant or Wyndham Worldwide, as applicable;

(4) Each of Cendant and Wyndham Worldwide, as applicable, will be able to pay its respective liabilities, including all “contingent and other liabilities,” as they become absolute and matured;

(5) The fair saleable value of Cendant’s assets exceeds the value of its liabilities, including all contingent and other liabilities, by an amount that is greater than its stated capital amount (pursuant to Section 154 of the DGCL); and

(6) The sum of the assets of each of Cendant and Wyndham Worldwide, as appropriate, at fair valuation is greater than all its respective debts at fair valuation.

Under Delaware law, distributions may be paid out of surplus, which is defined under Delaware law as the excess, if any, at any given time, of the net assets of the corporation (which is the amount by which total assets exceed total liabilities) over the amount of the corporation’s capital. For the purposes of preparing its preliminary conclusions and final conclusions, Duff & Phelps defined the following terms and phrases as follows:

- “Fair saleable value” means the aggregate amount of net consideration (as of the date of the preliminary conclusions or the Duff & Phelps’ opinion, as applicable), after giving effect to reasonable costs of sale or taxes, where the probable amount of any such taxes is disclosed to Duff & Phelps by Cendant, that could be expected to be realized from an interested purchaser by a seller, in an arm’s-length transaction under present conditions in a current market for the sale of assets of a comparable business enterprise, where both parties are aware of all relevant facts and neither party is under any compulsion to act, where such seller is interested in disposing of the entire operation as a going concern, presuming the business will be continued in its present form and character, and with reasonable promptness, not to exceed one year.
- “Present fair saleable value” means the aggregate amount of net consideration (as of the date of the preliminary conclusions or the Duff & Phelps’ opinion, as applicable) after giving effect to reasonable costs of sale or taxes, where probable amount of any such taxes is disclosed to Duff & Phelps by Cendant, that could be expected to be realized from an interested purchaser by a seller, in an arm’s-length transaction under present conditions in a current market for the sale of assets of a comparable business enterprise, where both parties are aware of all relevant facts and neither party is under any compulsion to act, where such seller is interested in disposing of the entire operation as a going concern, presuming the business will be continued in its present form and character, and with reasonable promptness, not to exceed six months.
- “Liabilities, including all contingent and other liabilities” has the meanings that are generally determined in accordance with applicable federal laws governing determinations of the insolvency of debtors.
- “Contingent and other liabilities” means contingent and other liabilities as either publicly disclosed, set forth in written materials delivered to Duff & Phelps by Cendant or Wyndham Worldwide or identified to Duff & Phelps by officers or representatives of Cendant or Wyndham Worldwide.
- “Not have an unreasonably small amount of capital for their respective businesses in which they are engaged or proposed to be engaged” and “able to pay their respective liabilities, including all contingent and other liabilities, as they mature” means that Cendant or Wyndham Worldwide, as applicable, will be able to generate enough cash from operations, planned asset dispositions, refinancing or a combination thereof to meet its respective obligations (including all contingent and other liabilities) as they become due.

For the purposes of preparing its preliminary and final conclusions, Duff & Phelps conducted or will conduct, as applicable, “balance sheet tests” to determine whether, as of the date of the distribution and after giving effect to the distribution, (i) the fair saleable value and the present fair saleable value, as applicable, of the assets of each of Cendant and Wyndham Worldwide would exceed, as applicable, the sum of the respective liabilities, including all contingent and other liabilities, or the amount that would be required to pay its respective probable liabilities, including all contingent and other liabilities, on the respective existing debt of each of Cendant and Wyndham Worldwide as such liabilities become absolute and matured; (ii) the sum of the assets of each of Cendant and Wyndham Worldwide, as applicable, at fair valuation would be greater than the respective expected debts of each of Cendant and Wyndham Worldwide at fair valuation; and (iii) the fair saleable value of the assets of Cendant would exceed the value of its expected liabilities, including all contingent and other liabilities, by an amount that is greater than its stated capital amount pursuant to Section 154 of the DGCL. Duff & Phelps has tailored or will tailor, as applicable, the balance sheet tests so as to enable Duff & Phelps to reach a conclusion with respect to each of the determinations that Duff & Phelps has been requested to make. As the first part of a balance sheet test, Duff & Phelps used and will use, as applicable, various methodologies, including a discounted cash flow analysis and an analysis of the trading multiples for comparable, public companies and companies involved in merger and acquisition transactions, to estimate the enterprise values of each of Cendant and Wyndham Worldwide, as applicable. As the second part of a balance sheet test, Duff & Phelps compared or will compare, as applicable, the enterprise values of each of Cendant and Wyndham Worldwide, as applicable, to the respective liabilities, including all contingent and other liabilities, expected to be allocated to each of Cendant and Wyndham Worldwide, as applicable. As part of its preliminary conclusions, Duff & Phelps determined that, based on information available to it on October 23, 2005, as of the expected date of the distribution and after giving effect to the distribution on the terms described to Duff & Phelps, that each of Cendant and Wyndham Worldwide, as applicable, would pass the balance sheet tests.

For the purposes of preparing its preliminary and final conclusions, Duff & Phelps conducted or will conduct, as applicable, “capital adequacy tests” to determine whether, after giving effect to the distribution, each of Cendant and Wyndham Worldwide, as applicable, would not have an unreasonably small amount of capital for the respective businesses in which it is engaged or is proposed to be engaged following the consummation of the distribution, based on discussions with management of Cendant or Wyndham Worldwide, as applicable. The capital adequacy test involves the analysis of detailed cash flow projections for each of Cendant and Wyndham Worldwide and an analysis of the respective debt capacities and abilities to access the capital markets of each of Cendant and Wyndham Worldwide to estimate current and projected sources of capital to operate its respective businesses and an analysis of current and projected capital needs of each of Cendant and Wyndham Worldwide. As part of the capital adequacy test, Duff & Phelps compared or will compare, as applicable, the ability of each of Cendant and Wyndham Worldwide to satisfy its respective current and projected, as applicable, capital needs from its respective current and projected, as applicable, capital sources. Duff & Phelps also compared or will compare, as applicable, the respective current and projected, as applicable, capital needs of each of Cendant and Wyndham Worldwide to the capital needs of similar publicly traded companies.

For the purposes of preparing its preliminary and final conclusions, Duff & Phelps conducted or will conduct, as applicable, “cash flow tests” to determine whether, after giving effect to the distribution, each of Cendant and Wyndham Worldwide would be able to pay its respective liabilities, including all contingent and other liabilities, as they become absolute and matured. As part of the cash flow tests, Duff & Phelps analyzed or will analyze, as applicable, detailed cash flow projections of the payment of liabilities, including all contingent and other liabilities, by each of Cendant and Wyndham Worldwide and analyzed or will analyze, as applicable, the ability of each of Cendant and Wyndham Worldwide to produce free cash flow, sell assets and access the capital markets to meet its respective liabilities. In addition, Duff & Phelps analyzed or will analyze, as applicable, various cash flow coverage ratios based on the projections.

As part of both the cash flow and capital adequacy tests, Duff & Phelps conducted or will conduct, as applicable, sensitivity analyses using financial assumptions that represent reasonable downside scenarios versus the base case financial assumptions that Duff & Phelps analyzed or will analyze, as applicable. Duff & Phelps compared and will compare, as applicable, the assumptions under these sensitivity analyses to company-specific or industry performance metrics under historical industry "shocks" or economic downturns. Based on these analyses, Duff & Phelps assessed or will assess, as applicable, the ability of each of Cendant and Wyndham Worldwide to weather a future industry shock or economic downturn. As part of its preliminary conclusions, Duff & Phelps concluded that, based on information available to Duff & Phelps on October 23, 2005, it is highly likely each of Cendant and Wyndham Worldwide could weather a disruption or downturn in its respective businesses. Cendant expects that at the time Duff & Phelps is expected to deliver the written opinion Duff & Phelps will be able to come to the same conclusion.

As part of its preliminary conclusions, Duff & Phelps determined that, based on information available to it on October 23, 2005, after giving effect to the distribution on the terms described to Duff & Phelps, that each of Cendant and Wyndham Worldwide would pass the capital adequacy and cash flow tests.

The preparation of an opinion of the type described above is a complex process and is not necessarily susceptible to a summary description. Selecting portions of the summary set forth above, without considering the summary as a whole, could create an incomplete view of the processes underlying Duff & Phelps' opinion. In addition, analyses underlying opinions of the type described above are based upon forecasts of future results and therefore are not necessarily indicative of actual future results or financial condition. Because such analyses, which are based upon numerous factors or events beyond the control of the parties or their respective advisors, are inherently subject to uncertainty, none of Cendant, Wyndham Worldwide or Duff & Phelps or any other person assumes responsibility if future results or financial condition are different from those forecast.

Cendant selected Duff & Phelps to advise the Cendant Board on the above-described matters because Duff & Phelps is a nationally recognized, independent financial advisory firm that has substantial experience in providing fairness and solvency opinions in connection with transactions similar to the proposed distribution.

Duff & Phelps has provided certain financial advisory services to Cendant and its affiliates from time to time in connection with certain financial reporting requirements for which services Duff & Phelps has received compensation. During the past two years, Cendant paid Duff & Phelps $507,000 (which excludes any amounts paid in connection with the separation as described below) for these services. Duff & Phelps also may provide certain services to Cendant, Wyndham Worldwide and their respective affiliates in the future for which services Duff & Phelps expects to receive compensation.

The Duff & Phelps engagement letter with Cendant provides that, for its services, Duff & Phelps is entitled to receive from Cendant a fee of $1.2 million due and payable as follows: $200,000 upon execution of the engagement letter, $400,000 on October 31, 2005 and an aggregate of $600,000 (in three equal installments) upon notice that Duff & Phelps is prepared to deliver its respective opinions in connection with our distribution and the distributions of Realogy and Travelport. The engagement letter also provides that Duff & Phelps be reimbursed for its reasonable out-of-pocket expenses and be indemnified against various liabilities.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to Cendant stockholders who are entitled to receive shares of Wyndham Worldwide common stock in the distribution. The information statement is not, and is not to be construed as, an inducement or encouragement to buy, hold or sell any of our securities. We believe that the information in this information statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither Cendant nor we undertake any obligation to update such information except in the normal course of our respective public disclosure obligations.

DIVIDEND POLICY

The declaration and payment of future dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our businesses, covenants associated with certain debt obligations, legal requirements, regulatory constraints, industry practice and other factors that our Board deems relevant. There can be no assurance that we will continue to pay any dividend if we commence the payment of dividends.

CAPITALIZATION

The following table, which should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined historical financial statements and accompanying notes included elsewhere in this information statement, sets forth our cash and cash equivalents, secured assets and combined capitalization as of December 31, 2005 on an historical basis, which represents the combined historical financial data of Cendant's Hospitality Services (including Timeshare Resorts) businesses, and on a pro forma basis after giving effect to the following planned transactions:

- the planned distribution of our common stock to Cendant stockholders by Cendant (assuming a five to one distribution ratio) and the related transfer to us of certain corporate assets and liabilities of Cendant (for which we are expected to assume approximately 30% of the costs and expenses, including those relating to unresolved tax and legal matters, which may not be resolved for several years),
- the borrowing arrangements for a total of $1,850 million, of which we intend to draw $1,280 million; we expect to transfer the initial borrowings to Cendant for it to repay the then-outstanding balance of the asset-linked facility and to repay certain indebtedness of Cendant, and
- the funding of $9 million of estimated financing costs estimated to be incurred in connection with the above planned borrowings.

In addition, such financial data also reflects an adjustment eliminating intercompany balances approximating $1,126 million due from Cendant.

The pro forma adjustments are based upon available information and assumptions that we believe are reasonable; however, such adjustments are subject to change based upon the finalization of the terms of the separation and the underlying separation agreements. The pro forma adjustments do not reflect estimates for any contingent assets and liabilities that we may be entitled to receive upon either positive or negative resolution of certain unresolved matters.

	December 31, 2005	
	Historical	Pro Forma
	(In millions)	
Cash and cash equivalents	$ 99	$ 90
Secured assets (a)	$ 3,169	$ 1,864
Securitized vacation ownership debt	$ 1,135	$ 1,135
Other debt:		
Vacation ownership asset-linked debt	550	—
Bank borrowings		
Vacation ownership	113	113
Vacation rental	68	68
Vacation rental capital leases	139	139
Other	37	37
Revolving credit facility	—	280
Term loan	—	250
Interim loan facility	—	750
Total debt	2,042	2,772
Total invested equity (b)	5,030	2,824
Total capitalization	$ 7,072	$ 5,596

(a) Represents the portion of vacation exchange and rental and vacation ownership related assets that collateralize our outstanding debt. The pro forma amount reflects a reduction associated with the expected repayment of the existing asset-linked facility of Cendant which will result in the corresponding assets no longer being secured.

(b) The pro forma amount reflects an adjustment primarily related to the elimination of intercompany balances due from Cendant, the expected transfer of funds to Cendant through planned issuances of debt and the assumption of certain Cendant corporate contingent and other liabilities.

SELECTED HISTORICAL COMBINED FINANCIAL DATA

The following table presents our selected historical combined financial data and operating statistics. The combined statement of income data for each of the years in the three-year period ended December 31, 2005 and the combined balance sheet data as of December 31, 2005 and 2004 have been derived from our audited combined financial statements included elsewhere in this information statement. The combined statement of income data for the years ended December 31, 2002 and 2001 and the combined balance sheet data as of December 31, 2003, 2002 and 2001 are derived from unaudited combined financial statements that are not included in this information statement. The unaudited combined financial statements have been prepared on the same basis as the audited combined financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth in this information statement.

The selected historical combined financial data and operating statistics presented below should be read in conjunction with our combined financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this information statement. Our historical combined financial information may not be indicative of our future performance and does not necessarily reflect what our financial position and results of operations would have been had we operated as a separate, stand-alone entity during the periods presented, including changes that will occur in our operations and capitalization as a result of the separation and distribution from Cendant. Refer to "Unaudited Pro Forma Condensed Combined Financial Statements" for a further description of the anticipated changes.

	As of or For the Year Ended December 31,				
	2005	2004	2003	2002	2001
	(In millions, except operating statistics)				
Statement of Income Data:					
Net revenues	$ 3,470	$ 3,014	$ 2,652	$ 2,241	$ 1,556
Expenses	2,855	2,414	2,157	1,753	1,236
Operating income	615	600	495	488	320
Interest expense (income), net	(6)	13	(5)	(22)	(23)
Income before income taxes and minority interest	621	587	500	510	343
Provision for income taxes	193	234	186	189	41
Minority interest, net of tax	—	4	15	13	—
Net income	$ 428	$ 349	$ 299	$ 308	$ 302
Balance Sheet Data:					
Secured assets[a]	$ 3,169	$ 2,811	$ 1,865	$ 142	$ —
Total assets	9,164	8,343	7,041	5,509	3,605
Total debt[b]	2,042	1,768	1,132	168	12
Total invested equity[c]	5,030	4,679	4,283	3,860	2,569
Operating Statistics:					
Lodging					
Weighted average rooms[d]	519,000	508,200	524,700	543,300	540,300
Number of properties[e]	6,300	6,400	6,400	6,500	6,600
RevPAR[f]	$ 31.00	$ 27.55	$ 25.92	$ 25.33	$ 26.81
Vacation Exchange and Rental					
Average number of members[g]	3,209,000	3,054,000	2,948,000	2,885,000	2,736,000
Annual dues and exchange revenue per member[h]	$ 135.76	$ 134.82	$ 131.13	$ 124.82	$ 120.60
Vacation rental transactions[i]	1,300,000	1,104,000	882,000	691,000	478,000
Average price per vacation rental[j]	$ 696.66	$ 691.52	$ 608.69	$ 488.55	$ 373.79
Vacation Ownership[k]					
Gross vacation ownership interest sales[l] (in millions)	$ 1,396	$ 1,254	$ 1,146	$ 932	$ 441
Tours[m]	934,000	859,000	925,000	759,000	348,000
Volume Per Guest (VPG)[n]	$ 1,368	$ 1,287	$ 1,138	$ 1,158	$ 1,278

(a) Represents the portion of vacation ownership contract receivables, other vacation ownership related assets and other vacation exchange and rental assets that collateralize our debt. Refer to Note 12 to the Combined Financial Statements for further information.

(b) Primarily represents debt related to secured assets.

(c) Represents Cendant's net investment (capital contributions and earnings from operations less dividends) in Wyndham Worldwide and accumulated other comprehensive income.
(d) Represents the weighted average number of hotels rooms available for rental for the year at lodging properties operated under franchise and management agreements.
(e) Represents the number of lodging properties operated under franchise and management agreements at the end of the year.
(f) Represents revenue per available room and is calculated by multiplying the percentage of available rooms occupied for the year by the average rate charged for renting a lodging room for one day.
(g) Represents members of our vacation exchange programs who pay annual membership dues. For additional fees, such participants are entitled to exchange intervals for intervals at other properties affiliated with our vacation exchange business. In addition, certain participants may exchange intervals for other leisure-related products and services.
(h) Represents total revenues from annual membership dues and exchange fees generated for the year divided by the average number of vacation exchange members during the year.
(i) Represents the gross number of transactions that are generated in connection with customers booking their vacation rental stays through us. In our European vacation rental businesses, one rental transaction is recorded each time a standard one-week rental is booked; however, in the United States one rental transaction is recorded each time a vacation rental stay is booked, regardless of whether it is less than or more than one week.
(j) Represents the gross rental price generated from renting vacation properties to customers divided by the number of rental transactions.
(k) Trendwest Resorts, Inc. was acquired on April 30, 2002 and Fairfield Resorts, Inc. was acquired on April 2, 2001. The results of operations have been included from the acquisition dates forward.
(l) Represents gross sales of vacation ownership interests, including tele-sales upgrades, which is a component of upgrade sales.
(m) Represents the number of tours taken by guests in our efforts to sell vacation ownership interests.
(n) Represents revenue per guest and is calculated by dividing the gross vacation ownership interest sales, excluding tele-sales upgrades, which is a component of upgrade sales, by the number of tours.

In presenting the financial data above in conformity with general accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies," included elsewhere in this information statement for a detailed discussion of the accounting policies that we believe require subjective and complex judgments that could potentially affect reported results.

Between 2001 and 2005, we completed a number of acquisitions, the results of operations and financial position of which have been included beginning from the relevant acquisition dates. In 2005, 2004 and 2003, our significant acquisitions included Wyndham Hotels & Resorts brand, Two Flags Joint Venture LLC, Ramada International, Landal GreenParks, Canvas Holidays Limited and FFD Development Company, LLC. See Note 3 to the Combined Financial Statements for a more detailed discussion of these acquisitions. In 2002, we acquired Trendwest Resorts, Inc., a marketer and seller of vacation ownership interests for $849 million, which resulted in $687 million of goodwill. In 2001, we acquired Fairfield Resorts, Inc., a marketer and seller of vacation ownership interests for $760 million, which resulted in $524 million of goodwill.

Additionally, on January 1, 2002, we adopted the non-amortization provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." Accordingly, our results of operations for 2001 include $39 million of amortization expense related to goodwill and indefinite-lived intangible assets, while our results of operations for 2005, 2004, 2003 and 2002 do not reflect such amortization.

We incurred restructuring charges of $41 million in 2001, which primarily consisted of various strategic initiatives generally aimed at improving the overall level of organizational efficiency, consolidating and rationalizing existing processes, and reducing cost structures in our lodging and vacation exchange and rental businesses. We incurred charges of $14 million in 2005 as a result of our commitment to various strategic initiatives targeted principally at reducing costs, enhancing organizational efficiency and consolidating and rationalizing existing processes and facilities within our vacation exchange and rental business.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following Unaudited Pro Forma Condensed Combined Balance Sheet as of December 31, 2005 and the Unaudited Pro Forma Condensed Combined Statement of Income for the year ended December 31, 2005 have been derived from our historical combined financial statements, which represents the combined historical financial data of Cendant's Hospitality Services (including Timeshare Resorts) businesses and adjusted to give effect to the following planned transactions:

- the planned distribution of our common stock to Cendant stockholders by Cendant (assuming a five to one distribution ratio) and the related transfer to us of certain corporate assets and liabilities (for which we are expected to assume approximately 30% of the costs and expenses including those relating to unresolved tax and legal matters, which may not be resolved for several years),
- the borrowing arrangements for a total of $1,850 million, of which we intend to draw $1,280 million; we expect to transfer the initial borrowings to Cendant for it to repay the then-outstanding balance of the asset-linked facility and to repay certain indebtedness of Cendant,
- the funding of $9 million of estimated fees and costs expected to be incurred in connection with the above planned borrowings,
- estimated incremental costs associated with operating as a separate public company, and
- estimated incremental interest expense associated with the above planned borrowings, which is calculated using current rates in effect since such borrowings are not yet committed.

In addition, such financial data also reflects an adjustment eliminating intercompany balances approximating $1,126 million due from Cendant.

The section entitled "The Separation," included elsewhere in this information statement, provides a more detailed description of the separation of Wyndham Worldwide from Cendant.

The Unaudited Pro Forma Condensed Combined Balance Sheet assumes that the distribution and related transactions occurred on December 31, 2005 and the Unaudited Pro Forma Condensed Combined Statement of Income assumes that the distribution and related transactions occurred on January 1, 2005. The pro forma adjustments are based upon available information and assumptions that we believe are reasonable; however, such adjustments are subject to change based upon the finalization of the terms of the separation and the underlying separation agreements.

Management believes that the assumptions used to derive the Unaudited Pro Forma Condensed Combined Financial Statements are reasonable given the information available; however, such adjustments are subject to change based upon the finalization of the terms of the separation and the underlying separation agreements. The Unaudited Pro Forma Condensed Combined Financial Statements have been provided for informational purposes only and are not necessarily indicative of the financial condition or results of future operations or the actual financial condition or results that would have been achieved had the transactions occurred on the dates indicated. These Unaudited Pro Forma Condensed Combined Financial Statements (together with the footnotes thereto) should be read in conjunction with the information provided under the sections entitled "Business," "Selected Historical Combined Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this information statement and our audited historical combined financial statements and accompanying notes thereto, also included elsewhere in this information statement.

The Unaudited Pro Forma Condensed Combined Statement of Income does not reflect non-recurring pre-tax charges directly related to our separation (which are currently estimated to be in the range of $70 million to $110 million), which will impact net income within the 12 months following our separation, the majority of which will be non-cash. Included within such range is an estimated $50 million to $60 million relating to the acceleration of certain Cendant equity awards. Additionally, the Unaudited Pro Forma Condensed Combined Statement of Income does not reflect any expenses associated with liabilities that may be required to be established for guarantees we expect to provide to Cendant in connection with our separation.

The Unaudited Pro Forma Condensed Combined Balance Sheet does not reflect liabilities that may be required to be established for guarantees we expect to provide to Cendant in connection with our separation. Any such liabilities, which could be material, will reflect the fair value of the guarantees, which is currently being determined. Upon determination of the fair values of such guarantees, we expect to increase pro forma liabilities by such amount with a corresponding decrease to pro forma total invested equity.

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WYNDHAM WORLDWIDE
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2005
(In millions)

	Historical As Reported	Adjustments	Pro Forma
Assets			
Current assets:			
Cash and cash equivalents	$ 99	$ (9)(a)	$ 90
Trade receivables, net	371	—	371
Vacation ownership contract receivables, net	239	—	239
Inventory	446	—	446
Deferred income taxes	84	90(b)	174
Due from Cendant, net	1,126	(1,126)(c)	—
Other current assets	204	5(d)	209
Total current assets	2,569	(1,040)	1,529
Long-term vacation ownership contract receivables, net	1,835	—	1,835
Non-current inventory	190	—	190
Property and equipment, net	718	21(d)	739
Goodwill	2,641	—	2,641
Trademarks	580	—	580
Franchise agreements and other intangibles, net	412	—	412
Other non-current assets	219	9(e)	228
Total assets	$ 9,164	$ (1,010)	$ 8,154
Liabilities and invested equity			
Current liabilities:			
Current portion of long-term debt:			
Securitized vacation ownership debt	$ 154	$ —	$ 154
Other	201	—	201
Accounts payable	240	191(f)	431
Contingent tax liability due to former parent	—	190(g)	190
Deferred income	271	—	271
Accrued expenses and other current liabilities	429	27(f)	456
Total current liabilities	1,295	408	1,703
Long-term debt:			
Securitized vacation ownership debt	981	—	981
Other	706	730(h)	1,436
Deferred income taxes	823	—	823
Deferred income	262	—	262
Other non-current liabilities	67	58(f)	125
Total liabilities	4,134	1,196	5,330
Total invested equity	5,030	(2,206)(i)	2,824
Total liabilities and invested equity	$ 9,164	$ (1,010)	$ 8,154

See Notes to Unaudited Pro Forma Condensed Combined Balance Sheet.

WYNDHAM WORLDWIDE
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2005

(a) Represents the funding of estimated fees and costs expected to be incurred with the planned borrowings of $1,280 million of debt.

(b) Represents incremental net deferred tax assets (assuming a blended tax rate of approximately 38%) associated with the expected transfer to us of certain Cendant corporate assets to, and the expected assumption of certain Cendant contingent and other corporate liabilities by, Wyndham Worldwide upon separation.

(c) Represents the adjustment eliminating the intercompany balance due from Cendant.

(d) Represents the expected transfer to us of certain corporate assets to Wyndham Worldwide from Cendant upon separation. The assets primarily comprise shared Cendant equipment and software that is expected to be used exclusively by Wyndham Worldwide employees and leasehold improvements on facilities that are expected to be occupied by Wyndham Worldwide employees subsequent to the separation, as well as approximately 30% of Cendant's prepaid assets that were established in connection with general business activities and are not directly attributable to a specific Cendant business.

(e) Represents $9 million of anticipated fees and costs associated with the planned borrowings of $1,280 million of debt.

(f) Represents the assumption of reserves in connection with Cendant contingent and other corporate liabilities for which Wyndham Worldwide has agreed to assume responsibility (representing approximately 30% of certain Cendant contingent corporate liabilities associated with legal matters, as well as approximately 30% of certain of Cendant's other accrued corporate liabilities that were incurred in connection with general business activities and are not directly attributable to a specific Cendant business). The actual amount that Wyndham Worldwide may be required to pay under this arrangement could vary depending upon the outcome of any unresolved matters, which may not be resolved for several years, and if any party responsible for all or a portion of such liabilities were to default on its obligation to pay certain costs or expenses related to any such liability. The pro forma adjustments do not reflect estimates for any contingent assets and liabilities that we may be entitled to receive upon either positive or negative resolution of certain unresolved matters.

(g) Represents the assumption of a reserve in connection with certain Cendant tax contingencies for which Wyndham Worldwide has agreed to reimburse Cendant in the event of an adverse outcome (representing approximately 30% of Cendant's aggregate reserve for unresolved tax matters). The actual amount that Wyndham Worldwide may be required to pay under this arrangement could vary depending upon the outcome of the unresolved tax matters, which may not be resolved for several years, and if any of the other parties responsible for all or a portion of such liabilities were to default in its payment of costs or expenses related to any such liability. The pro forma adjustments do not reflect estimates for any contingent assets and liabilities that we may be entitled to receive, or for which we may be responsible, upon either positive or negative resolution of certain unresolved matters.

(h) Represents the amount expected to be transferred to Cendant solely for the purposes of permitting Cendant to repay certain indebtedness of Cendant. This amount is a portion of the total expected borrowings of $1,280 million. The remaining portion of the $1,280 million, amounting to $550 million, is expected to be utilized by Cendant to repay outstanding borrowings under the existing asset-linked facility of Cendant relating to certain of our assets, which is included in our historical debt amounts. The planned borrowings of $1,280 million are expected to be comprised of the following facilities: (i) $750 million under an interim loan facility, which we expect to refinance on a long-term basis as soon as practicable after the separation, (ii) $250 million under a term loan facility and (iii) $280 million under a revolving credit facility. (Note: The respective amounts to be paid to Cendant as described will depend on the balance outstanding under Cendant's existing asset-linked facility relating to certain of the assets of Cendant's Hospitality Services (including Timeshare Resorts) businesses at the date of separation ($575 million as of March 31, 2006); however, the total of the debt borrowed by us in connection with the separation is expected to be approximately $1,280 million.)

(i) Represents reductions to total invested equity to reflect the adjustment eliminating $1,126 million of intercompany balances due from Cendant, as described in footnote (c) above and (i) the expected transfer of $730 million to Cendant, which is expected to be funded through the planned borrowings, as described in footnote (h) above, (ii) the assumption of a $190 million reserve in connection with Cendant tax contingencies to be assumed by Wyndham Worldwide, as described in footnote (g) above, (iii) the assumption of $276 million of reserves in connection with other Cendant corporate liabilities to be assumed by Wyndham Worldwide, as described in footnote (f) above and (iv) the expected funding of $9 million of estimated fees and costs expected to be incurred with the planned borrowings, as described in footnote (a) above. These reductions are partially offset by increases to equity to reflect (i) the expected transfer of $35 million of assets to Wyndham Worldwide from Cendant upon separation, as described in footnote (d) above and (ii) $90 million representing the net tax effect of the above pro forma transactions, as described in footnote (b) above.

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WYNDHAM WORLDWIDE
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2005
(In millions, except per share data)

	Historical As Reported	Adjustments	Pro Forma
Net revenues	$ 3,470	$ —	$ 3,470
Expenses			
Operating	1,199	—	1,199
Cost of vacation ownership interests	341	—	341
Marketing and reservation	632	—	632
General and administrative	424	49(a)	473
Provision for loan losses	128	—	128
Depreciation and amortization	131	4(b)	135
Total expenses	2,855	53	2,908
Operating income	615	(53)	562
Interest expense (income), net	(6)	79(c)	73
Income before income taxes and minority interest	621	(132)	489
Provision for income taxes	193	(50)(d)	143
Net income	$ 428	$ (82)	$ 346
Earnings per share(e)			
Basic			$ 1.66
Diluted			$ 1.63
Weighted average shares outstanding(e)			
Basic			208.0
Diluted			212.0

See Notes to Unaudited Pro Forma Condensed Combined Statement of Income.

WYNDHAM WORLDWIDE
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2005

(a) Represents the estimated incremental costs associated with operating as a separate public company ($85 million), partially offset by the elimination of general corporate overhead allocated by Cendant ($36 million). The $85 million of estimated costs associated with operating as a separate public company includes: (i) $42 million related to staff additions and increases in salaries to replace Cendant support, which was estimated using Cendant historical costs and adjusted for current market conditions, as applicable, (ii) $10 million related to facilities and equipment, which was estimated using Cendant historical costs and adjusted for current market conditions as applicable, (iii) $10 million related to legal fees (including our share of unresolved Cendant legal matters), which was estimated using Cendant historical costs and adjusted for expected variations as applicable, (iv) $6 million related to insurance, which estimate was derived from premium cost projections received from our insurance broker based on current market conditions, (v) $5 million related to information technology, which was estimated using Cendant historical costs and adjusted for expected variations as applicable, (vi) $4 million related to Board of Directors and filing related fees, which was estimated using Cendant historical costs and adjusted for expected variations as applicable, (vii) $4 million related to audit fees, which was estimated using Cendant historical costs and adjusted for expected variations as applicable, (viii) $3 million of other miscellaneous costs and (ix) $1 million related to the outsourcing of the payroll function, which was estimated based upon written quotes received from potential providers. The estimated public company costs exceed the historical allocations from Cendant by $49 million, which primarily reflects the development of certain infrastructures that were previously maintained at, and leveraged from, Cendant's corporate function and other businesses.

(b) Represents incremental depreciation we expect to incur as a separate public company due to the expected transfer to us of certain assets from Cendant prior to the separation.

(c) Represents the elimination of $30 million of interest income that will no longer be earned from Cendant on intercompany cash balances held by Cendant, the elimination of $19 million of interest expense related to the existing asset-linked facility of Cendant relating to certain of our assets, which is expected to be repaid, and the $68 million of incremental interest expense in connection with the planned borrowings of (i) $750 million of debt under an interim loan facility expected to bear interest at a fixed rate, (ii) $250 million of debt under a term loan facility expected to bear interest at LIBOR plus a negotiated spread and (iii) $280 million of debt under a revolving credit facility expected to bear interest at LIBOR plus a negotiated spread. The incremental interest expense assumes an average principal amount outstanding of $1,280 million and a weighted average interest rate of approximately 5.3% on the aggregate borrowings. A change of one-eighth of 1% (12.5 basis points) in the interest rate associated with these borrowings would result in additional interest expense of $2 million (in the case of an increase to the rate) or a reduction to interest expense of $2 million (in the case of a decrease in the rate).

(d) Represents the income tax effects of footnotes (a), (b) and (c) above at an effective tax rate of approximately 38%.

(e) Earnings per share and weighted average shares outstanding reflect the estimated number of common shares we expect to have outstanding upon the completion of the distribution (based on an expected distribution ratio of one share of Wyndham Worldwide for every five shares of Cendant). These amounts do not reflect the impact of Cendant accelerating the vesting provisions of certain outstanding equity awards, which is expected to occur in connection with the completion of the separation of Wyndham Worldwide, as such impact will be calculated using balances then-outstanding, which are not currently determinable. Additionally, in connection with the separation of Wyndham Worldwide, Cendant expects to cancel equity awards that were granted at "above-target" levels. See "Management—Employee Benefit Plans—2006 Equity and Incentive Plan—Equitable Adjustments to Outstanding Cendant Equity-Based Awards," included elsewhere in this information statement. Based upon the equity awards outstanding as of December 31, 2005 and in connection with Cendant's plan to equitably adjust its outstanding equity awards, we would have expected to issue approximately 26 million stock options and approximately three million restricted shares at the date of separation. We also intend to grant equity awards in Wyndham Worldwide common stock to our employees, which are not reflected in the pro forma amounts, as the actual awards have not yet been determined.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Combined Financial Statements and accompanying Notes thereto included elsewhere in this information statement. Unless otherwise noted, all dollar amounts are in millions and those relating to our results of operations are presented before taxes.

Wyndham Worldwide, which holds or will hold substantially all of the assets and liabilities of Cendant's Hospitality Services (including Timeshare Resorts) businesses, is a global provider of hospitality products and services. We operate in the following three segments:

- **Lodging**—franchises hotels in the upscale, middle and economy segments of the lodging industry and provides property management services to owners of our upscale branded hotels.
- **Vacation Exchange and Rental**—provides vacation exchange products and services to owners of intervals of vacation ownership interests and markets vacation rental properties primarily on behalf of independent owners.
- **Vacation Ownership**—markets and sells vacation ownership interests, or VOIs, to individual consumers, provides consumer financing in connection with the sale of VOIs and provides property management services at resorts.

SEPARATION PLAN

On October 23, 2005, the Board of Directors of Cendant preliminarily approved a plan to separate Cendant into four independent, publicly traded companies—one for each of Cendant's Hospitality Services (including Timeshare Resorts), Real Estate Services, Travel Distribution Services and Vehicle Rental businesses. In connection with our separation, we expect to enter into borrowing arrangements for a total of $1,850 million, which is comprised of a $250 million term loan facility, a $750 million interim loan facility and an $850 million revolving credit facility. At or prior to the distribution, we expect to draw approximately $1,280 million against those facilities and issue approximately $170 million in letters of credit, leaving approximately $400 million available to provide liquidity for up to $230 million in additional letters of credit and for ongoing working capital and general corporate needs. Approximately $575 million of the proceeds received in connection with these borrowings is expected to be utilized to repay $575 million of borrowings outstanding under Cendant's asset-linked facility relating to certain of our assets, while the remaining proceeds ($705 million) are expected to be transferred to Cendant solely for the purpose of permitting Cendant to repay certain other outstanding indebtedness. (Note: The respective amounts to be repaid to Cendant as described above will depend on the balance outstanding under Cendant's existing asset-linked facility relating to certain of the assets of Cendant's Hospitality Services (including Timeshare Resorts) businesses at the date of separation ($575 million as of March 31, 2006); however, the total of the debt is expected to be approximately $1,280 million.) We expect to refinance borrowings under the $750 million interim loan facility with permanent financing after the distribution. Additionally, pursuant to the Separation and Distribution Agreement, we expect to be allocated a portion of certain of Cendant's corporate assets and assume a portion of certain of Cendant's contingent and other corporate liabilities, including those arising from unresolved tax and legal matters, which are not currently reflected on the Combined Balance Sheets. See "Certain Relationships and Related Party Transactions" and "The Separation" for more information. The actual amount that we may be required to pay under these arrangements could vary depending upon the outcomes of any unresolved matters, which may not be resolved for several years, and if any party responsible for all or a portion of such liabilities were to default on its obligation to pay certain costs or expenses related to any such liability. Additionally, generally accepted accounting principles prohibit us and Cendant from recording estimates for any contingent assets that we may be entitled to receive upon positive resolution of certain unresolved matters. The benefit resulting from such matters, if any, will not be recorded within Wyndham Worldwide's financial statements until the related contingencies have been resolved.

On April 24, 2006, Cendant announced a modification to its previously announced separation plan. In addition to pursuing its original plan to distribute the shares of common stock of Travelport to Cendant stockholders, Cendant also is exploring the possible sale of Travelport. Cendant reiterated its plan to distribute our shares and the shares of Realogy to Cendant stockholders as previously announced, which would result in three separate public companies, including Cendant (which would be comprised of its Vehicle Rental business), if Travelport is sold. There can be no assurance that a sale of Travelport will be completed or as to the terms of any such sale. At this time, it is unclear whether if there is a sale of Travelport, such sale would occur prior to or following our separation from Cendant. If a sale of Travelport is not completed, Cendant expects to pursue its original plan to distribute the shares of common stock of Travelport to Cendant stockholders.

TRENDS

We believe that the following trends, among others, may affect and/or have impacted our financial condition and results of operations:

- Globally, travel spending is expected to grow by 5% in 2006.
- In 2006, the expected level of spending for the hospitality industry is estimated to be 16% higher than the spending in 2000, the year prior to the September 11, 2001 terrorist attacks.
- In the United States, RevPAR increased 8.4% in 2005 versus 2004.
- The American Resort Development Association estimated that on January 1, 2005, there were approximately 3.9 million households that owned one or more vacation ownership interests in the United States which represents a 13.8% increase from the prior year in the number of households that owned interests.

RESULTS OF OPERATIONS

We enter into agreements to franchise our lodging franchise systems to independent hotel owners. Our standard franchise agreement typically has a term of 15 to 20 years and provides a franchisee with certain rights to terminate the franchise agreement before the term of the agreement under certain circumstances. The principal source of revenues from franchising hotels is ongoing franchise fees, which are comprised of royalty fees and other fees relating to marketing and reservation fees. Ongoing franchise fees typically are based on a percentage of gross room revenues of each franchisee and are accrued as the underlying franchisee revenues are earned and due from the franchisees. An estimate of uncollectible ongoing franchise fees is charged to bad debt expense and included in operating expenses on the Combined Statements of Income. Lodging revenue also includes initial franchise fees, which are recognized as revenue when all material services or conditions have been substantially performed, which is when a franchised hotel opens for business or a franchise agreement is terminated as the franchised hotel will not open.

Our franchise agreements require the payment of fees for certain services, including marketing and reservations. With such fees, we provide our franchised properties with a suite of operational and administrative services, including access to (i) an international, centralized, brand-specific reservations system, (ii) advertising, (iii) promotional and co-marketing programs, (iv) referrals, (v) technology, (vi) training and (vii) volume purchasing. We are contractually obligated to expend the marketing and reservation fees we collect from franchisees in accordance with the franchise agreements; as such, revenues earned in excess of costs incurred are accrued as a liability for future marketing or reservation costs. Costs incurred in excess of revenues are expensed. In accordance with our franchise agreements, we include an allocation of certain overhead costs required to carry out marketing and reservation activities within marketing and reservation expenses.

We also provide property management services for hotels under management contracts. Management fees are comprised of base fees, which typically are calculated based upon a specified percentage of gross revenues from hotel operations, and incentive management fees, which typically are calculated based upon a specified percentage of a hotel's operating profit or the amount by which a hotel's operating profit exceeds specified targets. Management fee revenue is recognized when earned in accordance with the terms of the contract. The Company incurs certain reimbursable costs on behalf of managed hotel properties and reports reimbursements received from managed properties as revenue and the costs incurred on their behalf as expenses. The revenue is recorded as a component of service fees and membership on the Combined Statements of Income. The costs, which principally relate to payroll costs at managed properties where we are the employer, are reflected as a component of operating expenses on the Combined Statements of Income. The reimbursements from hotel owners are based upon the costs incurred with no added margin; as a result, these reimbursable costs have little to no effect on our operating income. In 2005, management fee revenue and revenue related to payroll reimbursements was $1 million and $17 million, respectively.

Within our lodging segment, we measure operating performance using the following key operating statistics: (i) weighted average rooms, which represents the weighted average number of hotel rooms available for rental for the year at lodging properties operated under franchise and management agreements, (ii) number of properties, which represents the number of lodging properties operated under franchise and management agreements at the end of the year and (iii) RevPAR, which represents revenue per available room and is calculated by multiplying the percentage of available rooms occupied for the year by the average rate charged for renting a lodging room for one day.

As a provider of vacation exchange services, we enter into affiliation agreements with developers of vacation ownership properties to allow owners of intervals to trade their intervals for certain other intervals within our vacation exchange business and, for some members, for other leisure-related products and services. Additionally, as a marketer of vacation rental properties, generally we enter into contracts for exclusive periods of time with property owners to market the rental of such properties to rental customers. Our vacation exchange business derives a majority of its revenues from annual membership dues and exchange fees from members trading their intervals. Annual dues revenue represents the annual membership fees from members who participate in our vacation exchange business and, for additional fees, have the right to exchange their intervals for certain other intervals within our vacation exchange business and, for certain members, for other leisure-related products and services. We record revenue from annual membership dues as deferred income on the Combined Balance Sheets and recognize it on a straight-line basis over the membership period during which delivery of publications, if applicable, and other services are provided to the members. Exchange fees are generated when members exchange their intervals for equivalent values of rights and services, which may include intervals at other properties within our vacation exchange business or other leisure-related products and services. Exchange fees are recognized as revenue when the exchange requests have been confirmed to the member. Our vacation rental business derives its revenue principally from fees, which generally range from approximately 25% to 50% of the gross rent charged to rental customers on behalf of third-party property owners for the rental of vacation accommodations. Revenue from such fees is recognized in the period that the rental reservation is made, net of expected cancellations. We also earn rental fees in connection with properties we own or lease under capital leases and such fees are recognized when the rental customer’s stay occurs.

Within our vacation exchange and rental segment, we measure operating performance using the following key operating statistics: (i) average number of vacation exchange members, which represents participants in our vacation exchange programs who pay annual membership dues and are entitled, for additional fees, to exchange their intervals for other intervals within our vacation exchange business and, for certain members, for other leisure-related products and services, (ii) annual membership dues and exchange revenue per member, which represents the total annual dues and exchange fees generated for the year divided by the average number of vacation exchange members during the year, (iii) vacation rental transactions, which represents the gross number of transactions that are generated in connection with customers booking their vacation rental stays through us and (iv) average price per vacation rental, which represents the gross rental price generated from renting vacation properties to customers divided by the number of rental transactions.

We market and sell VOIs to individual consumers, provide property management services at resorts and provide consumer financing in connection with the sale of VOIs. Our vacation ownership business derives the majority of its revenues from sales of VOIs and derives other revenues from consumer financing and property management. We recognize sales of VOIs on a full accrual basis for fully constructed inventory after a binding sales contract has been executed, a 10% minimum down payment has been received, the statutory rescission period has expired, receivables are deemed collectible and the remainder of our obligations have been substantially completed. During periods of construction, subsequent to the preliminary construction phase and upon assurance that the property will not revert to a rental property, we recognize revenues using the percentage-of-completion method of accounting. For percentage-of-completion accounting, the preliminary stage is deemed to be complete when the engineering and design work is complete, the construction contracts have been executed, the site has been cleared, prepared and excavated, and the building foundation is complete. The completion percentage is determined by the proportion of real estate inventory costs and certain sales and marketing and interest costs incurred to total estimated costs. These estimated costs are based upon historical experience and the related contractual terms. The remaining revenue and related costs of sales, including commissions and direct expenses, are deferred and recognized as the remaining costs are incurred. Until a contract for sale qualifies for revenue recognition, all payments received are accounted for as restricted cash and deposits within other current assets and deferred income, respectively, on the Combined Balance Sheets. Commissions and other direct costs related to the sale are deferred until the sale is recorded. If a contract is cancelled before qualifying as a sale, non-recoverable expenses are charged to operating expense in the current period on the Combined Statements of Income.

We also offer consumer financing as an option to customers purchasing VOIs, which are typically collateralized by the underlying VOI. Generally, the financing terms are for seven to ten years. An estimate of uncollectible amounts is recorded at the time of the sale with a charge to the provision for loan losses on the Combined Statements of Income. The interest income earned from the financing arrangements is earned on the principal balance outstanding over the life of the arrangement.

We also provide day-to-day-management services, including oversight of housekeeping services, maintenance and certain accounting and administrative services for property owners' associations and clubs. In some cases, our employees serve as officers and/or directors of these associations and clubs in accordance with their by-laws and associated regulations. Management fee revenue is recognized when earned in accordance with the terms of the contract and is recorded as a component of service fees and membership on the Combined Statements of Income. The costs, which principally relate to the payroll costs for management of the associations, clubs and the resort properties where we are the employer, are reflected as a component of operating expenses on the Combined Statements of Income. Reimbursements are based upon the costs incurred with no added margin and thus presentation of these reimbursable costs has little to no effect on our operating income. Management fee revenue and revenue related to reimbursements was $91 million and $124 million in 2005, respectively, $95 million and $103 million in 2004, respectively, and $82 million and $86 million in 2003, respectively. In 2005, 2004 and 2003, one of the associations that we manage paid RCI Global Vacation Network $11 million, $9 million and $6 million, respectively, for exchange services.

Within our vacation ownership segment, we measure operating performance using the following key metrics: (i) gross VOI sales, including tele-sales upgrades, which is a component of upgrade sales, (ii) tours, which represents the number of tours taken by guests in our efforts to sell VOIs and (iii) volume per guest, or VPG, which represents revenue per guest and is calculated by dividing the gross VOI sales, excluding tele-sales upgrades, by the number of tours.

We record lodging-related marketing and reservation revenues, as well as property management services revenues for our lodging and vacation ownership segments, in accordance with Emerging Issues Task Force Issue 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent," which requires that these revenues be recorded on a gross basis.

Discussed below are our combined results of operations and the results of operations for each of our reportable segments. The reportable segments presented below represent our operating segments for which separate financial information is available and which is utilized on a regular basis by our chief operating decision maker to assess performance and to allocate resources. In identifying our reportable segments, we also consider the nature of services provided by our operating segments. Management evaluates the operating results of each of our reportable segments based upon revenue and "EBITDA," which is defined as net income before depreciation and amortization, interest (excluding interest on securitized vacation ownership debt), income taxes and minority interest, each of which is presented on the Combined Statements of Income. Our presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

EBITDA includes cost allocations from Cendant of $36 million, $30 million and $29 million in 2005, 2004 and 2003, respectively, for Cendant's general corporate overhead. Cendant allocates such costs to us based on a percentage of our forecasted revenues. General corporate expense allocations include costs related to Cendant's executive management, tax, accounting, legal, treasury and cash management, certain employee benefits and real estate usage for common space. The allocations are not necessarily indicative of the actual expenses that would have been incurred had we been operating as a separate, stand-alone public company for the periods presented.

Year Ended December 31, 2005 vs. Year Ended December 31, 2004

Our combined results comprised the following:

	Year Ended December 31,		
	2005	2004	Change
Net revenues	$3,470	$3,014	$ 456
Expenses	2,855	2,414	441
Operating income	615	600	15
Interest expense (income), net	(6)	13	(19)
Income before income taxes and minority interest	621	587	34
Provision for income taxes	193	234	(41)
Minority interest, net of tax	—	4	(4)
Net income	$ 428	$ 349	$ 79

During 2005, our net revenues increased $456 million (15%) principally due to (i) a $134 million increase in net sales of VOIs at our vacation ownership businesses due to higher tour flow and an increase in VPG; (ii) $114 million of incremental revenue generated by the acquisitions of the Wyndham Hotels & Resorts brand, Ramada International, Landal GreenParks and Canvas Holidays Limited, the results of which are included from their respective acquisition dates forward; (iii) $75 million of incremental organic revenue earned by our vacation exchange and rental business principally reflecting increased rental and exchange transaction volume and a higher average number of members; (iv) a $58 million increase in net consumer financing revenues earned on vacation ownership contract receivables; (v) a $47 million increase in organic revenues at our lodging business, reflecting a favorable increase in RevPAR; and (vi) $17 million of incremental resort management fees as a result of increased rental revenues on unoccupied units, as well as growth in the number of units under management. Total expenses increased $441 million (18%) principally reflecting (i) a $160 million increase in organic operating expenses primarily related to additional commission expense resulting from increased VOI sales and commission rates, increased costs related to the property management services that we provide at our vacation ownership business and increased fulfillment costs incurred in connection with our RCI Elite Rewards program and increased staffing costs in our contact centers; (ii) $110 million of expenses generated by the acquisitions discussed above; (iii) a $36 million increase in organic marketing and reservation expenses primarily resulting from increased marketing initiatives across all our businesses; (iv) a $30 million increase in provision for loan losses principally related to growth in vacation ownership contract receivables at our vacation ownership business; (v) a $30 million increase in organic general and administrative expense principally due to growth in our vacation exchange and rental and vacation ownership businesses; (vi) $25 million of increased cost of sales primarily associated with increased VOI sales; (vii) the absence of a favorable $15 million settlement recorded by our lodging business in 2004 related to a franchisee receivable; (viii) $14 million of costs incurred to combine the operations of our vacation exchange and rental business; (ix) $13 million of expenses associated with the

2005 Gulf Coast hurricanes, which primarily reflects a provision for estimated vacation ownership contract receivable losses; and (x) $12 million of marketing and related expenses incurred in connection with our TripRewards loyalty program.

Depreciation and amortization increased $12 million primarily due to an increase in information technology capital investments made in 2005, a trend we expect to continue in 2006. Interest expense (income), net decreased $19 million in 2005 primarily as a result of (i) the absence of interest expense incurred in 2004 related to the Two Flags Joint Venture LLC, (ii) favorable interest rate hedge activity year over year, and (iii) a reduction in financing cost amortization. Interest expense is expected to increase in 2006 as a result of the proposed separation of Wyndham Worldwide from Cendant as detailed in the unaudited pro forma condensed combined financial statements. Our effective tax rate decreased to 31.1% in 2005 from 39.9% in 2004 primarily due to a one-time tax benefit related to changes in tax basis differences in assets of foreign subsidiaries. The effective tax rate for 2006 is expected to approximate 38%. As a result of these items, our net income increased $79 million (23%).

Following is a discussion of the results of each of our reportable segments:

	Revenues			EBITDA		
	2005	2004	% Change	2005	2004	% Change
Lodging	$ 533	$ 443	20	$197	$189	4
Vacation Exchange and Rental	1,067	921	16	279	286	(2)
Vacation Ownership	1,874	1,661	13	283	265	7
Total Reportable Segments	3,474	3,025	15	759	740	3
Corporate and Other [(a)]	(4)	(11)	*	(13)	(21)	*
Total Company	$3,470	$3,014	15	746	719	4
Less: Depreciation and amortization				131	119	
Interest expense (income), net				(6)	13	
Income before income taxes and minority interest				$621	$587	

* Not meaningful.

(a) Includes the elimination of transactions between segments.

Lodging

Revenues and EBITDA increased $90 million (20%) and $8 million (4%), respectively, in 2005 compared with 2004 reflecting revenue growth from acquisitions and increased RevPAR; however, the EBITDA comparison was negatively impacted by a favorable settlement recorded in second quarter 2004 related to a lodging franchisee receivable and increased marketing-related expenses associated with our TripRewards loyalty program and initiatives to promote our brands (all of which are discussed in greater detail below).

The operating results of our lodging business reflect the acquisitions of the franchise and property management businesses of the Wyndham Hotels & Resorts brand in October 2005 and Ramada International in December 2004. The operating results of Wyndham Hotels & Resorts have been included in our results for three of the twelve months of 2005, but none of 2004. The operating results of Ramada International have been included in our results for the entire twelve months of 2005, but only for one month of 2004. Accordingly, Wyndham Hotels & Resorts and Ramada International contributed incremental revenues of $29 million and $14 million, respectively, and EBITDA of $2 million each to 2005 results. Included within the $29 million of revenue generated by Wyndham Hotels & Resorts is approximately $25 million related to reimbursable expenses, which has no impact on EBITDA. These acquisitions also added approximately 32,000 rooms, which is approximately 6% of the total weighted average rooms available within our lodging franchise system during 2005.

Apart from these acquisitions, revenues in our lodging business increased $47 million (11%). Such increase principally represents (i) $16 million (4%) of higher royalty, marketing and reservation fund revenues, (ii) $16 million of incremental revenues generated by our TripRewards loyalty program during 2005, (iii) an $8 million increase in ancillary revenues and (iv) a $7 million gain recognized on the sale of a lodging-related investment during 2005. The $16 million increase in royalty, marketing and reservation fund revenues primarily resulted from an 8% increase in RevPAR, partially offset by a 4% decrease in weighted average rooms available. The RevPAR increase reflects (i) increases in both price and occupancy rates principally attributable to an overall improvement in the economy lodging segment in which our hotel brands primarily operate, (ii) the termination of underperforming properties throughout 2004 that did not meet our required quality standards or their financial obligations to us and (iii) the strategic assignment of personnel to field locations designed to assist franchisees in improving their hotel operating performance. The decrease in weighted average rooms available reflects our termination of underperforming properties, as discussed above, the expiration of franchise agreements and certain franchisees exercising their right to terminate their agreements. During 2005, there were terminations of 509 properties, as compared to terminations of 517 properties during 2004.

EBITDA further reflects an increase of $43 million (17%) in operating, marketing and administrative expenses (excluding the impact of the acquisitions discussed above) principally resulting from (i) $20 million of higher bad debt expense, primarily due to the absence of a favorable $15 million settlement recorded in 2004 related to a lodging franchisee receivable; (ii) $12 million of marketing and related expenses incurred in connection with our TripRewards loyalty program; and (iii) $9 million of marketing-related expenses primarily related to marketing initiatives to promote our brands.

Vacation Exchange and Rental

Revenues increased $146 million (16%), while EBITDA declined $7 million (2%) in 2005 compared to 2004, reflecting incremental revenues and expenses from vacation rental acquisitions during 2004 and the negative impact on EBITDA from $14 million of costs incurred during 2005 to combine the operational infrastructures of our vacation exchange and rental business (discussed in greater detail below).

We acquired Landal GreenParks and Canvas Holidays Limited, which are both European vacation rental businesses, in May 2004 and October 2004, respectively. The operating results of Landal GreenParks and Canvas Holidays have been included in our results for the entire twelve months in 2005 but for only eight months in 2004 for Landal GreenParks and only three months in 2004 for Canvas Holidays. Accordingly, Landal GreenParks contributed incremental revenues and EBITDA of $41 million and $2 million, respectively, and Canvas Holidays contributed incremental revenues and EBITDA of $30 million and $10 million, respectively, during 2005. The incremental results of Landal GreenParks in 2005 are reflective of the first four months of the year, which is when their operations are seasonally weakest.

Apart from these acquisitions, revenues increased $75 million (8%), which includes (i) a $33 million (9%) increase in rental transaction revenues, (ii) a $24 million (6%) increase in annual dues and exchange revenues and (iii) a $22 million increase in revenues generated from our RCI Elite Rewards program, a credit card marketing program that we implemented in fourth quarter 2004. Our RCI Elite Rewards program generates revenues based on the volumes of cardholders and credit card spending and incurs related fulfillment costs.

The $33 million increase in rental transaction revenues primarily resulted from a 7% increase in total rental transactions and a $12 million increase due to the conversion of a franchised park to a managed park in January 2005. Prior to the conversion, we received only a franchise fee, whereas subsequent to the conversion, we recognized all of the revenues generated by this park.

The $24 million increase in annual dues and exchange revenues was driven by a 5% increase in the average number of members. Transactions related to our points-based exchange program, RCI Points, represented 17% of the total exchange transactions in 2005 compared with 14% in 2004, representing a continued shift in 2005 to more points-based exchanges. Since points are exchangeable for various other travel-related products and services in addition to vacation stays, points-based exchange activity will generally result in higher transaction volumes with lower average fees as compared to the standard one-week for one-week exchange activity in our RCI Weeks exchange program. Vacation exchange volume and price are derived from (i) a mix of domestic and international exchanges and (ii) a mix of standard one-week for one-week exchanges and exchanges through our RCI Points exchange program, which includes transactions for various lengths of stay and other leisure-related products.

Apart from the aforementioned EBITDA impact of the acquisitions of Landal GreenParks and Canvas Holidays, EBITDA further reflects a year-over-year increase in expenses of $95 million (15%) primarily driven by (i) $20 million of incremental fulfillment costs in connection with our RCI Elite Rewards program as discussed above; (ii) $14 million of costs incurred to combine the operational infrastructures of our vacation exchange and rental business principally in Europe; (iii) higher cost of sales in 2005 of $13 million on the rentals of vacation properties; (iv) $12 million of higher marketing-related expenses due to our decision to increase our investment in vacation ownership-affiliated marketing campaigns and publications; (v) $11 million of incremental expenses associated with the conversion of a franchised park to a managed park, as discussed above; and (vi) $5 million of restructuring costs incurred as a result of the consolidation of certain call centers and back-office functions within our vacation exchange business. The remaining $20 million increase in expenses primarily relates to higher staffing costs and other volume driven expense increases in our call centers and certain infrastructure enhancements.

Vacation Ownership

Revenues and EBITDA increased $213 million (13%) and $18 million (7%), respectively, in 2005 compared with 2004. The EBITDA comparison was negatively impacted by $13 million of expenses incurred during 2005 related to the estimated impact of the hurricanes experienced along the Gulf Coast. Revenue and EBITDA, exclusive of the impact of the Gulf Coast hurricanes, reflect organic growth in vacation ownership sales, a gain on the sale of land and increased consumer finance income.

Net sales of VOIs increased $134 million (11%) in 2005 despite the Gulf Coast hurricanes. Such increase was driven principally by a 9% increase in tour flow and a 6% increase in VPG. This revenue increase includes a $27 million decrease in higher margin upgrade sales at our Trendwest resort properties due to special upgrade promotions conducted during 2004 undertaken to mitigate the negative impact on tour flow from the “do not call” and “do not fax” regulations. Tour flow, as well as volume per transaction, benefited in 2005 from our expanded presence in premium destinations such as Hawaii, Las Vegas and Orlando. Tour flow was also positively impacted by the opening of new sales offices, our strategic focus on new marketing alliances and increased local marketing efforts.

Revenue and related expenses increased $57 million and $8 million, respectively, in 2005 as a result of incremental net interest income earned on our vacation ownership contract receivables primarily due to growth in the consolidated portfolio. Additionally, we receive management fees for property management services that we provide at certain resorts pursuant to contractual arrangements with property owners’ associations. During 2005, we recognized $17 million of incremental resort management fees as a result of increased rental revenues on units, as well as growth in the number of units under management.

Revenue and EBITDA comparisons also benefited from an $11 million gain recorded in 2005 in connection with the disposal of a parcel of land that was no longer consistent with our development plans, partially offset by the absence of a $4 million gain recognized in first quarter 2004 in connection with the sale of a provider of third-party vacation ownership financing and $3 million of revenue generated by such operations in 2004 prior to the sale date.

EBITDA further reflects an increase of $187 million (14%) in operating, marketing and administrative expenses primarily resulting from (i) $43 million of additional commission expense associated with increased

VOI sales and increased commission rates; (ii) $31 million of additional vacation ownership contract receivable provisions recorded in 2005; (iii) $29 million of increased costs related to the property management services that we provide; (iv) $25 million of increased cost of sales primarily associated with increased VOI sales; (v) $18 million of incremental costs incurred primarily to fund additional staffing needs to support continued growth in the business, improve existing properties and integrate the Trendwest and Fairfield contract servicing operations; (vi) $14 million of incremental marketing spent to support sales efforts; and (vii) $13 million of expenses associated with the 2005 Gulf Coast hurricanes, which primarily reflects a provision for estimated vacation ownership contract receivable losses.

Year Ended December 31, 2004 vs. Year Ended December 31, 2003

Our combined results comprised the following:

	Year Ended December 31,		
	2004	2003	Change
Net revenues	$3,014	$2,652	$ 362
Expenses	2,414	2,157	257
Operating income	600	495	105
Interest expense (income), net	13	(5)	18
Income before income taxes and minority interest	587	500	87
Provision for income taxes	234	186	48
Minority interest, net of tax	4	15	(11)
Net income	$ 349	$ 299	$ 50

During 2004, our net revenues increased $362 million (14%) principally due to (i) the acquisition of Landal GreenParks which contributed incremental revenue of $113 million to our 2004 results, (ii) an $83 million increase in net sales of VOIs at our vacation ownership business primarily due to an increase in VPG and increases in upgrade sales, (iii) $82 million of incremental organic revenue earned by our vacation exchange and rental business principally reflecting increased rental transaction volume, a higher average exchange fee and a higher average number of worldwide members, (iv) a $33 million increase in revenues at our lodging business reflecting incremental revenues generated by our TripRewards loyalty program, which was launched in fourth quarter 2003, and a favorable increase in RevPAR and (v) $30 million of incremental resort management fees as a result of increased rental revenues on units, as well as growth in the number of units under management. Total expenses increased $257 million (12%) principally reflecting (i) $99 million of incremental expenses principally related to the acquisition of Landal GreenParks, (ii) a $64 million increase in organic operating expenses principally related to higher staffing costs, other volume related expense increases in our call centers and certain infrastructure enhancements at our vacation exchange and rental business, increased marketing expenditures to promote our brands, the funding cost of rewards earned by customers and program administrative expenses relating to our TripRewards loyalty program in our lodging business and increased costs related to the property management services that we provide at our vacation ownership business, (iii) a $51 million increase in organic general and administrative expenses principally resulting from increased infrastructure costs and other variable expenses associated with growing our vacation ownership and vacation exchange and rental business and (iv) a $29 million increase in organic marketing and reservation expenses primarily resulting from increased marketing initiatives in our lodging and vacation exchange and rental businesses. Such increases were partially offset by $13 million of lower cost of sales in 2004 on the rentals of vacation properties and the absence of a $9 million accrual recorded in 2003 for hotel occupancy taxes on vacation property rentals prior to 2004.

Depreciation and amortization increased $12 million primarily due to an increase in information technology capital investments made in 2004. Interest expense (income), net increased $18 million in 2004 primarily as a result of increased vacation ownership asset-linked borrowings. Our effective tax rate increased to 39.9% in 2004 from 37.2% in 2003 primarily due to an increase in state taxes. As a result of these items, our net income increased $50 million (17%).

Following is a discussion of the results of each of our reportable segments:

	Revenues			EBITDA		
	2004	2003	% Change	2004	2003	% Change
Lodging	$ 443	$ 410	8	$189	$153	24
Vacation Exchange and Rental	921	726	27	286	220	30
Vacation Ownership	1,661	1,526	9	265	251	6
Total Reportable Segments	3,025	2,662	14	740	624	19
Corporate and Other (a)	(11)	(10)	*	(21)	(22)	*
Total Company	$3,014	$2,652	14	719	602	19
Less: Depreciation and amortization				119	107	
Interest expense (income), net				13	(5)	
Income before income taxes and minority interest				$587	$500	

* Not meaningful.

(a) Includes the elimination of transactions between segments.

Lodging

Revenues and EBITDA increased $33 million (8%) and $36 million (24%), respectively, in 2004 compared with 2003.

Royalty, marketing and reservation fund revenues increased $14 million (4%) primarily due to a 6% increase in RevPAR, partially offset by a 3% reduction in weighted average rooms available. The RevPAR increase is primarily the result of an increase in both price and occupancy rates combined with the termination of underperforming properties throughout 2004. The decrease in the weighted average rooms reflects (i) quality control initiatives that commenced in 2003, whereby we terminated from our franchise system certain properties that were not meeting required standards and tightened requirements for properties that were not meeting their financial obligations to us and (ii) certain franchisees exercising their right to terminate their agreements. During 2004, there were terminations of 517 properties, as compared to 480 terminations during 2003.

Additionally, in fourth quarter 2003, we launched TripRewards, a loyalty program that enables customers to earn rewards when staying in hotels franchised under one of our worldwide brands, renting Avis® and Budget® cars and purchasing everyday products and services from the various businesses that participate in the program. The TripRewards program enables us to earn fees on revenues generated by our franchisees from TripRewards members. The program contributed $18 million of incremental revenue during 2004.

EBITDA further reflects a decrease of $3 million (1%) in operating, marketing and administrative expenses, principally reflecting $35 million in favorable bad debt expense period-over-period related to the settlement of a lodging franchise receivable during 2004 that had been previously reserved for during 2003. This was partially offset by (i) an $18 million increase in marketing expenditures to promote our brands, the funding of the cost of rewards earned by customers and program administrative expenses relating to our TripRewards loyalty program; (ii) an increase of $7 million in marketing and reservation related expenses and (iii) an increase in other operating and information technology expenses of $7 million.

Vacation Exchange and Rental

Revenues and EBITDA increased $195 million (27%) and $66 million (30%), respectively, in 2004 compared with 2003.

In May 2004, we completed the acquisition of Landal GreenParks, which contributed revenues and EBITDA of $113 million and $34 million, respectively, during 2004. In October 2004, we completed the acquisition of Canvas Holidays Limited, which contributed an EBITDA loss of $2 million, with no contribution to revenues during 2004. Revenues and the majority of expenses related to these businesses are recognized upon customer arrival, which is heavily weighted towards the peak camping season in the second and third quarters of the year.

Apart from these acquisitions, revenues increased $82 million (11%), which includes (i) a $32 million (14%) increase in rental transaction revenues, (ii) a $25 million (7%) increase in annual dues and exchange revenues and (iii) a $25 million increase in ancillary revenues derived from other travel and leisure-related services and loyalty programs. Included in such increases is the impact of changes in foreign exchange rates, which favorably impacted revenues by $37 million in 2004 as compared with 2003.

The $32 million increase in rental transaction revenues was primarily due to a 12% increase in the average price per rental, which was driven by increased demand for the rental of vacation ownership inventory during 2004 and our increased focus on maximizing inventory utilization.

The $25 million increase in annual dues and exchange revenues was driven by a 4% increase in the average number of worldwide members and a 3% increase in the average annual dues and exchange revenue generated per member. The growth in revenue per member primarily resulted from a 3% increase in the average annual dues per member and a 4% increase in the average price per exchange transaction. Points-based transactions represented 14% of the total exchange transactions in 2004 compared with 11% in 2003, representing a shift in 2004 to more points-based exchanges. Since points are exchangeable for various other travel-related products and services in addition to vacation stays, points-based exchange activity will generally result in higher transaction volumes with lower average fees as compared to the standard one-week for one-week exchange activity in our RCI Weeks exchange program. Accordingly, the shift to more points-based transactions in 2004 resulted in a partial offset to the favorable impact of price increases on the average annual dues and exchange revenue per member.

We experienced an increase in exchange and rental revenues in 2004 despite the negative impact resulting from the Gulf Coast hurricanes during the second half of 2004. As we have a concentration of affiliated resorts in the Gulf Coast, we believe our overall exchange and rental transaction growth during the second half of 2004 was suppressed due to the hurricane activity in the latter half of 2004 as compared to the comparable prior year period.

The $25 million increase in ancillary revenues in 2004 primarily includes (i) a $9 million increase in our European travel agency bookings, (ii) the implementation of our RCI Elite Rewards program in fourth quarter of 2004, which generated $6 million of revenues and (iii) $4 million of incremental vacation ownership inventory sales through bulk distribution channels.

Apart from the aforementioned acquisitions, EBITDA further reflects an increase of $47 million (9%) in expenses which includes: (i) $17 million of higher marketing-related expenses incurred in 2004, primarily due to our decision to increase our investment in vacation ownership-affiliated marketing campaigns and publications; and (ii) $6 million of incremental fulfillment costs in connection with the implementation of our RCI Elite Rewards program, as discussed above. In addition, operating expenses increased $46 million primarily driven by higher staffing costs, other volume related expense increases in our call centers and certain infrastructure enhancements. Included in the expense increases is the effect of foreign exchange rate movements, which increased expenses by $30 million in 2004 as compared to 2003. Such increases were partially offset by (i) a lower cost of sales in 2004 of $13 million on the rentals of vacation properties and (ii) the absence of a $9 million accrual recorded in 2003 for hotel occupancy taxes on property rentals prior to 2004.

Vacation Ownership

Revenues and EBITDA increased $135 million (9%) and $14 million (6%), respectively, in 2004 compared with 2003.

Net VOI sales increased $83 million (7%) in 2004 primarily driven by (i) a 13% increase in VPG and (ii) a $46 million increase in upgrade sales at our Trendwest brand properties due to special upgrade promotions conducted in 2004 undertaken to mitigate the negative impact on tour flow of the “do not call” and “do not fax” regulations, which became effective in October 2003. Such increases were partially offset by a 7% reduction in tour flow resulting primarily from the negative impact of the “do not call” and “do not fax” regulations, including reduced telemarketers’ ability to contact our customers and prospective customers through telephone or facsimile. Net VOI sales were also negatively impacted by a $24 million reduction in the recognition of VOI deferred revenues related to resort properties under construction due to timing of completion of construction (such revenues and related costs are deferred and recognized in future periods as the resort properties are completed).

During 2004, revenue and related expenses generated by our consumer finance business increased $9 million and $27 million, respectively, as a result of (i) consolidating our largest vacation ownership receivable securitization structures during third quarter 2003 and (ii) year-over-year growth in our vacation ownership contract receivables portfolio. Accordingly, as a result of the consolidation, we recorded interest revenues on vacation ownership contract receivables and interest expense incurred on the debt funding of such contracts instead of applying gain on sale accounting to such securitizations, prior to consolidation.

Additionally, we receive management fees for property management services that we provide at certain resorts pursuant to contractual arrangements with property owners’ associations. During 2004, we recognized $30 million of incremental resort management fees as a result of increased rental revenues on units, as well as growth in the number of units under management. Revenue and EBITDA also benefited in 2004 due to a $4 million gain recognized in first quarter 2004 in connection with the sale of a provider of third-party vacation ownership financing and $3 million of revenue generated by such operations in 2004 prior to the sale date.

EBITDA further reflects an increase of $94 million (7%) in operating, marketing and administrative expenses (excluding the effect of consolidating our largest vacation ownership receivable securitization structures) in 2004 primarily due to (i) an increase in general and administrative costs of $37 million associated with the growth in our infrastructure, (ii) $18 million of increased costs related to the property management services that we provide, (iii) a $16 million incremental increase in the provision for loan losses over the increase in related revenues, (iv) $8 million of incremental marketing expense used to support the growth in the business and (v) $6 million of additional commission expense associated with increased VOI sales.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

FINANCIAL CONDITION

	December 31, 2005	December 31, 2004	Change
Total assets	$ 9,164	$ 8,343	$ 821
Total liabilities	4,134	3,664	470
Total invested equity	5,030	4,679	351

Total assets increased $821 million from December 31, 2004 to December 31, 2005 primarily due to (i) a $465 million increase in the receivable due from Cendant, principally reflecting operating cash flows we advanced/provided to Cendant during 2005 and (ii) a $411 million increase in vacation ownership contract receivables and inventories associated with increased sales of vacation ownership interests and property development. These increases were partially offset by a $101 million decrease in current deferred income tax assets primarily related to utilization of net operating loss carryforwards. Total liabilities increased $470 million primarily due to (i) $328 million of additional net borrowings by our vacation ownership business principally reflecting greater securitization of vacation ownership contract receivables and additional borrowings to support the development of vacation ownership properties and (ii) $135 million of increased deferred income tax liabilities primarily related to an increase in deferred tax liabilities associated with installment sales and tax amortization, partially offset by an increase in tax basis differences in assets of foreign subsidiaries. Total invested equity increased $351 million principally due to $428 million of net income generated during 2005, partially offset by $106 million of foreign currency translation adjustments.

LIQUIDITY AND CAPITAL RESOURCES

Currently, our financing needs are supported by cash generated from operations. In addition, certain funding requirements of our vacation ownership business are met through the issuance of securitized and other debt to finance vacation ownership contract receivables and the development of vacation ownership properties. Upon completion of the new financings related to our separation, our liquidity will be further augmented through available capacity under our new revolving credit facility and we believe that access to this facility and our current liquidity vehicles will be sufficient to meet our ongoing needs for the forseeable future.

Cash Flows

As of December 31, 2005, we had $99 million of cash on hand, an increase of $5 million in the aggregate cash balance from $94 million as of December 31, 2004.

The following table summarizes the activity within the components of the cash flows:

	Year Ended December 31,		
	2005	2004	Change
Cash provided by (used in):			
Operating activities	$ 421	$ 322	$ 99
Investing activities	(625)	(503)	(122)
Financing activities	221	217	4
Effects of exchange rate changes on cash and cash equivalents	(12)	(17)	5
Net change in cash and cash equivalents	$ 5	$ 19	$ (14)

During 2005, we generated $99 million more cash from operating activities as compared to 2004. Such change principally reflects an increase in our results of operations in 2005. (See "—Results of Operations—Year Ended December 31, 2005 vs. Year Ended December 31, 2004" for a detailed account of the change in our results of operations.)

During 2005, we used $122 million more cash for investing activities as compared to 2004. The increase in cash outflows primarily relates to (i) a $107 million increase in intercompany funding provided to Cendant in the normal course of business; (ii) an increase of $18 in capital expenditures, the majority of which relates to incremental building and leasehold improvement expenditures within our vacation ownership business; and (iii) the absence in 2005 of $41 million in cash proceeds received in connection with the sale of a provider of third-party vacation ownership financing in 2004; these incremental cash outflows were partially offset by (i) a $27 million reduction in cash used for acquisitions in 2005 (see Note 3 to our Combined Financial Statements) and (ii) $17 million less cash we were required to set aside in connection with certain borrowing arrangements and business activities of our vacation ownership business.

During 2005, we generated $4 million more cash for financing activities as compared to 2004. This change reflects incremental long-term debt borrowings of $62 million in 2005 (see "—Financial Obligations" for a detailed discussion), substantially offset by $59 million in dividends paid to Cendant during 2005.

We intend to continue to invest in capital improvements and the development of our vacation ownership, vacation rental and mixed-use properties. In addition, we may seek to acquire additional franchise agreements, property management contracts and ownership interests in hotel or vacation rental properties on a strategic and selective basis, either directly or through investments in joint ventures. On April 7, 2006, we completed the previously announced acquisition of the Baymont brand and system of 115 franchised properties for approximately $60 million in cash. We anticipate spending approximately $750 million on capital expenditures and vacation ownership development projects in 2006. Capital expenditures in 2006 are expected to include (i) approximately $110 million to improve technology and maintain technological advantages, (ii) approximately $30 million on routine improvements and (iii) approximately $20 million for renovations and special projects. The remaining $590 million relates to vacation ownership development projects in 2006. Expenditures required to complete our capital spending programs will be financed through available cash flow, funds provided by Cendant (until our separation) and general unsecured corporate borrowings thereafter.

In connection with our separation from Cendant, we expect to incur substantial costs, which are not reflected in our historical cash flow activity, to operate as a separate public company. See “Certain Relationships and Related Party Transactions” in this information statement for more information concerning these costs. Additionally, upon distribution of our common stock to Cendant stockholders, we expect to assume and be responsible for 30% of certain Cendant corporate contingent and other liabilities, including those relating to unresolved tax and legal matters. As such, we may be required to make material cash payments to Cendant and/or third parties in the future. However, the actual amount that we may be required to pay under these arrangements could vary depending upon the outcome of any unresolved matters, which may endure for several years, and if any party responsible for all or a portion of such liabilities were to default on its obligation to pay certain costs or expenses related to any such liability. Additionally, we may be entitled to receive a portion of the benefits recognized by Cendant upon the positive resolution of certain unresolved Cendant matters. See “Certain Relationships and Related Party Transactions” and “The Separation” in this information statement for more information.

Financial Obligations

Indebtedness Prior to Separation

Debt as of December 31, consisted of:

	2005	2004	Change
Securitized vacation ownership debt	$1,135	$ 909	$ 226
Other:			
Vacation ownership asset-linked debt	550	425	125
Bank borrowings:			
Vacation ownership	113	136	(23)
Vacation rental	68	84	(16)
Vacation rental capital leases	139	167	(28)
Other	37	47	(10)
	$2,042	$1,768	$ 274

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As of December 31, 2005, available capacity under our borrowing arrangements was as follows:

	Total Capacity	Outstanding Borrowings	Available Capacity
Securitized vacation ownership debt	$ 1,541	$ 1,135	$ 406
Other:			
Vacation ownership asset-linked debt	600	550	50
Bank borrowings:			
Vacation ownership	132	113	19
Vacation rental	68	68	—
Vacation rental capital leases	139	139	—
Other	37	37	—
	$ 2,517	$ 2,042	$ 475

The majority of our debt as of December 31, 2005 was issued through the securitization of vacation ownership contract receivables. This debt represents fixed and floating rate term notes for which the weighted average interest rate was 4.1%, 3.3% and 3.2% for 2005, 2004 and 2003, respectively. We also have access to an $800 million bank conduit facility, of which $394 million and $361 million were drawn as of December 31, 2005 and 2004, respectively, which we utilize to securitize vacation ownership contract receivables. This conduit facility bears interest at variable rates and had a weighted average interest rate of 3.2%, 1.4% and 2.0% during 2005, 2004 and 2003, respectively. This debt (including borrowings under the conduit) is collateralized by $1,515 million of underlying vacation ownership contract receivables and related assets.

Interest expense incurred in connection with our securitized vacation ownership debt amounted to $46 million, $36 million and $10 million during 2005, 2004 and 2003, respectively, and is recorded within the operating expenses on the Combined Statements of Income as we earn consumer finance income on the related securitized vacation ownership contract receivables.

We also borrow under a $600 million asset-linked facility through Cendant to support the creation of certain vacation ownership-related assets and the acquisition and development of vacation ownership properties. This facility expires in May 2007 and bears interest at a rate of LIBOR plus 62.5 basis points. These borrowings are collateralized by $1,305 million of vacation ownership-related assets, consisting primarily of unsecuritized vacation ownership contract receivables, vacation ownership inventory and restricted cash. The weighted average interest rate on these borrowings was 5.1% and 2.6% for 2005 and 2004, respectively.

Our vacation ownership related bank borrowings principally represent $104 million outstanding under foreign credit facilities used to support vacation ownership operations in the South Pacific. This facility bears interest at Australian Dollar LIBOR plus 60 basis points and had a weighted average interest rate of 6.3% and 3.3% for 2005 and 2004, respectively. These secured borrowings are collateralized by $133 million of underlying vacation ownership contract receivables and related assets.

As of December 31, 2005 and 2004, we had bank debt outstanding of $68 million and $84 million, respectively, which was assumed in connection with the acquisition of Landal GreenParks during 2004 and was subsequently refinanced. The bank debt is collateralized by $117 million of land and related vacation rental assets and had a weighted average interest rate of 3.0% for both 2005 and 2004.

We lease vacation homes located in European holiday parks as part of our vacation exchange and rental business. These leases are recorded as capital lease obligations with corresponding assets classified within property, plant and equipment on the Combined Balance Sheets. The vacation exchange and rental capital lease obligations had a weighted average interest rate of 7.5% for both 2005 and 2004.

We also maintain other debt facilities which arise through the ordinary course of operations. This debt principally reflects $18 million of borrowings under a foreign unsecured credit facility and $11 million of mortgage borrowings related to an office building.

Interest expense incurred in connection with the vacation ownership asset-linked debt, bank borrowings and vacation rental capital leases amounted to $36 million, $38 million and $11 million during 2005, 2004 and 2003, respectively, and is recorded within the interest expense (income), net on the Combined Statements of Income.

Pro Forma Indebtedness Following Separation

The following table reflects our indebtedness (and related collateralizing assets) as of December 31, 2005 after giving pro forma effect to the planned borrowings in connection with our separation, which are described in more detail in the section entitled "Description of Material Indebtedness," included elsewhere in this information statement.

	As of December 31, 2005	(Adjustments)/ Planned Issuances/ (Repayments)	Pro Forma
Secured assets[(a)]	$ 3,169	$ (1,305)	$1,864
Securitized vacation ownership debt	$ 1,135	$ —	$1,135
Other:			
Vacation ownership asset-linked debt	550	(550)[(b)]	—
Bank borrowings			
Vacation ownership	113	—	113
Vacation rental	68	—	68
Vacation rental capital leases	139	—	139
	$ 2,005	$ (550)	$1,455
Unsecured debt:			
Other	$ 37	$ —	$ 37
Revolving credit facility	—	280(c)	280
Term loan	—	250(d)	250
Interim loan facility	—	750(e)	750
	37	1,280	1,317
	$ 2,042	$ 730	$2,772

(a) Represents the portion of vacation ownership contract receivables, other vacation ownership related assets, and other vacation exchange and rental assets that collateralize our outstanding secured obligations.
(b) Represents the repayment of borrowings under the asset-linked facility utilizing proceeds received in connection with the planned borrowings.
(c) Represents borrowings under a 5-year, $850 million revolving credit facility, which bears interest at LIBOR plus [ ] to [ ] basis points in addition to a commitment fee of [ ] to [ ] basis points, each of which is dependent on our credit ratings.
(d) Represents unsecured term loans, which are due in [ ], bear interest at LIBOR plus [ ] basis points and are callable by us after [ ].
(e) Represents the issuance of term loans, which are due in [ ] and bear interest at [ ]%.

Our new borrowing facilities will contain restrictive covenants, including restrictions on indebtedness of material subsidiaries, mergers and certain sales of assets, limitations on liens, liquidations, and sale and leaseback transactions, and the maintenance of certain financial ratios. As of December 31, 2005, on a pro forma basis, we would have been in compliance with all the restrictive covenants including the required financial ratios. See "Description of Material Indebtedness," included elsewhere in this information statement for a description of these restrictive covenants.

LIQUIDITY RISK

Our liquidity position may be negatively affected by unfavorable conditions in the markets in which we operate. Our liquidity as it relates to our vacation ownership financings could be adversely affected if we were to fail to renew any of the facilities on their renewal dates or if we were to fail to meet certain ratios, which may occur in certain instances if the credit quality of the underlying vacation ownership contract receivables deteriorates. Our ability to sell vacation ownership contract receivables depends on the continued ability of the capital markets to provide financing to the entities that buy the vacation ownership contract receivables.

SEASONALITY

We experience seasonal fluctuations in our gross revenues and net earnings from our franchise and management fees, commission income earned from renting vacation properties, annual subscription fees or annual membership dues, as applicable, and exchange transaction fees and sales of VOIs. Revenues from franchise and management fees are generally higher in the second and third quarters than in the first or fourth quarters, because of increased leisure travel during the summer months. Revenues from rental income earned from booking vacation rentals are generally highest in the third quarter, when vacation rentals are highest. Revenues from vacation exchange transaction fees are generally highest in the first quarter, which is generally when members of our vacation exchange business plan and book their vacations for the year. Revenues from sales of VOIs are generally higher in the second and third quarters than in other quarters. The seasonality of our business may cause fluctuations in our quarterly operating results. As we expand into new markets and geographical locations, we may experience increased or different seasonality dynamics that create fluctuations in operating results different from the fluctuations we have experienced in the past.

SEPARATION FROM CENDANT AND RELATED TRANSACTIONS

Prior to the separation of Realogy from Cendant, we will enter into a Transition Services Agreement with Cendant, Realogy and Travelport to provide for an orderly transition to being an independent company. Under the Transition Services Agreement, Cendant will agree to provide us with various services, including services relating to human resources and employee benefits, payroll, financial systems management, treasury and cash management, accounts payable services, telecommunications services and information technology services.

In certain cases, services provided by Cendant under the Transition Services Agreement may be provided by one of the separated companies following the date of such company’s separation from Cendant. Under the Transition Services Agreement, the cost of each transition service will reflect generally the same payment terms and will be calculated using the same cost allocation methodologies for the particular service as those associated with the costs on the Combined Financial Statements. The cost of each transition service will be based on either a flat fee or an allocation of the cost incurred by the company providing the service. The Transition Services Agreement is being negotiated in the context of a parent-subsidiary relationship and in the context of the separation of Cendant into four independent companies. Unless specifically indicated below, all services to be provided under the Transition Services Agreement will be provided for a specified period of time, and the parties’ abilities to terminate those services in advance without penalty will be limited. After the expiration of the arrangements contained in the Transition Services Agreement, we may not be able to replace these services in a timely manner or on terms and conditions, including cost, as favorable as those we have received from Cendant. You should refer to the “Certain Relationships and Related Party Transactions” section of this information statement for a more complete description of these and other intercompany agreements and transactions between us and Cendant or one of the newly separated companies.

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We are working to increase our own internal capabilities to reduce our reliance on Cendant for these services. The following table reflects our current estimate of additional costs associated with being an independent public company that are incremental to our historical cost structure and variations in costs resulting from our separation from Cendant, in each case, for the first full 12-month period following our separation from Cendant (refer to the section entitled "Unaudited Pro Forma Condensed Combined Financial Statements"):

	Amount
New costs of being a public company:	
Facilities and equipment	$ 10
Legal fees (including share of unresolved Cendant legal matters)	10
Insurance	6
Information technology	5
Board of Directors and filing fees	4
Audit fees	4
Other	3
	42
Variation in costs from separation from Cendant:	
Staff additions and related costs to replace Cendant support	42
Depreciation and amortization related to assets transferred from Cendant	4
Outsourcing of payroll	1
	47
Less: Cendant general corporate overhead allocation	36
Estimated incremental costs	$ 53

Additionally, in connection with our separation, we are expected to assume and be responsible for 30% of certain Cendant contingent and other corporate liabilities, including those relating to unresolved tax and legal matters. More specifically, we generally will be responsible for the payment of 30% of (i) all income and non-income taxes imposed on Cendant and certain other subsidiaries the operations (or former operations) of which were determined by Cendant not to relate specifically to our business or to the businesses of Realogy, Travelport or the Vehicle Rental business or their respective subsidiaries, and (ii) all contingent and other corporate liabilities that are not primarily related to our business or to the businesses of Realogy, Travelport or the Vehicle Rental business that were incurred on or prior to the earlier of (x) December 31, 2006 or (y) the date of the later to occur of the separation of us or Travelport from Cendant. These contingent and other corporate liabilities include liabilities relating to, arising out of or resulting from (i) certain of Cendant's terminated or divested businesses, including among others, Cendant's former PHH and Marketing Services (Affinion) businesses, (ii) the Securities Action, the PRIDES Action and the ABI Actions (for a further description of these litigation matters, see "Business-Employees, Properties and Facilities, Government Regulation and Legal Proceedings—Legal Proceedings—Legal—Cendant Corporate Litigation") and (iii) any actions with respect to the separation plan or the distributions made or brought by any third party. Realogy and Travelport are expected to assume and be responsible for 50% and 20%, respectively, of these liabilities. However, in almost all cases, contingent and other corporate liabilities do not include liabilities that are specifically related to the business of one of the four separated companies which will be allocated 100% to the relevant company, including any liabilities related to the business disclosure in a separated company's registration statement on Form 10 or similar disclosure document filed or distributed or connection with the separation plan. The allocation of these liabilities among us (30%), Realogy (50%) and Travelport (20%) was determined by the percentage of EBITDA each of us, Realogy and Travelport contributed to Cendant's 2005 EDITDA (before taking into account unusual items and excluding the EBITDA contributed by the Vehicle Rental Business). The responsibility for the Cendant contingent and other corporate liabilities was allocated to us, Realogy and Travelport, and not to Vehicle Rental business, based upon the projected ability of each of us, Realogy and Travelport to satisfy the liabilities if and when they come due. We will also agree with Realogy and Travelport to

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guarantee each other's (as well as Cendant's) obligations under our respective deferred compensation plans for amounts deferred in respect of 2005 and earlier years. The actual amount that we may be required to pay under these arrangements could vary depending upon the outcome of any unresolved matters, which may not be resolved for several years, and if any party responsible for all or a portion of such liabilities were to default on its obligation to pay certain costs or expenses related to any such liability.

Certain lawsuits are currently outstanding against Cendant, some of which relate to accounting irregularities arising from some of the CUC International, Inc. business units acquired when HFS Incorporated merged with CUC to form Cendant. While Cendant has settled many of the principal lawsuits relating to the accounting irregularities, these settlements do not encompass all litigation associated with the accounting irregularities. Cendant and we do 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 or other proceedings for which we have assumed liability under the separation agreements could be material with respect to our consolidated financial position, results of operations or cash flows in any given reporting period. We will be required to record the fair value of such obligations as a liability at the time of separation and a corresponding reduction to equity.

Generally accepted accounting principles prohibit us and Cendant from recording estimates for any contingent assets that we may be entitled to receive upon positive resolution of certain unresolved matters, including those relating to tax and legal matters.

CONTRACTUAL OBLIGATIONS

The following table summarizes our future contractual obligations as of December 31, 2005:

	2006	2007	2008	2009	2010	Thereafter	Total
Debt [(a)]	$ 332	$ 761	$ 380	$ 100	$ 77	$ 355	$ 2,005
Unsecured debt [(b)]	23	2	—	—	12	—	37
Operating leases	30	23	16	13	11	12	105
Other purchase commitments [(c)]	253	68	11	6	3	8	349
Total	$ 638	$ 854	$ 407	$ 119	$ 103	$ 375	$ 2,496

(a) Amounts exclude interest expense, as the amounts ultimately paid will depend on amounts outstanding under our secured obligations and interest rates in effect during each period.
(b) Excludes future cash payments related to interest expense.
(c) Primarily represents commitments for the development of vacation ownership properties.

The following table summarizes our future contractual obligations as of December 31, 2005 after giving pro forma effect to planned debt issuances/repayments discussed above. The table below does not include future cash payments related to (i) contingent payments that may be made to Cendant and/or third parties at a future date in connection with the arrangements described above, (ii) payments that may result from the transfer to us of certain assets by Cendant or assumption of certain Cendant liabilities by us in connection with the separation plan or (iii) the various guarantees described in Note 13 to our Combined Financial Statements.

	2006	2007	2008	2009	2010	Thereafter	Total
Debt [(a)]	$ 332	$ 211	$ 380	$ 100	$ 77	$ 355	$ 1,455
Unsecured debt [(b)]	23	752	—	—	12	530	1,317
Operating leases	30	23	16	13	11	12	105
Other purchase commitments [(c)]	253	68	11	6	3	8	349
Total	$ 638	$ 1,054	$ 407	$ 119	$ 103	$ 905	$ 3,226

(a) Amounts exclude interest expense, as the amounts ultimately paid will depend on amounts outstanding under our secured obligations and interest rates in effect during each period.
(b) This table assumes that pro forma debt of $750 million will be due in 2007 and $530 million will be due after 2010. Excludes future cash payments related to interest expense. Approximately $530 million of the unsecured debt we plan to issue is expected to be variable rate and the interest payments will ultimately be determined by the rates in effect during each period. Interest expense associated with the

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fixed rate portion (planned to be approximately $750 million) is expected to approximate $45 million during each of 2006, 2007, 2008, 2009, 2010 and thereafter.

(c) Primarily represents commitments for the development of vacation ownership properties.

Other Commercial Commitments and Off-Balance Sheet Arrangements

Purchase Commitments. In the normal course of business, we make various commitments to purchase goods or services from specific suppliers, including those related to vacation ownership resort development and other capital expenditures. None of the purchase commitments made by us as of December 31, 2005 (aggregating approximately $349 million) was individually significant; the majority relate to commitments for the development of vacation ownership properties (aggregating $233 million, of which $219 million relates to 2006).

Standard Guarantees/Indemnifications. In the ordinary course of business, we enter into numerous agreements that contain standard guarantees and indemnities whereby we indemnify another party for breaches of representations and warranties. In addition, many of these parties are also indemnified against any third-party claim resulting from the transaction that is contemplated in the underlying agreement. Such guarantees and indemnifications are granted under various agreements, including those governing (i) purchases, sales or outsourcing of assets or businesses, (ii) leases of real estate, (iii) licensing of trademarks, (iv) development of vacation ownership properties, (v) access to credit facilities and use of derivatives and (vi) issuances of debt securities. The guarantees and indemnifications issued are for the benefit of the (i) buyers in sale agreements and sellers in purchase agreements, (ii) landlords in lease contracts, (iii) franchisees in licensing agreements, (iv) developers in vacation ownership development agreements, (v) financial institutions in credit facility arrangements and derivative contracts and (vi) underwriters in debt security issuances. While some of these guarantees and indemnifications extend only for the duration of the underlying agreement, many survive the expiration of the term of the agreement or extend into perpetuity (unless subject to a legal statute of limitations). There are no specific limitations on the maximum potential amount of future payments that we could be required to make under these guarantees and indemnifications, nor are we able to develop an estimate of the maximum potential amount of future payments to be made under these guarantees and indemnifications as the triggering events are not subject to predictability. With respect to certain of the aforementioned guarantees and indemnifications, such as indemnifications of landlords against third-party claims for the use of real estate property leased by us, we maintain insurance coverage that mitigates any potential payments to be made.

Other Guarantees/Indemnifications. In the normal course of business, our vacation ownership business provides guarantees to certain property owners' associations for funds required to operate and maintain vacation ownership properties in excess of assessments collected from owners of the vacation ownership interests. We may be required to fund such excess as a result of our unsold owned vacation ownership interests or failure by owners to pay such assessments. These guarantees extend for the duration of the underlying subsidy agreements (which generally approximate one year and are renewable on an annual basis) or until a stipulated percentage (typically 80% or higher) of related vacation ownership interests are sold. The maximum potential future payments that we could be required to make under these guarantees was approximately $175 million as of December 31, 2005. We would only be required to pay this maximum amount if none of the owners assessed paid their assessments. Any assessments collected from the owners of the vacation ownership interests would reduce the maximum potential amount of future payments to be made by us. Additionally, should we be required to fund the deficit through the payment of any owners' assessments under these guarantees, we would be permitted access to the property for our own use and may use that property to engage in revenue-producing activities, such as marketing or rental. Historically, we have not been required to make material payments under these guarantees, as the fees collected from owners of vacation ownership interests have been sufficient to support the operation and maintenance of the vacation ownership properties. As of December 31, 2005, we recorded a liability in connection with these guarantees of $11 million.

Securitizations. We pool qualifying vacation ownership contract receivables and sell them to bankruptcy-remote entities. Prior to September 1, 2003, sales of vacation ownership contract receivables were treated as off-balance sheet sales as the entities utilized were structured as bankruptcy-remote QSPEs pursuant to SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Subsequent to September 1, 2003, newly originated as well as certain legacy vacation ownership contract receivables are securitized through bankruptcy-remote SPEs that are consolidated within our financial statements.

Certain structures that we use to securitize vacation ownership contract receivables prior to September 1, 2003 did not qualify for inclusion in Combined Financial Statements and, therefore, securitizations through these structures were treated as off-balance sheet sales, with us retaining the servicing rights and a subordinated interest. As these securitization facilities are precluded from consolidation pursuant to generally accepted accounting principles, the debt issued by these entities and the collateralizing assets, which we service, are not reflected on the Combined Balance Sheets. The retained interest, however, is reported on the Combined Balance Sheets. Our retained interest of \$13 million and \$40 million as of December 31, 2005 and 2004, respectively, is recorded within other non-current assets on the Combined Balance Sheets.

During 2003, we recognized pre-tax gains of \$39 million on the securitization of vacation ownership contract receivables through the off-balance sheet, bankruptcy-remote QSPEs (prior to our consolidation thereof on September 1, 2003), which were calculated using the following key economic assumptions: 7-15% prepayment speed; 7.0-7.6 weighted average life (in years); 15% discount rate; and 9.5-13.7% anticipated credit losses. Such gains were recorded within consumer financing on the Combined Statement of Income.

Letters of Credit. As of December 31, 2005, we had \$44 million of irrevocable standby letters of credit outstanding, which mainly relate to support for development activity at our vacation ownership business.

CRITICAL ACCOUNTING POLICIES

In presenting our financial statements in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events. However, events that are outside of our control cannot be predicted and, as such, they cannot be contemplated in evaluating such estimates and assumptions. If there is a significant unfavorable change to current conditions, it could result in a material adverse impact to our combined results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time. Presented below are those accounting policies that we believe require subjective and complex judgments that could potentially affect reported results. However, the majority of our businesses operate in environments where we are paid a fee for a service performed, and therefore the results of the majority of our recurring operations are recorded in our financial statements using accounting policies that are not particularly subjective, nor complex.

Vacation Ownership Revenue Recognition. We recognize sales of vacation ownership interests on a full accrual basis for fully constructed inventory after a binding sales contract has been executed, a 10% minimum down payment has been received, the statutory rescission period has expired and receivables are deemed collectible and the remainder of our obligations have been substantially completed. We use a methodology to estimate the collectibility of the vacation ownership contract receivables, which includes consideration of such factors as economic conditions, defaults, past due aging and historical write-offs of contracts. We record reserves against these revenues, based on expected default levels, as a provision for loan losses on the Combined Statements of Income (see "—Loan Loss Reserves" discussed below).

During periods of construction, subsequent to the preliminary construction phase and upon assurance that the property will not revert to a rental property, we recognize revenues using the percentage-of-completion method of accounting. For percentage-of-completion accounting, the preliminary stage is deemed to be complete when the engineering and design work is complete, the construction contracts have been executed, the site has been cleared, prepared and excavated and the building foundation is complete. The completion percentage is determined by the proportion of real estate inventory costs and certain sales and marketing and interest costs incurred to total estimated costs. These estimated costs are based upon historical experience and the related contractual terms. The remaining revenue and related costs of sales, including commissions and direct expenses, are deferred and recognized as the remaining costs are incurred. Until a contract for sale qualifies for revenue recognition, all payments received are accounted for as restricted cash and deposits within other current assets and deferred income, respectively, on the Combined Balance Sheets. Commissions and other direct costs related to the sale are deferred until the sale is recorded. If a contract is cancelled before qualifying as a sale, non-recoverable expenses are charged to the current period as part of operating expenses on the Combined Statements of Income. Changes in costs could lead to adjustments to the percentage of completion status of a project, which may result in difference in the timing and amount of revenue recognized from the construction of vacation ownership properties. This policy will change upon our adoption of Statement of Financial Accounting Standards, "Accounting for Real Estate Time-Sharing Transactions," or SFAS No. 152, and AICPA Statement of Position 04-2, "Accounting for Real Estate Time-sharing Transactions," or SOP 04-2, which is discussed in greater detail in Note 2 to the Combined Financial Statements.

Loan Loss Reserves. In our vacation ownership segment, we provide for estimated vacation ownership contract receivable cancellations at the time the VOI sales are recorded with a charge to establish our provision for loan losses on the Combined Statements of Income. We consider factors such as economic conditions, defaults, past-due aging and historical write-offs of vacation ownership contract receivables to evaluate the adequacy of the allowance. Upon the adoption of SFAS No. 152 and SOP 04-2 on January 1, 2006, the charges to the reserve will be classified as a reduction to revenue on a prospective basis.

Business Combinations. A component of our growth strategy has been to acquire and integrate businesses that complement our existing operations. We account for business combinations in accordance with SFAS No. 141, "Business Combinations" and related literature. Accordingly, we allocate the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values at the date of purchase. The difference between the purchase price and the fair value of the net assets acquired is recorded as goodwill.

In determining the fair values of assets acquired and liabilities assumed in a business combination, we use various recognized valuation methods including present value modeling and referenced market values (where available). Further, we make assumptions within certain valuation techniques including discount rates and timing of future cash flows. Valuations are performed by management or independent valuation specialists under management's supervision, where appropriate. We believe that the estimated fair values assigned to the assets acquired and liabilities assumed are based on reasonable assumptions that marketplace participants would use. However, such assumptions are inherently uncertain and actual results could differ from those estimates.

With regard to the goodwill and other indefinite-lived intangible assets recorded in connection with business combinations, we annually or, more frequently if circumstances indicate impairment may have occurred, review their carrying values as required by SFAS No. 142, "Goodwill and Other Intangible Assets." In performing this review, we are required to make an assessment of fair value for our goodwill and other indefinite-lived intangible assets. When determining fair value, we utilize various assumptions, including projections of future cash flows. A change in these underlying assumptions could cause a change in the results of the tests and, as such, could cause the fair value to be less than the respective carrying amount. In such event, we would then be required to record a charge, which would impact earnings.

The aggregate carrying values of our goodwill and other indefinite-lived intangible assets were $2,641 million and $580 million, respectively, as of December 31, 2005. Our goodwill and other indefinite-lived intangible assets are allocated among our three reporting segments. Accordingly, it is difficult to quantify the impact of an adverse change in financial results and related cash flows, as such change may be isolated to one of our reporting segments or spread across our entire organization. In either case, the magnitude of any impairment to goodwill or other indefinite-lived intangible assets resulting from adverse changes cannot be estimated.

However, our businesses are concentrated in one industry and, as a result, an adverse change to the hospitality industry will impact our combined results and may result in impairment of our goodwill or other indefinite-lived intangible assets.

Income Taxes. We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We regularly review our deferred tax assets to assess their potential realization and establish a valuation allowance for portions of such assets that we believe will not be ultimately realized. In performing this review, we make estimates and assumptions regarding projected future taxable income, the expected timing of the reversals of existing temporary differences and the implementation of tax planning strategies. A change in these assumptions could cause an increase or decrease to our valuation allowance resulting in an increase or decrease in our effective tax rate, which could materially impact our results of operations.

Changes in Accounting Policies

We will adopt the following recently issued standards as required:

- SFAS No. 152, "Accounting for Real Estate Time-Sharing Transactions" and Statement of Position No. 04-2, "Accounting for Real Estate Time-Sharing Transactions"
- SFAS No. 154, "Accounting Changes and Error Corrections—a replacement of APB Opinion No. 20 and FASB Statement No. 3"
- SFAS No. 156, "Accounting for Servicing of Financial Assets—an amendment of FASB Statement No. 140"
- SFAS No. 123R, "Share-Based Payment"

For detailed information regarding these pronouncements and the impact thereof on our business, see Note 2 to the Combined Financial Statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We use various financial instruments, particularly swap contracts and interest rate caps to manage and reduce the interest rate risk related to our debt. Foreign currency forwards are also used to manage and reduce the foreign currency exchange rate risk associated with our foreign currency denominated receivables and forecasted royalties, forecasted earnings of foreign subsidiaries and other transactions.

We are exclusively an end user of these instruments, which are commonly referred to as derivatives. We do not engage in trading, market making or other speculative activities in the derivatives markets. More detailed information about these financial instruments is provided in Note 17 to the Combined Financial Statements. Our principal market exposures are interest and foreign currency rate risks.

- Interest rate movements in one country, as well as relative interest rate movements between countries can materially impact our profitability. Our primary interest rate exposure as of December 31, 2005 was to interest rate fluctuations in the United States, specifically LIBOR and commercial paper interest rates due to their impact on variable rate borrowings and other interest rate sensitive liabilities. We anticipate that LIBOR and commercial paper rates will remain a primary market risk exposure for the foreseeable future.
- We have foreign currency rate exposure to exchange rate fluctuations worldwide and particularly with respect to the British pound, Euro and Canadian dollar. We anticipate that such foreign currency exchange rate risk will remain a market risk exposure for the foreseeable future.

We assess our market risk based on changes in interest and foreign currency exchange rates utilizing a sensitivity analysis. The sensitivity analysis measures the potential impact in earnings, fair values and cash flows based on a hypothetical 10% change (increase and decrease) in interest and currency rates.

The fair values of cash and cash equivalents, trade receivables, accounts payable and accrued expenses and other current liabilities approximate carrying values due to the short-term nature of these assets. We use a discounted cash flow model in determining the fair values of vacation ownership contract receivables and our retained interests in securitized assets. The primary assumptions used in determining fair value are prepayment speeds, estimated loss rates and discount rates. We use a duration-based model in determining the impact of interest rate shifts on our debt and interest rate derivatives. The primary assumption used in these models is that a 10% increase or decrease in the benchmark interest rate produces a parallel shift in the yield curve across all maturities.

We use a current market pricing model to assess the changes in the value of the U.S. dollar on foreign currency denominated monetary assets and liabilities and derivatives. The primary assumption used in these models is a hypothetical 10% weakening or strengthening of the U.S. dollar against all our currency exposures as of December 31, 2005, 2004 and 2003.

Our total market risk is influenced by a wide variety of factors including the volatility present within the markets and the liquidity of the markets. There are certain limitations inherent in the sensitivity analyses presented. While probably the most meaningful analysis, these “shock tests” are constrained by several factors, including the necessity to conduct the analysis based on a single point in time and the inability to include the complex market reactions that normally would arise from the market shifts modeled.

We used December 31, 2005, 2004 and 2003 market rates on outstanding financial instruments to perform the sensitivity analyses separately for each of our market risk exposures—interest and currency rate instruments. The estimates are based on the market risk sensitive portfolios described in the preceding paragraphs and assume instantaneous, parallel shifts in interest rate yield curves and exchange rates.

We have determined that the impact of a 10% change in interest and foreign currency exchange rates and prices on our earnings, fair values and cash flows would not be material. While these results may be used as benchmarks, they should not be viewed as forecasts.

BUSINESS

Overview

As one of the world's largest hospitality companies, we offer individual consumers and business-to-business customers a broad suite of hospitality products and services across various accommodation alternatives and price ranges through our premier portfolio of world-renowned brands. With more than 20 brands, which include Wyndham Hotels & Resorts, Ramada, Days Inn, Super 8, TripRewards, RCI, Landal GreenParks, English Country Cottages, Novasol, Fairfield and Trendwest, we have built a significant presence in most major hospitality markets in the United States and throughout the rest of the world. In 2006, total spending by domestic and international travelers in the United States is expected to reach $675 billion, an increase of approximately 5% from spending levels in 2005 and of approximately 16% from spending levels in 2000, which witnessed the highest ever levels of travel spending for any year prior to the September 11, 2001 terrorist attacks. Globally, travel spending is expected to grow by 5% in 2006 to $4.5 trillion. Historically, we have pursued what we believe to be financially-attractive entrance points in the major global hospitality markets to strengthen our portfolio of products and services. Wyndham Worldwide is well positioned to compete in the major hospitality segments of this large and growing industry.

We operate primarily in the lodging, vacation exchange and rental, and vacation ownership segments of the hospitality industry:

- Through our lodging business, we franchise hotels in the upscale, middle and economy segments of the lodging industry and provide property management services to owners of upscale branded hotels;
- Through our vacation exchange and rental business, we provide vacation exchange products and services to owners of intervals of vacation ownership interests, and we market vacation rental properties primarily on behalf of independent owners; and
- Through our vacation ownership business, we market and sell vacation ownership interests to individual consumers, provide consumer financing in connection with the sale of vacation ownership interests and provide property management services at resorts.

Each of our lodging, vacation exchange and rental and vacation ownership businesses has a long operating history. Our lodging business began operations in 1990 with the acquisition of the Howard Johnson and Ramada brands, each of which opened its first hotel in 1954. RCI, the best known brand in our vacation exchange and rental business, was established more than 30 years ago, and our vacation ownership brands, Fairfield and Trendwest, began vacation ownership operations in 1980 and 1989, respectively.

We provide directly to individual consumers our high quality products and services, including the various accommodations we market, such as hotels, vacation resorts, villas and cottages, and products we offer, such as vacation ownership interests. We also provide valuable products and services to our business-to-business customers, such as franchisees, affiliated resort developers and prospective developers. These products and services include marketing and central reservation systems, back office services and loyalty programs. We strive to provide value-added products and services that are intended both to enhance the travel experience of the individual consumer and to drive revenue to our business-to-business customers. The depth and breadth of our businesses across different segments of the hospitality industry provide us with the opportunity to expand our relationships with our existing individual consumers and business-to-business customers in one or more segments of our business by offering them additional or alternative products and services from our other segments.

The largest portion of our revenues comes from fees we receive in exchange for providing products and services. We receive fees, for example, as royalties for utilizing our brands and for providing property management and vacation exchange and rental services. The remainder of our revenues comes from the proceeds of sales of products, such as vacation ownership interests, and related services. The fees we earn by providing products and services and proceeds from sales of our products and services provide us with strong and stable cash flows. For the year ended December 31, 2005, we generated revenues of $3,470 million and net income of $428 million.

History and Development

We are currently a wholly owned subsidiary of Cendant Corporation. Cendant Corporation was created in December 1997 through the merger of CUC International, Inc., or CUC, and HFS Incorporated, or HFS. Prior to the merger, HFS was a major hospitality, real estate and car rental franchisor. At the time of the merger, HFS franchised hotels worldwide through brands, such as Ramada, Days Inn, Super 8, Howard Johnson and Travelodge. Since the merger, Cendant has taken a number of steps and completed a number of transactions to grow its Hospitality Services business and to develop its Timeshare Resorts business (which is the same business as our vacation ownership business), including the:

- entry into the vacation ownership business with the acquisitions of Fairfield and Trendwest in 2001 and 2002, respectively;
- entry into the vacation rental business through the acquisition of various brands, including Cuendet and the Holiday Cottages group of brands, which includes English Country Cottages, in 2001, Novasol in 2002, and Landal GreenParks and Canvas Holidays in 2004;
- commencement of the TripRewards loyalty program in 2003;
- purchase of all remaining ownership rights to the Ramada brand on a worldwide basis from Marriott International in 2004;
- acquisition of the global Wyndham Hotels & Resorts brand, related vacation ownership development rights and selected hotel property management contracts in 2005; and
- acquisition of the Baymont brand in April 2006.

Prior to the distribution, Cendant will transfer to Wyndham Worldwide the assets and liabilities, including the entities holding substantially all of the assets and liabilities, of Cendant's Hospitality Services (including Timeshare Resorts) businesses.

Industry Overview

The hospitality industry is a major component of the travel industry, which is the third-largest retail industry in the United States after the automotive and food stores industries. The general health of the hospitality industry is affected by the performance of the U.S. economy. From 1981-2005, the U.S. economy has performed solidly as evidenced by the growth of the U.S. real Gross Domestic Product, or real GDP, at a compound annual growth rate, or CAGR, of 3.1% over the period. The U.S. economy is expected to continue to perform solidly in 2006 and 2007 with real GDP expected to grow by approximately 3.5% and 3.4%, in 2006 and 2007, respectively.

The hospitality industry includes the segments in which Wyndham Worldwide operates—lodging, vacation exchange and rental, and vacation ownership. In spite of the recent series of unprecedented challenges faced by the hospitality industry, including terrorism, Severe Acute Respiratory Syndrome (SARS) and natural disasters, the industry is growing. In 2005, domestic and international travelers spent in the United States an estimated $646 billion, which represents nearly an 8% increase from the prior year. This year, it is expected that the total spending by such travelers in the United States will reach $675 billion, which would be an increase of nearly 5% over last year's spending. This level of expected spending in 2006 is 16% higher than the spending in 2000, the year prior to the September 11, 2001 terrorist attacks.

Lodging Industry

The $124 billion domestic lodging industry is a growing segment of the hospitality industry. Companies in the lodging industry generally operate in one or more of the various lodging segments, including luxury, upscale, middle and economy, and generally operate under one or more business models, including franchise, management or ownership. The lodging industry is an important component of the U.S. hospitality industry. In 2004, the U.S. lodging industry boasted approximately 47,600 properties, which represented more than approximately 4.4 million guest rooms, which are comprised of approximately 3.0 million rooms in franchised hotels and approximately 1.4 million rooms in independent hotels. According to PricewaterhouseCoopers' forecast, the U.S. lodging industry is expected to gross $20.9 billion in pre-tax profits in 2005, which represents a 25.1% increase from the prior year, followed by $25.6 billion in 2006 and $30.3 billion in 2007.

Growth in demand in the lodging industry is driven by two main factors: (i) the general health of the travel and tourism industry and (ii) the propensity for corporate spending on business travel. Demand for lodging grew by a 1.2% compounded annual growth rate (CAGR) in the United States from 2000 through 2005. During this six year period, the industry added approximately 518,000 rooms. Demand for lodging has grown even faster in the past three years from 2003 to 2005 at a 3.8% CAGR. Even with the recent increase in the number of hotel rooms, demand in the past few years has been outpacing supply, which creates a favorable business environment for lodging companies.

Performance in the lodging industry is measured by certain key metrics, such as average daily rate, or ADR, average occupancy rate and revenue per available room, or RevPAR, which is calculated by multiplying the ADR by the average occupancy rate. Over the past five years, the trends in these performance metrics have generally indicated that the lodging industry is growing. In 2005, the ADR in the United States was $90.84, which is 5.3% higher than the rate in the prior year, the average occupancy rate was 63.1%, which is 2.9% higher than the rate in the prior years and RevPAR was $57.34, which is 8.4% higher than RevPAR in the prior year. The following table demonstrates the trends in the key performance measures:

Trends in Performance Metrics in the United States since 2001

Year	Occupancy Rate	Change in Occupancy Rate	Average Daily Rate (ADR)	Change in ADR	RevPAR	Change in RevPAR
2001	59.7%	(5.6)%	$ 83.99	(1.4)%	$50.17	(7.0)%
2002	59.0%	(1.2)%	82.75	(1.5)%	48.82	(2.7)%
2003	59.2%	0.3%	82.86	0.1%	49.04	0.4%
2004	61.3%	3.6%	86.24	4.1%	52.88	7.8%
2005	63.1%	2.9%	90.84	5.3%	57.34	8.4%
2006E	64.3%	1.8%	96.11	5.8%	61.75	7.7%

Sources: Smith Travel Research; PricewaterhouseCoopers

Performance in the lodging industry is also measured by revenues earned by companies in the industry and by the number of new rooms added on a yearly basis. In 2005, the lodging industry earned revenues of $124.2 billion and added 82,100 new rooms. The following table demonstrates trends in revenues and new rooms:

Trends in Revenues and New Rooms in the United States since 2001

Year	Revenues ($ bn)	Change in Revenues	New Rooms (000s)	Change in New Rooms
2001	$ 103.5	(7.7)%	90.5	(24.9)%
2002	102.6	(0.9)%	68.4	(24.4)%
2003	105.1	2.5%	76.7	12.0%
2004	114.1	8.5%	79.9	4.1%
2005	124.2	8.8%	82.1	2.9%
2006E	135.1	8.8%	120.0	46.0%

Sources: Smith Travel Research; PricewaterhouseCoopers

The lodging industry generally can be divided into four main segments: (i) luxury; (ii) upscale, which also includes upper-upscale properties, (iii) midscale, which is often further split into midscale with food and beverage and midscale without food and beverage; and (iv) economy. Luxury and upscale hotels typically offer a full range of on-property amenities and services including restaurants, spas, recreational facilities, business center, concierge, room service and local transportation (shuttle service to airport, local attractions and shopping). Middle segment properties typically offer limited breakfast service, vending, selected business services, partial recreational facilities (either a pool or fitness equipment) and limited transportation (airport shuttle). Economy properties typically offer a swimming pool and airport shuttle. The following table sets forth the information on the ADR and on supply and demand for each segment and the associated subsegments:

Lodging Segments for Franchised Hotels

Segment(*)	Estimated Average Daily Room Rate (ADR)	2005 Rooms Sold (Demand, 000s)	Change in Demand	2005 Room Supply (000s)	Change in Supply
Luxury	Greater than $180	53.3	3.7%	75.9	0.0%
Upper-upscale	$115 to $180	380.1	4.0%	535.9	1.3%
Upscale	$85 to $115	274.0	4.0%	389.6	1.6%
Midscale with food-and-beverage	$57 to $85	328.5	0.2%	557.6	(2.8)%
Midscale without food-and-beverage	$57 to $85	433.4	4.7%	660.1	0.9%
Economy	Less than $57	422.3	3.5%	734.9	0.0%

Sources: Smith Travel Research; PricewaterhouseCoopers Hospitality Directions, U.S. Edition, March 2006; ADR statistics are based on company estimates

(*) The “economy” segments (upper economy, economy and lower economy) of our lodging brands discussed on page 104 of this information statement, while based on the Smith Travel Research chain-scale segments represented in the table above, provide a greater degree of differentiation to correspond with the price sensitivities of our customers by brand. The “middle” segment of our lodging brands encompasses both the Smith Travel Research “midscale without food and beverage” and “midscale with food and beverage” segments. See the System Performance and Distribution Table in “—Wyndham Hotel Group.”

Typically, companies in the lodging industry operate under one or more of the following three business models:

- **Franchise.** Under the franchise model, a company, which under this model is referred to as a franchisor, typically grants the use of a brand name to owners of hotels that the company neither owns nor manages in exchange for royalty fees that are typically equal to a percentage of room sales. Owners of independent hotels increasingly have been affiliating their hotels with national lodging franchise brands as a means to remain competitive. In 2005, the share of hotel rooms in the United States affiliated with a national lodging chain was approximately 67%.

- **Management.** Under the management model, a company provides property management services to lodging properties that it owns and/or lodging properties owned by a third party in exchange for management fees, which may include incentive fees based on the financial performances of the properties.
- **Ownership.** Under the ownership model, a company owns properties and therefore benefits financially from hotel revenues and any appreciation in value of the properties.

Vacation Exchange and Rental Industry

The estimated $36 billion global vacation exchange and rental industry is a growing segment of the hospitality industry. Industry providers offer products and services to both leisure travelers and vacation property owners, including owners of second homes and vacation ownership interests. The vacation exchange and rental industry offers leisure travelers access to a range of fully-furnished vacation properties, which include privately- owned vacation homes, apartments and condominiums, vacation ownership resorts, inventory at hotels and resorts, villas, cottages, boats and yachts. Providers offer leisure travelers flexibility (subject to availability) as to time of travel and a choice of lodging options in regions to which such travelers may not typically have such ease of access. For vacation property owners, affiliations with vacation exchange companies or vacation rental companies allow such owners to transfer the ability to facilitate exchanges of interests in vacation properties or marketing and renting vacation properties, as applicable, and, with respect to vacation properties for rental, to transfer the responsibility of managing such properties.

The vacation exchange industry provides to owners of intervals flexibility with respect to vacations through vacation exchanges. Companies that offer vacation exchange services include, among others RCI (our global vacation exchange subsidiary and the world's largest vacation exchange network), Interval International, Inc. (a third-party exchange company), and companies that develop vacation ownership resorts and market vacation ownership interests and offer exchanges through internal networks of properties. To participate in a vacation exchange, an owner generally contributes intervals to an exchange company's network and then indicates the particular resort or geographic area to which the owner would like to travel, the size of the unit desired and the period during which the owner would like to vacation. The exchange company then rates the owner's contributed intervals based upon a number of factors, including the location and size of the unit or units, the quality of the resort or resorts and the time period or periods during which the intervals entitle the owner to vacation. The exchange company then generally offers the owner a vacation with a similar or better rating as the rating of the vacation that the owner contributed. Exchange companies generally derive revenues from owners of intervals by charging exchange fees for exchanges and through annual membership dues. In 2004, approximately 72% of owners of intervals were members of vacation exchange companies, and over two-thirds of such owners exchanged their intervals through such exchange companies.

The overall trend in the vacation exchange industry is growth in the number of members of vacation exchange companies. We believe that the vacation exchange industry will be favorably impacted by the growth in the premium and luxury segments of the vacation ownership industry through the increased sales of vacation ownership interests at high-end luxury resorts and the continued development of vacation ownership properties and products, including condominium hotels and destination clubs. The vacation exchange industry is expected to grow over the next few years with respect to members and with respect to exchanges by members. In 2004, there were approximately five million members who completed over 3.5 million exchanges.

The vacation rental industry offers vacation property owners the opportunity to rent their properties to leisure travelers for periods of time when the properties are unoccupied. The vacation rental industry is not as organized as the lodging industry in that the vacation rental industry, we believe, has no global companies and no international reservation systems or global brands. The global supply of vacation rental inventory is highly fragmented with much of it being made available by individual property owners (as contrasted with commercial hospitality providers). Although these owners sometimes rent their properties directly, with or without the assistance of property managers and brokers, vacation rental companies often assist in renting owners' properties without the benefit of globally recognized brands or international marketing and reservation systems. Sales by vacation rental companies are growing more rapidly than sales by other suppliers of inventory in the vacation rental industry. Typically, vacation rental companies collect rent in advance and, after deducting the applicable commissions, remit the net amounts due to the property owners and/or property managers. In addition to commissions, vacation rental companies earn revenues from rental customers through fees that are incidental to the rental of the properties, such as fees for travel services, local transportation, on-site services and insurance.

We believe that as of December 31, 2005, there were approximately 1.1 million and 1.2 million vacation properties available for rental in the United States and Europe, respectively. In the United States, the vacation properties available for rental are primarily condominiums or stand-alone houses. In Europe, the vacation properties available for rental include individual homes and apartments, campsites and vacation parks. Individual owners of vacation properties in the United States and Europe principally own their properties as investments and often only use such properties for portions of the year.

We believe that the overall demand for vacation rentals has been growing for the following reasons: (i) the continuing growth of low-cost airline operations; (ii) the increased use of the Internet as a tool for facilitating vacation rental transactions; and (iii) the emergence of attractive, low-cost, warm-weather destinations, such as Eastern Europe and the Middle East. The demand per year for vacation rentals in Europe, the United States, South Africa and Australia is approximately 45 million vacation weeks, 30 million of which are rented by leisure travelers from Europe. Demand for vacation rental properties is often regional in that leisure travelers who rent properties often live relatively close to such properties. Many leisure travelers, however, travel relatively long distances from their homes to vacation properties in domestic or international destinations.

The destinations where leisure travelers from Europe, the United States, South Africa and Australia generally rent properties vary by country of origin of the leisure travelers. Leisure travelers from Europe generally rent properties in European destinations, including Spain, France, Italy and Portugal, which are the most popular destinations for European leisure travelers. Demand from European leisure travelers has recently been shifting beyond traditional Western Europe, based on political stability across Europe, increased accessibility of Eastern Europe, expansion of the European Union and expansion of tourism in southern Mediterranean destinations. Demand by leisure travelers from the United States is focused on rentals in traditional destinations, such as Florida; Las Vegas, Nevada; San Francisco, California; and New York City.

We believe that the overall supply of vacation rental properties has been growing as a result of the growth in ownership of second homes. Growth in ownership of second homes, however, could adversely affect demand for vacation rental properties to the extent that owners of such homes no longer are as likely to rent vacation properties as such owners were before they bought second homes.

The overall trend in the vacation rental industry is growth in the number of vacation rentals due to the increased popularity of consumers' renting non-hotel inventory. According to a recent Travel Industry Association report on domestic travel, sales of vacation rentals as measured by the number of rental weeks sold in the United States are expected to grow 67% over the next decade.

The Vacation Ownership Industry

The $12 billion global vacation ownership industry, which is also referred to as the timeshare industry, is one of the fastest-developing segments of the domestic and international hospitality industry. The vacation ownership industry enables customers to share ownership of a fully-furnished vacation accommodation. Typically, a vacation ownership purchaser acquires either a fee simple interest in a property, which gives the purchaser title to a fraction of a unit, or a right to use a property, which gives the participant the right to use a property for a specified period of time. Generally, a vacation ownership purchaser's fee simple interest in or right to use a property is referred to as a "vacation ownership interest." For many vacation ownership interest purchasers, vacation ownership is an attractive vacation alternative to traditional lodging accommodations at hotels or owning vacation properties. Owners of vacation ownership interests are not subject to the variance in room rates to which lodging customers are subject, and vacation ownership units are, on average, more than twice the size of traditional hotel rooms and typically have more amenities, such as kitchens, than do traditional hotel rooms.

The vacation ownership concept originated in Europe during the late 1960s and spread to the United States shortly thereafter. The vacation ownership industry expanded slowly in the United States until the mid-1980s; since then, the vacation ownership industry has grown at a double-digit CAGR. The American Resort Development Association, or ARDA, indicates that sales of vacation ownership interests grew in excess of 17% CAGR from 1995 to 2004. Based on ARDA research, domestic sales of vacation ownership interests were approximately $7,870 million in 2004 compared to $4,200 million in 2000 and $1,900 million in 1995. ARDA estimated that on January 1, 2005, there were approximately 3.9 million households that owned one or more vacation ownership interests in the United States, which represents a 13.8% increase from the prior year in the number of households that owned interests.

The following table lists information from 1990 through 2004 on the worldwide and domestic sales of vacation ownership interests and on the number of households that own one or more vacation ownership interests:

Timeshare Industry Statistics—Worldwide and United States, 1990-2004

	Developer Sales Volume				Member/Owner Households			
	Worldwide		United States		Worldwide		United States	
	($ bn)	% change	($ bn)	% change	(mm)	% change	(mm)	% change
1990	$ 3.24		$1.20		1.5		1.1	
1991	3.74	15.4%	1.25	4.2%	1.8	20.0%	1.2	9.1%
1992	4.25	13.6%	1.30	4.0%	2.1	16.7%	1.3	8.3%
1993	4.51	6.1%	1.50	15.4%	2.4	14.3%	1.3	0.0%
1994	4.76	5.5%	1.70	13.3%	2.8	16.7%	1.4	7.7%
1995	5.12	7.6%	1.90	11.8%	3.1	10.7%	1.5	7.1%
1996	5.25	2.5%	2.20	15.8%	3.5	12.9%	1.7	13.3%
1997	5.71	8.8%	2.70	22.7%	4.0	14.3%	1.8	5.9%
1998	6.13	7.4%	3.15	16.7%	4.4	10.0%	1.9	5.6%
1999	6.72	9.6%	3.65	15.9%	4.9	11.4%	2.1	10.5%
2000	7.72	14.9%	4.20	15.1%	5.3	8.2%	2.3	9.5%
2001	8.60	11.4%	4.80	14.3%	5.8	9.4%	2.5	8.7%
2002	9.40	9.3%	5.50	14.6%	6.2	6.9%	3.0	20.0%
2003	10.70	13.8%	6.48	17.8%	6.7	8.1%	3.4	13.3%
2004	12.00	12.1%	7.87	21.5%	7.2	7.5%	3.9	14.7%
CAGR		**9.80%**		**14.40%**		**11.90%**		**9.50%**

Sources: Ragatz Associates, a Wyndham Worldwide business, which is currently known as NorthCourse; ARDA; Bear, Stearns & Co. Inc.

Based on published industry data, we believe that the following factors have contributed to the substantial growth, particularly in North America, of the vacation ownership industry over the past two decades:

- increased consumer confidence in the industry based on enhanced consumer protection regulation of the industry;
- entry of lodging and entertainment companies into the industry, including Marriott International, The Walt Disney Company, Hilton Hotels Corporation, Hyatt Corporation, and Starwood Hotels and Resorts Worldwide, Inc.;

- increased flexibility for owners of vacation ownership interests made possible through owners' affiliations with vacation ownership exchange companies and vacation ownership companies' internal exchange programs;
- improvement in quality of resorts and resort management and servicing; and
- improved financing availability for purchasers of vacation ownership interests.

Demographic factors explain, in part, the growth of the industry. A 2003 study of vacation ownership purchasers revealed that the average purchaser was 53 years of age and had a median household income of $85,000. The average purchaser in the United States, therefore, is a baby boomer who has disposable income and interest in purchasing vacation products. We expect that baby boomers will continue to have a positive influence on the future growth of the vacation ownership industry.

According to the information compiled by the ARDA, the three primary reasons consumers cite for purchasing vacation ownership interests are: (i) flexibility with respect to different locations, unit sizes and times of year, (ii) the opportunity to exchange into other resort locations, and (iii) the certainty of quality accommodations. According to a 2005 ARDA study, nearly 85% of owners of vacation ownership interests indicated high levels of satisfaction. With respect to exchange opportunities, most owners of vacation ownership interests can exchange vacation ownership interests through exchange companies and through the applicable vacation ownership company's internal network of properties.

WYNDHAM HOTEL GROUP

Overview

Wyndham Hotel Group, our lodging business, franchises hotels and provides property management services to owners of upscale branded hotels. Through steady organic growth and acquisitions of established lodging franchise systems over the past 15 years, our lodging business has become the world's largest lodging franchisor as measured by the number of franchised hotels. Our lodging business has over 6,300 franchised hotels, which represent approximately 525,000 rooms on six continents. Our franchised hotels operate under one of our ten lodging brands, which are Wyndham Hotels & Resorts, Wingate Inn, Ramada, Baymont, Days Inn, Super 8, Howard Johnson, AmeriHost Inn, Travelodge and Knights Inn. The breadth and diversity of our lodging brands provide potential franchisees with a range of options for affiliating their properties with one or more of our brands. Our lodging business has a strong presence across the middle and economy segments of the lodging industry and a developing presence in the upscale segment, thus providing individual consumers who are traveling for leisure or business with options for hospitality products and services across various price ranges. We first entered into the upscale segment of the domestic lodging industry in October 2005, when we acquired the franchise and property management businesses associated with the Wyndham Hotels & Resorts brand. We strengthened our position in the middle segment of the domestic lodging industry in April 2006, when we acquired the franchise business of Baymont Inn & Suites.

Throughout this information statement, we use the term "hotels" to apply to hotels, motels and/or other accommodations, as applicable. In addition, the term "franchise system" refers to a system through which a franchisor provides services to hotels whose independent owners pay to receive such services from the franchisor under the specific terms of a franchise agreement. The services provided through a franchise system typically include reservations, sales leads, marketing and advertising support, training, quality assurance inspections, operational support and information, pre-opening assistance, prototype construction plans, and national or regional conferences.

Our franchised hotels represent approximately 10% of the U.S. hotel room inventory. In 2005, our franchised hotels sold 8.2%, or approximately 84.1 million, of the one billion hotel rooms sold in the United States. Throughout this information statement, we refer to nights at hotel rooms as "hotel room nights." In 2005, our franchised hotels sold approximately 19.5% of all hotel room nights sold in the United States in the economy and midscale segments. Our franchised hotels are dispersed throughout North America, which reduces our exposure to any one geographic region. Approximately 92% of the hotel rooms, or approximately 481,000 rooms, in our franchised hotels are located throughout North America, and approximately 8% of the hotel rooms, or approximately 44,000 rooms, are located outside of North America. In addition, our lodging franchises are dispersed among numerous franchisees, which reduces our exposure to any one lodging franchisee. Of our approximately 5,000 lodging franchisees, no one franchisee accounts for more than 2% of our franchised hotels. Our lodging business provides our franchised hotels with a suite of operational and administrative services, including access to an international central reservations system, advertising, promotional and co-marketing programs, referrals, technology, training and volume purchasing. In 2003, our lodging business introduced the TripRewards loyalty program, the world's largest hotel rewards program as measured by the number of participating hotels, for the benefit of the franchise business. In connection with our acquisition of Wyndham Hotels & Resorts' franchise business in October 2005, we acquired the related property management business and began offering hotel property management services. As of March 31, 2006, our lodging business held hotel property management contracts for 19 hotels associated with the Wyndham Hotels & Resorts brand. We expect to expand our property management business by strategically entering into property management contracts with new and existing hotels franchised under our brands.

Our lodging business derives a majority of its revenues from franchising hotels and derives additional revenues from property management. The sources of revenues from franchising hotels are initial franchise fees, which relate to services provided to assist a franchised hotel to open for business under one of our brands, and ongoing franchise fees, which are comprised of royalty fees and other fees relating to marketing and reservations.

The royalty fees are intended to cover the use of our trademarks and our operating expenses, such as expenses incurred for franchise services, including quality assurance and administrative support, and to provide us with operating profits. The fees relating to marketing and reservations are intended to reimburse us for expenses associated with providing certain other franchise services, such as a central reservations system and advertising and marketing programs. Because franchise fees generally are based on percentages of the franchisees' gross revenues, increasing RevPAR at franchised hotels is important to our revenue growth. Expanding our portfolio of franchised hotels and providing world-class service and support are also important to our revenue growth. The sources of revenues from property management are management fees, service fees and reimbursement revenues. Our management fees are comprised of base fees, which typically are calculated based upon a specified percentage of gross revenues from hotel operations, and incentive management fees, which typically are calculated based upon a specified percentage of a hotel's operating profit or the amount by which a hotel's operating profit exceeds specified targets. Service fees include fees derived from accounting, design, construction and purchasing services and technical assistance provided to managed hotels. Reimbursement revenues are intended to cover expenses the property management business spends to provide advertising and promotion, marketing and sales, centralized reservations and other services. In 2005, revenues from our lodging business totaled $533 million. In 2005, our lodging business, which is part of the business that Cendant currently refers to as the Hospitality Services business, contributed approximately 15% of our revenues and approximately 26% of our combined segment EBITDA.

Our lodging business operates under two franchise models. In the United States, Canada and the United Kingdom, we employ a direct franchise model whereby we contract with and provide services and assistance with reservations directly to independent owner-operators of hotels. In other parts of the world, we generally employ either a direct franchise model or a master franchise model whereby we contract with a qualified, experienced third party to build a franchise enterprise in such third party's country or region. Beginning in 2005, we began offering property management services to owners of upscale branded hotels.

Lodging Brands

We franchise ten widely known lodging brands:

- ***Wyndham Hotels & Resorts***. The Wyndham Hotels & Resorts brand was founded in 1981, and we acquired the brand in 2005. Wyndham Hotels & Resorts had been named Wyndham International Inc. until 2005. Wyndham Hotels & Resorts serves the upscale segment of the lodging industry with approximately 100 hotels and approximately 26,700 rooms located in the United States, Canada, the Caribbean and Mexico. The Wyndham Hotels & Resorts system includes Viva Wyndham Resorts, a collection of all-inclusive resorts in the Caribbean and Mexico.

  Wyndham Hotels & Resorts offers signature programs, which include:

  - Wyndham's Meetings ByRequest program, which is designed to help groups plan meetings. The program features 24-hour turnaround on all correspondence between the group's meeting planner and Wyndham's meetings manager, 100% wired or wireless Internet connectivity and catering options;
  - Wyndham's Women On Their Way program, which is dedicated to women business travelers; and
  - Wyndham ByRequest program, which is a guest recognition program that provides returning guests with personalized accommodations.

- ***Wingate Inns International***. We created and launched the Wingate Inn brand in 1995 and opened the first hotel a year later. The all-new-construction Wingate Inn brand serves the upper middle segment of the lodging industry and franchises approximately 150 hotels with approximately 13,600 rooms located in the United States and Canada. Wingate Inn hotels currently offer all-inclusive pricing that includes the price of the room; complimentary wired and wireless high-speed Internet access, faxes and photocopies, deluxe continental breakfast, local calls and access for long-distance calls; and access to a 24-hour self-service business center equipped with computers with high-speed Internet access, a fax, a photocopier and a printer. Each hotel features a boardroom and meeting rooms with high-speed Internet access, a fitness room with a whirlpool and, at most locations, a swimming pool. Wingate Inn hotels currently do not offer food and beverage services.

- ***Ramada Worldwide***. The Ramada brand was founded in 1954. We licensed the United States and Canadian trademark rights to the Ramada brand prior to acquiring the rights in 2002 and acquired the ownership rights to the brand on a worldwide basis in 2004. In North America, we serve the middle segment through Ramada, Ramada Hotel, Ramada Plaza and Ramada Limited, and internationally we serve the middle and upscale segments of the lodging industry through Ramada Resort, Ramada Hotel and Resort, Ramada Hotel and Suites, Ramada Plaza and Ramada Encore. Ramada Worldwide franchises approximately 900 hotels with approximately 107,300 rooms located in the United States, Canada, Costa Rica, Mexico, United Kingdom, Ireland, France, Switzerland, Finland, Sweden, the Netherlands, Germany, Italy, Czech Republic, Hungary, Lithuania, Romania, Turkey, Egypt, Bahrain, Morocco, Saudi Arabia, Qatar, Oman, United Arab Emirates, Australia, Japan, South Korea, Indonesia, China and India. The United States Ramada franchise system is currently undergoing a multimillion dollar repositioning program designed to improve the customer experience, value and, most importantly, overall product quality to ensure the brand’s future growth and competitiveness in the middle segment of the industry and the upscale segment of the international industry. The repositioning will result in a new logo and signage, a new prototype, upgraded standards and amenities, and incentives for developers to build new hotels to be franchised under the Ramada brand and hotel owners to convert their hotels to hotels franchised under the Ramada brand. As part of the repositioning effort, each Ramada property is expected to upgrade certain of the amenities it currently offers and to introduce new amenities.
- ***Baymont Franchise Systems***. Founded in Wisconsin in 1976 under the Budgetel Inns brands, the system was converted in 1999 to the Baymont Inn & Suites brand. We acquired the brand in April 2006. Baymont Franchise Systems primarily serves the middle segment of the lodging industry and franchises 115 hotels with approximately 9,400 rooms located in the United States. Following the closing of our acquisition of the franchise business of Baymont Inn & Suites, we announced our intent to consolidate the AmeriHost-branded properties with our newly acquired Baymont-branded properties to create a more significant midscale brand. We expect this consolidation to occur in the next several months. Baymont Inn & Suites rooms feature oversized desks, ergonomic chairs and task lamps, voicemail, free local calls, in-room coffee maker, iron and board, hair dryer and shampoo, television with premium channels, pay-per-view movies and/or satellite movies and video games. Most locations feature high-speed Internet access, swimming pool, airport shuttle service and fitness center.
- ***Days Inns Worldwide***. The Days Inn brand was created by Cecil B. Day in 1970, when the lodging industry consisted of only a dozen national brands. We acquired the brand in 1992. Days Inns Worldwide serves the upper economy segment of the lodging industry. Days Inns Worldwide franchises approximately 1,800 hotels with approximately 149,500 rooms located in the United States, Canada, Mexico, Argentina, Uruguay, Ireland, United Kingdom, Italy, Egypt, Jordan, South Africa, Guam, China, India and the Philippines. In the United States, we serve the upper economy segment of the lodging industry through Days Inn, Days Hotel, Days Suites, DAYSTOP and Days Inn Business Place, and in the United Kingdom we serve the upper economy segment of the lodging industry through Days Hotels, Days Inn and Days Serviced Apartments. Many properties offer on-site restaurants, lounges, meeting rooms, banquet facilities, exercise centers and a complimentary continental breakfast and newspaper each morning. Each Days Suites room provides separate living and sleeping areas, with a telephone and television in each area. Each Days Inn Business Place room currently offers high-intensity lighting, a large desk, a microwave/refrigerator unit, a coffeemaker, an iron and ironing board, and snacks and beverages.
- ***Super 8 Motels***. The first motel operating under the Super 8 brand opened in October 1974. We acquired the brand in 1993. Super 8 Motels serves the economy segment of the lodging industry.

Super 8 Motels franchises approximately 2,000 hotels with approximately 123,700 rooms located in the United States, Canada and China. Super 8 motels currently provide complimentary continental breakfast. Participating motels currently allow pets and offer free local calls for free, fax and copy services, microwaves, suites, guest laundry, exercise facilities, cribs, rollaway beds and pools.

- ***Howard Johnson International***. The Howard Johnson brand was founded in 1925 by entrepreneur Howard Dearing Johnson as an ice cream stand within an apothecary shop in Quincy, Massachusetts, and the first hotel operating under the brand opened in 1954 in Savannah, Georgia. We acquired the brand in 1990. Howard Johnson serves the middle segment of the lodging industry through Howard Johnson Plaza, Howard Johnson Inn and Howard Johnson Hotel and the economy segment of the lodging industry through Howard Johnson Express. Howard Johnson franchises approximately 500 hotels with approximately 42,600 rooms located in the United States, Canada, Caribbean, Guatemala, Mexico, Argentina, Brazil, Columbia, Ecuador, Peru, Venezuela, Malta, Romania, Israel, Jordan, United Arab Emirates, China and India.

  Howard Johnson offers signature programs, which include:

  - Comforts of Home program, which provides for the following items in each guest room: a 25-inch television, a coffeemaker, an AM/FM radio, free access for long-distance calls, voicemail, a hair dryer, and an iron and ironing board.
  - Home Office rooms, which feature a large, brightly illuminated work space, a microwave, a refrigerator and a cordless telephone.

- ***AmeriHost Franchise Systems***. The first AmeriHost Inn hotel opened in Athens, Ohio in 1989. We acquired the brand in 2000. AmeriHost Franchise Systems serves the middle segment of the lodging industry through AmeriHost Inn and AmeriHost Inn & Suites. AmeriHost Franchise Systems franchises approximately 100 hotels with approximately 8,300 rooms located in the United States. AmeriHost Inn hotels currently do not offer food and beverage services; however, AmeriHost Inn hotels generally refer guests for dine-out or delivery meal options within a network of local businesses. In April 2006, following the closing of our acquisition of the franchise business of Baymont Inn & Suites, we announced our intent to consolidate the AmeriHost-branded properties with our newly acquired Baymont-branded properties to create a more significant midscale brand.

- ***Travelodge Hotels***. In 1935, founder Scott King established his first motor court operating under the Travelodge brand in San Diego. We acquired the brand (in North America only) in 1996. Travelodge Hotels franchises approximately 500 hotels with approximately 37,700 rooms located in the United States, Canada and Mexico. Travelodge Hotels serves the upper and lower economy segments of the lodging industry in the United States through Travelodge, Travelodge Suites and Thriftlodge hotels, serves the middle segment of the lodging industry in Canada through Travelodge and Thriftlodge hotels, and serves the middle segment of the lodging industry in Mexico through Travelodge and Thriftlodge hotels.

- ***Knights Franchise Systems***. The Knights Inn brand was created in 1972, and the first hotel operating under the brand opened in Columbus, Ohio. We acquired the brand in 1995. Knights Franchise Systems serves the lower economy segment of the lodging industry. Knights Franchise Systems franchises approximately 200 hotels with approximately 16,200 rooms located in the United States and Canada.

System Performance and Distribution

The following table provides a summary description of our lodging franchise systems that were open and operating as of March 31, 2006. The table includes information from the trailing 12-month period prior to March 31, 2006 on average occupancy rate, ADR and average RevPAR for each lodging franchise system. We derived the information in the table from information we have received from our franchisees. The table also includes information on each lodging franchise system's segment of the lodging industry.

Brand[1]	Primary Domestic Segment Served[2]	Average Rooms Per Property	# of Properties	# of Rooms[3]	Average Occupancy Rate	Average Daily Rate (ADR)	Average Revenue Per Available Room (RevPAR)
Wyndham Hotels & Resorts[4]	Upscale	284	94	26,738	65.8%	$ 110.86	$ 72.94
Wingate Inn	Upper Middle	93	146	13,556	64.3%	$ 79.54	$ 51.14
Ramada	Middle	119	899	107,276	53.9%	$ 67.62	$ 36.42
Days Inn	Upper Economy	81	1,840	149,468	50.5%	$ 58.50	$ 29.53
Super 8	Economy	61	2,034	123,725	54.0%	$ 54.07	$ 29.22
Howard Johnson	Middle & Economy	94	453	42,572	48.5%	$ 61.55	$ 29.88
AmeriHost Inn[5]	Middle	72	115	8,250	55.2%	$ 61.00	$ 33.64
Travelodge	Upper Economy & Lower Economy	75	506	37,739	49.6%	$ 58.74	$ 29.11
Knights Inn	Lower Economy	75	215	16,166	41.7%	$ 38.37	$ 16.00
Total		83	6,302	525,490	52.3%	$ 61.27	$ 32.06

(1) The list of brands excludes Baymont Franchise Systems, which we acquired in April 2006. Baymont Franchise Systems consists of 115 hotels, which represent 9,415 rooms.

(2) The "economy" segments discussed here, while based on the Smith Travel Research chain-scale segments represented in the table on page 98 of this information statement, provide a greater degree of differentiation to correspond with the price sensitivities of our customers by brand. The "middle" segment discussed here encompasses both the Smith Travel Research "midscale without food and beverage" and "midscale with food and beverage" segments.

(3) From time to time, as a result of hurricanes, other adverse weather events and ordinary wear and tear, some of the rooms at these hotels may be taken out of service for repair and renovation and therefore may be unavailable.

(4) Information on average occupancy rate, ADR and average RevPAR for Wyndham Hotels & Resorts is not from the trailing 12-month period prior to March 31, 2006, because we acquired the brand in October 2005. Such information is for the period since the acquisition date.

(5) The total number of properties in AmeriHost Franchise Systems includes three hotels franchised under the Aston brand, which is a small lodging brand that we franchise in Canada; these three hotels represent 255 rooms.

Our franchised hotels are dispersed throughout North America and have a presence throughout Asia/Pacific, Latin/South America, Europe and the Middle East/Africa, which reduces our exposure to any one geographic region. The following table provides a summary description of our properties by geographic region. The table includes information from the trailing 12-month period prior to March 31, 2006 on average occupancy rate, ADR and average RevPAR.

Region	# of Properties	# of Rooms[(1)]	Average Occupancy Rate	Average Daily Rate (ADR)	Average Revenue Per Available Room (RevPAR)
United States[(2)]	5,534	444,964	52.2%	$ 59.28	$ 30.92
Canada[(3)]	437	36,090	56.7%	$ 68.56	$ 38.89
Asia/Pacific	72	12,803	48.9%	$ 75.12	$ 36.71
Latin/South America	59	8,329	41.7%	$ 47.64	$ 19.88
Europe	177	20,060	53.4%	$ 81.49	$ 43.48
Middle East/Africa	23	3,244	56.7%	$ 81.12	$ 46.00
Total	6,302	525,490	52.3%	$ 61.27	$ 32.06

(1) From time to time, as a result of hurricanes, other adverse weather events and ordinary wear and tear, some of the rooms at these hotels may be taken out of service for repair and renovation and therefore may be unavailable.
(2) The total number of properties excludes 115 hotels in Baymont Franchise Systems, which franchise system we acquired in April 2006; these 115 hotels represent 9,415 rooms.
(3) The total number of properties in AmeriHost Franchise Systems includes three hotels franchised under the Aston brand, which is a small lodging brand that we franchise in Canada; these three hotels represent 255 rooms.

Franchise Development

Under our direct franchise model, we principally market our lodging brands to independent hotel and motel owners and to hotel and motel owners who have the rights to terminate their franchise affiliations with other lodging brands. We also market franchises under our lodging brands to existing franchisees because many own, or may own in the future, other hotels that can be converted to one of our brands. Under our master franchise model, we principally market our lodging brands to third parties that assume the principal role of franchisor, which entails selling individual franchise agreements and providing quality assurance, marketing and reservations support to franchisees. As part of our franchise development strategy, we employ a national sales force that we compensate in part through commissions. Because of the importance of existing franchised hotels to our sales strategy, a significant part of our franchise development efforts is to ensure that our franchisees provide quality services to maintain the satisfaction of customers.

Franchise Agreements

Our standard franchise agreement grants a franchisee the right to non-exclusive use of the applicable franchise system in the operation of a single hotel at a specified location, typically for a period of 15 to 20 years, and gives the franchisor and franchisee certain rights to terminate the franchise agreement before the conclusion of the term of the agreement under certain circumstances, such as upon designated anniversaries of the franchised hotel's opening or the date of the agreement. Early termination options in franchise agreements give us flexibility to eliminate or re-brand franchised hotels if such properties become weak performers, even if there is no contractual failure by the franchisees. We also have the right to terminate a franchise agreement for failure by a franchisee to (i) bring its properties into compliance with contractual or quality standards within specified periods of time, (ii) pay required franchise fees or (iii) comply with other requirements of its franchise agreement.

Master franchise agreements, which are individually negotiated and vary among our different brands, typically contain provisions that permit us to terminate the agreement if the other party to the agreement fails to meet specified development schedules. Our master franchise agreements generally are competitive with the industry averages within industry segments.

Sales and Marketing of Hotel Rooms

We use the marketing/reservation fees that our franchisees pay to us to promote our brands through media advertising, direct mail, direct sales, promotions and publicity. A portion of the funds contributed by the franchisees of any one particular brand is used to promote that brand, whereas the remainder of the funds is allocated to support the cost of multibrand promotional efforts and to our marketing and sales team, which includes, among others, our worldwide sales, public relations, loyalty and direct marketing teams.

In 2005, the efforts of our worldwide sales team contributed approximately 10% of the annual hotel room nights sold at our franchised hotels. To supplement the worldwide sales team's efforts, our public relations team extends the reach and frequency of our paid advertising by generating extensive, unpaid exposure for our brands in trade and consumer media including *USA TODAY*, *The New York Times*, *Financial Times*, *Frommer's* and other widely-read publications.

Central Reservations

In 2005, we booked on behalf of our franchised hotels (excluding hotels franchised under the Wyndham Hotels & Resorts and Baymont brands) approximately 4.3 million rooms by telephone, approximately 8.4 million rooms through the Internet and approximately 2.0 million rooms through global distribution systems, with a combined value of the bookings in excess of one billion dollars. Additionally, our worldwide sales team generated leads for bookings from tour operators, travel agents, government and military clients, and corporate and small business accounts. We maintain contact centers in Saint John, New Brunswick, Canada and Aberdeen, South Dakota that handle bookings generated through our toll-free brand numbers. These centers are supplemented by outsourced call center support in the Philippines. We maintain numerous brand websites to process online room reservations, and we utilize global distribution systems to process reservations generated by travel agents and third-party Internet booking sources, including Orbitz.com and CheapTickets.com, which are operated by a current division of Cendant, and Expedia.com and Travelocity.com. To ensure we receive bookings by travel agents and third-party Internet booking sources, we provide direct connections between our central reservations system and most third-party Internet booking sources. The majority of hotel room nights are sold by our franchisees to guests who seek accommodations on a walk-in basis or through calls made directly to hotels, which we believe is attributable in part to the strength of our lodging brands.

Since 2001, bookings made directly by customers on our brand websites have been increasing by approximately 28% per year, and increased to 4.3 million room nights per year in 2005. Since 2001, bookings made through third-party Internet booking sources increased 15% annually while bookings made through global distribution systems declined 10% annually.

Loyalty Programs

The TripRewards program, which was introduced in 2003, has grown steadily to become, we believe, the lodging industry's largest loyalty program as measured by the number of participating hotels. There are currently approximately 6,000 hotels that participate in the program. With more than 30 businesses offering to participants TripRewards points for purchases, the program offers its members numerous options to accumulate points. Members, for example, may accumulate points by staying in hotels franchised under one of our worldwide brands, renting Avis® and Budget® cars and purchasing everyday products and services from the various businesses that participate in the program. When staying at hotels franchised under one of our brands, TripRewards members may elect to earn airline miles or rail points instead of TripReward points. Businesses where points can be earned generally pay a fee to participate in the program; such fees are then used to support the program's marketing and operating expenses. TripRewards members have more than 270 options to redeem their points. Members, for example, may redeem their points for hotel stays, airline tickets, resort vacations, electronics, sporting goods, movie and theme park tickets, and gift certificates. As of March 31, 2006, TripRewards had more than 4.3 million active members, which we define as any customer who has enrolled in the TripRewards program or earned or redeemed points in the program over the past 18 months, and the program added an average of more than 200,000 active members per month in 2005.

With the acquisition of Wyndham Hotels & Resorts, we acquired the Wyndham ByRequest Program, a guest recognition program that provides returning guests with personalized accommodations.

Property Management

In connection with our acquisition of Wyndham Hotels & Resorts' franchise business, we acquired Wyndham's property management business and began offering hotel property management services. As of March 31, 2006, our lodging business owned hotel property management contracts for 19 properties associated with the Wyndham Hotels & Resorts brand. Our property management business offers customers professional oversight of independently owned hotels and comprehensive operations support, including hiring, training, purchasing, revenue management, sales and marketing, and food and beverage; financial management and analysis; and information systems management and integration.

Strategies

We intend to continue to accelerate growth of our lodging business by (i) expanding our strong presence in the domestic economy segment to maintain our leadership position through room growth and RevPAR growth; (ii) expanding the number of properties in the domestic middle and upscale segments; and (iii) expanding our international presence through increasing the number of properties in our core brands. Our plans generally focus on pursuing these strategies organically. In addition, in appropriate circumstances, we will consider opportunities to acquire businesses, both domestic and international, including through the use of Wyndham Worldwide common stock as currency.

Domestic

Our strategy for growing economy brands in North America faster than the competitive set revolves around (i) enhancing our value to franchisees by improving rate and inventory management capabilities, investing in systems, and training and growing the TripRewards loyalty program, (ii) improving the customer's experience by developing and implementing brand standard enhancements and (iii) optimizing system growth by adding franchised hotels in markets where brands are underrepresented and optimizing brand RevPAR performance by helping franchisees manage their rates and inventory, enrolling more TripRewards members and introducing seasonal promotions. Our approach for expanding our domestic middle and upscale presence is to fully utilize property management services to attract developers; establish and implement the Wyndham master brand plan with upper-upscale, upscale and select-service products; complement Wingate Inn product quality with Wyndham brand recognition; continue the domestic Ramada repositioning plan by enhancing service, value and quality; and strengthen our position in the middle segment through the consolidation of AmeriHost-branded with our newly acquired Baymont-branded properties.

International

Our strategy for international growth is to expand the presence of our core brands and selectively utilize direct/master franchising, management agreements and joint-venture models across three international regions: Europe, Asia-Pacific and Latin America.

We intend to expand the Days Inn brand in the United Kingdom and in new markets that exhibit strong growth in the economy segment. We intend to expand the Ramada brand beyond its established base of properties in the United Kingdom and Germany into new markets that exhibit strong growth in the middle segment. We intend to expand the Wyndham brand in gateway and destination cities in Europe that exhibit strong growth in the upscale segment. Our expansion strategy for the Wyndham brand in European gateway and destination cities includes increasing the number of franchised and managed hotels through acquisitions and through conversions of existing non-affiliated hotels to the Wyndham brand. In Europe, we intend to pursue growth in the number of franchised hotels through our direct franchise model for our Days Inn brand. In addition, we may pursue growth in the numbers of franchised and managed hotels through joint ventures.

In the Asia-Pacific region, particularly China, our strategy is to expand the Super 8 brand in the economy segment and the Ramada, Days Inn and Howard Johnson brands in the middle and upscale segments. In the near future, our strategy will include introducing the Wyndham brand to the region. In the Asia-Pacific region, we intend to pursue growth in the number of franchised hotels through our direct franchise model for our Ramada and Wyndham brands and through our master franchise model for our Super 8, Days Inn and Howard Johnson brands. In addition, we intend to pursue growth in the number of managed hotels through new agreements with hotels franchised under our Ramada and Wyndham brands. In addition, we may pursue growth in the numbers of franchised and managed hotels through joint ventures.

We intend to pursue growth in Latin America, particularly in Mexico and in the Caribbean, by expanding the Ramada brand in the middle segment, expanding the Wyndham brand in the upscale segment and continuing to support hotels franchised under the Howard Johnson brand. In Latin America, we intend to pursue growth in the number of franchised hotels through our direct franchise model for our Ramada brands and through our master franchise model for our Days Inn and Howard Johnson brands and growth in the number of managed hotels through new management agreements with hotels franchised under our brands.

Seasonality

Franchise and management fees are generally higher in the second and third quarters than in the first or fourth quarters. Because of increased leisure travel and the concomitant ability to charge higher ADRs during the spring and summer months, hotels we franchise or manage typically generate higher revenue during these months. Therefore, any occurrence that disrupts travel patterns during the spring or summer could have a greater adverse effect on our franchised hotels’ and managed properties’ annual performances and consequently on our annual performance than occurrences that disrupt travel patterns in other seasons. We cannot predict whether these seasonal trends will continue in the future.

Competition

Competition among the national lodging brand franchisors to grow their franchise systems is robust. The lodging companies that we compete with in the upscale and upper middle segments include Marriott International Inc., Hilton Hotels Corporation, Starwood Hotels & Resorts Worldwide, Inc., InterContinental Hotels Group PLC and Hyatt Corporation. The lodging companies that we compete with in the middle and economy segments include Marriott International Inc., Choice Hotels International, Inc. and Accor SA.

We believe that competition for the sales of franchises in the lodging industry is based principally upon the perceived value and quality of the brands and of the services offered to franchisees. We believe that the perceived value of a brand name to prospective franchisees is, to some extent, a function of the success of the existing hotels franchised under the brands. We believe that prospective franchisees value a franchise based upon their views of the relationship between the costs, including costs of affiliation and conversion and future charges, to the benefits, including potential for increased revenue and profitability, and upon the reputation of the franchisor.

The ability of an individual franchisee to compete may be affected by the location and quality of its property, the number of competing properties in the vicinity, community reputation and other factors. A franchisee's success may also be affected by general, regional and local economic conditions. The potential negative effect of these conditions on our results of operations is substantially reduced by virtue of the diverse geographical locations of our franchised hotels.

Trademarks

We own the trademarks "Wyndham Hotels & Resorts," "Wingate Inn," "Ramada," "Baymont," "Days Inn," "Super 8," "Howard Johnson," "AmeriHost Inn," "Travelodge" (in North America only), "Knights Inn," "TripRewards" and related trademarks and logos. Such trademarks and logos are material to the businesses that are part of our lodging business. Our franchisees and our subsidiaries actively use these marks, and all of the material marks are registered (or have applications pending) with the United States Patent and Trademark Office as well as with the relevant authorities in major countries worldwide where these businesses have significant operations.

RCI GLOBAL VACATION NETWORK

Overview

RCI Global Vacation Network, our vacation exchange and rental business, provides vacation exchange products and services to developers, managers and owners of intervals of vacation ownership interests, and markets vacation rental properties. We are the world's largest vacation exchange network and among the world's largest global marketers of vacation rental properties. Our vacation exchange and rental business has access for specified periods, in a majority of cases on an exclusive basis, to approximately 55,000 vacation properties, which are comprised of approximately 4,000 vacation ownership resorts around the world with units that are exchanged through our vacation exchange business and approximately 51,000 vacation rental properties that are located principally in Europe, which we believe makes us one of the world's largest marketers of European vacation rental properties as measured by the number of properties we market for rental. Each year, our vacation exchange and rental business provides more than four million leisure-bound families with vacation exchange and rental products and services. The properties available to leisure travelers through our vacation exchange and rental business include hotel rooms and suites, villas, cottages, bungalows, campgrounds, vacation ownership condominiums, city apartments, second homes, fractional private residences, luxury destination clubs and boats. We offer leisure travelers flexibility (subject to availability) as to time of travel and a choice of lodging options in regions that such travelers may not typically have such ease of access, and we offer property owners marketing services, quality control services and property management services ranging from key-holding to full property maintenance for such properties. Our vacation exchange and rental business has 50 worldwide offices. We market our products and services using seven primary brands and other related brands.

Throughout this information statement, we use the term "inventory" in the context of our vacation exchange and rental business to refer to intervals of vacation ownership interests and primarily independently owned properties, which include hotel rooms and suites, villas, cottages, bungalows, campgrounds, vacation ownership condominiums, city apartments, second homes, fractional private residences, luxury destination clubs and boats. In addition, throughout this information statement, we refer to intervals of vacation ownership interests as "intervals" and individuals who purchase vacation rental products and services from us as "rental customers."

Our vacation exchange and rental business primarily derives its revenues from fees. Our vacation exchange business, RCI, derives a majority of its revenues from annual membership dues and exchange fees for transactions. Our vacation exchange business also derives revenues from ancillary services, including travel agency services and loyalty programs. Our vacation rental business primarily derives its revenues from fees, which generally range from approximately 25% to 50% of the gross rent charged. Our vacation rental business also derives revenues from travel insurance sales in Europe, transportation fees, property management fees and on-site revenue from ancillary services, including travel agency services. In 2005, revenues from our vacation exchange and rental business totaled $1,067 million. In 2005, our vacation exchange and rental business, which is part of the business that Cendant currently refers to as the Hospitality Services business, contributed approximately 31% of our revenues and approximately 37% of our combined segment EBITDA.

Through our vacation exchange business, RCI, we have relationships with approximately 4,000 vacation ownership resorts in more than 100 countries. Historically, our vacation exchange business consisted of the operation of worldwide exchange programs for owners of intervals. Today, our vacation exchange business also provides property management services and consulting services for the development of tourism-oriented real estate, loyalty programs, in-house and outsourced travel agency services, and third-party vacation club services.

We operate our vacation exchange business, RCI, through three worldwide exchange programs that have a member base of vacation owners who are generally well-traveled and affluent and who want flexibility and variety in their travel plans each year. Our vacation exchange business' three exchange programs, which serve owners of intervals at affiliated resorts, are RCI Weeks, RCI Points and The Registry Collection. Participants in these exchange programs pay annual membership dues. For additional fees, such participants are entitled to exchange intervals for intervals at other properties affiliated with our vacation exchange business. In addition, certain participants may exchange intervals for other leisure-related products and services. We refer to participants in these three exchange programs as “members.” In addition, the *Endless Vacation*® magazine is the official publication of our RCI Weeks and RCI Points exchange programs, and certain members can obtain the benefits of participation in our RCI Weeks and RCI Points exchange programs only through a subscription to Endless Vacation® magazine. The use of the terms “member” or “membership” with respect to either the RCI Weeks or RCI Points exchange program is intended to denote subscription to *Endless Vacation*® magazine.

The RCI Weeks exchange program is the world’s largest vacation ownership exchange network. We market this exchange program under the RCI Weeks name. The RCI Weeks exchange program provides members with flexibility to trade week-long intervals in units at their resorts for week-long intervals in comparable units at the same resorts or at comparable resorts.

The RCI Points exchange program is a global points-based exchange network. We market this exchange program under the RCI Points trademark. The RCI Points exchange program, which was developed and launched in 2000, allocates points to intervals that members cede to the exchange program. Under the RCI Points exchange program, members may redeem their points for the use of vacation properties in the exchange program or for other products, such as airfare, car rentals, cruises, hotels and other accommodations. When points are redeemed for these services, our vacation exchange business has the right to recoup the expense of providing the services by renting the use of vacation properties for which the members could have redeemed their points.

We believe that The Registry Collection exchange program is one of the industry’s first global exchange network of luxury vacation accommodations. The luxury vacation accommodations in The Registry Collection’s network include higher-end vacation ownership resorts, fractional ownership resorts and condo-hotels. The Registry Collection allows members to exchange their intervals for the use of other vacation properties within the network or for other products, such as airfare, car rentals, cruises, hotels and other accommodations. The members of The Registry Collection exchange program often own greater than two-week intervals in affiliated resorts.

We acquire substantially all members of our exchange programs indirectly. In most cases, an affiliated resort developer buys an RCI membership that entitles the vacation ownership interval purchaser to receive periodicals and directories published by RCI and to use the applicable exchange program for an additional fee. The vacation ownership interval purchaser generally pays for membership renewals and any applicable exchange fees for transactions.

Our vacation exchange business also provides property management services and consulting services for the development of tourism-related real estate, loyalty programs, in-house and outsourced travel agency services, and third-party vacation club services. Our third-party vacation club business consists of private label exchange clubs that RCI operates and manages for certain of its larger affiliates. Club management is a growing trend in the vacation ownership industry and a growing piece of our vacation exchange business. Approximately 95% of the third-party vacation clubs are points-based.

Our vacation exchange business operates in North America, Europe, Latin America, South Africa, Australia, the Pacific Rim, the Middle East and China and tailors its strategies and operating plans for each of the geographical environments where RCI has or seeks to develop a substantial member base.

The rental properties we market are principally privately-owned villas, cottages, bungalows and apartments that generally belong to property owners unaffiliated with us. In addition to these properties, we market inventory from our vacation exchange business to developers of vacation ownership properties and other sources. We market rental properties under proprietary brand names, such as Landal GreenParks, English Country Cottages, Novasol, Cuendet and Canvas Holidays, and through select private-label arrangements. Most of the rental activity under our brands takes place in Europe, the United States and Mexico, although we have the ability to source and rent inventory in approximately 100 countries.

Our vacation rental business currently has relationships with approximately 35,000 independent property owners in more than 22 countries, including the United States, United Kingdom, Mexico, France, Ireland, The Netherlands, Belgium, Italy, Spain, Portugal, Denmark, Norway, Sweden, Germany, Greece, Austria, Croatia and certain countries in Eastern Europe and the Pacific Rim. We currently make over 1.4 million vacation rental bookings a year. Our vacation rental business also has the opportunity to market and provide inventory to the over three million owners of intervals who participate in our vacation exchange business. Property owners enter into one year, evergreen or multi-year contracts with our vacation rental subsidiaries to market the rental properties in our portfolio. Our vacation rental business also has an ownership interest in, or capital leases for, approximately 9% of the properties in our rental portfolio.

Customer Development

In our vacation exchange business we affiliate with vacation ownership developers directly as a result of the efforts of our in-house sales teams. Affiliated developers typically sign long-term agreements with durations of five to ten years. Our members are acquired primarily through our affiliated developers as part of the vacation ownership purchase process. In our vacation rental business, we primarily acquire exclusive rental agreements through direct interaction with owners of various types of vacation rental inventory.

Loyalty Program

Our vacation exchange business' member loyalty program is RCI Elite Rewards, which offers a branded credit card, the RCI Elite Rewards credit card, that allows members to earn points that can be redeemed for items related to our exchange programs, including annual membership dues and exchange fees for transactions and other products offered by our vacation exchange business or certain third parties, including airlines and retailers.

Member and Rental Customer Initiatives

Our vacation exchange and rental business strives to provide superior service to members and rental customers through our call centers and online distribution channels, to offer certain members and rental customers in Canada, Europe, Latin America, South Africa and the Pacific Rim one-stop shopping through our retail travel agency business, and to target current and prospective members and rental customers through our marketing efforts.

Call Centers

Our vacation exchange and rental business services its members and rental customers primarily through global call centers. The requests that we receive at our global call centers are handled by our vacation guides, who are highly skilled at fulfilling our members' and rental customers' requests for vacation exchanges and rentals. When our members' and rental customers' primary choices are unavailable in periods of high demand, our guides offer the next nearest match in order to fulfill the members' and rental customers' needs. Call centers are and are expected to continue to be our primary distribution channel and therefore we invest resources and will continue to do so to ensure that members and rental customers continue to receive a high level of personalized customer service through our call centers.

Internet

Given the interest of some of our members and rental customers in doing transactions on the Internet, we invest and will continue to invest in online technologies to ensure that our members and rental customers receive the same salesmanship and level of service online that we provide through our call centers. As our online distribution channels improve, members and rental customers may shift from transacting business through our call centers to transacting business online. As transacting business online becomes more popular, we expect to experience cost savings at our call centers. By offering our members and rental customers the opportunity to transact business either through our call centers or online, we allow our members and rental customers to use the distribution channel with which they are most comfortable. Regardless of the distribution channel our members and rental customers use, our goal is member and rental customer satisfaction and retention.

Travel Agency

We have an established retail travel agency business outside the United States in such locations as Canada, Europe, Latin America, South Africa and the Pacific Rim. In these regions, our travel agencies provide certain members and rental customers of the vacation exchange and rental business with one-stop shopping for planning vacations. As part of the one-stop shopping, the travel agencies can arrange for our members' and rental customers' transportation, such as flights, ferries and rental cars. In the United States, we have entered into an outsourcing agreement with a former affiliate to provide our members and rental customers with travel services.

Marketing

We market to our members and rental customers through the use of brochures, magazines, direct marketing, such as direct mail and e-mail, third-party online distribution channels, tour operators and travel agencies. Our vacation exchange and rental business has 50 business publications involved in the marketing of the business. RCI publishes *Endless Vacation*® magazine, a travel publication that has a circulation of over 1.7 million. Our vacation exchange and rental business also publishes resort directories and other periodicals related to the vacation and vacation ownership industry and other travel-related services. We acquire the rental customers through our direct-to-consumer marketing, internet marketing and third-party agent marketing programs. We use our publications not only for marketing but also for member and rental customer retention.

Strategies

We intend to continue to grow the numbers of members and rental customers of and transactions facilitated through our vacation exchange and rental business by (i) continually enhancing our core vacation networks; (ii) developing new business models; and (iii) expanding into new markets. Our plans generally focus on pursuing these strategies organically. In addition, in appropriate circumstances, we will consider opportunities to acquire businesses, both domestic and international, including through the use of Wyndham Worldwide common stock as currency.

Continually Enhance Our Core Vacation Networks

We plan to expand the integration of our vacation exchange and rental networks to enhance the value of our products and services to our members and rental customers, and the value of vacation ownership for the resorts that affiliate with us. We are already executing this plan by integrating our vacation exchange and rental networks to provide a larger variety and greater availability of vacation accommodation choices to our members and rental customers. Specifically, vacation rental inventory has been made available to RCI exchange members to add variety and depth to exchange options. Additionally, vacation home proprietors and renters are expected to be offered RCI designed membership programs to drive both rental customer satisfaction and retention. We also plan to enhance the core vacation network by offering different membership types to cater to a wider range of rental customers. Further, we plan to take advantage of a fragmented and unorganized global rental industry by expanding our vacation rental business into North America and a select number of international markets.

Develop New Business Models

We plan to continue to develop new business models that will enhance the value and experience for our members, rental customers and third-party developers who affiliate their resorts with RCI. Our vacation exchange and rental business' launch of RCI Points brought new value to RCI members and such third-party developers. Today, it remains the only global points-based vacation exchange network. Similarly, the vacation exchange and rental business is in the process of expanding one of the industry's first luxury exchange networks, The Registry Collection, to address the global, fast growing luxury segment in shared ownership leisure real estate. Additionally, we are developing new business models, such as on-site management and brand licensing/franchising to continue to expand our vacation rental business in Europe. We believe this will be a successful addition to our vacation exchange and rental business model portfolio.

Expand into New Markets

We plan to grow our overall vacation exchange and rental business by expanding into new geographic areas. We have begun to, and plan to continue to, expand into new Asian and Middle Eastern markets. New geographic markets provide us with the opportunity to affiliate with new resorts and developers, to acquire new vacation accommodation inventory types, and to obtain new members and rental customers for our vacation exchange and rental business. Our expansion into new markets will bring new entrants into the vacation real estate industry, thereby fulfilling our goal to expand and capture additional revenue within the global vacation exchange and rental market.

Seasonality

Vacation exchange and rental revenues are generally higher in the first and third quarters than in the second or fourth quarters. Vacation exchange transaction revenues are normally highest in the first quarter, which is generally when members of RCI plan and book their vacations for the year. Rental transaction revenues earned from booking vacation rentals to rental customers are usually highest in the third quarter, when vacation rentals are highest. Most vacation rental customers book their reservations eight to 15 weeks in advance of their departure dates. Recently, however, some rental customers have begun to book accommodations closer to their departure dates, which shifts additional bookings to the second and third quarters. We cannot predict whether these seasonal trends will continue in the future.

Competition

The vacation exchange and rental business faces competition throughout the world. Our vacation exchange business competes with Interval International, Inc., which is a third-party international exchange company, with regional and local vacation exchange companies and with Internet-based business models. In addition, certain developers offer exchanges through internal networks of properties, which are operated by us or by the developer, that offer owners of intervals access to exchanges other than those offered by our vacation exchange business. Our vacation rental business faces competition from a broad variety of marketers of vacation properties who use brokerage, direct marketing and the Internet to market and rent vacation properties.

Trademarks

We own the trademarks "RCI," "RCI Points," "The Registry Collection," "Landal GreenParks," "English Country Cottages," "Novasol," "Cuendet," "Canvas Holidays," and related and other trademarks and logos. Such trademarks and logos are material to the businesses that are part of our vacation exchange and rental business. Our subsidiaries actively use these marks, and all of the material marks are registered (or have applications pending) with the U.S. Patent and Trademark Office as well as with the relevant authorities in major countries worldwide where these businesses have significant operations.

WYNDHAM VACATION OWNERSHIP

Overview

Wyndham Vacation Ownership, our vacation ownership business, includes marketing and sales of vacation ownership interests, consumer financing in connection with the purchase by individuals of vacation ownership interests, property management services to property owners' associations, and development and acquisition of vacation ownership resorts. We operate our vacation ownership business through our two brands, Fairfield and Trendwest. We have the largest vacation ownership business in the world as measured by the numbers of vacation ownership resorts, vacation ownership units and owners of vacation ownership interests. We have developed or acquired over 140 vacation ownership resorts in the United States, Canada, Mexico, the Caribbean and the South Pacific that represent more than 18,000 individual vacation ownership units and over 750,000 owners of vacation ownership interests and other real estate interests. With respect to owners of vacation ownership interests, we have the largest base of owners in the industry.

Our vacation ownership brands, Fairfield and Trendwest, operate vacation ownership programs through which vacation ownership interests can be redeemed for vacations through points-based internal reservation systems that provide owners with flexibility (subject to availability) as to resort location, length of stay, unit type and time of year. The points-based reservation systems offer owners redemption opportunities for a wide variety of travel and leisure products, including airfare, cruises, and specialized leisure activities and attractions, and the opportunity for owners to use our products for one or more vacations per year based on level of ownership. Our vacation ownership programs allow us to market and sell our vacation ownership products in variable quantities as opposed to the fixed quantity of the traditional, fixed-week vacation ownership, which is primarily sold on a weekly interval basis, and to offer to existing owners "upgrade" sales to supplement such owners' existing vacation ownership interests. Although we operate Fairfield and Trendwest as separate brands, we have integrated substantially all of the business functions of Fairfield and Trendwest, including consumer finance, information technology, certain staff functions, product development and certain marketing activities.

Our vacation ownership business derives a majority of its revenues from sales of vacation ownership interests and derives other revenues from consumer financing and property management. Because revenues from sales of vacation ownership interests and consumer finance in connection with such sales depend on the number of vacation ownership units in which we sell vacation ownership interests, increasing the number of such units is important to our revenue growth. Because revenues from property management depend on the number of units we manage, increasing the number of such units is also important to our revenue growth. In 2005, revenues from our vacation ownership business totaled $1,874 million. In 2005, our vacation ownership business, which is the same business that Cendant currently refers to as the Timeshare Resorts business, contributed approximately 54% of our revenues and approximately 37% of our combined segment EBITDA.

Sales and Marketing of Vacation Ownership Interests and Property Management

Fairfield

Fairfield markets and sells vacation ownership interests in Fairfield's portfolio of resorts and uses a points-based reservation system called FairShare Plus to provide owners with flexibility (subject to availability) as to resort location, length of stay, unit type and time of year. Fairfield is involved in the development or acquisition of the resorts in which Fairfield markets and sells vacation ownership interests. Fairfield also often acts as a property manager of such resorts. From time to time, Fairfield also sells home lots and other real estate interests at its resorts.

Vacation Ownership Interests, Portfolio of Resorts and Maintenance Fees. The vacation ownership interests that Fairfield markets and sells consist of fixed weeks and undivided interests. A fixed week entitles an owner to ownership and usage rights with respect to a unit for a specific week of each year, whereas an undivided interest entitles an owner to ownership and usage rights that are not restricted to a particular week of the year. These vacation ownership interests each constitute a deeded interest in real estate and on average sold for approximately $16,000 in 2005. Of the more than 750,000 owners of vacation ownership interests in Fairfield and Trendwest resorts and of other real estate interests in Fairfield resorts as of March 31, 2006, approximately 500,000 owners held interests in Fairfield resorts.

Fairfield resorts are located primarily in the United States and, as of March 31, 2006, consisted of 72 resorts that represented approximately 13,300 units. In 2004, Fairfield expanded its portfolio in Orlando, Florida; Daytona Beach, Florida; and Kailua-Kona, Hawaii, and in 2005, Fairfield further expanded its portfolio of resorts to include properties in new locations, such as Atlantic City, New Jersey and the Pennsylvania Poconos and additional properties in Orlando, Florida and Las Vegas, Nevada. In 2006, Fairfield expects to expand in Myrtle Beach, South Carolina; San Antonio, Texas; San Diego, California; and Honolulu, Hawaii.

The majority of the resorts in which Fairfield markets and sells vacation ownership and other real estate interests are destination resorts that are located at or near attractions such as the Walt Disney World® Resort in Florida; the Las Vegas Strip in Nevada; Hawaii; Myrtle Beach in South Carolina; and Colonial Williamsburg® in Virginia. Most Fairfield resorts are affiliated with Wyndham Worldwide's vacation exchange subsidiary, RCI, which awards to the top 10% of RCI affiliated vacation ownership resorts throughout the world designations of an RCI Gold Crown Resort or an RCI Silver Crown Resort for exceptional resort standards and service levels. Among Fairfield's 72 resorts, 48 have been awarded designations of an RCI Gold Crown Resort or an RCI Silver Crown Resort.

Owners of vacation ownership interests pay annual maintenance fees to the property owners' associations responsible for managing the applicable resorts. The annual maintenance fee associated with the average vacation ownership interest purchased ranges from approximately $300 to approximately $650. These fees generally are used to renovate and replace furnishings, pay operating, maintenance and cleaning costs, pay management fees and expenses, and cover taxes (in some states), insurance and other related costs. Fairfield, as the owner of unsold inventory at resorts, also pays maintenance fees to property owners' associations in accordance with the legal requirements of the states or jurisdictions in which the resort are located. In addition, at certain newly-developed resorts, Fairfield enters into subsidy agreements with the property owners' associations to cover costs that otherwise would be covered by annual maintenance fees payable with respect to vacation ownership interests that have not yet been sold.

***FairShare Plus*.** Fairfield uses a points-based internal reservation system called FairShare Plus to provide owners with flexibility (subject to availability) as to resort location, length of stay, unit type and time of year. With the launch of Fairshare Plus in 1991, Fairfield became one of the first U.S. developers of vacation ownership properties to move from traditional, fixed-week vacation ownership to a points-based program. Owners of vacation ownership interests in Fairfield resorts that are eligible to participate in the program may elect, and with respect to certain resorts are obligated, to participate in FairShare Plus.

Owners who participate in FairShare Plus assign their rights to use fixed weeks and undivided interests, as applicable, to a trust in exchange for the right to reserve in the internal reservation system. The number of points that an owner receives as a result of the assignment to the trust of fixed weeks or undivided interests, and the number of points required to take a particular vacation, is set forth on a published schedule and varies depending on the resort location, length of stay, unit type and time of year associated with the interests assigned to the trust or requested by the owner, as applicable. Participants in FairShare Plus may choose (subject to availability) the Fairfield resorts, lengths of stay, unit types and times of year, depending on the number of points to which they are entitled and the number of points required to take the vacations of their preferences. Participants in the program may redeem their points not only for resort stays, but also for a wide variety of travel and leisure products, including airfare, cruises, and specialized leisure activities and attractions. Fairfield offers various programs that provide existing owners with the opportunity to "upgrade," or acquire additional vacation ownership interests to increase the number of points such owners can use in FairShare Plus.

Depending on the vacation ownership interest, Fairfield not only offers owners the option to make reservations through FairShare Plus, but also offers owners the opportunity to exchange their vacation ownership interests through our vacation exchange business, RCI, or through Interval International, Inc., which is a third-party international exchange company.

Program and Property Management. In exchange for management fees, Fairfield, itself or through a Fairfield affiliate, manages FairShare Plus, the majority of property owners' associations at resorts in which Fairfield markets and sells vacation ownership interests, and property owners' associations at resorts developed by third parties. On behalf of FairShare Plus, Fairfield or its affiliate manages the reservation system for FairShare Plus and provides owner services and billing and collections services. The term of the trust agreement of FairShare Plus runs through December 31, 2025, and the term is renewable if FairShare Plus is extended by a majority of the members of the program (including Fairfield). The term of the management agreement, under which Fairfield manages the FairShare Plus program, is for five years and is automatically renewed annually for successive terms of five years, provided the trustee under the program does not serve notice of termination to Fairfield at the end of any calendar year. On behalf of property owners' associations, Fairfield or its affiliates generally provides day-to-day management for vacation ownership resorts, including oversight of housekeeping services, maintenance and refurbishment of the units, and provides certain accounting and administrative services to property owners' associations. The terms of the property management agreements with the property owners' associations at resorts in which Fairfield markets and sells vacation ownership interests vary; however, the vast majority of the agreements provide a mechanism for automatic renewal upon expiration of the terms. At some established sites, the property owners' associations have entered into property management agreements with professional management companies other than Fairfield or its affiliates.

Trendwest

Trendwest markets and sells vacation ownership interests, which are called vacation credits (holiday credits in the South Pacific), in resorts owned by the vacation ownership programs WorldMark, The Club and WorldMark South Pacific Club, which we refer to collectively as the Clubs, which Trendwest formed in 1989 and 2000, respectively. The Clubs provide owners with flexibility (subject to availability) as to resort location, length of stay, unit type, the day of the week and time of year. Trendwest is usually involved in the development of the resorts owned by the Clubs. In addition to developing resorts and marketing and selling vacation credits, Trendwest manages the Clubs and the majority of resorts owned by the Clubs.

In October 1999, Trendwest formed Trendwest South Pacific, Pty. Ltd., an Australian corporation, or Trendwest South Pacific, as its direct wholly owned subsidiary for the purpose of conducting sales, marketing and resort development activities in the South Pacific. Trendwest South Pacific is currently the largest vacation ownership business in Australia, with approximately 30,000 owners of vacation credits as of March 31, 2006. Resorts in the South Pacific typically are owned and operated through WorldMark South Pacific Club, other than 66 units at Denarau Island, Fiji, which are owned by WorldMark, The Club.

Vacation Credits, Portfolio of Resorts and Maintenance Fees. Vacation credits in the Clubs entitle the owner of the credits to reserve units at the resorts that are owned and operated by the Clubs. Trendwest and Trendwest South Pacific are the developers or acquirors of the resorts that the Clubs own and operate. After Trendwest or Trendwest South Pacific develops or acquires resorts, it conveys the resorts to WorldMark, The Club or WorldMark South Pacific Club, as applicable. In exchange for the conveyances, Trendwest or Trendwest South Pacific receives the exclusive rights to sell the vacation credits associated with the conveyed resorts and to receive the proceeds from the sales of the vacation credits. Although vacation credits, unlike vacation ownership interests in Fairfield resorts, do not constitute deeded interests in real estate, vacation credits are regulated in most jurisdictions by the same agency that regulates vacation ownership interests evidenced by deeded interests in real estate. In 2005, the average purchase by a new owner of vacation credits was approximately $11,700. Of the more than 750,000 owners of vacation ownership interests in Fairfield and Trendwest resorts and of other real estate interests in Fairfield resorts as of March 31, 2006, over 250,000 owners held vacation credits in Trendwest resorts.

Trendwest resorts are located primarily in the Western United States, Canada, Mexico and the South Pacific and, as of March 31, 2006, consisted of 69 resorts that represented approximately 4,900 units. Of the Trendwest resorts and units, Trendwest South Pacific has a total of 12 resorts with approximately 400 units. In 2004, Trendwest expanded its portfolio of resorts to include properties in San Francisco, California; Windsor, California; and Australia, and in 2005, Trendwest further expanded its portfolio of resorts to include properties in Seattle, Washington; Estes Park, Colorado; Solvang, California; Sydney, Australia; and New Zealand. In 2006, Trendwest expects to expand its portfolio in Midway, Utah; Indio, California; and Estes Park, Colorado.

The resorts in which Trendwest markets and sells vacation credits are primarily drive-to resorts. Most Trendwest resorts are affiliated with Wyndham Worldwide's vacation exchange subsidiary, RCI. Among Trendwest's 69 resorts, 63 have been awarded designations of an RCI Gold Crown Resort or an RCI Silver Crown Resort.

Owners of vacation credits pay annual maintenance fees to the Clubs. The annual maintenance fee associated with the average vacation credit purchased is approximately $480. The maintenance fee that an owner pays is based on the number of the owner's vacation credits. These fees are intended to cover the Clubs' operating costs, including the dues to the property owners' associations, which are generally the Clubs. Fees paid to property owners' associations are generally used to renovate and replace furnishings, pay maintenance and cleaning costs, pay management fees and expenses, and cover taxes (in some states), insurance and other related costs. Maintenance of common areas and the provision of amenities typically is the responsibility of the property owners' associations. Trendwest has a minimal ownership interest in the Clubs that results from Trendwest's ownership of unsold vacation credits in the Clubs. As the owner of unsold vacation credits, Trendwest pays maintenance fees to the Clubs.

WorldMark, The Club and WorldMark South Pacific Club. The Clubs provide owners of vacation credits with flexibility (subject to availability) as to resort location, length of stay, unit type and time of year. Depending on how many vacation credits an owner has purchased, the owner may use the vacation credits for one or more vacations annually. The number of vacation credits that are required for each day's stay at a unit is listed on a published schedule and varies depending upon the resort location, unit type, time of year and the day of the week. Owners may also redeem their credits for a wide variety of travel and leisure products, including airfare, cruises, and specialized leisure activities and attractions.

Owners of vacation credits are able to carry over unused vacation credits in one year to the next year and to borrow vacation credits from the next year for use in the current year. Owners of vacation credits are also able to purchase bonus time from the Clubs for use when space is available. Bonus time gives owners the opportunity to use available resorts on short notice and at a reduced rate and to obtain usage beyond owners' allotments of vacation credits. In addition, Trendwest offers owners the opportunity to "upgrade," or acquire additional vacation credits to increase the number of credits such owners can use in the Clubs.

Owners of vacation credits can make reservations through the Clubs, or may elect to join and exchange their vacation ownership interests through our vacation exchange business, RCI, or Interval International, Inc., which is a third-party exchange company.

Club and Property Management. In exchange for management fees, Trendwest, itself or through a Trendwest affiliate, serves as the exclusive property manager and servicing agent of the Clubs and all resort units owned or operated by the Clubs. On behalf of the Clubs, Trendwest or its affiliate provides day-to-day management for vacation ownership resorts, including oversight of housekeeping services, maintenance and refurbishment of the units, and provides certain accounting and administrative services. Trendwest or its affiliate also manages the reservation system for the Clubs and provides owner services and billing and collections services. The management agreements of the Clubs provide for automatic one-year and five-year renewals, respectively, unless renewal is denied by a majority of the voting power of the owners (excluding Trendwest).

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Geographic Distribution of Wyndham Vacation Ownership Resorts

The following graphic exhibits the geographic distribution of Wyndham Vacation Ownership resorts as of March 31, 2006.

Sales and Marketing

Fairfield and Trendwest employ a variety of marketing channels as part of Fairfield's and Trendwest's marketing programs to encourage prospective owners of vacation ownership interests to tour Fairfield resorts and Trendwest resorts, as applicable, and to attend sales presentations at resort locations and off-site sales offices. These channels include direct mail, e-commerce, in-person solicitations, referral programs and inbound and outbound telemarketing. The marketing offers we make through these channels are local and travel-based offers.

Our local offers are designed to produce tour flow in regions where prospective owners reside or are currently visiting, and our travel-based offers are designed to solicit the purchase by prospective owners of overnight vacation packages to destinations in which Fairfield or Trendwest operates. We believe that marketing through both local and travel-based offers enhances our ability to market successfully to prospective owners.

Fairfield and Trendwest offer a variety of entry-level programs and products as part of their sales strategies. One such program allows prospective owners to acquire one-year's worth of points or credits with no further obligations, and one such product is a biennial interest, which prospective owners can buy, that provides for vacations every other year. As part of their sales strategies, Fairfield and Trendwest rely on their points/credits-based programs, which provide prospective owners with the flexibility to buy relatively small packages of points or credits, which can be upgraded at a later date. To facilitate upgrades among existing owners, Fairfield and Trendwest market opportunities for owners to purchase additional points or credits through periodic marketing campaigns and promotions to owners while such owners vacation at Fairfield resorts or Trendwest resorts, as applicable.

The marketing and sales activities of Fairfield and Trendwest are often facilitated through marketing alliances with other travel, hospitality, entertainment, gaming and retail companies that provide access to such companies' present and past customers through co-branded marketing offers, in-bound call transfer programs, in-store promotions, on-line advertising, sweepstakes programs and other highly integrated marketing platforms.

Fairfield Sales and Marketing. Fairfield sells its vacation ownership interests and other real estate interests at 36 resort locations and six off-site sales centers. On-site sales accounted for approximately 86% of all new sales during 2005. On-site sales presentations typically follow a resort tour led by a Fairfield salesperson. Fairfield conducted approximately 585,000 and 533,000 tours in 2005 and 2004, respectively.

Fairfield's resort-based sales centers, which are located in popular travel destinations throughout the United States, generate substantial tour flow through providing travel-based offers. The sales centers sell overnight vacation packages to popular travel destinations throughout the United States and when the purchasers of such packages redeem the packages, Fairfield sales representatives provide the purchasers with tours of Fairfield resorts. Fairfield utilizes direct mail, on-line campaigns and outbound and inbound telemarketing to market for sale the overnight vacation packages to prospective owners of vacation ownership interests, many of whom are also past or prospective customers for our travel, hospitality, entertainment and gaming marketing alliances. Fairfield often co-brands the vacation packages with third parties with whom it has marketing alliances and features products or services provided by those third parties as part of the vacation packages.

Fairfield's resort-based sales centers also generate substantial tour flow through providing local offers. The sales centers enable Fairfield to market to tourists already visiting destination areas. Fairfield's marketing agents, which often operate on the premises of the hospitality, entertainment, gaming and retail companies with which Fairfield has alliances within these markets, solicit local tourists with offers relating to activities and entertainment in exchange for the tourists' visiting the local resorts and attending sales presentations. An example of a marketing alliance through which Fairfield markets to tourists already visiting destination areas is Fairfield's current arrangement with Harrah's Entertainment in Las Vegas, Nevada, which enables Fairfield to operate several concierge-style marketing kiosks throughout Harrah's Casino that permit Fairfield to solicit patrons to attend tours and sales presentations with Harrah's-related rewards and entertainment offers, such as gaming chips, show tickets and dining certificates. Fairfield also operates its primary Las Vegas sales center within Harrah's Casino and regularly shuttles prospective owners targeted by such sales centers to and from Fairfield's nearby resort. Fairfield also has marketing alliances with Trump Casino Resorts and Outrigger Hotels & Resorts.

Fairfield's resort-based sales centers enable Fairfield to actively solicit upgrade sales to existing owners of vacation ownership interests while such owners vacation at Fairfield resorts. Sales of vacation ownership interests relating to upgrades represented approximately 42%, 37% and 32% of Fairfield's net sales of vacation ownership interests in 2005, 2004 and 2003, respectively.

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Trendwest Sales and Marketing. Trendwest sells its vacation credits in the United States primarily at 49 sales offices, 23 of which are located off-site in metropolitan areas. Trendwest conducts its international sales and marketing efforts through on-site and off-site sales offices, telemarketing and road shows. As of March 31, 2006, Trendwest South Pacific had nine sales offices throughout the east coast of Australia, the North Island of New Zealand and Fiji. Off-site sales offices generated approximately 69% and 66% of Trendwest's sales of new vacation credits in 2005 and 2004, respectively. Trendwest conducted approximately 349,000 and 326,000 tours in 2005 and 2004, respectively.

Trendwest's off-site sales offices, which are primarily located in metropolitan areas, market vacation credits through local offers to prospective owners in areas where such purchasers reside. Trendwest's off-site sales offices provide Trendwest with access to large numbers of prospective owners and a convenient, local venue at which to preview and sell vacation credits. Trendwest's off-site sales offices provide Trendwest with access to a wide group of qualified sales personnel due to the locations of the sales offices in metropolitan areas.

Trendwest uses a variety of marketing programs to attract prospective owners, including sponsored contests that offer vacation packages or gifts, targeted mailings, outbound and inbound telemarketing efforts, and various other promotional programs. Trendwest also co-sponsors sweepstakes, giveaways and other promotional programs with professional teams at major sporting events and with other third parties at other high-traffic consumer events. Where permissible under state law, Trendwest offers existing owners cash awards or other incentives for referrals of new owners.

Trendwest and Trendwest South Pacific periodically encourage existing owners of vacation credits to acquire additional vacation credits through various methods. Sales of vacation credits relating to upgrades represented approximately 31%, 33% and 22% of Trendwest's net sales of vacation credits in 2005, 2004 and 2003, respectively. Sales of vacation credits relating to upgrades represented approximately 13%, 11% and 9% of Trendwest South Pacific's net sales of vacation credits in 2005, 2004 and 2003, respectively.

Purchaser Financing

Fairfield and Trendwest offer financing to purchasers of vacation ownership interests. By offering consumer financing, we are able to reduce the initial cash required by customers to purchase vacation ownership interests, thereby enabling us to attract additional customers and generate substantial incremental revenues and profits. Fairfield and Trendwest service loans extended by them through our consumer financing subsidiary, Cendant Timeshare Resort Group-Consumer Finance, Inc. (to be renamed Wyndham Consumer Finance, Inc.), a wholly owned subsidiary of Fairfield based in Las Vegas, Nevada that performs loan servicing and other administrative functions for Fairfield and Trendwest. As of March 31, 2006, we serviced a portfolio of approximately 236,000 loans that totaled $2,272 million in aggregate principal amount outstanding, with an average interest rate of more than 13%.

Fairfield and Trendwest do not currently conduct a credit investigation or other review or inquiry into a purchaser's credit history before offering to finance a portion of the purchase price of the vacation ownership interests. As of March 31, 2006, however, at the majority of Fairfield's sales offices, purchasers are offered the opportunity to obtain financing on more favorable terms if they agree to permit Fairfield to obtain their credit scores. The interest rate offered to participating purchasers is determined from automated underwriting based upon the purchaser's credit score, the amount of the down payment and the size of purchase. Trendwest sales offices currently do not employ the same form of automated underwriting and instead offer financing with an interest rate based upon the size of the purchase. However, Trendwest, through certain upgrade sales programs, may offer existing owners of vacation credits who purchase additional vacation credits financing on more favorable terms based on such owner's payment history with Trendwest. Both Fairfield and Trendwest offer purchasers an interest rate reduction if they participate in their pre-authorized checking, or PAC, programs, pursuant to which our consumer financing subsidiary each month debits a purchaser's bank account or major credit card in the amount of the monthly payment by a pre-authorized fund transfer on the payment date. As of March 31, 2006, approximately 80% of purchaser financing serviced by our consumer financing subsidiary participated in the PAC program. In addition, in an effort to improve the performance of their respective portfolios, Fairfield plans to expand its risk-based pricing initiative, and Trendwest plans to explore implementing a similar risk-based pricing initiative.

Fairfield and Trendwest generally require a minimum down payment of 10% of the purchase price on all sales of vacation ownership interests and offer consumer financing for the remaining balance for up to ten years. Both Fairfield and Trendwest offer programs through which prospective owners may accumulate the required 10% down payment over a period of time not greater than six months. The prospective owner is placed in "pending" status until the required 10% down payment amount is received.

Similar to other companies that provide consumer financing, we securitize a majority of the receivables originated in connection with the sales of our vacation ownership interests. We initially place the financed contracts into a revolving warehouse securitization facility generally within 30 to 90 days after origination. Many of the receivables are subsequently transferred from the warehouse securitization facility and placed into term securitization facilities. As of March 31, 2006, the aggregate principal amount outstanding of receivables in the warehouse securitization facility and the term securitization facilities was $709 million and $873 million, respectively.

Servicing and Collection Procedures

Our consumer financing subsidiary is responsible for the maintenance of accounts receivables files and all customer service, billing and collection activities related to the loans we extend. Our consumer financing subsidiary also services loans pledged in our warehouse and term securitization facilities. As of March 31, 2006, our consumer financing subsidiary had approximately 431 employees, the majority of whom were in customer service and maintenance (approximately 173) and loan collection and special services (approximately 171).

Since April 2005, Fairfield and Trendwest have used a single computerized online data system to maintain loan records and service the loans. This system permits access to customer account inquiries and is supported by our management information system department.

The collection methodologies for both brands are similar and entail a combination of mailings and telephone calls which are supported by an automated dialer. As of December 31, 2005, the loan portfolios of both Fairfield and Trendwest were approximately 93% current (i.e., not more than 30 days past due).

Strategies

We intend to grow our vacation ownership business by increasing sales of vacation ownership interests to new owners and sales of upgrades to existing owners by expanding our marketing and sales efforts, strengthening our product offerings and further developing our consumer financing activities. We plan to leverage the Wyndham brand in our marketing efforts, add new resorts, expand our marketing alliances and increase our on-site sales activities to existing owners. Our plans generally focus on pursuing these strategies organically. In addition, in appropriate circumstances, we will consider opportunities to acquire businesses, both domestic and international, including through the use of Wyndham Worldwide common stock as currency.

Expand our sales and marketing efforts

We plan to expand sales and marketing to new and existing owners, including marketing and selling through in-person solicitation, direct mail, e-commerce, referral programs, inbound and outbound telemarketing and upgrade sale programs. We plan to leverage the Wyndham brand in our marketing efforts to strengthen our position in the higher-end segment of the vacation ownership industry, to attract prospective new owners in higher income demographics through Wyndham-branded marketing campaigns, and to increase upgrade sales through the application of the Wyndham brand within existing and new higher-end products and product features.

We plan to expand our marketing and sales distribution channels through the pursuit of additional integrated marketing alliances with lodging and entertainment companies. We currently have alliances with Harrah's

Entertainment in Las Vegas, Nevada; Trump Casino Resorts in Atlantic City, New Jersey; and Outrigger Hotels & Resorts throughout Hawaii, which permit us to conduct marketing and sales activities at properties owned by these companies. We will explore expanding our existing alliances and entering into new alliances. We also plan to expand our upgrade sale programs by commencing on-site sales programs at our properties where we do not currently conduct on-site sales.

Strengthen our product offerings

We plan to strengthen the products that we offer by adding new resorts and resort locations and expanding our offering of higher-end products and product features. We plan to develop additional resorts in new domestic regions and in domestic regions we currently serve that are experiencing strong demand such as Orlando, Myrtle Beach, San Antonio, Las Vegas, San Diego and Hawaii. We plan to develop additional resorts in international regions in Canada, the Caribbean, Mexico, Australia and Asia. In addition, we may also acquire additional resorts that complement our current portfolio of resorts.

We are exploring the use of our Wyndham brand at new domestic and international resorts, as well as at select locations within our current portfolio of resorts. In addition, we plan to develop and market mixed-use hotel and vacation ownership properties in conjunction with the Wyndham brand. The mixed-use properties would afford us access to both hotel clients in higher income demographics for the purpose of marketing vacation ownership interests and hotel inventory for use in our marketing programs.

We plan to expand upon existing and create new higher-end product offerings in conjunction with the Wyndham brand. We are exploring associating the Wyndham brand with our existing high-end Presidential-style vacation ownership units in our current inventory and may further apply the Wyndham brand to current and future product features and services available to our owners who have attained enhanced membership status within our vacation ownership programs as a result of achieving substantial ownership levels.

Enhance our consumer financing activities

We plan to increase our revenue from vacation ownership interest sales by enhancing our customers' ability to purchase our products. Our consumer financing activities increase our sales of Fairfield and Trendwest vacation ownership interests by offering financing to prospective purchasers who might otherwise not purchase. Additionally, offering financing permits prospective purchases to acquire larger vacation ownership interests than they might otherwise acquire. To further increase the number and size of sales of our vacation ownership interests, we plan to explore offering new financing products and terms that are desirable to prospective purchasers.

We plan to increase our net interest income by improving the performance of our portfolio of vacation ownership contract receivables. To improve the performance of our portfolio, we plan to expand our risk-based pricing initiative. In addition, we plan to continue improving our collection activities to reduce the volume and duration of delinquencies and defaults, thereby improving the performance of our portfolio. We also plan to continue reducing our loan servicing costs.

Seasonality

We rely, in part, upon tour flow to generate sales of vacation ownership interests; consequently, sales volume tends to increase in the spring and summer months as a result of greater tour flow from spring and summer travelers. Revenues from sales of vacation ownership interests therefore are generally higher in the second and third quarters than in other quarters. We cannot predict whether these seasonal trends will continue in the future.

Competition

The vacation ownership industry is highly competitive and is comprised of a number of companies specializing primarily in sales and marketing, consumer financing, property management and development of vacation ownership properties. In addition, a number of national hospitality chains develop and sell vacation ownership interests to consumers. Some of the well-known players in the industry include Disney Vacation Club, Hilton Grand Vacations Company LLC, Marriott Ownership Resorts, Inc. and Starwood Vacation Ownership, Inc.

Trademarks

We own the trademarks “Fairfield,” “Trendwest” and “FairShare Plus” and related trademarks and logos, and such trademarks and logos are material to the businesses that are part of our vacation ownership business. Our subsidiaries actively use these marks, and all of the material marks are registered (or have applications pending) with the U.S. Patent and Trademark Office as well as with the relevant authorities in major countries worldwide where these businesses have significant operations. We own the “WorldMark” trademark pursuant to an assignment agreement with WorldMark, The Club. Pursuant to the assignment agreement, WorldMark, The Club may request that the mark be reassigned to it only in the event of a termination of the WorldMark vacation ownership programs.

EMPLOYEES, PROPERTIES AND FACILITIES, GOVERNMENT REGULATION AND LEGAL PROCEEDINGS

Employees

At March 31, 2006, we had approximately 28,800 employees, including approximately 9,800 employees outside of the United States. At March 31, 2006, our lodging business had approximately 5,500 employees, our vacation exchange and rental business had approximately 8,000 employees and our vacation ownership business had approximately 15,000 employees. Approximately 1% of our employees are subject to collective bargaining agreements governing their employment with our company. We believe that our relations with employees are good.

Properties and Facilities

Corporate Headquarters. Our corporate headquarters are located in leased offices at Seven Sylvan Way in Parsippany, New Jersey. The lease expires in 2011.

Wyndham Hotel Group. Our lodging business has its main corporate operations at leased offices in Parsippany, New Jersey, pursuant to a lease that expires in 2008. Our lodging business also leases space for its reservations centers and/or data warehouse in Aberdeen, South Dakota; Phoenix, Arizona; and Saint John, New Brunswick, Canada pursuant to leases that expire in 2007, 2010 and 2013, respectively. In addition, our lodging business leases office space in Atlanta, Georgia; Dallas, Texas; and Hammersmith, United Kingdom pursuant to leases expiring in 2011, 2007 and 2012, respectively. Our lodging business also leases two vacant properties in Phoenix, Arizona and Knoxville, Tennessee pursuant to leases that expire in 2007.

RCI Global Vacation Network. Our vacation exchange business has its main corporate operations at leased offices in Parsippany, New Jersey. Our vacation exchange business also has five properties, which we own. The most significant owned properties for this business are call centers in Carmel, Indiana; Cork, Ireland; and Kettering, UK. Our vacation exchange business also has five leased offices located within the United States pursuant to leases that expire generally in one year and 39 additional leased spaces in various countries outside the United States pursuant to leases that expire generally in three years. Our vacation rental business' operations are managed in two owned locations (Earby, England and Monterrigioni, Italy), three main leased locations (Leidschendam, Netherlands; Dunfermline, United Kingdom; and Copenhagen, Denmark) and approximately 16 smaller leased offices throughout Europe. Our main leased locations operate pursuant to leases that expire in 2015, 2012, 2009 and 2010, respectively. The vacation exchange and rental business also occupies space in Hammersmith, United Kingdom pursuant to a lease that expires in 2012.

Wyndham Vacation Ownership. Our vacation ownership business has its main corporate operations in Orlando, Florida pursuant to a lease that expires in 2012. Our vacation ownership business also owns a facility in Redmond, Washington and leases space for call center and administrative functions in Bellevue, Washington; Las Vegas, Nevada; Margate, Florida; and Orlando, Florida, pursuant to leases that expire in 2006, 2012, 2010 and 2012 respectively. In addition, approximately 110 marketing and sales offices throughout the United States and 12 offices in Australia are leased pursuant to leases that will expire within approximately three years.

For a detailed description of the subleases that Wyndham Worldwide is subject to, see "Certain Relationships and Related Party Transactions—Other Intercompany Relationships between Cendant, the Other Separated Companies and Us—Subleases and Related Guarantees."

Government Regulation

Our businesses are either subject to or affected by international, federal, state and local laws, regulations and policies, which are constantly subject to change. The descriptions of the laws, regulations and policies that follow are summaries and should be read in conjunction with the texts of the laws and regulations described below. The descriptions do not purport to cover all present and proposed laws, regulations and policies that affect our businesses.

We believe that we are in material compliance with these laws, regulations and policies. Although we cannot predict the effect of changes to the existing laws, regulations and policies or to the proposed laws, regulations and policies that are described below, we are not currently aware of proposed changes or proposed new laws, regulations and policies that will have a material adverse effect on our business.

Regulations Generally Applicable to Our Business

Our businesses are subject to, among others, laws and regulations that affect privacy and data collection, marketing regulation and the use of the Internet, as described below:

Privacy and Data Collection*.* The collection and use of personal data of our customers and our ability to contact our customers, including through telephone or facsimile, are governed by privacy laws and regulations enacted in the United States and in other jurisdictions around the world. Privacy regulations continue to evolve and on occasion may be inconsistent from one jurisdiction to another. Many states have introduced legislation or enacted laws and regulations that require strict compliance with standards for data collection and protection of privacy and provide for penalties for failure to notify customers when such standards are breached, even by third parties. The U.S. Federal Trade Commission, or FTC, adopted “do not call” and “do not fax” regulations in October 2003. In compliance with such regulations, our affected businesses have developed and implemented plans to block phone numbers listed on the “do not call” and “do not fax” registries and have instituted new procedures for preventing unsolicited telemarketing calls. In response to “do not call” and “do not fax” regulations, our affected businesses have reduced their reliance on outbound telemarketing. In addition, our European businesses have adopted policies and procedures to comply with the European Union Directive on Data Protection. These policies and procedures require that unless the use of data is “necessary” for certain specified purposes, including, for example, the performance of a contract with the individual concerned, consent to use data must be obtained.

Marketing Operations*.* The products and services offered by our various businesses are marketed through a number of distribution channels, including direct mail, telemarketing and online. These channels are regulated at the state and federal levels, and we believe that the effect of such regulations on our marketing operations will increase over time. Such regulations, which include anti-fraud laws, consumer protection laws, privacy laws, identity theft laws, anti-spam laws, telemarketing laws and telephone solicitation laws, may limit our ability to solicit new customers or to market additional products or services to existing customers. In addition, some of our business units use sweepstakes and contests as part of their marketing and promotional programs. These activities are regulated primarily by state laws that require certain disclosures and assurance that the prizes will be available to the winners.

Internet*.* Although our business units’ operations on the Internet are not currently regulated by any government agency in the United States, it is likely that a number of laws and regulations may be adopted to regulate the Internet. In addition, it is possible that existing laws may be interpreted to apply to the Internet in ways that the existing laws are not currently applied, particularly with respect to the imposition of state and local taxes on the use and reservation of accommodations through the Internet. Regulatory and legal requirements are particularly subject to change with respect to the Internet and may become more restrictive, which will increase the difficulty and expense of compliance or otherwise restrict our business units’ abilities to conduct operations as such operations are currently conducted.

We are also aware of, and are actively monitoring the status of, certain proposed United States state and international legislation related to privacy and e-mail marketing that may be enacted in the future. It is unclear at this point what effect, if any, such state and international legislation may have on our businesses. California, for example, has enacted legislation that requires enhanced disclosure on Internet web sites regarding consumer privacy and information sharing among affiliated entities. We cannot predict with certainty whether these laws will affect our practices with respect to customer information and inhibit our ability to market our products and services nor can we predict whether other states will enact similar laws. Because Internet reservations are more cost-effective than reservations taken over the phone, our costs may increase if Internet reservations are adversely affected by regulations.

Travel Agency Services. The travel agency products and services that our businesses provide are subject to various federal, state and local regulations. We must comply with laws and regulations that relate to our marketing and sales of such products and services, including laws and regulations that prohibit unfair and deceptive advertising or practices and laws that require us to register as a "seller of travel" to comply with disclosure requirements. In addition, we are indirectly affected by the regulation of our travel suppliers, many of which are heavily regulated by the United States and other governments. We are also affected by the European Union Directive applicable to the sale and provision of package holidays because some of our European businesses operate such that they are classified, for certain of their operations, as organizers of package holidays. This European Directive places liability for the package holiday sold with the organizer and requires that the organizer has security in place in order to refund to the consumer money paid by such consumer in the event of insolvency of the organizer.

Regulations Applicable to the Lodging Business

Our lodging business is subject to, among others, laws, regulations and policies that affect the sale of franchises and access for persons with disabilities, as described below:

Sale of Franchises. The FTC, various state laws and regulations and the laws of jurisdictions outside the United States regulate the offer and sale of franchises. The FTC requires that franchisors make extensive written disclosure in a prescribed format to prospective franchisees but does not require registration. The FTC has proposed changes to its franchise regulations that will affect sales practices and procedures and the content of disclosure documents that we use to sell franchises in the United States. The FTC has not yet released the final rule or announced its effective date. We believe that the proposed FTC changes to the franchise regulations will have no material adverse impact on the offer and sale of our hotel franchises. The state laws that affect our franchise business regulate the offer and sale of franchises, the termination, renewal and transfer of franchise agreements, and the provision of loans to franchisees as part of the sales of franchises. Currently, 19 states have laws that require registration or disclosure in connection with offers and sales of franchises. In addition, 20 states currently have "franchise relationship" laws that limit the ability of franchisors to terminate franchise agreements or to withhold consent to the renewal or transfer of the agreements. California regulates the provision of loans to franchisees as part of the sales of the franchises. Such regulations may require the franchisors to register under the state law that governs business lenders, if no exemption from registration is available, or may limit the security or collateral the franchisors may use to reduce the risks associated with loans. The laws of jurisdictions outside the United States regulate pre-sale disclosure and the commencement of franchising. Three Canadian provinces and a number of foreign jurisdictions have adopted pre-sale disclosure regulations. China has enacted regulations that, among other things, require an organization to operate properties in at least two locations in the area where the organization wants to franchise brands before China will permit the organization to commence acting as a franchisor. We have received legal advice that such regulations do not prevent us from continuing to franchise brands that we had franchised in China before the effective date of the regulations.

Persons with Disabilities. The Americans with Disabilities Act, or ADA, requires public accommodations, such as lodging and restaurant facilities, to (i) offer facilities without discriminating against persons with disabilities, (ii) offer auxiliary aids and services to persons with hearing, vision or speech disabilities who would benefit from such services without fundamentally altering the nature of the goods or services offered and (iii) remove barriers to mobility or communication to the extent readily achievable. The U.S. Department of Justice published "Standards for Accessible Design" and "Accessibility Guidelines," collectively referred to as

ADAAG, that, among other things, prescribe a specified number of handicapped accessible rooms, assistive devices for hearing, speech and visually impaired persons, and general standards of design applicable to all areas of facilities subject to the law, including hotels. The ADAAG specifies the minimum room design and layout criteria for handicapped accessible rooms. Any newly constructed facility (first occupied after January 26, 1993) must comply with ADAAG and be readily accessible to and useable by persons with disabilities. The owner of each facility and its contractors are responsible for ADA and ADAAG compliance.

Regulations Applicable to the Vacation Exchange and Rental Business

Our vacation exchange business is subject to, among other laws and regulations, statutes in certain states that regulate vacation exchange services, and we must prepare and file annually disclosure guides with regulators in states where such filings are required. Although our vacation exchange business is not generally subject to state statutes that govern the development of vacation ownership properties and the sale of vacation ownership interests, these statutes directly affect the members of our vacation exchange program and resorts with units that participate in our vacation exchanges. These statutes, therefore, indirectly affect our vacation exchange business. In addition, several states and localities are attempting to enact or have enacted laws or regulations that would impose or impose, as applicable, taxes on members that complete exchanges, similar to local transient occupancy taxes. Our vacation rental business is subject to state and local regulation, including applicable seller of travel, travel club and real estate brokerage licensing statutes.

Regulations Applicable to the Vacation Ownership Business

Our vacation ownership business is subject to, among others, the laws and regulations that affect the marketing and sale of vacation ownership interests, property management of vacation ownership resorts, travel agency services and the conduct of real estate brokers, described below:

Federal, State and International Regulation of Vacation Ownership Business Our vacation ownership business is subject to federal legislation, including without limitation, Housing and Urban Development Department regulations, such as the Fair Housing Act; the Truth-in-Lending Act and Regulation Z promulgated thereunder, which require certain disclosures to borrowers regarding the terms of borrowers' loans; the Real Estate Settlement Procedures Act and Regulation X promulgated thereunder, which require certain disclosures to borrowers regarding the settlement of real estate transactions and servicing of loans; the Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit discrimination in the extension of credit on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act; the Telemarketing and Fraud and Abuse Prevention Act; the Gramm-Leach-Bliley Act and the Fair Credit Reporting Act and other laws, which address privacy of consumer financial information; and the Civil Rights Acts of 1964, 1968 and 1991. Many states have laws that regulate our vacation ownership business' operations, including those relating to real estate licensing, travel sales licensing, anti-fraud, telemarketing, restrictions on the use of predictive dialers, prize, gift and sweepstakes regulations, labor, and various regulations governing access and use of our resorts by disabled persons. In addition to regulation in the United States and Australia, our vacation ownership business is subject to regulation in other countries where we develop or manage resorts and where we market or sell vacation ownership interests, including Canada, Mexico, New Zealand and Fiji. The scope of regulation of our vacation ownership business in Canada, where we develop, market, sell and manage resorts, is similar to the scope of regulation of our vacation ownership business in the United States. In addition, in Australia, we are regulated by the Australian Securities and Investments Commission, which requires that all persons conducting vacation ownership sales and marketing and vacation ownership club activities hold an Australian Financial Services License and comply with the rules and regulations of the Commission. Unlike in the United States, where the vacation ownership industry is regulated primarily by state law, the vacation ownership industry in Australia is regulated under federal Australian securities law because Australian law regards a vacation ownership interest as a security. As we expand our vacation ownership business by entering new markets, we will become subject to regulation in additional countries.

Marketing and Sale of Vacation Ownership Interests We are subject to extensive regulation by states' departments of commerce and/or real estate and international regulatory agencies, such as the European Commission, in locations where our resorts in which we sell vacation ownership interests are located or where we market and sell vacation ownership interests. Many states regulate the marketing and sale of vacation ownership interests, and the laws of such states generally require a designated state authority to approve a vacation ownership public report, which is a detailed offering statement describing the resort operator and all material aspects of the resort and the sale of vacation ownership interests. In addition, the laws of most states in which we sell vacation ownership interests grant the purchaser of such an interest the right to rescind a contract of purchase at any time within a statutory rescission period, which generally ranges from three to 15 days, depending on the state.

Property Management of Vacation Ownership Resorts. Our vacation ownership business includes property management operations that are subject to state condominium and/or vacation ownership management regulations and, in some states, to professional licensing requirements.

Conduct of Real Estate Brokers. The marketing and sales component of our vacation ownership business is subject to numerous federal, state and local laws and regulations that contain general standards for and prohibitions relating to the conduct of real estate brokers and sales associates, including laws and regulations that relate to the licensing of brokers and sales associates, fiduciary and agency duties, administration of trust funds, collection of commissions, and advertising and consumer disclosures. The federal Real Estate Settlement Procedures Act and state real estate brokerage laws also restrict payments that real estate brokers and other parties may receive or pay in connection with the sales of vacation ownership interests and referral of prospective owners. Such laws may, to some extent, restrict arrangements involving our vacation ownership business.

Regulations Applicable to the Management of Property Operations

Our business that relates to the management of property operations, which includes components of our lodging and vacation ownership businesses, is subject to, among others, laws and regulations that relate to health and sanitation, the sale of alcoholic beverages, facility operation and fire safety, including as described below:

Health and Sanitation. Most states have regulations or statutes governing the lodging business or its components, such as restaurants, swimming pools and health facilities. Lodging and restaurant businesses often require licensing by state and local authorities, and sometimes these licenses are obtainable only after the business passes health inspections to assure compliance with health and sanitation codes. Health inspections are performed on a recurring basis. Health-related laws affect the use of linens, towels and glassware. Other laws govern swimming pool use and operation and require the posting of notices, availability of certain rescue equipment and limitations on the number of persons allowed to use the pool at any time. These regulations typically impose civil fines or penalties for violations, which may lead to operating restrictions if uncorrected or in extreme cases of violations.

Sale of Alcoholic Beverages. Alcoholic beverage service is subject to licensing and extensive regulations that govern virtually all aspects of service. Compliance with these regulations at managed locations may impose obligations on the owners of managed hotels, Wyndham Worldwide as the property manager or both. Managed hotel operations may be adversely affected by delays in transfers or issuances of alcoholic beverage licenses necessary for food and beverage services.

Facility Operation. The operation of lodging facilities is subject to innkeepers' laws that (i) authorize the innkeeper to assert a lien against and sell, after observing certain procedures, the possessions of a guest who owes an unpaid bill for lodging or other services provided by the innkeeper, (ii) affect or limit the liability of an innkeeper who posts required notices or disclaimers for guest valuables if a safe is provided, guest property, checked or stored baggage, mail and parked vehicles, (iii) require posting of house rules and room rates in each guest room or near the registration area, (iv) may require registration of guests, proof of identity at check-in and retention of records for a specified period of time, (v) limit the rights of an innkeeper to refuse lodging to prospective guests except under certain narrowly defined circumstances, and (vi) may limit the right of the innkeeper to evict a guest who overstays the scheduled stay or otherwise gives a reason to be evicted. Federal and state laws applicable to places of public accommodation prohibit discrimination in lodging services on the basis of the race, creed, color or national origin of the guest. Some states prohibit the practice of "overbooking" and require the innkeeper to provide the reserved lodging or find alternate accommodations if the guest has paid a deposit, or face a civil fine. Some states and municipalities have also enacted laws and regulations governing no-smoking areas and guest rooms that are more stringent than our standards for no-smoking guest rooms.

Fire Safety. The federal Hotel and Motel Safety Act of 1990 requires all places of public accommodation to install hard wired, single station smoke detectors meeting National Fire Protection Association Standard 74 in each guest room and to install an automatic sprinkler system meeting National Fire Protection Association Standard 13 or 13-R in facilities taller than three stories, unless certain exceptions are met, for such places to be approved for lodging and meetings of federal employees. Travel directories to be published by the federal government and lists maintained by state officials will include only those facilities that comply with the Hotel and Motel Safety Act of 1990. Other state and local fire and life safety codes may require exit maps, lighting systems and other safety measures unique to lodging facilities.

Occupational Safety. The federal Occupational Safety and Health Act, or OSHA, requires that businesses comply with industry-specific safety and health standards, which are known collectively as OSHA standards, to provide a safe work environment for all employees and prevent work-related injuries, illnesses and deaths. Failure to comply with such OSHA standards may subject us to fines from the Occupational Safety and Health Administration.

Legal Proceedings

Legal—Cendant's Hospitality Services (including Timeshare Resorts) Businesses

The following litigation relates to Cendant's Hospitality Services (including Timeshare Resorts) businesses, and pursuant to the Separation and Distribution Agreement, we have agreed to be responsible for all of the related costs and expenses.

Wendell and Sandra Grimes, et al. v. Fairfield Resorts, Inc., Fairshare Vacation Owners Association, et al, No 6:05-CV-1061-ORL-22JGG (M.D. Fla.). This class action complaint was filed on July 19, 2005. It alleges, under a variety of legal theories, that the defendants violated their duties to the members of Fairshare Plus through self-serving changes to the reservation and availability policies (including an affiliation with RCI), which diminished the value of the vacation ownership interests purchased by the members and rendered it more difficult for members to obtain reservations at their home resort. The complaint does not seek monetary damages in a specified amount, nor does it specify the form of injunctive or declaratory relief sought. Plaintiffs filed their motion for class certification on October 18, 2005, and defendants submitted their opposition on January 18, 2006. On April 26, 2006, the court heard oral argument but did not rule on the plaintiffs' motion for class certification. On April 27, 2006, the court denied the plaintiffs' motion for class certification.

Source v. Cendant Corporation, No. 2-05CV-347 (E.D. Tex.). Source, Inc., which we refer to as Source, filed suit against Cendant on July 28, 2005. Source alleges infringement of four patents related to Source's "centralized consumer cash value accumulation system for multiple merchants." Source alleges that Cendant Hotel Group, Inc.'s TripRewards program infringes upon Source's guest loyalty system. Source seeks monetary damages and injunctive relief. While the parties have discussed a nuisance value settlement, Cendant has filed an answer and motion to stay the litigation pending reexamination of two of the patents by the Patent and Trademark Office. The motion for stay was granted, and the matter is stayed until April 2006. We believe that Cendant's non-infringement defenses are strong, and we are researching our invalidity defenses.

In Re: Resort Condominiums International, LLC and RCI Canada, Inc., Nos. 040895898P1-01-001, 040895898P1-01-002, 040895898P1-01—003, 040895898P1-01—004, 040897266P1-06-001, 040897266P1-05-001 (Edmonton Provincial Court), Case Nos. 040895104P1-01-001, 040895104P1-01-002, 040895104P1-01-003, 040895104P1-01-004, 040895104P1-01-005, 040895104P1-01-006 (Canmore Provincial Court), Nos. 040897167P1-01-001, 04897167P1-02-001 (Calgary Provincial Court). Companion complaints were filed against Resort Condominium International, LLC and RCI Canada, Inc. in three Alberta jurisdictions on August 4, 2004 alleging that the RCI Points program is an unlicensed travel club and the unregistered sales of memberships in the program is a regulatory violation of the Alberta Fair Trading Act. The complaints seek statutory penalties. RCI's defense is premised upon the fact that the RCI Points program simply provides a system to use accommodations currently owned by the vacation ownership consumer and is not a travel club, as defined in the statute, as it does not involve the future purchase of accommodations. The trial date of October 16, 2006 has been set. We believe that RCI has meritorious defenses.

Additionally, from time to time, we are involved in certain claims and legal actions arising in the ordinary course of our business, including: for our lodging business, (i) breach of contract, fraud and bad faith claims between franchisors and franchisees in connection with franchise agreements and with owners in connection with management contracts and (ii) negligence claims asserted in connection with acts or occurrences at franchised or managed properties; for our vacation exchange and rental business, (i) breach of contract claims by both affiliates and members in connection with their respective agreements and (ii) negligence claims by guests for alleged injuries sustained at resorts; for our vacation ownership business, (i) breach of contract, fraud and consumer protection act claims by owners and prospective owners in connection with the sale of vacation ownership interests or the management of vacation ownership resorts, (ii) construction defect claims relating to vacation ownership units or resorts and (iii) negligence claims by guests for alleged injuries sustained at vacation ownership units or resorts; and for each of our businesses, (i) bankruptcy proceedings involving efforts to collect receivables from a debtor in bankruptcy and (ii) employment matters involving claims of discrimination and wage and hours claims. Although the results of such claims and legal actions cannot be predicted with certainty, we do not believe based on information currently available to us that the final outcome of these proceedings will have a material adverse effect on our consolidated financial position, results of operations or cash flows. Any adverse outcome of such claims and legal actions, however, could have a material affect on our results of operations.

In addition, pursuant to the Separation and Distribution Agreement, we agreed to be responsible for 30% of certain contingent and other corporate liabilities (and related costs and expenses) related to Cendant litigation. See "Certain Relationships and Related Party Transactions—Litigation For Which We Have Assumed Liability Pursuant to the Separation and Distribution Agreement."

Legal—Cendant Corporate Litigation

Pursuant to the Separation and Distribution Agreement we agreed to be responsible for 30% of the contingent and other corporate liabilities (and related costs and expenses) related to the Cendant litigation described below.

After the April 15, 1998 announcement of the discovery of accounting irregularities in the former CUC business units, and prior to the issuance of this information statement, approximately 70 lawsuits claiming to be class actions and other proceedings were commenced against Cendant and other defendants, of which a number of lawsuits have been settled. Approximately six lawsuits remain unresolved in addition to the matters described below.

In Re Cendant Corporation Litigation, Master File No. 98-1664 (WHW) (D.N.J.), which we refer to as the Securities Action, is a consolidated class action brought on behalf of all persons who acquired securities of Cendant and CUC, except the PRIDES securities, between May 31, 1995 and August 28, 1998. Named as defendants are Cendant; 28 current and former officers and directors of Cendant, CUC and HFS Incorporated; and Ernst & Young LLP, or Ernst & Young, CUC's former independent accounting firm.

The Amended and Consolidated Class Action Complaint in the Securities Action alleges that, among other things, the lead plaintiffs and members of the class were damaged when they acquired securities of Cendant and CUC because, as a result of accounting irregularities, Cendant's and CUC's previously issued financial statements were materially false and misleading, and the allegedly false and misleading financial statements caused the prices of Cendant's and CUC's securities to be inflated artificially.

On December 7, 1999, Cendant announced that it had reached an agreement to settle claims made by class members in the Securities Action for approximately $2,850 million in cash plus 50% of any net recovery Cendant receives from Ernst & Young as a result of Cendant's cross-claims against Ernst & Young described below. This settlement received all necessary court approvals and was fully funded by Cendant on May 24, 2002.

On January 25, 1999, Cendant asserted cross-claims against Ernst & Young that alleged that Ernst & Young failed to follow professional standards to discover, and recklessly disregarded, the accounting irregularities and is therefore liable to Cendant for damages in unspecified amounts. The cross-claims assert claims for breaches of Ernst & Young's audit agreements with Cendant, negligence, breaches of fiduciary duty, fraud and contribution. On July 18, 2000, Cendant filed amended cross-claims against Ernst & Young asserting the same claims.

On March 26, 1999, Ernst & Young filed cross-claims against Cendant and certain of Cendant's present and former officers and directors that alleged that any failure by Ernst & Young to discover the accounting irregularities was caused by misrepresentations and omissions made to Ernst & Young in the course of its audits and other reviews of Cendant's financial statements. Ernst & Young's cross-claims assert claims for breach of contract, fraud, fraudulent inducement, negligent misrepresentation and contribution. Damages in unspecified amounts are sought for the costs to Ernst & Young associated with defending the various shareholder lawsuits, lost business it claims is attributable to Ernst & Young's association with Cendant and for harm to Ernst & Young's reputation. On June 4, 2001, Ernst & Young filed amended cross-claims against Cendant asserting the same claims.

Welch & Forbes, Inc. v. Cendant Corp., et al, No. 98-2819 (WHW), which we refer to as the PRIDES Action, is a consolidated class action filed on behalf of purchasers of Cendant's PRIDES securities between February 24 and August 28, 1998. Named as defendants are Cendant; Cendant Capital I, a statutory business trust formed by Cendant to participate in the offering of PRIDES securities; 17 current and former officers and directors of Cendant, CUC and HFS; Ernst & Young; and the underwriters for the PRIDES offering, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Chase Securities Inc. The allegations in the Amended Consolidated Complaint in the PRIDES Action are substantially similar to those in the Securities Action.

On March 17, 1999, Cendant entered into an agreement to settle the claims of class members in the PRIDES Action who purchased PRIDES securities on or prior to April 15, 1998. The settlement did not resolve claims based upon purchases of PRIDES on and after April 16, 1998 and, as of December 31, 2001, other than Welch & Forbes, Inc. v. Cendant Corp., et al., which is previously discussed, no purchasers of PRIDES securities after April 16, 1998 have instituted proceedings against Cendant.

On October 28, 2005, Cendant reached a settlement that resolved the claims of class members who purchased PRIDES on and after April 16, 1998. To settle these claims, Cendant has agreed to pay $32.5 million in cash plus 3.5% of any net recovery from litigation Cendant is pursuing against Ernst & Young, auditors for the former CUC, arising from the accounting irregularities. The cash payment plus interest, which accrued on the cash settlement from January 27, 2006, when the court approved the settlement in all respects, at the federal funds rate applicable at that time, was made in March 2006.

Semerenko v. Cendant Corp., et al, Civ. Action No. 98-5384 (D.N.J.), and *P. Schoenfield Asset Management LLC v. Cendant Corp., et al*, Civ. Action No. 98-4734 (D.N.J.), which we refer to as the ABI Actions, were initially commenced in October and November of 1998, respectively, on behalf of a putative class of persons who purchased securities of American Bankers Insurance Group, Inc., which we refer to as ABI, between January 27, 1998 and October 13, 1998. Named as defendants are Cendant, four former CUC officers and directors and Ernst & Young. The complaints in the ABI Actions, as amended on February 8, 1999, assert violations of Sections 10(b), 14(e) and 20(a) of the Exchange Act. The plaintiffs allege that they purchased shares of ABI common stock at prices artificially inflated by the accounting irregularities after Cendant announced a cash tender offer for 51% of ABI's outstanding shares of common stock in January 1998. Plaintiffs also allege that after the disclosure of the accounting irregularities, Cendant misstated its intention to complete the tender offer and a second step merger pursuant to which the remaining shares of ABI stock were to be acquired by Cendant. Plaintiffs seek, among other things, unspecified compensatory damages. On April 30, 1999, the U.S. District Court for the District of New Jersey dismissed the complaints on motions of the defendants. In an opinion dated August 10, 2000, the U.S. Court of Appeals for the Third Circuit vacated the district court's judgment and remanded the ABI Actions for further proceedings. On December 15, 2000, Cendant filed a motion to dismiss those claims based on ABI purchases after April 15, 1998, and the district court granted this motion on May 7, 2001. The plaintiffs subsequently moved for leave to file a Second Amended Complaint to reallege claims based on ABI purchases between April 16, 1998 and October 13, 1998. That motion was denied on August 15, 2002. On January 27, 2004, plaintiffs filed a motion for class certification. On April 4, Cendant entered into an agreement to settle this matter for $22 million. A hearing to approve the settlement has been scheduled for July 24, 2006.

We cannot give any assurance as to the final outcome or resolution of these unresolved proceedings. An adverse outcome from certain unresolved proceedings could be material with respect to earnings in any given reporting period. However, we do not believe that the impact of such unresolved proceedings should result in a material liability to us in relation to our consolidated financial position or liquidity.

Regulatory Proceedings

In the past, we have been subject to regulatory proceedings relating to the ADA. In the future, we may be subject to regulatory proceedings relating to the ADA or other regulatory regimes to which our businesses are subject, none of which we expect would have a material adverse effect on our financial position, results of operations or cash flows. There can be no assurance that such regulatory proceedings, or any future regulatory proceedings, will not have a material adverse effect on our business, financial condition or results of operations.

MANAGEMENT

Executive Officers Following the Separation

All of our executive officers are currently officers and employees of Cendant. After the separation, none of these individuals will continue to be employees of Cendant. The following table sets forth information regarding individuals who are expected to serve as our executive officers following the separation.

Name	Age	Position(s)
Stephen P. Holmes	49	Chairman and Chief Executive Officer
Franz S. Hanning	52	President and Chief Executive Officer, Wyndham Vacation Ownership
Kenneth N. May	55	President and Chief Executive Officer, RCI Global Vacation Network
Steven A. Rudnitsky	47	President and Chief Executive Officer, Wyndham Hotel Group
Virginia M. Wilson	51	Executive Vice President and Chief Financial Officer
Scott G. McLester	43	Executive Vice President and General Counsel
Mary R. Falvey	45	Executive Vice President and Chief Human Resources Officer
Nicola Rossi	39	Senior Vice President and Chief Accounting Officer

Stephen P. Holmes will serve as the Chairman of our Board of Directors and as our Chief Executive Officer. Mr. Holmes has been a director since May 2003 of the already-existing, wholly owned subsidiary of Cendant that will hold the assets and liabilities of Cendant's Hospitality Services (including Timeshare Resorts) businesses and will continue as a director after our separation from Cendant. Mr. Holmes has been Vice Chairman and Director of Cendant and Chairman and Chief Executive Officer of Cendant's Travel Content Division since December 1997. Mr. Holmes was Vice Chairman of HFS Incorporated, which we refer to as 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.

Franz S. Hanning will serve as our President and Chief Executive Officer, Wyndham Vacation Ownership. Since March 2005, Mr. Hanning has been the Chief Executive Officer of Cendant's Timeshare Resort Group. Mr. Hanning served as President and Chief Executive Officer of Fairfield Resorts, Inc. from April 2001, when Cendant acquired Fairfield, to March 2005 and as President and Chief Executive Officer of Trendwest Resorts, Inc. from August 2004 to March 2005. Mr. Hanning joined Fairfield in 1982 and held several key leadership positions with Fairfield, including Regional Vice President, Executive Vice President of Sales and Chief Operating Officer.

Kenneth N. May will serve as our President and Chief Executive Officer, RCI Global Vacation Network. Since March 2005, Mr. May has been the Chief Executive Officer of Cendant's Vacation Network Group. From February 1999 to March 2005, Mr. May was Chairman and Chief Executive Officer of RCI. Prior to joining Cendant, Mr. May held positions as General Manager with Citibank North America Credit Cards, Senior Vice President and General Manager with Disney Vacation Club and various other leadership positions for PepsiCo, Inc. and Colgate-Palmolive Company.

Steven A. Rudnitsky will serve as our President and Chief Executive Officer, Wyndham Hotel Group. Since March 2002, Mr. Rudnitsky has been the Chief Executive Officer of Cendant's Hotel Group. Prior to joining Cendant, from December 2000 to March 2002, Mr. Rudnitsky was President of Kraft Foodservice and Executive Vice President of Kraft Foods, Inc. Mr. Rudnitsky was appointed to these positions with Kraft in December 2000 upon Kraft's acquisition of Nabisco Foods Company, where he served as President from 1999 until December 2000. From 1996 to 1999, Mr. Rudnitsky was Vice President and General Manager, food service, for Pillsbury

Bakeries & Foodservice. From 1984 to 1996, Mr. Rudnitsky held positions of increasing responsibility at PepsiCo, Inc.

Virginia M. Wilson will serve as our Executive Vice President and Chief Financial Officer. Ms. Wilson has been Executive Vice President and Chief Accounting Officer of Cendant since September 2003. From October 1999 until August 2003, Ms. Wilson served as Senior Vice President and Controller for MetLife, Inc., a provider of insurance and other financial services. From 1996 until 1999, Ms. Wilson served as Senior Vice President and Controller for Transamerica Life Companies, an insurance and financial services company. Prior to Transamerica, Ms. Wilson was an Audit Partner of Deloitte & Touche LLP.

Scott G. McLester will serve as our Executive Vice President and General Counsel. Since April 2004, Mr. McLester has been Senior Vice President, Legal for Cendant. Mr. McLester was Group Vice President, Legal for Cendant from March 2002 to April 2004, Vice President, Legal for Cendant from February 2001 to March 2002 and Senior Counsel for Cendant from June 2000 to February 2001. Prior to joining Cendant, Mr. McLester was a Vice President in the Law Department of Merrill Lynch in New York and a partner with the law firm of Carpenter, Bennett and Morrissey in Newark, New Jersey.

Mary R. Falvey will serve as our Executive Vice President and Chief Human Resources Officer. Since April 2005, Ms. Falvey has been Executive Vice President, Global Human Resources for Cendant's Vacation Network Group. From March 2000 to April 2005, Ms. Falvey served as Executive Vice President, Human Resources for RCI. From January 1998 to March 2000, Ms. Falvey was Vice President of Human Resources for Cendant's Hotel Division and Corporate Contact Center group. Prior to joining Cendant, Ms. Falvey held various leadership positions in the human resources division of Nabisco Foods Company.

Nicola Rossi will serve as our Senior Vice President and Chief Accounting Officer. Since June 2004, Mr. Rossi has been Vice President and Controller of Cendant's Hotel Group. From April 2002 to June 2004, Mr. Rossi served as Vice President, Corporate Finance for Cendant. From April 2000 to April 2002, Mr. Rossi was Corporate Controller of Jacuzzi Brands, Inc., a bath and plumbing products company, and was Assistant Corporate Controller from June 1999 to March 2000. From November 1995 to May 1999, Mr. Rossi was Director of Corporate Accounting of The Great Atlantic & Pacific Tea Company, Inc. Prior thereto, Mr. Rossi held various positions, from staff accountant to manager, with Deloitte & Touche LLP from 1988 to 1995.

Board of Directors Following the Separation

The following sets forth information with respect to those persons who are expected to serve on our Board following the completion of the separation. The nominees will be presented to our sole stockholder, Cendant, for election. See "—Executive Officers Following the Separation" for Mr. P. Holmes's biographical information.

Name	Age	Position(s)
Stephen P. Holmes	49	Chairman of the Board of Directors
Myra J. Biblowit	57	Director Nominee
James E. Buckman*	61	Director
George Herrera	49	Director Nominee
The Right Honourable Brian Mulroney	66	Director Nominee
Pauline D.E. Richards	57	Director Nominee
Michael H. Wargotz	47	Director Nominee

* It is currently anticipated that Mr. Buckman will also serve on the Board of Travelport.

Myra J. Biblowit will become a director effective upon the completion of the separation. 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 has been a director of Cendant since April 2000.

James E. Buckman has been a director of the already-existing, wholly owned subsidiary of Cendant that will hold the assets and liabilities of Cendant's Hospitality Services (including Timeshare Resorts) businesses since May 2003 and will continue as a director after our separation from Cendant. Mr. Buckman has been a Vice Chairman of Cendant since November 1998 and General Counsel and a director of Cendant since December 1997. Mr. Buckman was a Senior Executive Vice President of Cendant 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.

George Herrera will become a director effective upon the completion of the separation. 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 U.S. Hispanic Chamber of Commerce. Mr. Herrera served as President of David J. Burgos & Associates, Inc. from December 1979 until July 1998. Mr. Herrera has been a director of Cendant since January 2004.

The Right Honourable Brian Mulroney will become a director effective upon the completion of the separation. 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 that 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.). Mr. Mulroney has been a director of Cendant since December 1997 and was a director of HFS from April 1997 until December 1997.

Pauline D.E. Richards will become a director effective upon the completion of the separation. 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 has been a director of Cendant since March 2003 and chairman of Cendant's audit committee since October 2004.

Michael H. Wargotz will become a director effective upon the completion of the separation. Since June 2005, Mr. Wargotz has been a Vice President of Sales of NetJets Inc., a leading provider of private aviation services. Since January 2001, Mr. Wargotz has been a founding partner of Axcess Solutions, LLC, a strategic alliance, brand development and partnership marketing consulting firm. From January 2000 to December 2000, Mr. Wargotz pursued personal interests. From January 1998 to December 1999, Mr. Wargotz served in various leadership positions with Cendant, including President and Chief Executive Officer of its Lifestyle Division, Executive Vice President and Chief Financial Officer of its Alliance Marketing Segment and Senior Vice President, Business Development. Mr. Wargotz was a Senior Vice President with HFS from July 1994 to December 1997.

Composition of the Board of Directors

Prior to the completion of the distribution, we expect our certificate of incorporation and by-laws to be amended to divide our Board of Directors into three classes with staggered terms, which means that the directors in one of these classes will be elected each year for a new three-year term. We expect that Class I directors will have an initial term expiring in 2007, Class II directors will have an initial term expiring in 2008 and Class III directors will have an initial term expiring in 2009. We expect that Class I will be comprised of Messrs. Wargotz and Mulroney, Class II will be comprised of Messrs. Buckman and Herrera, and Class III will be comprised of Mr. Holmes and Mses. Biblowit and Richards.

Committees

Effective upon the completion of our separation, our Board will have the following committees:

Executive Committee

The Executive Committee of our Board will be comprised of Messrs. Holmes, Buckman and Wargotz. Our Executive Committee has and may exercise all of the powers of our Board when the Board is not in session, including the power to authorize the issuance of stock, except that the Executive Committee has no power to (i) alter, amend or repeal the by-laws or any resolution or resolutions of the Board of Directors; (ii) declare any dividend or make any other distribution to our stockholders; (iii) appoint any member of the Executive Committee; or (iv) take any other action that legally may be taken only by the full Board.

Audit Committee

All members of our Audit Committee will be required to be independent directors as required by the listing standards of the NYSE and our Corporate Governance Principles. We expect that our Board will determine that at least one director meets the requirements for being an “audit committee financial expert” as defined by regulations of the SEC.

Our Audit Committee will assist our Board in its oversight of our financial reporting process. Our management will have primary responsibility for the financial statements and the reporting process, including systems of internal controls. Our independent auditors will be responsible for auditing our financial statements and expressing an opinion as to their conformity to accounting principles generally accepted in the United States.

In the performance of its oversight function, our Audit Committee will review and discuss with management and the independent auditors our audited financial statements. Our Audit Committee will also discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 and Auditing Standard No. 2 relating to communication with audit committees. In addition, our Audit Committee will receive from the independent auditors the written disclosures and letter required by Independence Standards Board Standard No. 1 relating to independence discussions with audit committees. Our Audit Committee also will discuss with the independent auditors their independence from our company and our management and will consider whether the independent auditor’s provision of non-audit services to our company is compatible with maintaining the auditor’s independence.

Our Audit Committee will discuss with our internal and independent auditors the overall scope and plans for their respective audits. Our Audit Committee will meet with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls and the overall quality of our financial reporting. In addition, our Audit Committee will meet with our Chief Executive Officer and Chief Financial Officer to discuss the processes that they have undertaken to evaluate the accuracy and fair presentation of our financial statements and the effectiveness of our system of disclosure controls and procedures.

Compensation Committee

Our Compensation Committee will have oversight responsibility for the compensation programs for our executive officers and other employees. All members of our Compensation Committee will be required to be independent directors as required by (i) the listing standards of the NYSE, (ii) relevant federal securities laws and regulations, including Section 16 of the Exchange Act, (iii) Section 162(m) of the Code and (iv) our Corporate Governance Principles.

Corporate Governance Committee

Our Corporate Governance Committee will consider and recommend candidates for election to our Board, advise our Board on director compensation, oversee the annual performance evaluations of our Board and Board committees and advise our Board on corporate governance matters. All members of our Corporate Governance Committee will be required to be independent directors as required by the listing standards of the NYSE and our Corporate Governance Principles.

Director Nomination Process. Our Corporate Governance Committee will consider and recommend candidates for election to our Board. The Committee will also consider candidates for election to our Board that are submitted by stockholders. Each member of the Committee will participate in the review and discussion of director candidates. In addition, members of our Board who are not on the Committee may meet with and evaluate the suitability of candidates. In making its selections of candidates to recommend for election, the Committee will seek persons who have achieved prominence in their fields and who possess significant experience in areas of importance to our company. The minimum qualifications that our Corporate Governance Committee will require in any nominated candidate will include integrity, independence, forthrightness, analytical skills and the willingness to devote appropriate time and attention to our affairs. Candidates would also need to demonstrate a willingness to work as part of a team in an atmosphere of trust and a commitment to represent the interests of all our stockholders rather than those of a specific constituency. Successful candidates will also need to demonstrate significant experience in areas of importance to our company, such as general management, finance, marketing, technology, law, international business or public sector activities.

Compensation Committee Interlocks and Insider Participation

With the exception of Stephen P. Holmes, none of our executive officers will serve as a member of our Board. In addition, Mr. Holmes will not serve on our Compensation Committee. Following the separation, none of our executive officers will serve as a member of the compensation committee of any entity that has one or more executive officers serving on our Compensation Committee.

Board of Directors' Compensation

The following table sets forth the compensation for future services expected to be paid to our non-employee directors following the distribution. All director compensation, other than the new director equity grant, will be pro-rated for 2006.

	Compensation[(1)(2)]
Annual Director Retainer [(3)]	$ 150,000
New Director Equity Grant [(4)]	75,000
Board and Committee Meeting Attendance Fee	—
Audit Committee Chair	20,000
Audit Committee Member	10,000
Compensation Committee Chair	15,000
Compensation Committee Member	7,500
Corporate Governance Committee Chair	10,000
Corporate Governance Committee Member	5,000
Executive Committee Member	8,000

(1) Members of our Board who are also our or our subsidiaries' officers or employees will not receive compensation for serving as directors (other than travel-related expenses for meetings held outside of our headquarters).

(2) The committee chair stipends and all committee membership stipends will be paid 50% in cash and 50% in deferred stock units. Directors may elect to receive more than 50% of such stipends in deferred stock units.

(3) The Annual Director Retainer, or the Retainer, will be paid on a quarterly basis. The Retainer will be paid equally 50% in cash and 50% in shares of common stock required to be deferred under our Non-Employee Directors Deferred Compensation Plan (described below). Such deferred common stock is referred to as "deferred stock units." A director may elect to receive the entire Retainer in the form of deferred stock units. The number of shares of common stock to be received pursuant to the common stock portion of the Retainer or any other compensation to be paid in the form of common stock will equal the value of the compensation being paid in the form of common stock, divided by the fair market value of the common stock as of the close of business on the date on which the compensation would otherwise have been paid. Each deferred stock unit will entitle the director to receive one share of common stock following such director's retirement or termination of service from our Board for any reason. The directors may not sell or receive value from any deferred stock unit prior to such termination of service.

(4) The grant will be made in the form of deferred stock units. The number of units will equal $75,000 divided by the fair market value of a share of our common stock as of the close of business on the date of the grant. Persons serving as our non-employee directors at the time of the distribution will receive their grant as of the distribution date.

Executive Compensation

Summary Compensation Table

The following table sets forth information concerning the 2005, 2004 and 2003 cash and non-cash compensation awarded by Cendant and its subsidiaries, prior to the separation, to or earned by our chief executive officer and the persons whom we expect will be our four most highly compensated executive officers, or the "Named Executive Officers":

		Annual Compensation			Long Term Compensation		
Name and Principal Position	**Year**	**Salary ($)[1]**	**Bonus ($)[2]**	**Other Annual Compensation ($)[3]**	**Restricted Stock Awards ($)[4]**	**Securities Underlying Options Common Stock (#)[5] (#)**	**All Other Compensation ($)[6]**
Stephen P. Holmes, Chairman of the Board, Chief Executive Officer and President	2005	762,500	1,465,128	—	5,000,009	0	216,748
	2004	762,500	2,105,128	87,185	4,000,000	0	136,953
	2003	762,500	1,437,400	—	1,453,442	0	136,794
Franz S. Hanning, President and Chief Executive Officer, Wyndham Vacation Ownership	2005	521,188	718,750	—	1,599,996	0	13,350
	2004	462,400	643,990	—	1,500,002	0	—
	2003	442,000	221,000	—	500,006	0	—
Kenneth N. May, President and Chief Executive Officer, RCI Global Vacation Network	2005	495,077	495,077	—	1,599,996	0	750
	2004	495,577	376,184	—	1,500,002	0	—
	2003	465,000	232,500	—	450,000	0	—

Name and Principal Position	Year	Annual Compensation: Salary ($)(1)	Annual Compensation: Bonus ($)(2)	Annual Compensation: Other Annual Compensation ($)(3)	Long Term Compensation: Restricted Stock Awards ($)(4)	Long Term Compensation: Securities Underlying Options Common Stock (#)(5) (#)	All Other Compensation ($)(6)
Steven A. Rudnitsky,							
President and Chief Executive Officer, Wyndham Hotel Group	2005	485,000	509,250	—	1,500,007	0	60,405
	2004	454,038	340,530	—	1,500,002	0	—
	2003	425,000	418,750	—	505,000	0	—
Virginia M. Wilson,							
Executive Vice President and Chief Financial Officer(7)	2005	360,366	270,274	—	1,049,993	0	38,588
	2004	363,462	272,596	—	950,000	0	—
	2003	110,385	262,500	—	400,000	49,041	—

(1) For Mr. Holmes, 2005 bonus amount is the sum of his fiscal year 2005 profit-sharing bonus equal to $1,385,000 and a special bonus under an executive officer life insurance program of Cendant equal to $80,128, both of which were paid in the first quarter of 2006. Cendant and we pay all base salary over 26 bi-weekly periods each year. During 2004, an additional 27th payroll period ending January 1, 2004 occurred. In the table above, Mr. Holmes's base salary for each year shows his annual rate of base salary. For each other Named Executive Officer, for each year, the table shows base salaries as reported by us for tax purposes.

(2) For Messrs. May and Rudnitsky, bonus amounts are based upon overall Cendant performance and the performance of their respective businesses. For Mr. Hanning, bonus amounts are based upon the performance of Cendant's Timeshare Resorts division. For Ms. Wilson, bonus amounts are based upon overall Cendant performance.

(3) Except where indicated, perquisites and personal benefits are less than the lesser of $50,000 or 10% of the salary and bonus for each Named Executive Officer in each year. In 2004, Mr. Holmes perquisites and personal benefits included $42,537 for personal use of Cendant aircraft.

(4) On April 26, 2005, each Named Executive Officer was granted performance-vesting restricted stock units relating to shares of Cendant common stock. Upon the vesting of a unit, the Named Executive Officer becomes entitled to receive a share of Cendant common stock. Up to one-eighth of the units may vest on April 27 in each of 2006, 2007, 2008 and 2009 based upon the extent to which Cendant attains pre-established performance goals for fiscal year 2005 through the end of the most recently completed fiscal year prior to such business day (i.e., 25% of the units scheduled to vest each year will vest if performance reaches "threshold" levels, and 100% of such units will vest if performance reaches "target" levels). The performance goals relating to these units are based upon the "total unit growth" of the Cendant common stock in relation to the average historic "total stockholder return" of the S&P 500 ("total unit growth" is comprised of earnings before interest, taxes, depreciation and amortization, plus increases in free cash flow generation). Units which fail to vest in 2006, 2007 and 2008 may become vested in later year(s) subject to Cendant's attainment of cumulative multi-year performance goals. In addition, up to one-half of the units may vest on April 27, 2009 based upon the extent to which Cendant attains cumulative four-year pre-established performance goals. The performance goals relating to these units are based upon the "total unit growth" of the Cendant common stock in relation to the top-quartile average historic "total stockholder return" of the S&P 500. In all cases, intermediate levels of vesting will occur for interim levels of performance. Vesting is also subject to the Named Executive Officer remaining continuously employed with Cendant through the applicable vesting date. Each Named Executive Officer received the following number of performance-vesting restricted stock units (numbers reflect equitable adjustment in connection with PHH Corporation spin-off): Mr. Holmes, 249,626; Mr. Hanning, 79,880; Mr. May, 79,880; Mr. Rudnitsky, 74,888 and Ms. Wilson, 52,421. The number of units granted to each Named Executive Officer was approved by the Compensation Committee. All units are eligible to receive cash dividend equivalents,

which remain restricted and subject to forfeiture until the unit for which it was paid becomes vested. The value of the shares of Cendant common stock underlying the units as of the date of grant are shown in the table above and reflect a per unit value of $20.03, based upon the closing price of the Cendant common stock on April 26, 2005. The value of the shares underlying all units held by each Named Executive Officer as of December 30, 2005 (including outstanding units granted in 2005 and prior years) reflecting a per unit value of the Cendant common stock of $17.25 equaled: Mr. Holmes, $7,870,123; Mr. Hanning, $2,735,160; Mr. May $2,702,023; Mr. Rudnitsky, $2,652,343 and Ms. Wilson, $1,749,616.

Subject to necessary approvals and consents, we expect that all restricted stock units that vest upon the attainment of "above-target" financial performance will be cancelled in connection with Cendant's separation transaction, and that all other restricted stock units will vest (without regard to the attainment of any existing performance criteria, which have been waived by action of the Cendant Compensation Committee) on the thirtieth day following the second of the series of distributions by Cendant. Such acceleration will apply to all current Cendant employees as well as those terminated from employment in connection with the separation transactions, but not any employee who resigns or is terminated for cause.

The value of the shares underlying all units held by each Named Executive Officer as of December 31, 2005 (including outstanding units granted in 2005 and all prior years) and reflecting a per unit value of Cendant's common stock of $17.25 equaled as follows:

	Above-Target Vesting (to be canceled) ($)	At-Target Vesting (to be vested) ($)	Total ($)
Mr. Holmes	3,716,409	4,153,714	7,870,123
Mr. Hanning	1,275,224	1,459,937	2,735,161
Mr. May	1,275,224	1,426,799	2,702,023
Mr. Rudnitsky	1,232,168	1,420,175	2,652,343
Ms. Wilson	823,412	926,204	1,749,616

(5) Numbers reflect equitable adjustment in connection with PHH Corporation spin-off.

(6) Amounts for fiscal year 2005 consist of (i) Cendant matching contributions to a non-qualified deferred compensation plan and/or 401(k) plan maintained by Cendant, or Defined Contribution Match, (ii) life insurance benefits under Cendant's executive officer supplemental life insurance program and (iii) executive medical benefits. Defined Contribution Match includes matching contributions relating to bonuses in respect of fiscal year 2005 and paid in the first quarter of 2006. The foregoing amounts were as follows. For 2004 and 2003, other than amounts for Mr. Holmes (such amounts are set forth in the Summary Compensation Table above) and other than for Mr. Hanning whose relocation loan from Fairfield Resorts of $225,000 was forgiven in 2003, amounts for each Named Executive Officer are not meaningful and are less than $100,000 in each year.

	Year	Defined Contribution Match ($)	Supplemental Life Insurance Benefits ($)	Executive Medical Benefits ($)	Totals ($)
Mr. Holmes	2005	128,850	80,128	7,500	216,478
Mr. Hanning	2005	12,600	0	750	13,350
Mr. May	2005	0	0	750	750
Mr. Rudnitsky	2005	59,655	0	750	60,405
Ms. Wilson	2005	37,838	0	750	38,588

(7) Ms. Wilson commenced employment with Cendant on August 14, 2003.

Option/SAR Grants in Last Fiscal Year

None of the Named Executive Officers received an option grant in fiscal year 2005.

Aggregated Option Exercises in 2005 and Year-End Option Values

The following table summarizes the exercise of Cendant common stock options by the Named Executive Officers during the last fiscal year and the value of unexercised options held by such officers as of the end of such fiscal year:

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options/SARS at FY-End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options/SARS at FY-End ($)(1) Exercisable/Unexercisable
Mr. Holmes	293,821	4,662,648	3,623,054/0	14,090,247/0
Mr. Hanning	0	0	364,037/0	1,127,236/0
Mr. May	0	0	510,819/0	421,520/0
Mr. Rudnitsky	0	0	443,058/0	243,500/0
Ms. Wilson	0	0	24,520/24,521	0/0

(1) Amounts are based upon a December 31, 2005 closing price per share of Common Stock on the NYSE of $17.25.

Employment Contracts and Termination, Severance and Change of Control Arrangements

Mr. Holmes. We expect to enter into an employment agreement, to be effective as of the date of distribution, with Stephen P. Holmes, who will serve as our Chairman and Chief Executive Officer. The agreement will have a term ending on the third anniversary of the date of distribution. In addition to providing for a minimum base salary of one million dollars and employee benefit plans generally available to our executive officers, Mr. Holmes' agreement will provide for annual and long-term incentive awards upon such terms and conditions as determined by our Board or our Compensation Committee. In addition, Mr. Holmes will be granted an equity incentive award relation to our common stock that will have a value on the grant date of $[ ], which value will be based on such criteria as our Board or our Compensation Committee may determine. Mr. Holmes' agreement will provide that if his employment with us is terminated by us without "cause" or due to a "constructive discharge" (each term as defined in Mr. Holmes' agreement), he will be entitled to a lump sum payment equal to 299% of the sum of his then-current base salary plus his then-current target annual bonus. In addition, in this event, all of Mr. Holmes' then-outstanding equity awards relating to our common stock will become fully vested. Mr. Holmes' agreement will provide for customary post-termination non-competition and non-solicitation covenants.

We expect to enter into employment agreements with one or more of our other Named Executive Officers, which will become effective as of the date of the distribution or thereafter. The agreements are expected to set forth the base salary, bonus opportunities and initial equity awards to be provided to each of these officers, in addition to other matters.

Employee Benefit Plans

2006 Equity and Incentive Plan

General

Prior to the distribution, we expect that Cendant, as our sole stockholder, will approve the Wyndham Worldwide Corporation 2006 Equity and Incentive Plan. It is expected that the 2006 Equity and Incentive Plan will provide for the grant of annual cash bonuses and long-term cash awards, as well as equity-based awards, including restricted stock, restricted stock units, stock options, stock appreciation rights and other equity-based awards to our directors, officers and other employees, advisors and consultants who are selected by our Compensation Committee for participation in the 2006 Equity and Incentive Plan. The material terms of the 2006 Equity and Incentive Plan are summarized below. The summary is not intended to be a complete description of the terms of the 2006 Equity and Incentive Plan.

Administration

The 2006 Equity and Incentive Plan will be administered by our Compensation Committee, which will have the authority, among other things, to determine who will be granted awards and all of the terms and conditions of the awards. The Compensation Committee will also be authorized to determine to what extent an award may be settled, cancelled, forfeited or surrendered, to interpret the 2006 Equity and Incentive Plan and any awards granted thereunder and to make all other determinations necessary or advisable for the administration of the 2006 Equity and Incentive Plan. Where the vesting or payment of an award under the 2006 Equity and Incentive Plan is subject to the attainment of performance goals, the Compensation Committee will be responsible for certifying that the performance goals have been attained. Neither the Compensation Committee nor our Board has the authority under the 2006 Equity and Incentive Plan to reprice, or to cancel and re-grant, any stock option granted under the 2006 Equity and Incentive Plan, or to take any action that would lower the exercise, base or purchase price of any award granted under the 2006 Equity and Incentive Plan without first obtaining the approval of our stockholders.

Cash Incentive Programs

The 2006 Equity and Incentive Plan will provide for the grant of annual and long-term cash awards to participants selected by our Compensation Committee. The maximum value of the total cash payment that any participant may receive under the 2006 Equity and Incentive Plan's annual cash incentive program for any year will be $1 million, and the maximum value of the total payment that any 2006 Equity and Incentive Plan participant may receive with respect to each performance period under the 2006 Equity and Incentive Plan's long-term cash incentive program will be $1 million for each year covered by the performance period. Payment of awards granted under the cash incentive programs may be made subject to the attainment of performance goals to be determined by our Compensation Committee in its discretion. The Compensation Committee may base performance goals on one or more of the following criteria, determined in accordance with generally accepted accounting principles, where applicable:

- pre-tax income or after-tax income;
- income or earnings including operating income, earnings before or after taxes, earnings before or after interest, depreciation, amortization, or extraordinary or special items;
- net income excluding amortization of intangible assets, depreciation and impairment of goodwill and intangible assets and/or excluding charges attributable to the adoption of new accounting pronouncements;
- earnings or book value per share (basic or diluted);
- return on assets (gross or net), return on investment, return on capital, or return on equity;
- return on revenues;
- cash flow, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations, or cash flow in excess of cost of capital;
- economic value created;
- operating margin or profit margin;
- stock price or total stockholder return;
- income or earnings from continuing operations;
- cost targets, reductions and savings, productivity and efficiencies; and
- strategic business criteria, consisting of one or more objectives based on meeting specified market penetration or market share, geographic business expansion, customer satisfaction, employee satisfaction, human resources management, supervision of litigation, information technology, and goals relating to divestitures, joint ventures and similar transactions.

The performance goals may be expressed in terms of attaining a specified level of the particular criterion or an increase or decrease in the particular criterion, and may be applied to Wyndham Worldwide or one of our subsidiaries or divisions or strategic business units or a combination thereof, or may be applied to the performance of Wyndham Worldwide relative to a market index (including industry or general market indices), or group of other companies, all as determined by the Compensation Committee. The Compensation Committee will have the authority to make equitable adjustments to the performance goals in recognition of unusual or non-recurring events, in response to changes in laws or regulations or to account for extraordinary or unusual events.

With respect to participants who are "covered employees" within the meaning of Section 162(m) of the Code, no payment may be made under either of the cash incentive programs prior to certification by the Compensation Committee that the applicable performance goals have been attained.

Equity Incentive Programs

No more than [ ] shares of our common stock will be available for grants pursuant to the equity incentive program under the 2006 Equity and Incentive Plan, which include (i) shares which may be used for purposes of satisfying our obligations under our Non-Employee Directors Deferred Compensation Plan, Savings Restoration Plan and Officer Deferred Compensation Plan (each as described below) and (ii) approximately [ ] million shares necessary to implement the issuance of equity awards relating to our common stock granted pursuant to equitable adjustments of Cendant equity awards. See "—Equitable Adjustments to Outstanding Cendant Equity-Based Awards" below.

The 2006 Equity and Incentive Plan places limits on the maximum amount of awards that may be granted to any participant in any plan year. Under the 2006 Equity and Incentive Plan, no participant may receive awards of stock options and stock appreciation rights that cover in the aggregate more than [ ] million shares in any plan year. Additionally, no participant may receive awards of restricted stock, restricted stock units, deferred stock units, and other stock-based awards that cover in the aggregate more than [ ] shares in any plan year. The maximum number of shares that may be covered by "incentive stock options" within the meaning of section 422 of the Code may not exceed [ ] million shares. Shares issued under the 2006 Equity and Incentive Plan may be authorized but unissued shares or treasury shares.

If any shares subject to an award granted under the 2006 Equity and Incentive Plan are forfeited, cancelled, exchanged or surrendered or if an award terminates or expires without a distribution of shares, or if shares of stock are surrendered or withheld as payment of either the exercise price of an award or withholding taxes in respect of an award, those shares of common stock will again be available for awards under the 2006 Equity and Incentive Plan. In the event that the Compensation Committee determines that any corporate event, such as a stock split, reorganization, merger, consolidation, repurchase or share exchange, affects our common stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of 2006 Equity and Incentive Plan participants, then the Compensation Committee will make those adjustments as it deems necessary or appropriate to any or all of:

- the number and kind of shares or other property that may thereafter be issued in connection with future awards;
- the number and kind of shares or other property that may be issued under outstanding awards;
- the exercise price or purchase price of any outstanding award;
- the performance goals applicable to outstanding awards; and
- the maximum number of shares that can be issued to any one participant in any one year.

The Compensation Committee will determine all of the terms and conditions of equity-based awards under the 2006 Equity and Incentive Plan, including whether the vesting or payment of an award will be subject to the attainment of performance goals. The performance goals that may be applicable to the equity incentive program under the 2006 Equity and Incentive Plan will be same as those discussed above under "—Cash Incentive Programs."

The Cendant Compensation Committee approved a “2006 Annual Grant” of incentive awards for persons who we determined are our key employees, including our Named Executive Officers. The 2006 Annual Grant is subject to our separation from Cendant and will convert into restricted stock units, stock options and/or other form of equity-based awards relating to Wyndham Worldwide common stock. The total aggregate value of the 2006 Annual Grant is expected to be approximately $[ ] million. The number of shares of Wyndham Worldwide common stock covered by such grant will equal the aggregate value of such grant (e.g., $[ ] million) divided by the fair market value of each unit, option and/or other form of award as of the grant of such award (expected to be the date of the distribution). We expect that such awards will generally vest with respect to 25% of the shares underlying the applicable award on each of the first four anniversaries of May [ ], 2006, subject to the holder’s continued employment with us and subject to earlier acceleration under certain circumstances. We also expect that a portion of such awards granted to certain of our Named Executive Officers, and certain other executive officers, will be further subject to the attainment of financial performance goals relating to Wyndham Worldwide which will be established by our Compensation Committee. We expect that such awards will be granted under our 2006 Equity and Incentive Plan and will count against the maximum number of shares of our common stock available for issuance under such plan. The expected financial impact relating to this 2006 Annual Grant will add approximately $[ ] million of annual non-cash expense to the pro forma financial statements set forth in this information statement. We presently anticipate that annual grants in future years will be lower than the 2006 Annual Grant.

Our Named Executive Officers received or will receive grants which will convert into awards relating to our common stock as follows upon the completion of the separation:

	Time Vesting Award	Performance Vesting Award
Mr. Holmes(1)	$ [ ]	$ [ ]
Mr. Hanning	$ 2 million	$ 1 million
Mr. May	$ 2 million	$ 1 million
Mr. Rudnitsky	$ 2 million	$ 1 million
Ms. Wilson	$ 1.5 million	$ 1 million

(1) Amounts have not yet been determined

Stock Options

The terms and conditions of stock options and stock appreciation rights granted under the 2006 Equity and Incentive Plan will be determined by our Compensation Committee and set forth in an award agreement. Stock options granted under the 2006 Equity and Incentive Plan may be “incentive stock options,” or non-qualified stock options. A stock appreciation right confers on the participant the right to receive an amount, in cash or shares of our common stock, equal to the excess of the fair market value of a share of our common stock on the date of exercise over the grant price of the stock appreciation right, and may be granted alone or in tandem with another award. The exercise price of a stock option or stock appreciation right granted under the 2006 Equity and Incentive Plan will not be less than the fair market value of our common stock on the date of grant. The grant price of a stock appreciation right granted in tandem with a stock option will be the same as the stock option to which the stock appreciation right relates. The vesting of a stock option or stock appreciation right will be subject to such conditions as the Compensation Committee may determine, which may include the attainment of performance goals.

Restricted Stock

The terms and conditions of awards of restricted stock granted under the 2006 Equity and Incentive Plan will be determined by our Compensation Committee and set forth in an award agreement. A restricted stock award granted under the 2006 Equity and Incentive Plan will consist of shares of our common stock that may not be sold, assigned, transferred, pledged or otherwise encumbered, except as provided in the applicable award agreement or until such time as the restrictions applicable to the award lapse. Under the 2006 Equity and

Incentive Plan, the Compensation Committee will have the authority to determine the participants to whom restricted stock will be granted and the terms and conditions of restricted stock awards, including whether the lapse of restrictions applicable to the award will be subject to the attainment of one or more performance goals. Certificates issued in respect of shares of restricted stock will be held by us until such time as the restrictions lapse, at which time we will deliver a certificate to the participant.

Restricted Stock Units

A restricted stock unit is an award of a right to receive a share of our common stock. These awards will be subject to such restrictions on transferability and other restrictions, if any, as the Compensation Committee may impose at the date of grant or thereafter, which restrictions may lapse separately or in combination at such times, under such circumstances (including without limitation a specified period of employment or the satisfaction of preestablished performance goals), in such installments, or otherwise, as the Compensation Committee may determine.

Dividends

The Compensation Committee may determine that the holder of restricted stock or restricted stock units may receive dividends (or dividend equivalents, in the case of restricted stock units) that may be deferred during the restricted period applicable to these awards.

Other Equity-Based Awards

The 2006 Equity and Incentive Plan will provide for other equity-based awards, the form and terms of which will be as determined by the Compensation Committee, consistent with the purposes of the 2006 Equity and Incentive Plan. The vesting or payment of one of these awards may be made subject to the attainment of performance goals.

Change in Control

The 2006 Equity and Incentive Plan will provide that, unless otherwise determined by the Compensation Committee at the time of grant, in the event of a change in control (as defined in the 2006 Equity and Incentive Plan), all awards granted under the 2006 Equity and Incentive Plan will become fully vested and/or exercisable, and any performance conditions will be deemed to be fully achieved.

Equitable Adjustments to Outstanding Cendant Equity-Based Awards

In connection with the distribution, we expect that equitable adjustments will be made to outstanding stock option and restricted stock unit awards which currently relate to Cendant common stock, to the extent necessary to maintain equivalent value of such awards following the distribution.

Subject to Cendant Compensation Committee approval and, if necessary, employee consents, all Cendant restricted stock units which would otherwise have been subject to vesting based upon the attainment of "above-target" performance goals will be cancelled prior to the distribution and no additional restricted stock units will be issued in respect to these canceled "above-target" restricted stock units. With respect to the remaining Cendant restricted stock units (i.e., those that are not subject to the "above-target" performance goals), we expect that each holder of such restricted stock unit (including Cendant, Realogy and Wyndham Worldwide employees) will be issued a number of restricted stock units relating to Wyndham Worldwide common stock (without regard to the attainment of any existing performance criteria, which have been waived by action of the Cendant Compensation Committee), equal to the number of shares of Wyndham Worldwide common stock that such holder would receive in the distribution assuming the restricted stock units relating to Cendant common stock represented actual shares of Cendant common stock (i.e., a ratio of one unit relating to Wyndham Worldwide common stock for every five units relating to Cendant common stock). The Wyndham Worldwide restricted stock units and the adjusted Cendant restricted stock units will become vested on the earlier of (i) the date on which such units would have vested in accordance with the terms of the existing vesting schedule or (ii) the 30th day following the completion of the second of the series of distributions pursuant to which Cendant will separate into four independent, publicly-traded companies, (currently expected to be this distribution) assuming the holder remains in employment with Cendant, Realogy, Travelport or Wyndham Worldwide, as applicable, through such date, and will be settled in shares of Wyndham Worldwide stock (net of any tax withholdings) shortly thereafter. For purposes of vesting of Cendant restricted stock units, we expect the Cendant Compensation Committee to determine that continued employment with Cendant, Wyndham Worldwide, Realogy or Travelport, which at this time is expected to be separated from Cendant, will be viewed as continued employment with the issuer of the restricted stock units.

We expect that, effective as of the distribution, equitable adjustments will be approved with respect to stock options relating to Cendant common stock held by Cendant directors, officers and employees (including current and former Realogy and Wyndham Worldwide directors, officers and employees). Subject to Cendant Compensation Committee approval and, if necessary, employee consents, stock options relating to Cendant common stock which would otherwise have been subject to vesting based upon the attainment of “above-target” performance goals will be canceled immediately prior to the distribution and no additional Cendant stock options will be issued in respect to these canceled “above-target” Cendant options. With respect to remaining Cendant stock options (i.e., those that are not subject to the “above-target” performance goals), we expect that all such options will be adjusted into two separate options, one relating to Cendant common stock and one relating to Wyndham Worldwide common stock. Such adjustment is expected to be made such that immediately following the distribution (i) the number of shares relating to the Wyndham Worldwide option will be equal to the number of shares of Wyndham Worldwide common stock that the option holder would have received in the distribution had the Cendant option shares represented outstanding shares of Cendant common stock (i.e., a ratio of one share of Wyndham Worldwide common stock for every five shares of Cendant common stock), and (ii) the per share option exercise price of the original Cendant stock option will be proportionally allocated between the two types of stock options based upon the relative per share trading prices of Cendant and Wyndham Worldwide immediately following the distribution.

We also expect that all Wyndham Worldwide options issued as part of this adjustment and the Cendant options will continue to be subject to their current vesting schedules and become fully vested 30 days following the second distribution (currently expected to be this distribution) (without regard to the attainment of any existing performance criteria, which have been waived by action of the Cendant Compensation Committee), assuming the holder remains in employment with Cendant, Wyndham Worldwide, Realogy or Travelport, as applicable, through such date. Further, for purposes of vesting of Cendant stock options and the post-termination exercise periods applicable to Wyndham Worldwide and Cendant stock options, we expect the Cendant Compensation Committee to determine that continued employment with Cendant, Wyndham Worldwide, Realogy or Travelport, which at this time is expected to be separated from Cendant, will be viewed as continued employment with the issuer of the options and to the extent permitted under Section 409A of the Code and the terms of the applicable stock option 2006 Equity and Incentive Plans, the post-termination exercise period of certain designated Wyndham Worldwide and Cendant stock options will be extended to three years (but not beyond the original expiration of the option and not if the option holder resigns employment or is terminated in connection with a breach of Code of Conduct of the option holder’s employer).

Term; Amendment

No awards will be made under the 2006 Equity and Incentive Plan following the tenth anniversary of the date that the 2006 Equity and Incentive Plan becomes effective. Our Board may amend or terminate the 2006 Equity and Incentive Plan at any time, provided that the amendment or termination does not adversely affect any award that is then outstanding without the award holder’s consent. We must obtain stockholder approval of an amendment to the 2006 Equity and Incentive Plan if stockholder approval is required to comply with any applicable law, regulation or stock exchange rule.

Savings Restoration Plan

We intend to adopt a savings restoration plan for the benefit of certain of our employees whose contributions to our 401(k) plan are limited by certain Code rules governing the 401(k) plan. Participants in this plan will be selected by our Compensation Committee and must be, among other things, deemed a “management or highly compensated employee” (within the meaning of the Employee Retirement Income Security Act of 1974, or ERISA. Plan participants will be permitted to defer compensation in excess of the amounts permitted by the Code under our 401(k) plan, but will not be entitled to any matching contributions. Accounts will be established in the participant’s name, and the participant may allocate his or her deferrals to one or more deemed investments under the plan, which may include a deemed investment in our common stock. We intend to establish a so-called “rabbi trust” for the purpose of holding assets to be used for the payment of benefits under the savings restoration plan. Distributions under this plan may be made in a single lump sum or in installments, at the participant’s election, generally commencing following termination of the participant’s employment. In connection with the distribution, we expect that the Cendant Corporation Savings Restoration Plan will be amended to provide that deferred compensation obligations of Wyndham Worldwide employees thereunder will become our obligations. We also expect to enter into an arrangement whereby we and each of the other separated companies, other than Avis Budget Group, Inc., will guarantee each other’s obligations under our respective savings restoration plans for amounts deferred in respect of 2005 and earlier years.

Officer Deferred Compensation Plan

We intend to adopt an officer deferred compensation plan for the benefit of certain of our officers selected by our Compensation Committee from time to time. Under this plan, participants will be permitted to defer compensation on such terms as our Compensation Committee will determine from time to time. We intend to establish a so-called “rabbi trust” for the purpose of holding assets to be used for the payment of benefits under the officer deferred compensation plan. We will contribute amounts deferred by the participant to that trust, as well as any matching contributions that may be made by us in our discretion. Accounts will be established in the participant’s name and the participant may allocate his or her deferrals to one or more deemed investments under the plan, which may include a deemed investment in our common stock. Matching contributions may be subject to such vesting provisions as we will determine from time to time; however, all of a participant’s accounts under this plan will become fully vested in the event of a change in control (as defined in the officer deferred compensation plan) or in the event that the participant’s service with us terminates as a result of death or disability. A participant in this plan may elect a single lump-sum payment of his or her account, or may elect payments over time; however, the participant’s entire account balance will be paid in a single lump sum following a change in control.

In connection with the distribution, we expect that the Cendant Corporation Deferred Compensation Plan will be amended to provide that deferred compensation obligations of Wyndham Worldwide employees thereunder will become our obligations under our new deferred compensation plan, and that a corresponding amount of assets held under a rabbi trust under the Cendant Deferred Compensation Plan will be transferred to a rabbi trust under our deferred compensation plan. We also expect to enter into an arrangement whereby we and each of the other separated companies, other than Avis Budget Group, Inc., from Cendant will guarantee each other's obligations under our respective officer deferred compensation plans for amounts deferred in respect of 2005 and earlier years.

Non-Employee Directors Deferred Compensation Plan

We intend to adopt a deferred compensation plan for the benefit of our non-employee directors which will facilitate the deferral of all or a portion of certain fees they receive from us for service on our Board. See "—Board of Directors' Compensation." In connection with our separation, we expect that the Cendant Deferred Compensation Plan for Non-Employee Directors will be amended, among other things, to provide that deferred compensation obligations of Wyndham Worldwide non-employee directors will become our obligations under our deferred compensation plan. We also expect to enter into an arrangement whereby we and each of the other separated companies, other than Avis Budget Group, Inc., will guarantee each other's obligations under our respective non-employee director deferred compensation plans for amounts deferred in respect of 2005 and earlier years.

Code Section 409A

The U.S. federal income tax laws were recently amended to impose additional limitations on certain types of deferred compensation. In the event that any payment under the foregoing programs and policies would result in an imposition of tax under these provisions, we intend to act to modify any such payments to avoid imposition of such tax to the extent permissible under applicable law.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the date hereof, all of the outstanding shares of our common stock are owned by Cendant. After the distribution, Cendant will own none of our common stock. The following table provides information with respect to the expected beneficial ownership of our common stock by (i) each of our stockholders who we believe will be a beneficial owner of more than 5% of our outstanding common stock, (ii) each of the persons nominated to serve as our directors, (iii) each officer named in the Summary Compensation Table and (iv) all of our executive officers and directors nominees as a group. We based the share amounts on each person's beneficial ownership of Cendant common stock as of April 28, 2006 unless we indicate some other basis for the share amounts, and assuming a distribution ratio of one share of our common stock for every five shares of Cendant common stock.

To the extent our directors and officers own Cendant common stock at the time of the separation, they will participate in the distribution on the same terms as other holders of Cendant common stock. In addition, following the distribution, we expect Cendant stock-based awards held by these individuals will be equitably adjusted to become separate awards relating to both Cendant common stock and our common stock. Such awards relating to our common stock are reflected in the table below based upon our expected adjustment formula. However, certain stock-based awards held by these individuals that will vest on the 30th day following the completion of the second of the series of distributions by Cendant are not included in the table below. For a description of the equitable adjustments expected to be made to Cendant stock-based awards, see "Management—Employee Benefit Plans—2006 Equity and Incentive Plan—Equitable Adjustments to Outstanding Cendant Equity-Based Awards."

Except as otherwise noted in the footnotes below, each person or entity identified below has sole voting and investment power with respect to such securities. Following the distribution, we will have outstanding an aggregate of approximately 200 million shares of common stock based upon approximately one billion shares of Cendant common stock outstanding as of April 28, 2006, assuming no exercise of Cendant options and applying the distribution ratio of one share of our common stock for every five shares of Cendant common stock held as of the record date.

Name of Beneficial Owner	# of Shares to be Owned[(a)]	% of Class[(b)]	Of the Total # of Shares Beneficially Owned, Shares which may be Acquired within 60 Days[(c)]
Principal Stockholder:			
Barclays Global Investors, N.A.[(d)]	22,234,700	8.89%	22,234,700
Directors and Executive Officers[(e)]:			
Myra J. Biblowit[(f)]	28,753	*	28,753
James E. Buckman[(g)]	724,331	*	699,855
George Herrera[(h)]	3,151	*	3,151
Stephen P. Holmes[(i)]	759,285	*	674,507
The Right Honourable Brian Mulroney[(j)]	93,348	*	91,591
Michael H. Wargotz	722	*	—
Pauline D.E. Richards[(k)]	3,916	*	3,916
Franz S. Hanning[(l)]	76,637	*	72,807
Kenneth N. May[(m)]	109,050	*	102,163
Steven A. Rudnitsky[(n)]	91,398	*	88,612
Virginia M. Wilson[(o)]	7,042	*	4,904
All directors and executive officers as a group (14 persons)	1,950,086	*	1,820,396

* Amount represents less than 1% of outstanding common stock.

(a) The amounts included in this column represent the shares of our common stock that will be beneficially owned by the listed individuals based on the distribution ratio of one share of common stock for every five shares of Cendant common stock owned by such individuals on April 28, 2006. Amounts include direct and indirect ownership of shares, stock options and restricted stock units that are currently vested or will become vested within 60 days of April 28, 2006, or Vested Awards, and shares of common stock, the receipt of which has been deferred by directors in accordance with our and Cendant's Non-Employee Directors Deferred Compensation Plans, or Deferred Shares.

(b) Represents the percentage of our common stock that we expect to be outstanding (based on the expected number of our shares to be distributed based on 1,000,518,237 shares of Cendant common stock outstanding on April 28, 2006).

(c) Includes Vested Awards and Deferred Shares.

(d) Reflects beneficial ownership of 88,938,800 shares of Cendant common stock by Barclays Global Investors, N.A. and its affiliated entities, or Barclays, as derived solely from information reported in a Schedule 13G under the Exchange Act filed by Barclays with the SEC on January 26, 2006. Such Schedule 13G indicates that Barclays has sole voting power over 78,108,267 of the shares and no voting power over 10,830,533 of the shares. The principal business address for Barclays is 45 Fremont Street, San Francisco, CA 94015. Information is based upon the assumption that Barclays holds 88,938,800 shares of Cendant common stock as of April 28, 2006.

(e) Such director's and/or executive officer's Vested Awards are deemed outstanding for purposes of computing the percentage of class for such director and/or executive officer.

(f) Includes 5,818 Deferred Shares and 22,935 Vested Awards.

(g) Includes 3,220 shares held in Mr. Buckman's IRA account and 13,616 shares held in a non-qualified deferred compensation plan.

(h) Includes 3,151 Deferred Shares.

(i) Includes 3,394 shares held by Mr. Holmes' children, 22,000 shares held in trust and 18,125 shares held in a non-qualified deferred compensation plan.

(j) Includes 6,075 Deferred Shares and 85,516 Vested Awards.

(k) Includes 3,916 Deferred Shares.

(l) Includes 72,807 Vested Awards.

(m) Includes 138 shares held in Mr. May's 401(k) account, 1,600 shares held in a deferred compensation plan and 102,163 Vested Awards.

(n) Includes 88,612 Vested Awards.

(o) Includes 4,904 Vested Awards.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Distribution from Cendant

The distribution will be accomplished by Cendant distributing all of its shares of our common stock to holders of Cendant common stock entitled to such distribution, as described in "The Separation" section included elsewhere in this information statement. Completion of the distribution will be subject to satisfaction or waiver by Cendant of the conditions to the separation and distribution described below under "—Agreements with Cendant, Realogy and Travelport."

For purposes of this section, we refer to the Real Estate Services and Travel Distribution Services businesses of Cendant prior and subsequent to the separation of such businesses from Cendant as Realogy and Travelport, respectively.

Related Party Transactions

Certain affiliates of Barclays Global Investors, N.A., which we refer to collectively as Barclays, an approximately 8.89% stockholder of Cendant based on a Schedule 13G filed by Barclays in January 2006 and approximately one billion shares of Cendant common stock outstanding on April 28, 2006, have performed, and may in the future perform, various commercial banking, investment banking and other financial advisory services for Cendant (including us and our subsidiaries) for which they have received, and will receive, customary fees and expenses. The fees paid to Barclays by Cendant and its subsidiaries in 2005 were $5 million.

Mr. Hanning's brother-in-law served as Of Counsel at a law firm which provided general consultation and advice on regulatory matters to our vacation ownership business. Fees and expenses paid for such services equaled $218,000 and $198,000 in 2005 and 2004, respectively. No fees or expenses were paid in 2003. In January 2006, Mr. Hanning's brother-in-law withdrew from his prior firm to establish a new firm, which new firm has continued providing such services to our vacation ownership business.

In addition, an employee of our vacation ownership business also is related to Mr. Hanning. This individual was hired in 1981 prior to Mr. Hanning's employment and currently serves as a Senior Vice President, Sales. He received total cash compensation in the form of base salary, commissions and bonuses in the aggregate amounts of $437,000, $510,000 and $386,000 in 2005, 2004 and 2003, respectively. He also was granted restricted stock units relating to Cendant common stock in the amounts of 19,970, 18,126 and 3,648 units in 2005, 2004 and 2003, respectively, and $47,506 in restricted cash units in 2003. All compensation and incentive awards were paid and/or awarded on a basis consistent with that applied to other Cendant employees. Any such awards which remain outstanding will vest or terminate in the manner described above. See "Management—Employee Benefit Plans—2006 Equity and Incentive Plan—Equitable Adjustments to Outstanding Cendant Equity-Based Awards."

Mr. Mulroney, a nominee to our Board of Directors, is a Senior Partner of Oglivy Renault, a Montreal-based law firm. Oglivy Renault represented Cendant and certain of its subsidiaries in certain matters in 2005. Mr. Mulroney has not received compensation for the services provided by Oglivy Renault to Cendant, and amounts Cendant and its subsidiaries paid to Oglivy Renault in 2005 constituted less than 1% of Oglivy Renault's gross revenues for such year.

From time to time, certain of our directors and executive officers have engaged, and may in the future engage, in commercial transactions involving Cendant and certain of Cendant's and our current or past subsidiaries. Such transactions have included but have not been limited to, for example, the purchase of vacation ownership interests from Cendant's vacation ownership subsidiaries or the purchase and/or sale of homes through Cendant's real estate brokerage subsidiaries. Such transactions have been conducted on similar terms as those prevailing at the time for comparable transactions with other third-party customers generally, and did not involve more than normal risk.

Agreements with Cendant, Realogy and Travelport

Before the separation of Realogy from Cendant, we will enter into a Separation and Distribution Agreement and several other agreements with Cendant and Cendant's other businesses to effect the separation and provide a framework for our relationships with Cendant and Cendant's other businesses after the separation. These agreements will govern the relationships among us, Cendant, Realogy and Travelport subsequent to the completion of the separation plan and provide for the allocation among us, Cendant, Realogy and Travelport of Cendant's assets, liabilities and obligations (including employee benefits and tax-related assets and liabilities) attributable to periods prior to the respective separations of each of the businesses from Cendant. In addition to the Separation and Distribution Agreement (which contains many of the key provisions related to our separation from Cendant and the distribution of our shares of common stock to Cendant stockholders), these agreements include:

- the Tax Sharing Agreement, and
- the Transition Services Agreement.

The principal agreements described below will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part, and the summaries of each of these agreements set forth the terms of the agreements that we believe are material. These summaries are qualified in their entireties by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.

The terms of the agreements described below that will be in effect following our separation have not yet been finalized; changes, some of which may be material, may be made prior to our separation from Cendant. Moreover, following our separation from Cendant, additional changes may be made by Cendant and Travelport (prior to its separation from Cendant) with respect to rights and obligations between those two parties. None of the changes made after our separation from Cendant may be made without our consent if such changes would adversely affect us.

Separation and Distribution Agreement

The Separation and Distribution Agreement will set forth our agreements with Cendant, Realogy and Travelport regarding the principal transactions necessary to separate us from Cendant. It will also set forth other agreements that govern certain aspects of our relationships with Cendant, Realogy and Travelport after the completion of the separation plan. The parties intend to enter into the Separation and Distribution Agreement immediately before the distribution of the shares of Realogy to Cendant stockholders. Upon the separation of Realogy from Cendant, the Separation and Distribution Agreement will be effective as between Realogy and each of us, Cendant and Travelport with respect to Realogy's obligations to each of us, Cendant and Travelport and as between each of us, Cendant and Travelport and Realogy with respect to the obligations to Realogy of each of us, Cendant and Travelport. Upon our separation from Cendant, the Separation and Distribution Agreement will be effective as between us and each of Cendant and Travelport with respect to our obligations to each of Cendant and Travelport and as between each of Cendant and Travelport and us with respect to the obligations to us of each of Cendant and Travelport.

Transfer of Assets and Assumption of Liabilities. The Separation and Distribution Agreement will identify assets to be transferred, liabilities to be assumed and contracts to be assigned to each of us, Realogy, Travelport and Cendant as part of the separation of Cendant into four independent companies, and it will describe when and how these transfers, assumptions and assignments will occur, although, many of the transfers, assumptions and assignments may have already occurred prior to the parties' entering into the Separation and Distribution Agreement. In particular, the Separation and Distribution Agreement will provide that, subject to the terms and conditions contained in the Separation and Distribution Agreement:

- All of the assets and liabilities (including whether accrued, contingent or otherwise) primarily related to our businesses (the business and operations of Cendant's Hospitality Services (including Timeshare Resorts) segment) will be retained by or transferred to us or one of our subsidiaries;
- All of the assets and liabilities (including whether accrued, contingent or otherwise) primarily related to the businesses and operations of Cendant's Real Estate Services segment will be retained by or transferred to Realogy or one of its subsidiaries;

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- All of the assets and liabilities (including whether accrued, contingent or otherwise) primarily related to the businesses and operations of Cendant's Travel Distribution Services segment will be retained by or transferred to Travelport or one of its subsidiaries;
- All of the assets and liabilities (including whether accrued, contingent or otherwise) primarily related to the businesses and operations of Cendant's Vehicle Rental segment will be retained by or transferred to Cendant or one of its subsidiaries;
- Liabilities (including whether accrued, contingent or otherwise) related to, arising out of or resulting from businesses of Cendant that were previously terminated or divested will be allocated among the parties to the extent formerly owned or managed by or associated with such parties or their respective businesses;
- Each party will assume or retain any liabilities relating to its employees in respect of the period prior to, on or following its separation;
- Each party or one of its subsidiaries will assume or retain any liabilities (including under applicable federal and state securities laws) relating to, arising out of or resulting from any registration statement or similar disclosure document which offers for sale any security of such party to the extent such documents exclusively relate to such party or its subsidiaries or affiliates;
- Each party or one of its subsidiaries will assume or retain any liabilities relating to, arising out of or resulting from any of its or its subsidiaries' or controlled affiliates' indebtedness (including debt securities and asset-backed debt), regardless of the issuer of such indebtedness, exclusively relating to its business or secured exclusively by its assets;
- We will assume 30%, Realogy will assume 50% and Travelport will assume 20% of certain contingent and other corporate liabilities of Cendant or its subsidiaries, which we refer to in this information statement as Assumed Cendant Contingent and Other Liabilities, which are not primarily related to any of our business or the business of Realogy or Travelport and/or Cendant's Vehicle Rental business, in each case incurred on or prior to the earlier of (x) December 31, 2006 or (y) the date of the separation of Travelport from Cendant, including liabilities related to, arising out of or resulting from (i) certain terminated or divested businesses including, among others, Cendant's former PHH and Marketing Services (now known as Affinion) businesses, (ii) the Securities Action, the PRIDES Action and the ABI Actions (for further description of these litigation matters see "Business—Employees, Properties and Facilities, Government Regulation and Legal Proceedings—Legal Proceedings—Legal—Cendant Corporate Litigation") and (iii) any actions with respect to the separation plan or the distributions (other than actions arising out of disclosure documents distributed or filed relating to the securities or indebtedness of one of the four businesses) made or brought by any third party. Cendant will not assume liability for any such Assumed Cendant Contingent and Other Liabilities (although, if a party defaults in payments in respect of any such liability, each non-defaulting party, including Cendant, will pay an equal share of such defaulted amount);
- We will be entitled to receive 30%, Realogy will be entitled to receive 50% and Travelport will be entitled to receive 20% of the proceeds (or, in certain cases, a portion thereof) from certain contingent corporate assets of Cendant, which we refer to in this information statement as Cendant Contingent Assets, which are not primarily related to any of our business, the businesses of Realogy or Travelport or the Vehicle Rental business, arising or accrued on or prior to the earlier of (x) December 31, 2006 or (y) the date of the separation of Travelport from Cendant; and
- Except as otherwise provided in the Separation and Distribution Agreement or any ancillary agreement, other than the costs and expenses relating to the issuance of debt or debt-related securities by any party or its subsidiaries (the costs and expenses of which are expected to be the responsibility of such party), the corporate costs and expenses relating to the separation plan are expected to be shared among us, Realogy and Travelport in a manner to be provided in the Separation and Distribution Agreement.

Except as may expressly be set forth in the Separation and Distribution Agreement or any ancillary agreement, all assets will be transferred on an "as is," "where is" basis and the respective transferees will bear the economic and legal risks that (i) any conveyance will prove to be insufficient to vest in the transferee good title, free and clear of any security interest and (ii) any necessary consents or governmental approvals are not obtained or that any requirements of laws or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the separation is presented based on the allocation of such assets and liabilities as set forth in the Separation and Distribution Agreement, unless the context otherwise requires. Certain of the liabilities and obligations to be assumed by one party or for which one party will have an indemnification obligation under the Separation and Distribution Agreement and the other agreements relating to the separation are, and following the separation may continue to be, the legal or contractual liabilities or obligations of another party. Each such party that continues to be subject to such legal or contractual liability or obligation will rely on the applicable party that assumed the liability or obligation or the applicable party that undertook an indemnification obligation with respect to the liability or obligation, as applicable, under the Separation and Distribution Agreement, to satisfy the performance and payment obligations or indemnification obligations with respect to such legal or contractual liability or obligation.

Further Assurances. To the extent that any transfers contemplated by the Separation and Distribution Agreement have not been consummated on or prior to the date of the applicable separation, the parties will agree to cooperate to effect such transfers as promptly as practicable following the date of the applicable separation. In addition, each of the parties will agree to cooperate with each other and use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary under applicable law or contractual obligations to consummate and make effective the transactions contemplated by the Separation and Distribution Agreement and the ancillary agreements.

The Distributions and Financings. The Separation and Distribution Agreement will also govern the rights and obligations of the parties regarding the proposed distributions. Each of us, Realogy and Travelport will agree to distribute to Cendant as a stock dividend the number of shares of such party's common stock distributable in the applicable distribution to effectuate the applicable separation. In addition, Cendant will agree to cause its agent to distribute to Cendant stockholders that hold shares of Cendant common stock as of the applicable record date all the shares of the common stock of the company being separated from Cendant.

The Separation and Distribution Agreement will provide that we, Realogy and Travelport will incur indebtedness, establish and draw upon credit facilities and transfer funds in amounts sufficient, in the aggregate, to permit Cendant to repay its existing corporate indebtedness and to pay other costs of Cendant associated with the consummation of the separation plan.

Additionally, the Separation and Distribution Agreement will provide that the distributions are subject to several conditions that must be satisfied or waived by Cendant in its sole discretion. For further information regarding our separation from Cendant, see "The Separation—Conditions to the Distribution."

Intercompany Accounts. The Separation and Distribution Agreement will provide that, subject to any provisions in the Separation and Distribution Agreement or any ancillary agreement to the contrary, prior to the separation from Cendant of us, Realogy or Travelport, as the case may be, intercompany accounts will be settled as will be set forth in the Separation and Distribution Agreement, and it is expected that substantially all of such balances will no longer be outstanding.

Releases and Indemnification. Except as otherwise provided in the Separation and Distribution Agreement or any ancillary agreement, each party will release and forever discharge each other party and its respective subsidiaries and affiliates from all liabilities existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the separation from Cendant of any such parties. The releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation pursuant to the Separation and Distribution Agreement or any ancillary agreement.

In addition, the Separation and Distribution Agreement will provide for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of our business with us and financial responsibility for the obligations and liabilities of Cendant's Vehicle Rental business, Realogy's business and Travelport's business with Cendant, Realogy and Travelport, respectively. Specifically, each party will, and will cause its subsidiaries and affiliates to, indemnify, defend and hold harmless the other parties, their respective affiliates and subsidiaries and each of their respective officers, directors, employees and agents for any losses arising out of or otherwise in connection with:

- the liabilities each such party assumed or retained pursuant to the Separation and Distribution Agreement;
- any misstatement of or omission to state a material fact contained in any party's public filings, only to the extent the misstatement or omission is based upon information that was furnished by the applicable indemnifying party (or incorporated by reference from a filing of such indemnifying party) and then only to the extent the statement or omission was made or occurred after the separation of the party seeking indemnification; and
- any breach by such party of the Separation and Distribution Agreement.

Legal Matters. Each party to the Separation and Distribution Agreement will assume the liability for, and control of, all pending and threatened legal matters related to its own business or assumed or retained liabilities and will indemnify the other parties for any liability arising out of or resulting from such assumed legal matters.

Each party to a claim will agree to cooperate in defending any claims against two or more parties for events that took place prior to, on or after the date of the separation of such party from Cendant.

Except with respect to actions brought against Cendant by a governmental entity (in which case Cendant will act as managing party and manage and assume control of such legal matters), Realogy will act as managing party and manage and assume control of all legal matters related to any Assumed Cendant Contingent and Other Liability or Cendant Contingent Asset. Each of the parties will cooperate fully with the applicable managing party in connection with the management of such assets and liabilities. The party responsible for managing an Assumed Cendant Contingent and Other Liability or Cendant Contingent Asset shall be reimbursed for all out-of-pocket costs and expenses related thereto by us, Travelport and, if Cendant is acting as managing party, Realogy in proportion to the applicable percentage that each such party is responsible for in respect of such liability or right to such asset. If one or more parties defaults in payment of its portion of any Assumed Cendant Contingent and Other Liability or the cost of managing any Cendant Contingent Asset, each non-defaulting party shall be responsible for an equal portion of the amount in default (although any such payments will not release the obligation of the defaulting party). Additionally, the Separation and Distribution Agreement will provide that if, as a result of a change of control or other extraordinary corporate transaction, any of us, Realogy and/or Travelport were to suffer certain downgrades to our or its, as applicable, respective senior credit ratings, then upon the demand of us, Realogy, Travelport or Cendant, as applicable, any such party suffering such credit downgrade would be required to post a letter of credit or similar security obligation generally in respect of its portion of the remaining Assumed Cendant Contingent and Other Liability based on an appraisal prepared by a third-party expert.

The Separation and Distribution Agreement will provide for the formation of a contingent claim committee, which will have the responsibility for the adoption of any plan to settle, resolve or achieve the disposition of any Assumed Cendant Contingent and Other Liability or Cendant Contingent Asset, with one representative from each of us, Realogy, Travelport and Cendant. Resolution of a matter submitted to the contingent claim committee will require the approval of a majority of the representatives entitled to vote on such matter, except that in certain cases where a party may be adversely affected, the approval by the affected party is also required. Except with respect to certain limited matters where Cendant would be adversely affected by the disposition of a claim, Cendant's representative to the contingent claim committee will not be entitled to vote on matters submitted to the contingent claim committee for resolution.

Employee Matters. The Separation and Distribution Agreement will allocate liabilities and responsibilities relating to employee compensation and benefit plans and programs and other related matters in connection with the separation of Cendant into four independent companies, including the treatment of certain outstanding and long-term incentive awards, existing deferred compensation obligations and certain retirement and welfare benefit obligations. The Separation and Distribution Agreement will provide that we, Realogy and Travelport will guarantee each other's (as well as Cendant's) obligations under our respective deferred compensation plans for amounts deferred in respect of 2005 and earlier years. The Separation and Distribution Agreement will also provide that outstanding Cendant stock options and restricted stock unit awards will be equitably adjusted in connection with each distribution (see "Management—Employee Benefit Plans—2006 Equity and Incentive Plan—Equitable Adjustments to Outstanding Cendant Equity-Based Awards").

Insurance. The Separation and Distribution Agreement will provide for the allocation among the parties of benefits under existing insurance policies for occurrences prior to each separation and sets forth procedures for the administration of insured claims. In addition, the agreement will allocate among the parties the right to proceeds and the obligation to incur deductibles under certain insurance policies. In addition, the Separation and Distribution Agreement provides that Cendant will obtain, subject to the terms of the agreement, certain directors and officers insurance policies and error and omissions run-off insurance policies to apply against certain pre-separation claims, if any.

Dispute Resolution. In the event of any dispute arising out of the Separation and Distribution Agreement, the general counsels of the parties will negotiate for a reasonable period of time to resolve any disputes among the parties. If the parties are unable to resolve disputes in this manner, the disputes will be resolved through binding arbitration.

Other Matters Governed by the Separation and Distribution Agreement. Other matters governed by the Separation and Distribution Agreement include access to financial and other information, intellectual property, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

Tax Sharing Agreement

Before the separation of Realogy from Cendant, we will enter into a Tax Sharing Agreement with Cendant, Realogy and Travelport that generally will govern the other separated companies' and our respective rights, responsibilities and obligations after the distribution with respect to taxes, including ordinary course of business taxes and taxes, if any, incurred as a result of any failure of the distributions of all of the stock of Realogy, Wyndham Worldwide or Travelport to qualify as a tax-free distribution for U.S. federal income tax purposes within the meaning of Section 355 of the Code. Under the Tax Sharing Agreement, we expect, with certain exceptions, that:

- for taxable years ending on or before December 31, 2006, (i) we generally will be responsible for the payment of income and non-income taxes attributable to our operations that we currently are obligated to pay on a separate return basis (i.e., not as part of a group of which Cendant is the common parent); (ii) each of Realogy, Travelport and Cendant generally will be responsible for the payment of income and non-income taxes attributable to its (or its subsidiaries') operations that such company (or its subsidiaries) currently is obligated to pay on a separate return basis (i.e., not as part of a group of which Cendant is the common parent); (iii) we generally will be responsible for the payment of 30% of all income and non-income taxes imposed on Cendant and certain other subsidiaries, the operations (or former operations) of which were determined by Cendant not to relate specifically to its Vehicle Rental business or the businesses of Wyndham Worldwide, Realogy and Travelport or their respective subsidiaries; and (iv) Realogy and Travelport generally will be responsible for the payment of 50% and 20%, respectively, of all income and non-income taxes imposed on Cendant and certain other subsidiaries the operations (or former operations) of which were determined by Cendant not to relate specifically to its Vehicle Rental business and the businesses of Wyndham Worldwide, Realogy and Travelport or their respective subsidiaries, and

- for taxable years beginning on or after January 1, 2007, Wyndham Worldwide generally will be responsible for the payment of income and non-income taxes imposed on Wyndham Worldwide and its direct or indirect subsidiaries.

Notwithstanding the foregoing, we expect that, under the Tax Sharing Agreement, Wyndham Worldwide also generally will be responsible for the payment of any taxes imposed on Cendant that arise from the failure of the distribution of the stock of Wyndham Worldwide to qualify as a tax-free distribution for U.S. federal income tax purposes within the meaning of Section 355 of the Code, if such failure to qualify is attributable to the actions of or transactions undertaken by Wyndham Worldwide or its direct or indirect subsidiaries after the separation. In addition, we generally will be responsible for the payment of 30% of any taxes imposed on Cendant that arise from the failure of the distribution of the stock of Wyndham Worldwide, Realogy and Travelport, in each case, to qualify as a tax-free distribution for U.S. federal income tax purposes within the meaning of Section 355 of the Code, if such failure to qualify is not attributable to the actions of or transactions undertaken by us, any of the other separated companies, or our or their direct or indirect subsidiaries after the separation. The Tax Sharing Agreement also is expected to impose restrictions on our and Cendant's ability to engage in certain actions following our separation from Cendant and to set forth the respective obligations among us, Cendant and the other separated companies with respect to the filing of tax returns, the administration of tax contests, assistance and cooperation and other matters.

Commercial Intercompany Arrangements with Cendant and its Subsidiaries

We have commercial arrangements with Cendant's other business units. The arrangements we have that will be continuing after our separation from Cendant are described below. Although we believe that these agreements are substantially similar to those we would have entered into with unaffiliated third parties, there can be no assurance that the terms of these agreements are the same or more or less favorable than the terms we might have received from unaffiliated third parties.

Distribution Agreements

We have agreements with certain subsidiaries of Travelport pursuant to which we provide Travelport with certain of our products and services, such as hotel room inventory from our lodging business and inventory from our vacation exchange and rental business, for distribution through the various distribution channels of Travelport, including its global distribution system. Generally, these agreements extend for an initial term of one to four years unless terminated earlier in accordance with the terms of the applicable agreement. We have paid approximately $6 million, $3 million and $3 million in 2005, 2004 and 2003, respectively, with respect to these agreements, and we have received approximately $338,000 and $109,000 in 2005 and 2004, respectively, and less than $1,000 in 2003, with respect to these agreements.

Marketing Agreements

We have marketing agreements with Cendant's Vehicle Rental business pursuant to which the Vehicle Rental business markets certain of its products and services to our customers through the transfer of interested callers to certain designated call centers of the Vehicle Rental business, and we market certain of our products and services to the customers of the Vehicle Rental business through the transfer of interested callers to certain of our designated call centers. The Vehicle Rental business pays us commissions on a per transfer basis with respect to transfers we provide to it, and we pay the Vehicle Rental business commissions on a per transfer basis with respect to transfers it provides to us. Generally, these agreements extend for an initial term of one to two years unless terminated earlier in accordance with the terms of the applicable agreement. We have paid to the Vehicle Rental business approximately $1 million, $276,000 and $71,000 in 2005, 2004 and 2003, respectively, with respect to these agreements, and we have received from the Vehicle Rental business approximately $48,000, $65,000 and $82,000 in 2005, 2004 and 2003, respectively, with respect to these agreements.

In addition, our vacation ownership business has an agreement with Cendant’s Vehicle Rental business pursuant to which the Vehicle Rental business has the opportunity to establish a desk and offer car rental services to guests staying at certain resorts of our vacation ownership business, and our vacation ownership business has the opportunity to establish a desk at certain Vehicle Rental business locations for the purpose of marketing its products and services to customers of the Vehicle Rental business. The Vehicle Rental business will pay a monthly fee to our vacation ownership business for each car rental desk located at a property of our vacation ownership business, and our vacation ownership business will pay a monthly fee to the Vehicle Rental business for each vacation ownership desk located at a Vehicle Rental business location. This agreement extends for an initial term of five years unless terminated earlier in accordance with the terms of the agreement. Because payments under this agreement depend on each party’s exercising its right to establish desks in the locations of the other party, we cannot currently estimate the payments we will make and receive under this agreement.

Affinity and Promotion Agreements

We have agreed to promote the products and services of Realogy and Cendant’s Vehicle Rental business to our franchisees, customers and employees, as applicable, through various forms of advertising and media, including but not limited to brochures, newsletters and presentations at various conferences, and those businesses have agreed to promote our products and services in a similar manner. These agreements generally extend for an initial term of one to four years unless terminated earlier in accordance with the terms of the applicable agreement. We have received from Realogy approximately $174,000, $194,000 and $30,000 in 2005, 2004 and 2003, respectively, with respect to these agreements. We have received from the Vehicle Rental business approximately $737,000, $566,000 and $687,000 in 2005, 2004 and 2003, respectively, with respect to these agreements.

In addition, we have an agreement with Realogy pursuant to which Realogy permits our vacation exchange business to market reduced cost vacation certificates to its franchisees. Our vacation exchange business pays to Realogy a per certificate commission for each certificate purchased by a franchisee. This agreement extends for a term of one year unless terminated earlier in accordance with the terms of the agreement. We have paid approximately $160,000, $144,000 and $85,000 in 2005, 2004 and 2003, respectively, with respect to this agreement.

We also have an agreement with Travelport pursuant to which our vacation ownership business can promote its products and services to customers accessing various consumer travel websites of Travelport’s businesses. These promotions may include vouchers redeemable for designated theme park attraction tickets. Our vacation ownership business pays a commission to Travelport based on the number of vouchers issued and redeemed. This agreement terminates on December 31, 2006 unless terminated earlier in accordance with the terms of the agreement. We have paid approximately $162,000, $135,000 and $100,000 in 2005, 2004 and 2003, respectively, with respect to this agreement.

Reservation Services Agreements

We receive certain reservation support services, such as global distribution system subscriber access, airline ticketing and foreign language reservation services, from certain subsidiaries of Travelport. In addition, we receive certain vehicle rental reservation services from Cendant’s Vehicle Rental business. Generally, these agreements extend for an initial term of one to three years unless terminated earlier in accordance with the terms of the applicable agreement. We have paid to Travelport approximately $1 million, $916,000 and $1 million in 2005, 2004 and 2003, respectively, with respect to these agreements. We have paid to Cendant’s Vehicle Rental business approximately $2 million in each of 2005, 2004 and 2003 with respect to these agreements.

In addition, we provide, through our vacation exchange business in Europe, certain reservation support services to Travelport and Cendant Mobility, Realogy’s corporate relocation services business, which is expected to be renamed Cartus Corporation in May 2006, and which is referred to as Cartus throughout this information statement, with respect to their employees' business travel needs. Generally, these agreements extend indefinitely unless terminated earlier in accordance with the terms of the applicable agreement. We have received from Travelport approximately $2 million, $2 million and $1 million in 2005, 2004 and 2003, respectively, with respect to these agreements. We have received from Cartus approximately $729,000, $665,000 and $237,000 in 2005, 2004 and 2003, respectively, with respect to these agreements.

Corporate Relocation Services Agreement

We have agreed to continue to outsource to Cartus our employee relocation services, including relocation policy management, household goods moving services and departure and destination real estate related services. Pursuant to such agreement, we will pay a fee for each relocating employee as well as reimbursement for direct costs associated with the relocation. The agreement extends indefinitely unless terminated earlier in accordance with the terms of the agreement. We paid approximately $453,000, $307,000 and $508,000 for use of these services in 2005, 2004 and 2003, respectively. Our payments to Cartus for subsequent periods will be based on the extent to which we use these services in the future.

Commercial Real Estate Brokerage Agreement

We have agreed to continue to utilize Realogy's commercial real estate brokerage network to provide certain real estate related services, such as transaction management, acquisition and disposition services, broker price opinions, renewal due diligence and portfolio review. The agreement extends for an initial term of three years unless terminated earlier in accordance with the terms of the agreement. We do not directly compensate Realogy for these commercial real estate brokerage transactions which utilize their franchisees; however, Realogy does receive revenue in the form of royalty payments made by their commercial real estate brokerage franchisees on such transactions.

Corporate Travel Agreement

We have entered into an agreement with a subsidiary of Travelport to continue to utilize the business' corporate travel management services, which include full-service ticketing and fulfillment services, a custom-configured corporate on-line booking tool and access to a corporate travel call center. The agreement extends for an initial term of three years unless terminated earlier by either party in accordance with the terms of the agreement. We paid approximately $365,000 and $124,000 for use of these services in 2005 and 2004, respectively. Corporate travel services were not provided through Travelport in 2003.

Car Rental Rate Agreements

We have agreed to designate Cendant's car rental brands, Avis and Budget, as the exclusive primary and secondary suppliers, respectively, of car rental services for our employees. These agreements provide for negotiated car rental rates and discounts for both business and leisure travel in domestic and international locations where Avis and Budget operate. The agreements extend for an initial term of three years unless terminated earlier by either party in accordance with the terms of the agreement. We paid Cendant's Vehicle Rental business approximately $1 million for use of its car rental services in each of 2005, 2004 and 2003.

Commercial Intercompany Arrangements with Former Cendant Affiliates

Marketing Services Division

In October 2005, Cendant sold the companies that made up its Marketing Services division business, or MSD. We are a party to a number of commercial arrangements with the MSD companies pursuant to which we each provide the other with certain services and each market or otherwise make available certain of our products and services to customers of the other. Services arrangements include (i) the loyalty program agreements, pursuant to which MSD's loyalty solutions subsidiary administers our TripRewards and RCI Elite Rewards loyalty programs; and (ii) travel agency services agreements, pursuant to which MSD provides our vacation exchange business with travel agency services in the United States, and our vacation exchange business provides MSD with travel agency services in certain European countries. Marketing arrangements include (i) marketing agreements, pursuant to which MSD may market their products and services to customers of our lodging and vacation exchange businesses through several channels; and (ii) a rate discount agreement, pursuant to which our lodging business provides MSD with certain discounted room rates that MSD may offer to certain of its customers. The initial terms of these agreements generally extend for three to five years unless terminated by either party in accordance with the terms of those agreements. With respect to the services arrangements, the parties typically pay each other for services provided, and with respect to the marketing arrangements, the parties typically pay each other commissions, either based on customers referred or products and services sold. In addition, prior to the sale of MSD, we shared space and services with MSD in certain international locations. We continue such an arrangement with respect to our Brussels, Belgium location pursuant to a license agreement expiring on March 31, 2013. We have paid approximately $37 million, $20 million and $11 million in 2005, 2004 and 2003, respectively, with respect to these agreements, and we have received approximately $5 million, $4 million and $4 million in 2005, 2004 and 2003, respectively, with respect to these agreements.

Transition Services Agreement

Transition Services Provided by Cendant and the Other Separated Companies to Us

Prior to the separation of Realogy from Cendant, we will enter into a Transition Services Agreement with Cendant, Realogy and Travelport to provide for an orderly transition to being an independent company. Under the Transition Services Agreement, Cendant will agree to provide us with various services, including services relating to human resources and employee benefits, payroll, financial systems management, treasury and cash management, accounts payable services, telecommunications services and information technology services. In certain cases, services provided by Cendant under the Transition Services Agreement may be provided by one of the separated companies following the date of such company's separation from Cendant.

Under the Transition Services Agreement, the cost of each transition service will generally reflect the same payment terms and will be calculated using the same cost allocation methodologies for the particular service as those associated with the costs on our historical financial statements. The cost of each transition service will be based on either a flat fee or an allocation of the cost incurred by the company providing the service. The Transition Services Agreement is being negotiated in the context of a parent-subsidiary relationship and in the context of the separation of Cendant into four independent companies. Unless specifically indicated below, all services to be provided under the Transition Services Agreement will be provided for a specified period of time, and the parties' abilities to terminate those services in advance without penalty will be limited. After the expiration of the arrangements contained in the Transition Services Agreement, we may not be able to replace these services in a timely manner or on terms and conditions, including cost, as favorable as those we have received from Cendant or one of the newly separated companies. We are developing a plan to increase our own internal capabilities in the future to reduce our reliance on Cendant for these services. We will have the right to receive reasonable information with respect to the charges to us by Cendant and other service providers for transition services provided by them.

The following sets forth a summary of the services that will be provided to us by Cendant or the other separated companies under the Transition Services Agreement and the manner of allocation of costs to us for these services. Also set forth is a description of payments made for such services for the preceding three fiscal years. We believe these allocations approximate the actual costs to provide these services.

Human Resources and Employee Benefits. Cendant provides us with human resources services and related technology solutions and administers Cendant's compensation, retirement and benefits plans in which we participate. After our separation from Cendant, we will establish our own 401(k), life insurance and accidental death and dismemberment insurance benefit plans, among others. Under the Transition Services Agreement, Cendant will continue to provide human resources and employee benefits services to support both our existing and newly established plans and programs until December 31, 2006. Cendant has allocated certain of the costs of human resources services (other than those costs related to human resource-related technology solutions) to us based on the number of our employees. After our separation from Cendant, these costs will be allocated to us in this manner under the Transition Services Agreement. For 2005, 2004 and 2003, Cendant allocated the costs of human resource-related technology solutions to us through our share of Cendant's general corporate overhead, which is discussed below. Following our separation from Cendant, these costs will be allocated to us based on the number of our employees. Our allocated share of the costs of these services was approximately $3 million, $2 million and $3 million in 2005, 2004 and 2003, respectively.

Payroll. Cendant provides us with payroll management services. Under the Transition Services Agreement, Cendant will continue to provide such services through December 31, 2006, with the possibility of extension through June 30, 2007. In addition, the Transition Services Agreement will include provisions for tax filings and the distributions of W-2s to our employees for the 2006 tax year. Cendant has allocated the costs of payroll management services to us based on the number of our employees. After our separation from Cendant, these costs will be allocated to us in this manner under the Transition Services Agreement. In addition, we will pay Cendant a one-time management fee of $50,000 to manage the transition of our payroll processing to a third-party provider. Our allocated share of the costs of these services was approximately $1 million in each of 2005, 2004 and 2003.

Financial Systems Management. Cendant provides us with financial systems management. Under the Transition Services Agreement, Cendant will continue to provide us with financial systems management for a period of six months from the date of our separation. For 2005, 2004 and 2003, Cendant allocated the cost of these services to us through our share of Cendant's general corporate overhead, which is discussed below. After our separation from Cendant, these costs will be allocated to us under the Transition Services Agreement based on resources used and time spent for support services. Following our separation from Cendant, we may need to purchase from various third parties new licenses for software licensed from such parties that we may require to operate our financial management systems.

Treasury and Cash Management. Cendant provides us with our treasury and cash management services. For 2005, 2004 and 2003, Cendant allocated the costs of these services to us through our share of Cendant's general corporate overhead, which is discussed below, and also based on resources used and time spent in providing such services. After our separation from Cendant, we will generally maintain the resources within our own operations to provide these services, with the exception of certain limited treasury and cash management services that Cendant and Travelport will provide to us on an as needed basis through January 31, 2007. We will be responsible for the actual cost of these transition services. Our allocated share of costs for these services was approximately $357,000, $312,000 and $162,000 in 2005, 2004 and 2003, respectively.

Accounts Payable Services. Cendant provides us with management of our accounts payable processing. Under the Transition Services Agreement, Cendant will continue to provide us with management of such processing through December 31, 2006. Cendant has allocated the costs of this service to us based on the number of transactions it has processed for us. After our separation from Cendant, these costs will be allocated to us in this manner under the Transition Services Agreement. Our allocated share of costs for this service was approximately $1 million in each of 2005, 2004 and 2003.

Telecommunications and Information Technology Services. Cendant provides us with both (i) telecommunications services, including our local and long distance rate per minute charges, through arrangements it has with third-party providers and (ii) certain information technology support, software, hardware and services, primarily at or from Cendant's data center in Denver, Colorado, and generally through contracts with its third-party licensors and hardware and service providers. Cendant and its third-party contractors and providers will continue providing telecommunication services for varying periods (up to two years, with respect to information technology services (including support, software, hardware and services under the Transition Services Agreement), and until certain third-party contracts expire with respect to telecommunications services). Subject to any potential third-party contractual limitations and/or termination restrictions or penalties, we may terminate the provision of these services upon 90 days' prior written notice to Cendant. In such event, we would be responsible for the repayment to Cendant of any unamortized computer hardware service charges and software charges and other associated transition and early termination payments. Cendant has allocated the costs for these services to us based on our actual usage and pre-determined rates and the level of support we receive from Cendant and its service providers. After our separation from Cendant, these costs will be allocated to us in this manner under the Transition Services Agreement. Our allocated share of the costs for these services was approximately $29 million, $23 million and $21 million in 2005, 2004 and 2003, respectively.

Corporate Real Estate. Cendant provides us with corporate real estate services, including construction management and finance services. After our separation from Cendant, Cendant and Travelport will continue to provide certain of these services to us until June 30, 2007. Cendant has allocated the costs of these services to us based on the number of locations and related square footage we maintain. After our separation from Cendant, these costs will be allocated to us in this manner under the Transition Services Agreement. Our allocated share of costs for these services was approximately $500,000, $400,000 and $400,000 in 2005, 2004 and 2003, respectively.

Media Services. Cendant provides us with media planning and advertising buying services. We pay advertising costs directly to the third-party vendors. In addition, Cendant allocates the costs of managing these third-party vendor agreements to us through our share of Cendant's general corporate overhead, which is discussed below. Following the separation of Realogy from Cendant, Realogy will continue to provide these services to us through 2007 on similar economic terms. We will need to negotiate our own agreements with media vendors following the expiration of Realogy's provision of the services.

Event Marketing. Cendant provides us with event marketing services, such as arranging annual franchise sales meetings, corporate meetings and other events. Following Realogy's separation from Cendant, Realogy will provide us with these services through our last corporate event of 2007. Cendant has allocated the costs for these services to us based on the number of meetings and the number of attendees at meetings planned by us. After our separation from Cendant, these costs will be allocated to us in this manner under the Transition Services Agreement. Our allocated share of the costs for these services was approximately $400,000, $100,000 and $300,000 in 2005, 2004 and 2003, respectively.

Public and Regulatory Affairs. Cendant provides us with public and regulatory affairs services, including governmental affairs. Following Realogy's separation from Cendant, Realogy will provide us with these services until December 31, 2007. Cendant allocated the costs of these services to us through our share of Cendant's general corporate overhead, which is discussed below. After our separation from Cendant, these costs will be allocated to us based on resources used and time spent in providing such services.

Transition Services Provided by Us to Cendant and the Other Separated Companies

In connection with our separation from Cendant, portions of certain operations previously provided by Cendant to us and to Cendant's other subsidiaries will be transferred to us. These operations include certain aspects of the corporate facilities and real estate functions. As a result, pursuant to the Transition Services Agreement, we may provide these services to Cendant, Realogy and Travelport for a period of time following the distribution as described below.

Facilities. We will provide Realogy, Cendant and Travelport with facilities services, including space planning and property management, until December 31, 2006. We will allocate the costs of these services under the Transition Services Agreement based on resources used and time spent in providing such services.

Corporate Real Estate. We will provide Cendant and Travelport with certain corporate real estate services, including transaction and construction management services, until June 30, 2007. We will allocate the costs of these services under the Transition Services Agreement consistent with how Cendant has allocated the costs of these services among its business units.

Allocation of Certain Costs

True-Up. With respect to certain of the services described above, if the actual cost to the service provider of providing such services is different from the payments made by a service recipient pursuant to the Transition Services Agreement, the service provider or service recipient, as applicable, will reimburse the other party so that the amount ultimately paid for such services reflects the actual cost.

Severance. When the employment of certain employees providing transition services is terminated, the service recipients that had received services from such employees will reimburse the service provider for any severance costs payable to such employees, except in certain circumstances.

Other Intercompany Relationships between Cendant, the Other Separated Companies and Us

Intercompany Balances

We have an intercompany balance due from Cendant, which equaled $1,126 million as of December 31, 2005. Such balance will be settled as set forth in the Separation and Distribution Agreement, and it is expected that substantially all of such balance will no longer be outstanding following our separation. See “Agreements with Cendant, Realogy and Travelport—Separation and Distribution Agreement.”

Franchise Agreement Guarantees

Regulations applicable to the offer and sale of franchises require the inclusion of audited financial statements in offering materials delivered to prospective franchisees. As a division of Cendant, we did not have our own audited financial statements. Therefore, Cendant’s audited financial statements, and its guarantee of our obligations under the franchise agreements associated with such offering materials, were included in the offering materials to satisfy the regulations and will remain in place until the underlying franchise agreements expire over the next twenty years. Accordingly, Cendant historically has guaranteed the performance of our obligations to our franchisees under our franchise agreements. Following our separation from Cendant, we will include our own audited financial statements in the franchise offering materials, and Cendant will no longer provide these guarantees in connection with franchise agreements entered into or replaced after completion of our separation from Cendant.

Travel Authority and Association Guarantees

Certain travel authorities and associations require certain subsidiaries of our vacation exchange and rental business selling travel products and services to obtain bank guarantees to guarantee such subsidiaries’ payment obligations to travel consumers and suppliers. The banks supplying such guarantees typically require Cendant to guarantee the subsidiaries’ obligation to repay the banks if a travel authority or association requests payment under a bank guarantee. Cendant will no longer provide such guarantees following the completion of our separation from Cendant.

Subleases and Related Guarantees

Domestically, Cendant has allocated to us the cost of occupying approximately 200,000 rentable square feet within its One Campus Drive and One, Seven and Ten Sylvan Way offices for our corporate, lodging franchise, vacation exchange and rental, and vacation ownership operations in Parsippany, New Jersey, and approximately 3,000 square feet in its Mission Viejo, California space for our vacation ownership operations. We pay, or are allocated by, Cendant rent for the Parsippany, New Jersey and Mission Viejo, California locations. We also pay for cafeteria, maintenance and security services. Our rent and related costs under these arrangements were $5 million in each of 2005, 2004 and 2003. The One and Seven Sylvan Way leases will be assigned to us at the time of our separation from Cendant. We expect to enter into a short-term sublease with Travelport at the Seven Sylvan Way location through June 30, 2007. With respect to the One Campus Drive and Ten Sylvan

Way facilities, we expect to enter into short-term sublease arrangements with Realogy and Cendant, respectively, which will permit our personnel to occupy a total of approximately 64,500 rentable square feet of space through June 30, 2007 and June 30, 2008, respectively. We have entered into a sublease arrangement with Realogy, as sublessor, at the Mission Viejo location through the prime lease termination date on September 30, 2013. In 2005, we began sharing space in Rosemont, Illinois with Travelport, for which we paid rent and related costs of $121,000 in 2005. We will continue to sublease this facility from Travelport through June 30, 2011. In addition, we previously shared two additional spaces in Atlanta, Georgia and Dallas, Texas with Realogy pursuant to which we were charged $286,000, $279,000 and $278,000 in 2005, 2004 and 2003, respectively. We are currently in the process of relocating our Atlanta-based functions to a new facility. The Dallas, Texas location is currently vacant, and the lease will expire on May 31, 2007.

Internationally, we have shared space in Hammersmith, United Kingdom with Realogy and in Brussels, Belgium; Hammersmith, United Kingdom; Basserdorf, Switzerland and Singapore with Travelport. We received rent and related payments with respect to these facilities (other than the Basserdorf location) from Realogy in the amount of $85,000 in 2005 and from Travelport in the amounts of $520,000, $204,000 and $204,000 in 2005, 2004 and 2003, respectively. With respect to the Basserdorf location, we entered into this arrangement in 2006; therefore we did not make any payments prior to that year. In connection with the separation of Realogy from Cendant, we entered into sublease arrangements regarding the Hammersmith facility, pursuant to which we will sublease a portion of that facility to Realogy until 2012. In addition, we will enter into sublease arrangements regarding the Singapore and Brussels facilities, pursuant to which we will sublease a portion of those facilities to Travelport until 2007 and 2013, respectively. We also will enter into a sublease arrangement for the Basserdorf location, pursuant to which Travelport will act as the sublessor to us through January 31, 2007. We also shared a contact center facility in Saint John, New Brunswick, Canada with other Cendant subsidiaries. We paid $1 million, $1 million and $800,000 in 2005, 2004 and 2003, respectively, to Cendant for use of that space. In connection with our separation from Cendant, we will assume the lease for this facility as described below.

Finally, we occupy space on an exclusive basis in approximately 36 other locations under leases that are currently in Cendant's name. At the time of our separation from Cendant, Cendant will assign these leases to us on an exclusive basis. Our rent and related costs under these agreements were $11 million, $9 million and $6 million in 2005, 2004 and 2003, respectively.

Cendant will remain liable to landlords for lease obligations pursuant to either guaranty agreements or the assignment provisions of those leases assigned by Cendant to us, subject to applicable law and the express terms of relevant documents including any landlord release. Estimated liabilities associated with these obligations will decline over the average remaining term of five years.

Preferred Alliance with Suppliers

We participate in Cendant's preferred alliance programs pursuant to which we designate to franchisees and other third parties various suppliers for particular goods and services. In connection with such programs, Cendant may earn a commission on goods and services purchased from certain preferred vendors under those programs. We expect that the third-party agreements where we, and not Cendant or one of its other affiliates, are the primary participant to the relevant agreement will be assigned to us by Cendant prior to our separation from Cendant. We expect that the third-party agreements where both we and other Cendant companies are covered by a single agreement will be assigned to us or amended to enable us to become a party to a separate but identical agreement with the third-party vendor. For 2005, 2004 and 2003, Cendant allocated the costs of administration of the preferred alliance programs to us through our share of Cendant's general corporate overhead, which is discussed below.

Revenue Audit Services

Cendant provided us with revenue audit services by internal auditors through December 31, 2005. Cendant has allocated the costs of these services to us based on the number of audits performed on our business. Our allocated share of the costs for these services was $800,000 in each of 2005, 2004 and 2003. Since January 2006, we moved the function within our own operations to provide these services, and, as such, Cendant will no longer bill us for these services.

Insurance

We have paid, and currently pay, Cendant for a variety of insurance policies. These insurance policies include executive risk coverage, property and casualty, workers compensation, umbrella liability insurance and losses from crime. Cendant generally has allocated the costs of the insurance policies to us based on the number of our employees. We will be required to purchase our own insurance policies upon consummation of our separation from Cendant. Our insurance in the future will be significantly more expensive than the current insurance costs allocated to us by Cendant. Our allocated share of the costs of insurance policies was $10 million, $9 million and $6 million in 2005, 2004 and 2003, respectively. In addition, costs for our directors and officers insurance in 2005, 2004 and 2003 were included in our share of Cendant's general corporate overhead, which is discussed below. We expect our annual costs for insurance policies to increase by approximately $6 million, primarily due to the purchase of directors and officers insurance and errors and omissions insurance.

General Corporate Overhead

In addition to the services discussed above for which costs are directly allocated to us by Cendant, certain corporate services are charged to us through Cendant's general corporate overhead allocation, which is calculated based on a percentage of our revenues. These services include certain of the services discussed above, which will be provided to us as transition services for a period of time following our separation from Cendant and services, such as corporate purchasing, that we will have to secure for ourselves following the end of the transition services period. Our share of the general corporate overhead was $36 million, $30 million and $29 million in 2005, 2004 and 2003, respectively.

Litigation For Which We Have Assumed Liability Pursuant to the Separation and Distribution Agreement

Pursuant to the Separation and Distribution Agreement we agreed to be responsible for 30% of the contingent and other corporate liabilities (and related costs and expenses) related to the Cendant litigation described in the "Business—Employees, Properties and Facilities, Government Regulation and Legal Proceedings—Legal Proceedings—Legal—Cendant Corporate Litigation" section included elsewhere in this information statement.

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of information concerning our capital stock. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of our amended and restated certificate of incorporation or of our amended and restated by-laws. The summary is qualified in its entirety by reference to these documents, which you must read for complete information on our capital stock. Our amended and restated certificate of incorporation and by-laws are included as exhibits to our registration statement on Form 10.

Distributions of Securities

In the past three years, we have not sold any securities, including sales of reacquired securities, new issues, securities issued in exchange for property, services or other securities and new securities resulting from the modification of outstanding securities, that were not registered under the Securities Act of 1933, as amended.

Common Stock

Immediately following the distribution, our authorized capital stock will consist of up to [ ] million shares of common stock, par value $0.01 per share.

Shares Outstanding. Immediately following the distribution, we expect that approximately 200 million shares of our common stock will be issued and outstanding, based upon approximately one billion shares of Cendant common stock outstanding as of April 28, 2006, and assuming no exercise of Cendant options, and applying the distribution ratio of one share of our common stock for every five shares of Cendant common stock held as of the record date.

Dividends. Subject to prior dividend rights of the holders of any preferred shares, holders of shares of our common stock are entitled to receive dividends when, as and if declared by our Board of Directors out of funds legally available for that purpose.

Voting Rights. Each share of common stock is entitled to one vote on all matters submitted to a vote of stockholders. Holders of shares of our common stock do not have cumulative voting rights. In other words, a holder of a single share of common stock cannot cast more than one vote for each position to be filled on our Board. A consequence of not having cumulative voting rights is that the holders of a majority of the shares of common stock entitled to vote in the election of directors can elect all directors standing for election, which means that the holders of the remaining shares will not be able to elect any directors.

Other Rights. In the event of any liquidation, dissolution or winding up of our company, after the satisfaction in full of the liquidation preferences of holders of any preferred shares, holders of shares of our common stock are entitled to ratable distribution of the remaining assets available for distribution to stockholders. The shares of our common stock are not subject to redemption by operation of a sinking fund or otherwise. Holders of shares of our common stock are not currently entitled to pre-emptive rights.

Fully Paid. The issued and outstanding shares of our common stock are fully paid and non-assessable. This means the full purchase price for the outstanding shares of our common stock has been paid and the holders of such shares will not be assessed any additional amounts for such shares. Any additional shares of common stock that we may issue in the future will also be fully paid and non-assessable.

Preferred Stock

We are authorized to issue up to [ ] million shares of preferred stock, par value $0.01 per share. Our Board, without further action by the holders of our common stock, may issue shares of our preferred stock. Our

Board is vested with the authority to fix by resolution the designations, preferences and relative, participating, optional or other special rights, and such qualifications, limitations or restrictions thereof, including, without limitation, redemption rights, dividend rights, liquidation preference and conversion or exchange rights of any class or series of preferred stock, and to fix the number of classes or series of preferred stock, the number of shares constituting any such class or series and the voting powers for each class or series.

The authority possessed by our Board to issue preferred stock could potentially be used to discourage attempts by third-parties to obtain control of our company through a merger, tender offer, proxy contest or otherwise by making such attempts more difficult or more costly. Our Board may issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of common stock. Except as described below, there are no current agreements or understandings with respect to the issuance of preferred stock and our Board has no present intention to issue any shares of preferred stock. As of the completion of the distribution, [ ] million shares of our Series A junior participating preferred stock will be reserved for issuance upon exercise of our preferred stock purchase rights (see "—Rights Plan").

Rights Plan

We expect our Board will adopt a rights agreement, with [ ] as rights agent, on or prior to the distribution date. Pursuant to the rights agreement, one preferred stock purchase right will be issued for each outstanding share of our common stock. Each right issued will be subject to the terms of the rights agreement.

Our Board believes that the rights agreement will protect our stockholders from coercive or otherwise unfair takeover tactics. In general terms, our rights agreement works by imposing a significant penalty upon any person or group that acquires 15% or more of our outstanding common stock without the approval of our Board.

We provide the following summary description below. Please note, however, that this description is only a summary, is not complete, and should be read together with our entire rights agreement, which has been filed as an exhibit to the registration statement of which this information statement forms a part.

The Rights. Our Board will authorize the issuance of one right for each share of our common stock outstanding on the date the distribution is completed.

Our rights will initially trade with, and will be inseparable from, our common stock. Our rights will not be represented by certificates. New rights will accompany any new shares of common stock we issue after the date the separation is completed until the date on which the rights are separated from our common stock and exercisable as described below.

Exercise Price. Each right will allow its holder to purchase from us one one-thousandth of a share of our Series A junior participating preferred stock, which we refer to as our preferred stock, for $[ ], once the rights become separated from our common stock and exercisable. Prior to its exercise, a right does not give its holder any dividend, voting or liquidation rights.

Exercisability. Each right will not be separated from our common stock and exercisable until:

- ten business days (or a later date determined by our Board before the rights are separated from our common stock) after the public announcement that a person or group has become an "acquiring person" by acquiring beneficial ownership of 15% or more of our outstanding common stock or, if earlier,
- ten business days (or a later date determined by our Board before the rights are separated from our common stock) after a person or group begins a tender or exchange offer that, if completed, would result in that person or group becoming an acquiring person.

Until the date the rights become exercisable, book-entry ownership of our common stock will evidence the rights, and any transfer of shares of our common stock will constitute a transfer of the rights associated with the shares of common stock. After the date the rights separate from our common stock, our rights will be evidenced by book-entry credits. Any of our rights held by an acquiring person will be void and may not be exercised.

Consequences of a Person of Group Becoming an Acquiring Person.

- *Flip In*. If a person or group becomes an acquiring person, all holders of our rights except the acquiring person may, for the then applicable exercise price, purchase shares of our common stock with a market value of twice the then applicable exercise price, based on the market price of our common stock prior to such acquisition.
- *Flip Over*. If we are acquired in a merger or similar transaction after the date the rights become exercisable, all holders of our rights except the acquiring person may, for the then applicable exercise price, purchase shares of the acquiring corporation with a market value of twice the then applicable exercise price, based on the market price of the acquiring corporation's stock prior to such merger.

Expiration. Our rights plan contains a so-called "sunset provision," pursuant to which the continuation of the rights plan will be submitted to a vote of our stockholders at the 2008 annual meeting of our stockholders. If our stockholders do not approve the continuation of the rights plan, our rights plan will automatically terminate and the rights will be redeemed. However, if prior to the 2008 annual meeting, a person or group has made a proposal or disclosed plans or intentions to pursue a transaction that would result in such person or group becoming an acquiring person and such proposal or plans have not been irrevocably withdrawn, then the rights plan will not be submitted to a vote at such annual meeting.

Redemption. Our Board may redeem our rights for $0.001 per right at any time before a person or group becomes an acquiring person. If our Board redeems any of our rights, it must redeem all of our rights. Once our rights are redeemed, the only right of the holders of our rights will be to receive the redemption price of $0.001 per right. The redemption price will be adjusted if we have a stock split or issue stock dividends on our common stock.

Exchanges. After a person or group becomes an acquiring person, but before an acquiring person owns 50% or more of our outstanding common stock, our Board may extinguish the rights by exchanging one share of our common stock or an equivalent security for each right, other than rights held by the acquiring person.

Anti-Dilution Provisions. The purchase price for one one-thousandth of a share of our preferred stock, the number of shares of our preferred stock issuable upon the exercise of a right and the number of our outstanding rights may be subject to adjustment in order to prevent dilution that may occur from a stock dividend, a stock split or a reclassification of our preferred stock. No adjustments to the purchase price of our preferred stock will be required until the cumulative adjustments would amount to at least 1% of the purchase price.

Amendments. The terms of our rights agreement may be amended by us without the consent of the holders of our common stock. After the rights separate from our common stock and become exercisable, we may not amend the agreement in a way that adversely affects the interests of the holders of the rights.

Restrictions on Payment of Dividends

We are incorporated in Delaware and are governed by Delaware law. Delaware law allows a corporation to pay dividends only out of surplus, as determined under Delaware law.

Anti-takeover Effects of Our Certificate of Incorporation and By-laws and Delaware Law

Some provisions of our amended and restated certificate of incorporation and by-laws and of Delaware law could make the following more difficult:

- acquisition of us by means of a tender offer;
- acquisition of us by means of a proxy contest or otherwise; or
- removal of our incumbent officers and directors.

These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our Board. We believe that the benefits of increased protection give us the potential ability to negotiate with the proponent of an unsolicited proposal to acquire or restructure us and outweigh the disadvantages of discouraging those proposals because negotiation of the proposals could result in an improvement of their terms.

Election and Removal of Directors

Our amended and restated certificate of incorporation and by-laws provide that our Board is divided into three classes. The term of the first class of directors expires at our 2007 annual meeting of stockholders, the term of the second class of directors expires at our 2008 annual meeting of stockholders and the term of the third class of directors expires at our 2009 annual meeting of stockholders. At each of our annual meetings of stockholders, the successors of the class of directors whose term expires at that meeting of stockholders will be elected for a three-year term, one class being elected each year by our stockholders. Our amended and restated certificate of incorporation and by-laws provide that our directors may only be removed for cause and only by the affirmative vote of the holders of at least 80% of the voting power of the then outstanding capital stock entitled to vote generally in the election of directors. This system of removing directors may discourage a third party from making a tender offer or otherwise attempting to obtain control of us because it generally makes it more difficult for stockholders to replace a majority of our Board.

Size of Board and Vacancies

Our amended and restated certificate of incorporation and by-laws provide that our Board may consist of no less than three and no more than 15 directors. The number of directors on our Board will be fixed exclusively by our Board, subject to the minimum and maximum number permitted by our amended and restated certificate of incorporation and by-laws. Newly created directorships resulting from any increase in our authorized number of directors will be filled by a majority of our Board then in office, provided that a majority of our entire Board, or a quorum, is present, and any vacancies in our Board resulting from death, resignation, retirement, disqualification, removal from office or other cause will be filled generally by the majority vote of our remaining directors in office, even if less than a quorum is present.

Elimination of Stockholder Action by Written Consent

Our amended and restated certificate of incorporation and by-laws expressly eliminate the right of our stockholders to act by written consent. Stockholder action must take place at the annual or a special meeting of our stockholders.

Stockholder Meetings

Under our amended and restated certificate of incorporation and by-laws, only our chairman of our Board or our chief executive officer may call special meetings of our stockholders.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our amended and restated by-laws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of our Board or a committee of our Board.

Delaware Anti-takeover Law

Upon the distribution, we will be subject to Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date such person becomes an interested stockholder, unless the business combination or the transaction in which such person becomes an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person that, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by our Board and the anti-takeover effect includes discouraging attempts that might result in a premium over the market price for the shares of our common stock.

Supermajority Voting

Our amended and restated certificate of incorporation provides that amendments to provisions in the amended and restated certificate of incorporation relating to the general powers of our Board, the number, classes and tenure of directors, filling vacancies on our Board, removal of directors, limitation of liability of directors, indemnification of directors and officers, special meetings of stockholders, stockholder action by written consent, the supermajority amendment provision of the amended and restated by-laws and the supermajority amendment provision of the amended and restated certificate of incorporation will require the affirmative vote of the holders of at least 80% of the voting power of the shares entitled to vote generally in the election of directors. Our amended and restated certificate of incorporation and by-laws provide that amendments to the by-laws may be made either (i) by the affirmative vote of the at least a majority of our entire Board or (ii) by the affirmative vote of the holders of at least 80% of the voting power of the shares entitled to vote generally in the election of directors.

No Cumulative Voting

Our amended and restated certificate of incorporation and by-laws do not provide for cumulative voting in the election of directors.

Undesignated Preferred Stock

The authorization in our amended and restated certificate of incorporation of undesignated preferred stock makes it possible for our Board to issue our preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. The provision in our amended and restated certificate of incorporation authorizing such preferred stock may have the effect of deferring hostile takeovers or delaying changes of control of our management.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Mellon Investor Services.

NYSE Listing

We intend to file an application to list our shares of common stock on the NYSE. We expect that our shares will trade under the ticker symbol "WYN."

Limitation on Liability of Directors and Indemnification of Directors and Officers

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with any threatened, pending or completed actions, suit or proceeding, whether civil, criminal, administrative or investigative, in which such person is made a party by reason of the fact that the person is or was a director, officer, employee or agent of the corporation (other than an action by or in the right of the corporation—a “derivative action”), if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person’s conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys’ fees) incurred in connection with the defense or settlement of such action, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation’s by-laws, disinterested director vote, stockholder vote, agreement or otherwise.

Our amended and restated certificate of incorporation provides that no director shall be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation on liability is not permitted under the DGCL, as now in effect or as amended. Currently, Section 102(b)(7) of the DGCL requires that liability be imposed for the following:

- any breach of the director’s duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; and
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and by-laws provide that, to the fullest extent authorized or permitted by the DGCL, as now in effect or as amended, we will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person, or a person of whom he or she is the legal representative, is or was our director or officer, or by reason of the fact that our director or officer is or was serving, at our request, as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by us. We will indemnify such persons against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action if such person acted in good faith and in a manner reasonably believed to be in our best interests and, with respect to any criminal proceeding, had no reason to believe such person’s conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys’ fees) incurred in connection with the defense or settlement of such actions, and court approval is required before there can be any indemnification where the person seeking indemnification has been found liable to us. Any amendment of this provision will not reduce our indemnification obligations relating to actions taken before an amendment.

We intend to obtain policies that insure our directors and officers and those of our subsidiaries against certain liabilities they may incur in their capacities as directors and officers. Under these policies, the insurer, on our behalf, may also pay amounts for which we have granted indemnification to the directors or officers.

DESCRIPTION OF MATERIAL INDEBTEDNESS

New Borrowing Facilities

In connection with our separation, we expect to enter into borrowing arrangements for a total of $1,850 million, comprised of a $250 million term loan facility, a $750 million interim loan facility and an $850 million revolving credit facility. At or prior to the distribution, we expect to draw approximately $1,280 million against those facilities, and issue approximately $170 million in letters of credit, leaving approximately $400 million available to provide liquidity for up to $230 million in additional letters of credit and for ongoing working capital and general corporate needs.

Historically, Cendant has borrowed under its existing asset-linked facility relating to certain of the assets of Cendant's Hospitality Services (including Timeshare Resorts) businesses, which borrowings amounted to $575 million and $550 million at March 31, 2006 and December 31, 2005, respectively. These Cendant borrowings have been reflected in our accompanying historical combined financial statements. We expect that Cendant will repay the then-outstanding balance of these borrowings at the time of our separation with a portion of our initial borrowings of $1,280 million, and we expect to transfer the balance of our initial borrowings to Cendant solely for the purposes of permitting Cendant to repay certain other outstanding indebtedness of Cendant.

The interim loan facility will rank pari passu with our unsecured debt except with respect to maturity as the interim facility will have a one-year term and the revolving credit facility and term loan facility will have five-year terms. We intend to replace the interim loan facility with permanent financing primarily through the issuance of debt securities and, as appropriate, other sources of funding.

We anticipate the new borrowing facilities will include affirmative covenants, including the maintenance of specified ratios, negative covenants and events of default that are customary for financings of this type.

We currently expect the aggregate amount of our indebtedness to be at least $1,612 million excluding the vacation ownership securitization program described in detail below.

Vacation Ownership Securitization Program

In connection with our vacation ownership business, Fairfield, Trendwest and their respective subsidiaries provide financing to purchasers of vacation ownership interests. A significant portion of the funding for such financing is provided through the sale of the vacation ownership loans and related assets into a securitization program.

Under the securitization program, each of our consumer financing subsidiary, an affiliate of Fairfield Resorts, Inc. to which Fairfield assigns loans that it originates, and Trendwest Resorts, each of which is referred to as a Seller and together as the Sellers, has entered into a loan purchase agreement with Sierra Deposit Company, LLC, a special purpose, wholly-owned subsidiary of our consumer financing subsidiary.

Generally, loans purchased from the Sellers by Sierra Deposit Company are sold into a facility funded by the issuance of variable funding notes to a group of commercial paper conduits. From time to time, Sierra Deposit Company creates a new special purpose entity to issue a new series of term notes. The proceeds of the term notes are used, indirectly, to pay amounts owing on the variable funding notes, resulting in the release of loans which are then sold to the new special purpose entity and used to secure and pay the new series of term notes.

With respect to each outstanding series of notes, our consumer financing subsidiary acts as the servicer of the loans.

With respect to each outstanding series of notes, Cendant Corporation has provided a performance guarantee guarantying the performance by the Sellers of their obligations under the loan purchase agreements and the servicer's performance under the note indentures. We expect that the performance guarantee provided by Cendant with respect to the variable funding notes will be replaced by a performance guarantee provided by Wyndham Worldwide. For each outstanding series of term notes, Wyndham Worldwide will provide to the trustee an additional performance guarantee, and the trustee will be instructed to look first to the performance guarantee provided by Wyndham Worldwide before seeking to enforce the performance guarantee provided by Cendant.

Currently, there are five outstanding series of notes payable from vacation ownership loans sold by Sierra Deposit Company. As of March 31, 2006, approximately $1,167 million was outstanding under these programs, which was secured by $1,556 million in assets.

- Series 2002-1, which are the variable funding notes issued to a group of commercial paper conduits. Currently, the facility limit for this series is $800 million. The liquidity facility related to this series is subject to annual termination and, if not renewed, will result in an amortization of the variable funding notes and termination of the facility. The documents governing the Series 2002-1 also describe numerous other events, many tied to the performance of the loans, that may result in the occurrence of an amortization of the notes or an event of default and termination of the facility.
- Series 2003-1, which were issued in March 2003 in four classes aggregating $302.6 million in initial principal amount.
- Series 2003-2, which were issued in December 2003 in four classes aggregating $375 million in initial principal amount.
- Series 2004-1, which were issued in May 2004 as a single class in the initial principal amount of $336 million. The payment of principal and interest on the Series 2004-1 notes is insured under the terms of a financial guaranty insurance policy.
- Series 2005-1, which were issued in August 2005 as a single class in initial principal amount of $525 million. The payment of principal and interest on the Series 2005-1 notes is insured under the terms of a financial guaranty insurance policy.

Other Indebtedness

From time to time, our subsidiaries enter into bank borrowings in connection with our operations in order to, among other things, fund working capital. For example, to support our vacation ownership operations in the South Pacific, we currently have AUD $170 million, or $122 million, available under foreign credit facilities, portions of which are secured, that are collateralized by our vacation ownership contract receivables and related assets in that location. As of March 31, 2006, we had $103 million outstanding under these facilities, collateralized by $121 million of underlying vacation ownership contract receivables and related assets. In addition, we lease vacation homes located in European holiday parks as part of our vacation exchange and rental business. As of March 31, 2006, we had $144 million of capital lease obligations. We also maintain other unsecured debt facilities which arise through the ordinary course of operations.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock (and related preferred stock purchase rights) that Cendant stockholders will receive in the distribution. This information statement is a part of that registration statement and, as allowed by SEC rules, does not include all of the information you can find in the registration statement or the exhibits to the registration statement. For additional information relating to our company and the distribution, reference is made to the registration statement and the exhibits to the registration statement. Statements contained in this information statement as to the contents of any contract or document referred to are not necessarily complete and in each instance, if the contract or document is filed as an exhibit to the registration statement, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each such statement is qualified in all respects by reference to the applicable document.

After the distribution, we will file annual, quarterly and special reports, proxy statements and other information with the SEC. We intend to furnish our stockholders with annual reports containing consolidated financial statements audited by an independent registered public accounting firm. The registration statement is, and any of these future filings with the SEC will be, available to the public over the Internet on the SEC's website at http://www.sec.gov. You may read and copy any filed document at the SEC's public reference rooms in Washington, D.C. at 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549 and at the SEC's regional offices in New York at 233 Broadway, New York, New York 10279 and in Chicago at Citicorp Center, 500 W. Madison Street, Suite 1400, Chicago, Illinois 60661. Please call the SEC at 1 (800) SEC-0330 for further information about the public reference rooms.

We maintain an Internet site at http://www.[   ].com. Our website and the information contained on that site, or connected to that site, are not incorporated into this information statement or the registration statement on Form 10.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To Cendant Corporation Board of Directors:

We have audited the accompanying combined balance sheets of the Wyndham Worldwide businesses of Cendant Corporation (the "Company"), consisting of certain businesses of Cendant Corporation ("Cendant"), as of December 31, 2005 and 2004, and the related combined statements of income, invested equity and cash flows for each of the three years in the period ended December 31, 2005. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the combined financial position of the Company as of December 31, 2005 and 2004, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the combined financial statements, the Company is comprised of the assets and liabilities used in managing and operating the lodging, vacation exchange and rental and vacation ownership businesses of Cendant. Included in Note 19 of the combined financial statements is a summary of transactions with related parties.

/s/ Deloitte & Touche LLP
Parsippany, New Jersey
May 10, 2006

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WYNDHAM WORLDWIDE BUSINESSES OF CENDANT CORPORATION
COMBINED STATEMENTS OF INCOME
(In millions)

	Year Ended December 31,		
	2005	2004	2003
Revenues			
Vacation ownership interest sales	$1,379	$1,245	$1,162
Service fees and membership	1,287	1,105	881
Franchise fees	434	393	376
Consumer financing	234	176	173
Other	136	95	60
Net revenues	3,470	3,014	2,652
Expenses			
Operating	1,199	932	810
Cost of vacation ownership interests	341	316	313
Marketing and reservation	632	576	537
General and administrative	424	385	320
Provision for loan losses	128	86	70
Depreciation and amortization	131	119	107
	2,855	2,414	2,157
Operating income	615	600	495
Interest expense (income) (net of interest income of $35, $21 and $11)	(6)	13	(5)
Income before income taxes and minority interest	621	587	500
Provision for income taxes	193	234	186
Minority interest, net of tax	—	4	15
Net income	$ 428	$ 349	$ 299

See Notes to Combined Financial Statements.

WYNDHAM WORLDWIDE BUSINESSES OF CENDANT CORPORATION
COMBINED BALANCE SHEETS
(In millions)

	December 31, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 99	$ 94
Trade receivables (net of allowance for doubtful accounts of $96 and $79)	371	344
Vacation ownership contract receivables, net	239	215
Inventory	446	365
Deferred income taxes	84	185
Due from Cendant, net	1,126	661
Other current assets	204	211
Total current assets	2,569	2,075
Long-term vacation ownership contract receivables, net	1,835	1,559
Non-current inventory	190	160
Property and equipment, net	718	735
Goodwill	2,641	2,629
Trademarks	580	516
Franchise agreements and other intangibles, net	412	436
Other non-current assets	219	233
Total assets	$ 9,164	$ 8,343
LIABILITIES AND INVESTED EQUITY		
Current liabilities:		
Current portion of long-term debt:		
Securitized vacation ownership debt	$ 154	$ 134
Other	201	156
Accounts payable	240	273
Deferred income	271	248
Accrued expenses and other current liabilities	429	368
Total current liabilities	1,295	1,179
Long-term debt:		
Securitized vacation ownership debt	981	775
Other	706	703
Deferred income taxes	823	688
Deferred income	262	259
Other non-current liabilities	67	60
Total liabilities	4,134	3,664
Commitments and contingencies (Note 13)		
Invested equity:		
Parent Company's net investment	4,922	4,465
Accumulated other comprehensive income	108	214
Total invested equity	5,030	4,679
Total liabilities and invested equity	$ 9,164	$ 8,343

See Notes to Combined Financial Statements.

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WYNDHAM WORLDWIDE BUSINESSES OF CENDANT CORPORATION
COMBINED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31, 2005	2004	2003
Operating Activities			
Net income	$ 428	$ 349	$ 299
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	131	119	107
Provision for loan losses	128	86	70
Deferred income taxes	236	31	108
Net change in assets and liabilities, excluding the impact of acquisitions and dispositions:			
Trade receivables	(40)	(30)	5
Principal collection of vacation ownership contract receivables	635	610	770
Origination of vacation ownership contract receivables	(1,097)	(1,106)	(1,022)
Inventory	(21)	8	(39)
Income taxes payable to Cendant	(68)	180	35
Accounts payable, accrued expenses and other current liabilities	67	8	100
Deferred income	14	2	(12)
Other, net	8	65	24
Net cash provided by operating activities	421	322	445
Investing Activities			
Property and equipment additions	(134)	(116)	(102)
Net assets acquired, net of cash acquired, and acquisition-related payments	(154)	(181)	(40)
Net intercompany funding to parent	(331)	(224)	(471)
Proceeds received from disposition of businesses, net	—	41	—
Increase in restricted cash	(15)	(32)	(20)
Other, net	9	9	9
Net cash used in investing activities	(625)	(503)	(624)
Financing Activities			
Proceeds from borrowings	1,296	1,465	834
Principal payments on borrowings	(1,011)	(1,242)	(634)
Dividends paid to Cendant	(59)	—	—
Other, net	(5)	(6)	(11)
Net cash provided by financing activities	221	217	189
Effect of changes in exchange rates on cash and cash equivalents	(12)	(17)	(1)
Net increase in cash and cash equivalents	5	19	9
Cash and cash equivalents, beginning of period	94	75	66
Cash and cash equivalents, end of period	$ 99	$ 94	$ 75
Supplemental Disclosure of Cash Flow Information			
Interest payments	$ 55	$ 66	$ 13
Income tax payments, net	32	28	37

See Notes to Combined Financial Statements.

WYNDHAM WORLDWIDE BUSINESSES OF CENDANT CORPORATION
COMBINED STATEMENTS OF INVESTED EQUITY
(In millions)

	Parent Company's Net Investment	Accumulated Other Comprehensive Income	Total Invested Equity
Balance as of January 1, 2003	$ 3,764	$ 96	$3,860
Comprehensive income:			
Net income	299	—	
Currency translation adjustment, net of tax of $6	—	84	
Total comprehensive income	—	—	383
Capital contribution from Cendant	40	—	40
Balance as of December 31, 2003	4,103	180	4,283
Comprehensive income:			
Net income	349	—	
Currency translation adjustment, net of tax of $33	—	33	
Unrealized gains on cash flow hedges, net of tax of $1	—	1	
Total comprehensive income	—	—	383
Capital contribution from Cendant	13	—	13
Balance as of December 31, 2004	4,465	214	4,679
Comprehensive income:			
Net income	428	—	
Currency translation adjustment, net of tax of $(19)	—	(106)	
Unrealized gains on cash flow hedges, net of tax of $2	—	3	
Reclassification for gains on cash flow hedges, net of tax of $(2)	—	(3)	
Total comprehensive income	—	—	322
Dividends paid to Cendant	(59)	—	(59)
Capital contribution from Cendant	88	—	88
Balance as of December 31, 2005	$ 4,922	$ 108	$5,030

See Notes to Combined Financial Statements.

WYNDHAM WORLDWIDE BUSINESSES OF CENDANT CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS
(Unless otherwise noted, all amounts are in millions, except per share amounts)

1. Basis of Presentation

Wyndham Worldwide Corporation, which holds or will hold the assets and liabilities, including the entities holding substantially all of the assets and liabilities, of Cendant Corporation's ("Cendant") Hospitality Services (including Timeshare Resorts) businesses, represents a combined reporting entity comprised of substantially all of the assets and liabilities used in managing and operating the lodging, vacation exchange and rental and vacation ownership businesses of Cendant (collectively, the "Company"). On October 23, 2005, Cendant's Board of Directors preliminarily approved a plan to separate Cendant into four independent, publicly traded companies—one each for Cendant's Hospitality Services (including Timeshare Resorts), Real Estate Services, Travel Distribution Services and Vehicle Rental businesses. See Note 21—Subsequent Events for further detail.

The Company's combined results of operations, financial position and cash flows may not be indicative of its future performance and do not necessarily reflect what its combined results of operations, financial position and cash flows would have been had the Company operated as a separate, stand-alone entity during the periods presented, including changes in its operations and capitalization as a result of the separation and distribution from Cendant.

Certain corporate and general and administrative expenses, including those related to executive management, tax, accounting, legal and treasury services, certain employee benefits and real estate usage for common space have been allocated by Cendant to the Company based on forecasted revenues. Management believes such allocations are reasonable. However, the associated expenses recorded by the Company in the Combined Statements of Income may not be indicative of the actual expenses that would have been incurred had the Company been operating as a separate, stand-alone public company for the periods presented. Following the separation and distribution from Cendant, the Company will perform these functions using internal resources or purchased services, certain of which may be provided by Cendant or one of the separated companies during a transitional period pursuant to the Transition Services Agreement. Refer to Note 19—Related Party Transactions for a detailed description of the Company's transactions with Cendant.

In presenting the Combined Financial Statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates.

Business Description

The Company operates in the following business segments:

- **Lodging**—franchises hotels in the upscale, middle and economy segments of the lodging industry and provides property management services to owners of upscale branded hotels.
- **Vacation Exchange and Rental**—provides vacation exchange products and services to owners of intervals of vacation ownership interests and markets vacation rental properties primarily on behalf of independent owners.
- **Vacation Ownership**—markets and sells vacation ownership interests ("VOIs") to individual consumers, provides consumer financing in connection with the sale of VOIs and provides property management services at resorts.

Throughout the Notes to Combined Financial Statements, we refer to Cendant's Real Estate Services business as Realogy or the Real Estate Services business and to Cendant's Travel Distribution Services business as Travelport or the Travel Distribution Services business.

2. Summary of Significant Accounting Policies

PRINCIPLES OF CONSOLIDATION

The Combined Financial Statements include the accounts and transactions of Wyndham Worldwide, as well as entities in which Wyndham Worldwide directly or indirectly has a controlling financial interest. The Combined

Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America. All intercompany balances and transactions have been eliminated in the Combined Financial Statements.

VARIABLE INTEREST ENTITIES

The Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. 46 (Revised 2003), "Consolidation of Variable Interest Entities" ("FIN 46"), in its entirety as of December 31, 2003.

The adoption of FIN 46 did not have a significant impact on the Company's earnings, financial position or cash flows. However, during 2003, the underlying structures of certain entities that the Company utilizes to securitize vacation ownership contract receivables generated from financing the sale of vacation ownership interests were amended in a manner that resulted in these entities no longer meeting the criteria to qualify as off-balance sheet entities. Consequently, the Company consolidated these entities on September 1, 2003 pursuant to FIN 46. A limited number of entities used to securitize vacation ownership contract receivables continued to meet the criteria to qualify as off-balance sheet entities, and therefore are not consolidated. See Note 7—Vacation Ownership Contract Receivables for more detailed information.

Current Policy. In connection with FIN 46, when evaluating an entity for consolidation, the Company first determines whether an entity is within the scope of FIN 46 and if it is deemed to be a variable interest entity ("VIE"). If the entity is considered to be a VIE, the Company determines whether it would be considered the entity's primary beneficiary. The Company consolidates those VIEs for which it has determined that it is the primary beneficiary. The Company will consolidate an entity not deemed either a VIE or qualifying special purpose entity ("QSPE") upon a determination that its ownership, direct or indirect, exceeds 50% of the outstanding voting shares of an entity and/or that it has the ability to control the financial or operating policies through its voting rights, board representation or other similar rights. For entities where the Company does not have a controlling interest (financial or operating), the investments in such entities are classified as available-for-sale debt securities or accounted for using the equity or cost method, as appropriate. The Company applies the equity method of accounting when it has the ability to exercise significant influence over operating and financial policies of an investee in accordance with Accounting Principles Board ("APB") Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock."

Previous Policy. Prior to the adoption of FIN 46, the Company did not consolidate special purpose entities ("SPEs") and SPE-type entities unless the Company retained both control of the assets transferred and the risks and rewards of those assets. Additionally, non-SPE-type entities were consolidated only if the Company's ownership exceeded 50% of the outstanding voting shares of an entity and/or if the Company had the ability to control the financial or operating policies of an entity through its voting rights, board representation or other similar rights.

REVENUE RECOGNITION

Lodging

The Company enters into agreements to franchise its lodging franchise systems to independent hotel owners. The Company's standard franchise agreement typically has a term of 15 to 20 years and provides a franchisee with certain rights to terminate the franchise agreement before the term of the agreement under certain circumstances. The principal source of revenues from franchising hotels is ongoing franchise fees, which are comprised of royalty fees and other fees relating to marketing and reservation services. Ongoing franchise fees typically are based on a percentage of gross room revenues of each franchisee and are accrued as the underlying franchisee revenues are earned and due from the franchisees. An estimate of uncollectible ongoing franchise fees is charged to bad debt expense and included in operating expenses on the Combined Statements of Income.

Lodging revenues also include initial franchise fees, which are recognized as revenue when all material services or conditions have been substantially performed, which is when a franchised hotel opens for business or a franchise agreement is terminated as it has been determined that the franchised hotel will not open.

The Company's franchise agreements require the payment of fees for certain services, including marketing and reservations. With such fees, the Company provides its franchised properties with a suite of operational and administrative services, including access to an international, centralized, brand-specific reservations system, advertising, promotional and co-marketing programs, referrals, technology, training and volume purchasing. The Company is contractually obligated to expend the marketing and reservation fees it collects from franchisees in accordance with the franchise agreements; as such, revenues earned in excess of costs incurred are accrued as a liability for future marketing or reservation costs. Costs incurred in excess of revenues are expensed. In accordance with the Company's franchise agreements, the Company includes an allocation of certain overhead costs required to carry out marketing and reservation activities within marketing and reservation expenses.

The Company also provides property management services for hotels under management contracts. Management fees are comprised of base fees, which typically are calculated based upon a specified percentage of gross revenues from hotel operations, and incentive management fees, which typically are calculated based upon a specified percentage of a hotel's operating profit or the amount by which a hotel's operating profit exceeds specified targets. Management fee revenue is recognized when earned in accordance with the terms of the contract. The Company incurs certain reimbursable costs on behalf of managed hotel properties and reports reimbursements received from managed properties as revenue and the costs incurred on their behalf as expenses. The revenue is recorded as a component of service fees and membership on the Combined Statements of Income. The costs, which principally relate to payroll costs at managed properties where the Company is the employer, are reflected as a component of operating expenses on the Combined Statements of Income. The reimbursements from hotel owners are based upon the costs incurred with no added margin; as a result, these reimbursable costs have little to no effect on the Company's operating income. In 2005, management fee revenue and revenue related to payroll reimbursements were $1 million and $17 million, respectively.

Vacation Exchange and Rental

As a provider of vacation exchange services, the Company enters into affiliation agreements with developers of vacation ownership properties to allow owners of intervals to trade their intervals for certain other intervals within the Company's vacation exchange business and, for some members, for other leisure-related products and services. Additionally, as a marketer of vacation rental properties, generally the Company enters into contracts for exclusive periods of time with property owners to market the rental of such properties to rental customers. The Company's vacation exchange business derives a majority of its revenues from annual membership dues and exchange fees from members trading their intervals. Annual dues revenue represents the annual membership fees from members who participate in the Company's vacation exchange business. For additional fees, such participants are entitled to exchange intervals for intervals at other properties affiliated with our vacation exchange business. In addition, certain participants may exchange intervals for other leisure-related products and services. The Company records revenue from annual membership dues as deferred income on the Company's Combined Balance Sheets and recognizes it on a straight-line basis over the membership period during which delivery of publications, if applicable, and other services are provided to the members. Exchange fees are generated when members exchange their intervals for equivalent values of rights and services, which may include intervals at other properties within the Company's vacation exchange business or other leisure-related products and services. Exchange fees are recognized as revenue when the exchange requests have been confirmed to the member. The Company's vacation rental business derives its revenue principally from fees, which generally range from approximately 25% to 50% of the gross rent charged to rental customers on behalf of third-party property owners for the rental of vacation accommodations. Revenue from such fees is recognized in the period that the rental reservation is made, net of expected cancellations. The Company also earns rental fees in connection with properties it owns or leases under capital leases and such fees are recognized when the rental customer's stay occurs.

Vacation Ownership

The Company markets and sells VOIs to individual consumers, provides consumer financing in connection with the sale of VOIs and provides property management services at resorts. The Company's vacation ownership business derives the majority of its revenues from sales of VOIs and derives other revenues from consumer financing and property management. The Company recognizes sales of VOIs on a full accrual basis for fully constructed inventory after a binding sales contract has been executed, a 10% minimum down payment has been received, the statutory rescission period has expired, receivables are deemed collectible and the remainder of the Company's obligations have been substantially completed. During periods of construction, subsequent to the preliminary construction phase and upon assurance that the property will not revert to a rental property, the Company recognizes revenues using the percentage-of-completion method of accounting. For percentage-of- completion accounting, the preliminary stage is deemed to be complete when the engineering and design work is complete, the construction contracts have been executed, the site has been cleared, prepared and excavated and the building foundation is complete. The completion percentage is determined by the proportion of real estate inventory costs and certain sales and marketing and interest costs incurred to total estimated costs. These estimated costs are based upon historical experience and the related contractual terms. The remaining revenue and related costs of sales, including commissions and direct expenses, are deferred and recognized as the remaining costs are incurred. Until a contract for sale qualifies for revenue recognition, all payments received are accounted for as restricted cash and deposits within other current assets and deferred income, respectively, on the Combined Balance Sheets. Commissions and other direct costs related to the sale are deferred until the sale is recorded. If a contract is cancelled before qualifying as a sale, non-recoverable expenses are charged to operating expense in the current period on the Combined Statements of Income.

The Company also offers consumer financing as an option to customers purchasing VOIs, which are typically collateralized by the underlying VOI. Generally, the financing terms are for seven to ten years. An estimate of uncollectible amounts is recorded at the time of the sale with a charge to the provision for loan losses on the Combined Statements of Income. The interest income earned from the financing arrangements is earned on the principal balance outstanding over the life of the arrangement.

The Company also provides day-to-day-management services, including oversight of housekeeping services, maintenance and certain accounting and administrative services for property owners' associations and clubs. In some cases, the Company's employees serve as officers and/or directors of these associations and clubs in accordance with their by-laws and associated regulations. Management fee revenue is recognized when earned in accordance with the terms of the contract and is recorded as a component of service fees and membership on the Combined Statements of Income. The costs, which principally relate to the payroll costs for management of the associations, clubs and the resort properties where the Company is the employer, are reflected as a component of operating expenses on the Combined Statements of Income. Reimbursements are based upon the costs incurred with no added margin and thus presentation of these reimbursable costs has little to no effect on the Company's operating income. Management fee revenue and revenue related to reimbursements were $91 million and $124 million in 2005, respectively, $95 million and $103 million in 2004, respectively, and $82 million and $86 million in 2003, respectively. In 2005, 2004 and 2003, one of the associations that the Company manages paid RCI Global Vacation Network (vacation exchange and rental) $11 million, $9 million and $6 million, respectively, for exchange services.

The Company records lodging-related marketing and reservation revenues, as well as property management services revenues for the Company's lodging and vacation ownership segments, in accordance with Emerging Issues Task Force Issue 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent," which requires that these revenues be recorded on a gross basis.

INCOME TAXES

The Company's operations have been included in the consolidated federal tax return of Cendant and will continue to be included up to the date of the separation. In addition, the Company has filed consolidated and unitary state income tax returns with Cendant in jurisdictions where required or permitted and will continue to file with Cendant up to the date of the separation. The income taxes associated with the Company's inclusion in Cendant's consolidated federal and state income tax returns are included in the due from Cendant, net line item on the Combined Balance Sheets. The provision for income taxes is computed as if the Company filed its federal and state income tax returns on a stand-alone basis and, therefore, determined using the asset and liability method, under which deferred tax assets and liabilities are calculated based upon the temporary differences between the financial statement and income tax bases of assets and liabilities using currently enacted tax rates. These differences are based upon estimated differences between the book and tax basis of the assets and liabilities for the Company as of December 31, 2005 and 2004. The Company's tax assets and liabilities may be adjusted in connection with the finalization of Cendant's prior years' income tax returns.

The Company's deferred tax assets are recorded net of a valuation allowance when, based on the weight of available evidence, it is more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. Decreases to the valuation allowance are recorded as reductions to the Company's provision for income taxes and increases to the valuation allowance result in additional provision for income taxes. However, if the valuation allowance is adjusted in connection with an acquisition, such adjustment is recorded through goodwill rather than the provision for income taxes. The realization of the Company's deferred tax assets, net of the valuation allowance, is primarily dependent on estimated future taxable income. A change in the Company's estimate of future taxable income may require an addition to or reduction from the valuation allowance.

CASH AND CASH EQUIVALENTS

The Company considers highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

RESTRICTED CASH

Restricted cash consists of deposits received on sales of VOIs that are held in escrow until a certificate of occupancy is obtained, the legal rescission period has expired and the deed of trust has been recorded in governmental property ownership records, as well as separately held amounts based upon the terms of the securitizations. Such amounts were $143 million and $128 million as of December 31, 2005 and 2004, respectively, of which $42 million and $44 million, respectively, are recorded with other current assets and $101 million and $84 million, respectively, are recorded within other non-current assets on the Combined Balance Sheets.

RECEIVABLE VALUATION

Trade receivables

The Company's lodging and vacation exchange and rental businesses provide for estimated bad debts based on their assessment of the ultimate realizability of receivables, considering historical collection experience, the economic environment and specific customer information. When the Company determines that an account is not collectible, the account is written-off to the allowance for doubtful accounts. Such write-offs amounted to $34 million, $36 million and $31 million in 2005, 2004 and 2003, respectively. Bad debt expense is recorded in operating or marketing and reservation expenses on the Combined Statements of Income and amounted to $51 million, $43 million and $41 million in 2005, 2004 and 2003, respectively.

Vacation ownership contract receivables

Within the Company's vacation ownership business, the Company provides for estimated vacation ownership contract receivable cancellations and defaults at the time the VOI sales are recorded, with a charge to the provision for loan losses on the Combined Statements of Income. The Company considers factors including economic conditions, defaults, past due aging and historical write-offs of vacation ownership contract receivables to evaluate the adequacy of the allowance. The Company charges vacation ownership contract receivables to the loan loss allowance when they become 180 days contractually past due or are deemed uncollectible.

INVENTORY

Inventory consists of real estate and development costs of completed VOIs, VOIs under construction, land held for future VOI development, vacation ownership properties and vacation credits. Inventory is stated at the lower of cost, including capitalized interest, property taxes and certain other carrying costs incurred during the construction process, or net realizable value. Capitalized interest was $7 million, $5 million and $7 million in 2005, 2004 and 2003, respectively.

ADVERTISING EXPENSE

Advertising costs are generally expensed in the period incurred. Advertising expenses, recorded primarily within marketing and reservation expenses on the Company's Combined Statements of Income, were $66 million, $61 million and $52 million in 2005, 2004 and 2003, respectively.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the Company's Combined Financial Statements requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the Company's Combined Financial Statements and accompanying notes. Although these estimates and assumptions are based on the Company's knowledge of current events and actions the Company may undertake in the future, actual results may ultimately differ from estimates and assumptions.

DERIVATIVE INSTRUMENTS

The Company uses derivative instruments as part of its overall strategy to manage its exposure to market risks primarily associated with fluctuations in foreign currency exchange rates and interest rates. As a matter of policy, the Company does not use derivatives for trading or speculative purposes. All derivatives are recorded at fair value either as assets or liabilities. Changes in fair value of derivatives not designated as hedging instruments and of derivatives designated as fair value hedging instruments are recognized currently in earnings and included either as a component of other revenues or interest expense, based upon the nature of the hedged item, in the Combined Statements of Income. The effective portion of changes in fair value of derivatives designated as cash flow hedging instruments is recorded as a component of other comprehensive income. The ineffective portion is reported currently in earnings as a component of revenues or net interest expense, based upon the nature of the hedged item. Amounts included in other comprehensive income are reclassified into earnings in the same period during which the hedged item affects earnings.

Certain derivative instruments used to manage interest rate risks of the Company were entered into on behalf of the Company by Cendant. The fair value of the instruments is recorded on Cendant's Combined Balance Sheets and passed to the Company through the related party accounts, which are presented on the Company's Combined Balance Sheets within the due from Cendant, net line item. The derivatives that were designated as cash flow hedging instruments by Cendant do not qualify for hedge accounting treatment on the Company's Combined Financial Statements as the derivative remains on Cendant's balance sheet and the underlying debt instrument resides on the Company's Combined Financial Statements. Therefore, any changes in fair value of these instruments are recognized in the Company's Combined Statements of Income.

RETAINED INTERESTS FROM SECURITIZATIONS

The retained interests from the Company's securitizations of vacation ownership contract receivables are classified as trading securities and recorded within other non-current assets on the Company's Combined Balance

Sheets. Such amounts were $13 million and $40 million as of December 31, 2005 and 2004, respectively. The Company estimates fair value of retained interests based upon the present value of expected future cash flows, which is subject to the prepayment risks, expected credit losses and interest rate risks of the sold financial assets. See Note 7—Vacation Ownership Contract Receivables for more information regarding these retained interests which relate to the securitization of vacation ownership contract receivables prior to September 1, 2003.

PROPERTY AND EQUIPMENT

Property and equipment (including leasehold improvements) are recorded at cost, net of accumulated depreciation and amortization. Depreciation, recorded as a component of depreciation and amortization on the Combined Statements of Income, is computed utilizing the straight-line method over the estimated useful lives of the related assets. Amortization of leasehold improvements, also recorded as a component of depreciation and amortization, is computed utilizing the straight-line method over the estimated benefit period of the related assets or the lease term, if shorter. Useful lives are generally 30 years for buildings, up to 20 years for leasehold improvements, from 20 to 30 years for vacation rental properties and from three to seven years for furniture, fixtures and equipment.

The Company capitalizes the costs of software developed for internal use in accordance with Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Capitalization of software developed for internal use commences during the development phase of the project. The Company amortizes software developed or obtained for internal use on a straight-line basis, from three to seven years, when such software is substantially ready for use. The net carrying value of software developed or obtained for internal use was $56 million and $53 million as of December 31, 2005 and 2004, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS

In connection with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," the Company is required to assess goodwill and other indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company assesses goodwill for such impairment by comparing the carrying value of its reporting units to their fair values. Each of the Company's reportable segments represents a reporting unit. The Company determines the fair value of its reporting units utilizing discounted cash flows and incorporates assumptions that it believes marketplace participants would utilize. When available and as appropriate, the Company uses comparative market multiples and other factors to corroborate the discounted cash flow results. Other indefinite-lived intangible assets are tested for impairment and written down to fair value, if necessary, as required by SFAS No. 142. The Company performs its annual impairment testing in the fourth quarter of each year subsequent to completing its annual forecasting process. In performing this test, the Company determines fair value using the present value of expected future cash flows.

The Company evaluates the recoverability of its other long-lived assets, including amortizing intangible assets, if circumstances indicate an impairment may have occurred pursuant to SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This analysis is performed by comparing the respective carrying values of the assets to the current and expected future cash flows, on an undiscounted basis, to be generated from such assets. Property and equipment is evaluated separately within each business. If such analysis indicates that the carrying value of these assets is not recoverable, the carrying value of such assets is reduced to fair value through a charge to the Company's Combined Statements of Income.

There were no impairments relating to intangible assets or other long-lived assets during 2005, 2004 or 2003.

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) consists of accumulated foreign currency translation adjustments and accumulated unrealized gains and losses on derivative instruments designated as cash flow hedges. Foreign currency translation adjustments exclude income taxes related to indefinite investments in foreign subsidiaries. Assets and liabilities of foreign subsidiaries having non-U.S.-dollar functional currencies are translated at exchange rates at the Combined Balance Sheet dates. Revenues and expenses are translated at average exchange rates during the periods presented. The gains or losses resulting from translating foreign currency financial statements into U.S. dollars, net of hedging gains or losses and taxes, are included in accumulated other comprehensive income on the Company's Combined Balance Sheets. Gains or losses resulting from foreign currency transactions are included in the Combined Statements of Income.

STOCK-BASED COMPENSATION

As of December 31, 2005, all employee stock awards were granted by Cendant. Prior to January 1, 2003, Cendant measured its stock-based compensation using the intrinsic value approach under APB Opinion No. 25, as permitted by SFAS No. 123, "Accounting for Stock-Based Compensation."

On January 1, 2003, Cendant adopted the fair value method of accounting for stock-based compensation provisions of SFAS No. 123. Cendant also adopted SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure," in its entirety on January 1, 2003, which amended SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting provisions. As a result, Cendant now expenses all employee stock awards over their vesting periods based upon the fair value of the award on the date of grant. As Cendant elected to use the prospective transition method, Cendant allocated expense to the Company only for employee stock awards that were granted subsequent to December 31, 2002. See Note 15—Stock—Based Compensation for the pro forma stock-based compensation table.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Vacation Ownership Transactions. In December 2004, the FASB issued SFAS No. 152, "Accounting for Real Estate Time-Sharing Transactions," in connection with the previous issuance of the American Institute of Certified Public Accountants' Statement of Position No. 04-2, "Accounting for Real Estate Time-Sharing Transactions." SFAS No. 152 provides guidance on revenue recognition for vacation ownership transactions, accounting and presentation for the uncollectibility of vacation ownership contract receivables, accounting for costs of sales of vacation ownership interests and related costs, accounting for operations during holding periods, and other transactions associated with vacation ownership operations.

The Company's revenue recognition policy for vacation ownership transactions has historically required a 10% minimum down payment (initial investment) as a prerequisite to recognizing revenue on the sale of a vacation ownership interest. SFAS No. 152 requires that the Company consider the fair value of certain incentives provided to the buyer when assessing whether such threshold has been achieved. If the buyer's investment has not met the minimum investment criteria of SFAS No. 152, the revenue associated with the sale of the vacation ownership interest and the related cost of sales and direct costs are deferred until the buyer's commitment satisfies the requirements of SFAS No. 152. In addition, certain costs previously included in the Company's percentage-of-completion calculation prior to the adoption of SFAS No. 152 are now expensed as incurred rather than deferred until the corresponding revenue is recognized.

SFAS No. 152 requires the Company to record the estimate of uncollectible vacation ownership contract receivables at the time a vacation ownership transaction is consummated as a reduction of net revenue. Prior to the adoption of SFAS No. 152, the Company recorded such provisions within operating expense on the Combined Statements of Income.

SFAS No. 152 also requires that revenue in excess of costs associated with the rental of unsold units be accounted for as a reduction to the carrying value of vacation ownership inventory (which reduces the cost of such inventory when it is sold) and that costs in excess of revenues associated with the rental of unsold units be charged to expense as incurred. Prior to the adoption of SFAS No. 152, rental revenues and expenses were separately recorded in the Combined Statements of Income.

The Company adopted the provisions of SFAS No. 152 effective January 1, 2006, as required, and recorded an after tax charge of $65 million during first quarter 2006 as a cumulative effect of an accounting change, which consisted of a pre-tax charge of $105 million representing the deferral of revenue and costs associated with sales of vacation ownership interests that were recognized prior to January 1, 2006, the recognition of certain expenses that were previously deferred and an associated tax benefit of $40 million. There was no impact to cash flows from the adoption of SFAS No. 152.

Accounting Changes and Error Corrections. In May 2005, the FASB issued SFAS No. 154, “Accounting Changes and Error Corrections-a replacement of APB Opinion No. 20 and FASB Statement No. 3.” SFAS No. 154 requires retrospective application to prior periods’ financial statements of a voluntary change in accounting principle unless it is impracticable. APB Opinion No. 20, “Accounting Changes,” previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. SFAS No. 154 became effective for the Company on January 1, 2006. The Company believes that the adoption of SFAS No. 154 will not have a material impact on its Combined Financial Statements.

Accounting for Servicing of Financial Assets. In March 2006, the FASB issued SFAS No. 156, “Accounting for Servicing of Financial Assets—an amendment of FASB Statement No. 140.” SFAS No. 156 requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract and requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable. SFAS No. 156 will become effective for the Company on January 1, 2007. The Company believes that the adoption of SFAS No. 156 will not have a material impact on its Combined Financial Statements.

Stock-Based Compensation. In December 2004, the FASB issued SFAS No. 123R, “Share-Based Payment,” which eliminates the alternative to measure stock-based compensation awards using the intrinsic value approach permitted by APB Opinion No. 25 and by SFAS No. 123, “Accounting for Stock-Based Compensation.” The Company will adopt SFAS No. 123R on January 1, 2006, as required by the Securities and Exchange Commission. Although the Company has not yet completed its assessment of adopting SFAS No. 123R, it does not believe that such adoption will significantly affect its earnings, financial position or cash flows since the Company does not use the alternative intrinsic value approach.

3. Acquisitions

Assets acquired and liabilities assumed in business combinations were recorded on the Company’s Combined Balance Sheets as of the respective acquisition dates based upon their estimated fair values at such dates. The results of operations of businesses acquired by the Company have been included in the Company’s Combined Statements of Income since their respective dates of acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed was allocated to goodwill. In certain circumstances, the allocations of the excess purchase price are based upon preliminary estimates and assumptions. Accordingly, the allocations may be subject to revision when the Company receives final information, including appraisals and other analyses. Any revisions to the fair values, which may be significant, will be recorded by the Company as further adjustments to the purchase price allocations. The Company is also in the process of integrating the operations of its acquired businesses and expects to incur costs relating to such integrations. These costs may result from integrating operating systems, relocating employees, closing facilities, reducing duplicative efforts and exiting and consolidating other activities. These costs will be recorded on the

Company's Combined Balance Sheets as adjustments to the purchase price or on the Company's Combined Statements of Income as expenses, as appropriate.

2005 ACQUISITIONS

Wyndham. On October 11, 2005, the Company acquired the franchise and property management business associated with the Wyndham Hotels & Resorts brand for $111 million in cash. The acquisition includes franchise agreements, management contracts and the worldwide rights to the Wyndham brand. This acquisition resulted in goodwill (based on the preliminary allocation of the purchase price) of $20 million, all of which is expected to be deductible for tax purposes. Such goodwill was allocated to the Company's lodging segment. This acquisition also resulted in $85 million of other intangible assets, such as trademarks and franchise agreements. Management believes that this acquisition adds an upscale brand to the Company's lodging portfolio and also represents the Company's entry into hotel property management services.

Other. During 2005, the Company also acquired three other individually non-significant businesses for aggregate consideration of $35 million in cash. The goodwill resulting from the preliminary allocation of the purchase prices of these acquisitions aggregated $21 million, $1 million of which is expected to be deductible for tax purposes. The goodwill was allocated to the vacation exchange and rental ($4 million) and vacation ownership ($17 million) segments. These acquisitions also resulted in $1 million of other intangible assets.

2004 ACQUISITIONS

Two Flags Joint Venture LLC. In 2002, the Company formed Two Flags Joint Venture LLC ("Two Flags") through the contribution of its domestic Days Inn trademark and related license agreements. The Company did not contribute any other assets to Two Flags. The Company then sold 49.9999% of Two Flags to Marriott in exchange for the contribution to Two Flags of the domestic Ramada trademark and related license agreements. The Company retained a 50.0001% controlling equity interest in Two Flags. Both Marriott and the Company had the right, but were not obligated, to cause the sale of Marriott's interest at any time after March 1, 2004 for approximately $200 million, which represented the projected fair market value of Marriott's interest at such time. On April 1, 2004, the Company exercised its right to purchase Marriott's interest in Two Flags for approximately $200 million. In connection with such transaction, the Company assumed a note payable of approximately $200 million, bearing interest at 10%, which was paid in September 2004. As a result, the Company now owns 100% of Two Flags and has exclusive rights to the domestic Ramada and Days Inn trademarks and the related license agreements. Management believes that this acquisition adds a well-known middle market brand to the Company's lodging portfolio.

Pursuant to the terms of the venture, the Company and Marriott shared income from Two Flags on a substantially equal basis. For the period January 1, 2004 through April 1, 2004 (the date on which the Company purchased Marriott's interest) and for the year ended December 31, 2003, the Company recorded pre-tax minority interest expense of $6 million and $25 million, respectively, in connection with Two Flags.

Ramada International. On December 10, 2004, the Company acquired Ramada International, which included the international franchise rights of the Ramada hotel chain for $38 million in cash. The allocation of the purchase price resulted in goodwill of $2 million, all of which is expected to be deductible for tax purposes. Such goodwill was allocated to the Company's lodging segment. This acquisition also resulted in $33 million of other intangible assets. As a result of this acquisition, the Company obtained the worldwide rights to the Ramada trademark and management believes that this acquisition will provide a platform to expand direct franchising internationally.

Landal GreenParks. On May 5, 2004, the Company acquired Landal GreenParks, a Dutch vacation rental company that specializes in the rental of privately-owned vacation homes located in European holiday parks, for $81 million in cash, net of cash acquired of $22 million. As part of this acquisition, the Company also assumed

$78 million of debt. The allocation of the purchase price resulted in goodwill of $56 million, of which $7 million is expected to be deductible for tax purposes. Such goodwill was allocated to the Company's vacation exchange and rental segment. This acquisition also resulted in $41 million of other intangible assets. Management believes that this acquisition offers the Company increased access to both the Dutch and German consumer markets, as well as rental properties in high demand locations.

Canvas Holidays Limited. On October 8, 2004, the Company acquired Canvas Holidays Limited, a tour operator based in Scotland, for $51 million in cash. This acquisition resulted in goodwill of $25 million, none of which is expected to be deductible for tax purposes. Such goodwill was allocated to the Company's vacation exchange and rental segment. This acquisition also resulted in $8 million of other intangible assets. Management believes that this acquisition broadens the Company's product depth in the European vacation market.

Other. During 2004, the Company also acquired one other non-significant business for $8 million in cash. The goodwill resulting from the allocation of the purchase price of this acquisition was $4 million, none of which is expected to be deductible for tax purposes, and was allocated to the vacation exchange and rental segment. This acquisition also resulted in $1 million of other intangible assets.

2003 ACQUISITION

FFD Development Company, LLC. On February 3, 2003, the Company acquired all of the common interests of FFD Development Company, LLC ("FFD") from an independent business trust for $27 million in cash. As part of this acquisition, the Company also assumed $58 million of debt, which was subsequently repaid. The allocation of the purchase price resulted in goodwill of $16 million, none of which is expected to be deductible for tax purposes. Such goodwill was allocated to the Company's vacation ownership segment. FFD was formed prior to the Company's April 2001 acquisition of Fairfield Resorts, Inc. ("Fairfield"), formerly Fairfield Communities, Inc., and was the primary developer of vacation ownership properties for Fairfield.

4. Intangible Assets

Intangible assets consisted of:

	As of December 31, 2005			As of December 31, 2004		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Unamortized Intangible Assets						
Goodwill	$ 2,641			$ 2,629		
Trademarks[(a)]	$ 580			$ 516		
Amortized Intangible Assets						
Franchise agreements[(b)]	$ 573	$ 220	$ 353	$ 564	$ 204	$ 360
Other[(c)]	161	102	59	168	92	76
	$ 734	$ 322	$ 412	$ 732	$ 296	$ 436

(a) Comprised of various tradenames (including the worldwide Wyndham Hotels & Resorts, Ramada, Days Inn, RCI, Landal GreenParks, Fairfield and Trendwest tradenames) that the Company has acquired and which distinguish the Company's consumer services as market leaders. These tradenames are expected to generate future cash flows for an indefinite period of time.

(b) Generally amortized over a period ranging from 20 to 40 years with a weighted average life of 35 years.

(c) Includes customer lists and business contracts, generally amortized over a period ranging from 10 to 20 years with a weighted average life of 14 years.

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The changes in the carrying amount of goodwill are as follows:

	Balance as of January 1, 2005	Goodwill Acquired during 2005	Adjustments to Goodwill Acquired during 2004	Foreign Exchange and Other	Balance as of December 31, 2005
Lodging	$ 213	$ 20(a)	$ 8(d)	$ —	$ 241
Vacation Exchange and Rental	1,111	4(b)	12(e)	(49)(f)	1,078
Vacation Ownership	1,305	17(c)	—	—	1,322
Total Company	$ 2,629	$ 41	$ 20	$ (49)	$ 2,641

(a) Relates to the acquisition of Wyndham (see Note 3—Acquisitions).
(b) Primarily relates to the acquisition of a vacation rental business (March 2005).
(c) Relates to the acquisition of a vacation ownership business (August 2005).
(d) Relates to the acquisition of Ramada International (see Note 3—Acquisitions).
(e) Primarily relates to the acquisition of Landal GreenParks (see Note 3—Acquisitions).
(f) Primarily relates to foreign exchange translation adjustments.

Amortization expense relating to all intangible assets was as follows:

	Year Ended December 31,		
	2005	2004	2003
Franchise agreements	$16	$16	$16
Other	16	15	16
Total (*)	$32	$31	$32

(*) Included as a component of depreciation and amortization on the Company's Combined Statements of Income.

Based on the Company's amortizable intangible assets as of December 31, 2005, the Company expects related amortization expense for the five succeeding fiscal years to approximate $30 million in 2006 and $20 million in each of 2007, 2008, 2009 and 2010.

5. Franchising and Marketing/Reservation Activities

Franchise fee revenue of $434 million, $393 million and $376 million on the Combined Statements of Income for 2005, 2004 and 2003, respectively, includes initial franchise fees of $7 million, $6 million and $7 million, respectively.

As part of the ongoing franchise fees, the Company receives marketing and reservation fees from its lodging franchisees, which generally are calculated based on a specified percentage of gross room revenues. Such fees totaled $189 million, $171 million and $166 million during 2005, 2004 and 2003, respectively, and are recorded within the franchise fees line item on the Combined Statements of Income. As provided for in the franchise agreements and generally at the Company's discretion, all of these fees are to be expended for marketing purposes or the operation of an international, centralized, brand-specific reservation system for the respective franchisees.

The number of franchised lodging outlets in operation by market sector is as follows:

	(Unaudited) As of December 31,		
	2005	2004	2003
Upscale[(a)]	101	—	—
Middle[(b)]	1,634	1,719	1,615
Economy[(c)]	4,613	4,680	4,787
	6,348	6,399	6,402

(a) Comprised of the Wyndham Hotels & Resorts lodging brand, acquired in October 2005.
(b) Comprised of the Wingate Inn, Ramada Worldwide, Howard Johnson and AmeriHost Inn (including Aston) lodging brands.
(c) Comprised of the Days Inn, Super 8, Travelodge and Knights Inn lodging brands.

The number of franchised lodging outlets changed as follows:

	(Unaudited) For the Years Ended December 31,		
	2005	2004	2003
Beginning balance	6,399	6,402	6,513
Additions	458	514	369
Terminations	(509)	(517)	(480)
Ending balance	6,348	6,399	6,402

As of December 31, 2005, there was an insignificant amount of applications awaiting approval for execution of new franchise agreements. Additionally, as of December 31, 2005, there was an insignificant number of franchise agreements pending termination.

In connection with ongoing fees the Company receives from its franchisees pursuant to the franchise agreements, the Company is required to provide certain services, including access to an international, centralized, brand-specific reservation system, advertising, promotional and co-marketing programs, referrals, technology, training and volume purchasing. In order to assist franchisees in converting to one of the Company's brands or in franchise expansion, the Company may also, at its discretion, provide development advances (over the period of the franchise agreement typically ranging from 15 to 20 years) to franchisees who are either new or who are expanding their operations. Provided the franchisee is in compliance with the terms of the franchise agreement, all or a portion of the amount of the development advance may be forgiven by the Company. Otherwise, the related principal is due and payable to the Company. In certain instances, the Company may earn interest on unpaid franchisee development advances, which was not significant during 2005, 2004 or 2003. The amount of such development advances recorded on the Company's Combined Balance Sheets was $21 million at both December 31, 2005 and 2004. These amounts are classified within the other non-current assets line item on the Company's Combined Balance Sheets. During 2005, 2004 and 2003, the Company recorded $2 million, $3 million and $2 million, respectively, of expense related to the forgiveness of these advances. Such amounts are recorded within the operating expense line item on the Company's Combined Statements of Income.

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6. Income Taxes

The income tax provision consists of the following for the year ended December 31:

	2005	2004	2003
Current			
Federal	$ (40)	$154	$ 39
State	(26)	29	20
Foreign	23	20	19
	(43)	203	78
Deferred			
Federal	186	22	115
State	52	5	(5)
Foreign	(2)	4	(2)
	236	31	108
Provision for income taxes	$193	$234	$186

The Company is part of a consolidated group and is included in the Cendant consolidated tax returns. The utilization of the Company's net operating loss carryforwards by other Cendant companies is reflected in the 2005 current provision and, correspondingly, the statement of cash flows.

Pre-tax income for domestic and foreign operations consisted of the following for the year ended December 31:

	2005	2004	2003
Domestic	$541	$493	$ 425
Foreign	80	94	75
Pre-tax income	$621	$587	$ 500

Current and non-current deferred income tax assets and liabilities, as of December 31, are comprised of the following:

	2005	2004
Current deferred income tax assets:		
Accrued liabilities and deferred income	$ 62	$ 42
Provision for doubtful accounts and vacation ownership contract receivables	75	60
Net operating loss carryforwards	18	145
Other	8	2
Valuation allowance(*)	(8)	(12)
Current deferred income tax assets	155	237
Current deferred income tax liabilities:		
Prepaid expenses	3	1
Unamortized servicing rights	5	5
Installment sales of vacation ownership interests	63	46
Current deferred income tax liabilities	71	52
Current net deferred income tax asset	$ 84	$185
Non-current deferred income tax assets:		
Net operating loss carryforwards	$ 30	$ 57
Alternative minimum tax credit carryforward	68	54
Tax basis differences in assets of foreign subsidiaries	117	—
Other	4	5
Valuation allowance(*)	(6)	(5)
Non-current deferred income tax assets	213	111
Non-current deferred income tax liabilities:		
Depreciation and amortization	464	354
Installment sales of vacation ownership interests	475	326
Other	97	119
Non-current deferred income tax liabilities	1,036	799
Non-current net deferred income tax liabilities	$ 823	$688

(*) The valuation allowance of $14 million as of December 31, 2005 primarily relates to state net operating loss carryforwards. The valuation allowance will be reduced when and if the Company determines that the deferred income tax assets are more likely than not to be realized. If determined to be realizable, $1 million of the valuation allowance would reduce goodwill.

As of December 31, 2005, the Company had federal net operating loss carryforwards of $39 million, which primarily expire in 2024. No provision has been made for U.S. federal deferred income taxes on $137 million of accumulated and undistributed earnings of foreign subsidiaries as of December 31, 2005 since it is the present intention of management to reinvest the undistributed earnings indefinitely in those foreign operations. The determination of the amount of unrecognized U.S. federal deferred income tax liability for unremitted earnings is not practicable.

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The Company's effective income tax rate differs from the U.S. federal statutory rate as follows for the year ended December 31:

	2005	2004	2003
Federal statutory rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal tax benefits	2.7	3.8	2.0
Changes in tax basis differences in assets of foreign subsidiaries	(10.1)	—	—
Taxes on foreign operations at rates different than U.S. federal statutory rates	(1.1)	(1.8)	(1.9)
Taxes on repatriated foreign income, net of tax credits	1.8	2.6	1.9
Adjustment of estimated income tax accruals	2.3	0.2	0.6
Other	0.5	0.1	(0.4)
	31.1%	39.9%	37.2%

The decrease in the 2005 effective tax rate is primarily the result of a one-time increase in the tax basis of foreign assets due to a restructuring of the Company's foreign subsidiaries which also created a deferred tax asset during 2005.

The Company's and Cendant's income tax returns are periodically examined by various tax authorities. The Company and Cendant currently are under audit by several tax authorities. In connection with these and future examinations, certain tax authorities, including the Internal Revenue Service ("IRS"), may raise issues and impose additional assessments. The Company and Cendant regularly evaluate the likelihood of additional assessments resulting from these examinations and establish reserves, through the provision for income taxes, for potential amounts that may result therefrom. Such reserves, which are recorded on Cendant's balance sheets as of December 31, 2005 and 2004, are adjusted as information becomes available or when an event requiring a change to the reserve occurs. The resolution of tax matters could have a material impact on the Company's effective tax rate and results of operations.

The Company and Cendant are subject to income taxes in the United States and several foreign jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes and recording related assets and liabilities. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company and Cendant are regularly under audit by tax authorities whereby the outcome of the audits is uncertain. Accruals for tax contingencies are provided for in accordance with the requirements of SFAS No. 5, "Accounting for Contingencies" and are currently maintained on Cendant's balance sheet and will be allocated to the Company upon the separation.

The IRS is currently examining Cendant's taxable years 1998 through 2002 during which the Company was included in Cendant's tax returns. Although Cendant believes it has appropriate support for the positions taken on its tax returns, the Company and Cendant have recorded liabilities representing the best estimates of the probable loss on certain positions. Cendant believes that its accruals for tax liabilities are adequate for all open years, based on assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. Although the Company and Cendant believe the recorded assets and liabilities are reasonable, tax regulations are subject to interpretation and tax litigation is inherently uncertain; therefore, the Company's and Cendant's assessments can involve both a series of complex judgments about future events and rely heavily on estimates and assumptions. While the Company and Cendant believe that the estimates and assumptions supporting the assessments are reasonable, the final determination of tax audits and any other related litigation could be materially different than that which is reflected in historical income tax provisions and recorded assets and liabilities. Based on the results of an audit or litigation, a material effect on the Company's income tax provision, net income, or cash flows in the period or periods for which that determination is made could result.

7. Vacation Ownership Contract Receivables

The Company generates vacation ownership contract receivables by extending financing to the purchasers of VOIs. Current and long-term vacation ownership contract receivables, net as of December 31, consisted of:

	2005	2004
Current vacation ownership contract receivables:		
Securitized	$ 180	$ 157
Other	75	72
	255	229
Less: Allowance for loan losses	(16)	(14)
Current vacation ownership contract receivables, net	$ 239	$ 215
Long-term vacation ownership contract receivables:		
Securitized	$1,198	$1,008
Other	758	656
	1,956	1,664
Less: Allowance for loan losses	(121)	(105)
Long-term vacation ownership contract receivables, net	$1,835	$1,559

Principal payments that are contractually due on the Company's vacation ownership contract receivables during the next twelve months are classified as current on the Company's Combined Balance Sheets. Principal payments due on the Company's vacation ownership contract receivables during each of the five years subsequent to December 31, 2005 and thereafter are as follows:

	Securitized	Other	Total
2006	$ 180	$ 75	$ 255
2007	181	80	261
2008	185	85	270
2009	175	88	263
2010	149	89	238
Thereafter	508	416	924
	$ 1,378	$833	$ 2,211

The average interest rate on outstanding vacation ownership contract receivables was 13.1% and 13.4% as of December 31, 2005 and 2004, respectively.

The activity in the allowance for loan losses on vacation ownership contract receivables is as follows:

	Amount
Allowance for loan losses as of January 1, 2003	$ (72)
Provision for loan losses	(70)
Contract receivables written-off, net	65
Allowance for loan losses as of December 31, 2003	(77)
Provision for loan losses	(86)
Contract receivables written-off, net	44
Allowance for loan losses as of December 31, 2004	(119)
Provision for loan losses	(128)(*)
Contract receivables written-off, net	110
Allowance for loan losses as of December 31, 2005	$ (137)

(*) Includes a $12 million provision associated with estimated losses resulting from the 2005 Gulf Coast hurricanes.

Securitizations

The Company pools qualifying vacation ownership contract receivables and sells them to bankruptcy-remote entities. Vacation ownership contract receivables qualify for securitization based primarily on the credit strength of the VOI purchaser to whom financing has been extended. Prior to September 1, 2003, sales of vacation ownership contract receivables were treated as off-balance sheet sales as the entities utilized were structured as bankruptcy-remote QSPEs pursuant to SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Subsequent to September 1, 2003, newly originated as well as certain legacy vacation ownership contract receivables are securitized through bankruptcy-remote SPEs that are consolidated within the Company's Combined Financial Statements.

On Balance Sheet. Vacation ownership contract receivables securitized through the on-balance sheet, bankruptcy-remote SPEs are consolidated within the Company's Combined Financial Statements (see Note 12—Long-Term Debt and Borrowing Arrangements). The Company continues to service the securitized vacation ownership contract receivables pursuant to servicing agreements negotiated on an arms-length basis based on market conditions. The activities of these bankruptcy-remote SPEs are limited to (i) purchasing vacation ownership contract receivables from the Company's vacation ownership subsidiaries, (ii) issuing debt securities and/or borrowing under a conduit facility to effect such purchases and (iii) entering into derivatives to hedge interest rate exposure. The securitized assets of these bankruptcy-remote SPEs are not available to pay the general obligations of the Company. Additionally, the creditors of these SPEs have no recourse to the Company's general credit. The Company has made representations and warranties customary for securitization transactions, including eligibility characteristics of the receivables and servicing responsibilities, in connection with the securitization of these assets (see Note 13—Commitments and Contingencies). The Company does not recognize gains or losses resulting from these securitizations at the time of sale to the on-balance sheet, bankruptcy-remote SPE. Income is recognized when earned over the contractual life of the vacation ownership contract receivables.

Off Balance Sheet. Certain structures used by the Company to securitize vacation ownership contract receivables prior to September 1, 2003 did not qualify for inclusion in the Company's Combined Financial Statements and, therefore, securitizations through these structures were treated as off-balance sheet sales, with the Company retaining the servicing rights and a subordinated interest. As these securitization facilities are precluded from consolidation pursuant to generally accepted accounting principles, the debt issued by these entities and the collateralizing assets, which are serviced by the Company, are not reflected on the Company's Combined Balance Sheets. However, the retained interest, amounting to $13 million and $40 million as of December 31, 2005 and 2004, respectively, was recorded within other non-current assets on the Company's Combined Balance Sheets. The Company continues to service the securitized vacation ownership contract receivables pursuant to servicing agreements negotiated on an arms-length basis based on market conditions. The assets of these QSPEs are not available to pay the general obligations of the Company. Additionally, the creditors of these QSPEs have no recourse to the Company's general credit. However, the Company has made representations and warranties customary for securitization transactions, including eligibility characteristics of the receivables and servicing responsibilities, in connection with the securitization of these assets (see Note 13—Commitments and Contingencies). Presented below is detailed information as of December 31, 2005 for these QSPEs (to which vacation ownership contract receivables were sold prior to the establishment of the on-balance sheet, bankruptcy-remote SPEs):

	Assets Serviced[(a)]	Funding Capacity	Debt Issued[(b)]	Available Capacity[(c)]
Vacation Ownership QSPEs	$ 89	$ 83	$ 83	$ —

(a) Represents the balance of vacation ownership contract receivables as of December 31, 2005, of which $2 million is 60 days or more past due and which had an average balance of $112 million during 2005. There are no credit losses on securitized vacation ownership contract receivables, since the Company typically has repurchased such receivables from the QSPEs prior to delinquency, although it is not obligated to do so.

(b) Represents term notes.

(c) Subject to maintaining sufficient assets to collateralize debt.

The cash flow activity presented below covers the period up to and including the date of consolidation of the on-balance sheet SPEs in addition to the full year activity between the Company and securitization entities that remain off-balance sheet as of December 31, 2005.

	2005	2004	2003
Proceeds from new securitizations	$—	$ —	$620
Proceeds from collections reinvested in securitizations	—	—	39
Servicing fees received	1	3	10
Other cash flows received on retained interests[(a)]	9	34	28
Purchase of delinquent or foreclosed loans[(b)]	(2)	(19)	(57)
Cash received upon release of reserve account	1	6	12
Purchases of upgraded/defective contracts[(c)]	(8)	(77)	(55)

(a) Represents cash flows received on retained interests other than servicing fees.
(b) The purchase of delinquent or foreclosed vacation ownership contract receivables is primarily at the Company's option and not based on a contractual relationship with the securitization entities.
(c) Represents the purchase of contracts that no longer meet the securitization criteria, primarily due to modifications to the original contract as a result of an upgrade by a current owner.

During 2003, the Company recognized pre-tax gains of $39 million on the securitization of vacation ownership contract receivables through the off-balance sheet, bankruptcy-remote QSPEs (prior to the Company's consolidation thereof on September 1, 2003), which were calculated using the following key economic assumptions: 7-15% prepayment speed; 7.0-7.6 weighted average life (in years); 15% discount rate; and 9.5-13.7% anticipated credit losses. Such gains were recorded within consumer financing on the Company's Combined Statement of Income.

8. Inventory

Inventory, as of December 31, consisted of:

	2005	2004
Land held for VOI development	$ 88	$ 72
VOI construction in process	308	226
Completed inventory and vacation credits	240	227
Total inventory	636	525
Less: Current portion	446	365
Non-current inventory	$190	$160

Inventory that the Company expects to sell within the next twelve months is classified as current on the Company's Combined Balance Sheets.

9. Property and Equipment, net

Property and equipment, net, as of December 31, consisted of:

	2005	2004
Land	$ 138	$ 153
Building and leasehold improvements	288	274
Capitalized software	158	133
Furniture, fixtures and equipment	329	337
Vacation rental property capital leases	118	132
Construction in progress	67	53
	1,098	1,082
Less: Accumulated depreciation and amortization	(380)	(347)
	$ 718	$ 735

During 2005, 2004 and 2003, the Company recorded depreciation and amortization expense of $99 million, $88 million and $75 million, respectively, related to property and equipment.

10. Other Current Assets

Other current assets, as of December 31, consisted of:

	2005	2004
Prepaid expenses	$ 95	$101
Restricted cash	42	44
Other	67	66
	$204	$211

11. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities, as of December 31, consisted of:

	2005	2004
Accrued payroll and related	$105	$ 90
Accrued advertising and marketing	69	59
Accrued other	255	219
	$429	$368

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12. Long-Term Debt and Borrowing Arrangements

Long-term debt as of December 31, consisted of:

	December 31, 2005	December 31, 2004
Securitized vacation ownership debt	$ 1,135	$ 909
Other:		
Vacation ownership asset-linked debt	550	425
Bank borrowings:		
Vacation ownership	113	136
Vacation rental	68	84
Vacation rental capital leases	139	167
Other	37	47
Total long-term debt	2,042	1,768
Less: Current portion	355	290
Long-term debt	$ 1,687	$ 1,478

The Company's outstanding debt as of December 31, 2005 matures as follows:

	Securitized Vacation Ownership Debt	Other	Total
2006	$ 154	$201	$ 355
2007	204	559	763
2008	373	7	380
2009	93	7	100
2010	71	18	89
Thereafter	240	115	355
	$ 1,135	$907	$ 2,042

As debt maturities are based on the contractual payment terms of the underlying vacation ownership contract receivables, actual maturities may differ as a result of prepayments by the vacation ownership contract receivable obligors.

The Company's borrowing arrangements contain various combinations of restrictive covenants, including performance triggers and advance rates linked to the quality of the underlying assets, financial reporting requirements, restrictions on dividends, mergers and changes of control and a requirement that the Company generate at least $400 million of net income before depreciation and amortization, interest expense (other than interest expense relating to securitized vacation ownership borrowings), income taxes and minority interest, determined quarterly for the preceding twelve month period. As of December 31, 2005, the Company was in compliance with all financial covenants of its borrowing arrangements.

As of December 31, 2005, available capacity under the Company's borrowing arrangements was as follows:

	Total Capacity	Outstanding Borrowings	Available Capacity
Securitized vacation ownership debt	$ 1,541	$ 1,135	$ 406
Other:			
Vacation ownership asset-linked debt	600	550	50
Bank borrowings:			
Vacation ownership	132	113	19
Vacation rental	68	68	—
Vacation rental capital leases	139	139	—
Other	37	37	—
	$ 2,517	$ 2,042	$ 475

Securitized Vacation Ownership Debt

As previously discussed in Note 7—Vacation Ownership Contract Receivables, the Company issues debt through the securitization of vacation ownership contract receivables. The debt issued through these securitizations represents fixed rate and floating rate term notes for which the weighted average interest rate was 4.1%, 3.3% and 3.2% for 2005, 2004 and 2003, respectively. The Company also has access to an $800 million bank conduit facility, of which $394 million and $361 million was drawn as of December 31, 2005 and 2004, respectively. This facility bears interest at variable rates and had a weighted average interest rate of 3.2%, 1.4% and 2.0% during 2005, 2004 and 2003, respectively. This debt (including the debt issued under the conduit) is collateralized by $1,515 million of underlying vacation ownership contract receivables and related assets.

Interest expense incurred in connection with the Company's securitized vacation ownership debt amounted to $46 million, $36 million and $10 million during 2005, 2004 and 2003, respectively, and is recorded within the operating expenses line item on the Combined Statements of Income as the Company earns consumer finance income on the related securitized vacation ownership contract receivables.

Other

Vacation Ownership Asset-Linked Debt. The Company borrows under a $600 million asset-linked facility through Cendant to support the creation of certain vacation ownership-related assets and the acquisition and development of vacation ownership properties. This facility expires in May 2007 and bears interest at a rate of LIBOR plus 62.5 basis points. These borrowings are collateralized by $1,305 million of vacation ownership-related assets, consisting primarily of unsecuritized vacation ownership contract receivables and vacation ownership inventory. The weighted average interest rate on these borrowings was 5.1% and 2.6% for 2005 and 2004, respectively.

Vacation Ownership Bank Borrowings. The Company's bank borrowings principally represent $104 million outstanding under foreign credit facilities used to support the Company's vacation ownership operations in the South Pacific. This facility bears interest at Australian Dollar LIBOR plus 60 basis points and had a weighted average interest rate of 6.3% and 3.3% for 2005 and 2004, respectively. These secured borrowings are collateralized by $133 million of underlying vacation ownership contract receivables and related assets.

Vacation Rental Bank Borrowings. As of December 31, 2005 and 2004, the Company had bank debt outstanding of $68 million and $84 million, respectively, which was assumed in connection with the Company's acquisition of Landal GreenParks during 2004 and was subsequently refinanced. The bank debt is collateralized by $117 million of land and related vacation rental assets and had a weighted average interest rate of 3.0% for both 2005 and 2004.

Vacation Rental Capital Leases. The Company leases vacation homes located in European holiday parks as part of its vacation exchange and rental business. These leases are recorded as capital lease obligations under generally accepted accounting principles with corresponding assets classified within property, plant and equipment on the Combined Balance Sheets. The vacation rental capital lease obligations had a weighted average interest rate of 7.5% for both 2005 and 2004.

Other. The Company also maintains other debt facilities which arise through the ordinary course of operations. This debt principally reflects $18 million of borrowings under a foreign unsecured credit facility and $11 million of mortgage borrowings related to an office building.

Interest expense incurred in connection with the Company's other debt amounted to $36 million, $38 million and $11 million during 2005, 2004 and 2003, respectively, and is recorded within the interest expense (income) line item on the Combined Statements of Income.

13. Commitments and Contingencies

COMMITMENTS

Leases

The Company is committed to making rental payments under noncancelable operating leases covering various facilities and equipment. Future minimum lease payments required under noncancelable operating leases as of December 31, 2005 are as follows:

Year	Amount
2006	$ 30
2007	23
2008	16
2009	13
2010	11
Thereafter	12
	$ 105

During 2005, 2004 and 2003, the Company incurred total rental expense of $55 million, $48 million and $43 million, respectively.

Purchase Commitments

In the normal course of business, the Company makes various commitments to purchase goods or services from specific suppliers, including those related to vacation ownership resort development and other capital expenditures. None of the purchase commitments made by the Company as of December 31, 2005 (aggregating $349 million) were individually significant; the majority relate to commitments for the development of vacation ownership properties (aggregating $233 million, of which $219 million relates to 2006).

Letters of credit

As of December 31, 2005 and December 31, 2004, the Company had $44 million and $16 million, respectively, of irrevocable letters of credit outstanding, which mainly support development activity at the Company's vacation ownership business.

LITIGATION

The Company is involved in claims, legal proceedings and governmental inquiries related to contract disputes, business practices, intellectual property, environmental issues and other commercial, employment and tax matters. Such matters include, but are not limited to, allegations that (i) the Company's Fairfield subsidiary violated alleged duties to members of its internal vacation exchange program through changes made to its reservations and availability policies, which changes diminished the value of vacation ownership interests purchased by members; (ii) its TripRewards loyalty program infringes on third-party patents; (iii) the Company's RCI Points exchange program, a global points-based exchange network that allows members to redeem points, is an unlicensed travel club and the unregistered sales of memberships in that program violate the Alberta Fair Trading Act and (iv) the Company's vacation ownership business alleged failure to perform its duties arising under its management agreements, as well as for construction defects and inadequate maintenance, which claims are made by property owners' associations from time to time.

The Company believes that it has adequately accrued for such matters with a reserve of approximately $28 million, or, for matters not requiring accrual, believes that such matters will not have a material adverse effect on its results of operations, financial position or cash flows based on information currently available. However, litigation is inherently unpredictable and, although the Company believes that its accruals are adequate and/or that it has valid defenses in these matters, unfavorable resolutions could occur. As such, an adverse outcome from such unresolved proceedings for which claims are awarded in excess of the amounts accrued, if any, could be material to the Company with respect to earnings or cash flows in any given reporting period. However, the Company does not believe that the impact of such unresolved litigation should result in a material liability to the Company in relation to its combined financial position or liquidity.

GUARANTEES/INDEMNIFICATIONS

Standard Guarantees/Indemnifications

In the ordinary course of business, the Company enters into numerous agreements that contain standard guarantees and indemnities whereby the Company indemnifies another party for breaches of representations and warranties. In addition, many of these parties are also indemnified against any third-party claim resulting from the transaction that is contemplated in the underlying agreement. Such guarantees and indemnifications are granted under various agreements, including those governing (i) purchases, sales or outsourcing of assets or businesses, (ii) leases of real estate, (iii) licensing of trademarks, (iv) development of vacation ownership properties, (v) access to credit facilities and use of derivatives and (vi) issuances of debt securities. The guarantees and indemnifications issued are for the benefit of the (i) buyers in sale agreements and sellers in purchase agreements, (ii) landlords in lease contracts, (iii) franchisees in licensing agreements, (iv) developers in vacation ownership development agreements, (v) financial institutions in credit facility arrangements and derivative contracts and (vi) underwriters in debt security issuances. While some of these guarantees and indemnifications extend only for the duration of the underlying agreement, many survive the expiration of the term of the agreement or extend into perpetuity (unless subject to a legal statute of limitations). There are no specific limitations on the maximum potential amount of future payments that the Company could be required to make under these guarantees and indemnifications, nor is the Company able to develop an estimate of the maximum potential amount of future payments to be made under these guarantees and indemnifications as the triggering events are not subject to predictability. With respect to certain of the aforementioned guarantees and indemnifications, such as indemnifications of landlords against third-party claims for the use of real estate property leased by the Company, the Company maintains insurance coverage that mitigates any potential payments to be made.

Other Guarantees/Indemnifications

In the normal course of business, the Company's vacation ownership business provides guarantees to certain owners' associations for funds required to operate and maintain vacation ownership properties in excess of assessments collected from owners of the vacation ownership interests. The Company may be required to fund such excess as a result of unsold Company-owned vacation ownership interests or failure by owners to pay such assessments. These guarantees extend for the duration of the underlying subsidy agreements (which generally approximate one year and are renewable on an annual basis) or until a stipulated percentage (typically 80% or higher) of related vacation ownership interests are sold. The maximum potential future payments that the Company could be required to make under these guarantees was approximately $175 million as of December 31, 2005. The Company would only be required to pay this maximum amount if none of the owners assessed paid their assessments. Any assessments collected from the owners of the vacation ownership interests would reduce the maximum potential amount of future payments to be made by the Company. Additionally, should the Company be required to fund the deficit through the payment of any owners' assessments under these guarantees, the Company would be permitted access to the property for its own use and may use that property to engage in revenue-producing activities, such as marketing or rental. Historically, the Company has not been required to make material payments under these guarantees, as the fees collected from owners of vacation ownership interests have been sufficient to support the operation and maintenance of the vacation ownership properties. As of December 31, 2005, the liability recorded by the Company in connection with these guarantees was $11 million.

14. Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income are as follows:

	Currency Translation Adjustments	Unrealized Gains on Cash Flow Hedges, Net	Accumulated Other Comprehensive Income/(Loss)
Balance, January 1, 2003, net of tax of $(1)	$ 96	$ —	$ 96
Current period change	84	—	84
Balance, December 31, 2003, net of tax of $5	180	—	180
Current period change	33	1	34
Balance, December 31, 2004, net of tax of $39	213	1	214
Current period change	(106)	—	(106)
Balance, December 31, 2005, net of tax of $57	$ 107	$ 1	$ 108

15. Stock-Based Compensation

As of December 31, 2005, all equity awards (stock options and restricted stock units ("RSUs")) held by Company employees were granted by Cendant in Cendant common stock. At the time of separation, Cendant anticipates equitably adjusting a portion of its outstanding equity awards and, as a result, the Company expects to grant one equity award in Wyndham Worldwide common stock for every five equity awards outstanding in Cendant common stock.

CENDANT STOCK-BASED COMPENSATION PLANS

Stock Options

Stock options granted by Cendant to its employees generally have a ten-year term, and those granted prior to 2004 vest ratably over periods ranging from two to five years. In 2004, Cendant adopted performance and time vesting criteria for stock option grants. The predetermined performance criteria determine the number of options that will ultimately vest and are based on the growth of Cendant's earnings and cash flows over the vesting period of the respective award. The number of options that will ultimately vest may range from 0% to 200% of the base award. Vesting occurs over a four-year period, but cannot exceed 25% of the base award in each of the three years following the grant date. Cendant's policy is to grant options with exercise prices at then-current fair market value.

The annual activity of Cendant's common stock option plans for Cendant employees consisted of (in millions, except per share amounts):

	2005		2004		2003	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance at beginning of year	151	$ 17.83	188	$ 17.21	237	$ 16.23
Granted at fair market value[(a)]	1	20.38	1	23.12	1	13.40
Granted in connection with acquisitions	—	—	2	15.60	1	15.02
Granted in connection with PHH spin-off[(b)]	6	*	—	—	—	—
Exercised	(24)	11.35	(38)	14.61	(40)	10.77
Forfeited	(5)	20.23	(2)	19.33	(11)	19.45
Balance at end of year	129	$ 18.09	151	$ 17.83	188	$ 17.21

(*) Not meaningful.

(a) In 2005 and 2004, the stated value reflects the maximum number of options assuming achievement of all performance and time vesting criteria.

(b) As a result of the January 2005 distribution of PHH Corporation by Cendant, the closing price of Cendant common stock was adjusted downward by $1.10 on January 31, 2005. Additionally, Cendant granted incremental options to achieve a balance of 1.04249 options outstanding subsequent to the spin-off for each option outstanding prior to the spin-off. The exercise price of each option was also adjusted downward by a proportionate value.

The table below summarizes information regarding Cendant's outstanding and exercisable stock options as of December 31, 2005:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$0.01 to $10.00	26	3.5	$ 9.15	26	$ 9.15
$10.01 to $20.00	64	3.8	17.10	63	17.15
$20.01 to $30.00	25	3.1	22.95	24	23.08
$30.01 to $40.00	14	1.9	30.93	13	30.93
	129[(*)]	3.4	$ 18.09	126	$ 18.10

(*) As of December 31, 2005, approximately 15 million of the total options outstanding in Cendant common stock related to options granted to employees of the Company.

As discussed above, a portion of the total outstanding options granted by Cendant as of the date of the separation will be equitably adjusted, including options that were granted to Company employees as well as options that were granted to other Cendant employees who are not employed by the Company. Based upon the current anticipated distribution ratio of five to one, as of December 31, 2005, the Company would have expected to issue approximately 26 million options at the date of separation in connection with Cendant's equitable adjustment.

The weighted-average grant-date fair value of Cendant common stock options granted in the normal course of business during 2005, 2004 and 2003 was $5.89, $6.90 and $5.19, respectively. The weighted-average grant-date fair value of Cendant common stock options granted in connection with acquisitions made during 2004 and 2003 was $9.49 and $3.89, respectively. No options were granted in connection with acquisitions made in 2005. The fair values of these stock options are estimated on the dates of grant using the Black-Scholes option-pricing model with the following weighted average assumptions for Cendant common stock options granted in 2005, 2004 and 2003:

	2005	2004	2003
Dividend yield	1.7%	1.5%	—
Expected volatility	30.0%	30.0%	49.0%
Risk-free interest rate	3.8%	4.0%	2.4%
Expected holding period (years)	5.5	5.5	3.6

Restricted Stock Units

RSUs granted by Cendant entitle the employee to receive one share of Cendant common stock upon vesting. RSUs granted in 2003 vest ratably over a four-year term. Subsequently, Cendant adopted performance and time vesting criteria for RSU grants. The predetermined performance criteria determine the number of RSUs that will ultimately vest and are based on the growth of Cendant's earnings and cash flows over the vesting period of the respective award. The number of RSUs that will ultimately vest may range from 0% to 200% of the base award. Vesting occurs over a four year period, but cannot exceed 25% of the base award in each of the three years following the grant date. The annual activity related to Cendant's RSU plan for Cendant employees consisted of (in millions, except per share amounts):

	2005		2004		2003	
	Number of RSUs	Weighted Average Grant Price	Number of RSUs	Weighted Average Grant Price	Number of RSUs	Weighted Average Grant Price
Balance at beginning of year	16	$ 20.85	6	$ 13.98	—	$ —
Granted at fair market value[(a)]	14	20.19	13	23.16	6	13.98
Granted in connection with PHH spin-off[(b)]	1	*	—	—	—	—
Vested	(3)	19.48	(2)	13.97	—	—
Canceled	(5)	20.90	(1)	17.02	—	—
Balance at end of year	23[(c)]	$ 20.65	16	$ 20.85	6	$ 13.98

(*) Not meaningful.
(a) In 2005 and 2004, reflects the maximum number of RSUs assuming achievement of all performance and time vesting criteria.
(b) As a result of the January 2005 spin-off of PHH Corporation by Cendant, the closing price of Cendant common stock was adjusted downward by $1.10 on January 31, 2005. In order to provide an equitable adjustment to holders of its RSUs, Cendant granted incremental RSUs to achieve a balance of 1.0477 RSUs outstanding subsequent to the spin-off for each RSU outstanding prior to the spin-off.
(c) As of December 31, 2005, approximately 7 million of the total RSUs outstanding are related to RSUs granted to employees of the Company.

As discussed above, the total outstanding RSUs granted by Cendant as of the date of the separation will be equitably adjusted, including RSUs that were granted to Company employees as well as RSUs that were granted to other Cendant employees who are not employed by the Company. Based upon the current anticipated distribution ratio, as of December 31, 2005, the Company would have expected to issue approximately three million RSUs at the date of separation in connection with Cendant's equitable adjustment.

STOCK-BASED COMPENSATION EXPENSE ALLOCATED TO THE COMPANY

During 2005, 2004 and 2003, Cendant allocated pre-tax stock-based compensation expense of $16 million, $13 million and $4 million, respectively, to the Company. Such compensation expense relates only to the options and RSUs that were granted by Cendant to the Company's employees subsequent to January 1, 2003. The allocation was based on the estimated number of options and RSUs Cendant believed it would ultimately provide and the underlying vesting period of the award. As Cendant measured its stock-based compensation expense using the intrinsic value method during the periods prior to January 1, 2003, Cendant did not recognize compensation expense upon the issuance of equity awards to its employees. Therefore, the Company was not allocated compensation expense for options that were granted by Cendant to the Company's employees prior to January 1, 2003 (there were no RSUs granted prior to January 1, 2003). See Note 2—Summary of Significant Accounting Policies for more information regarding Cendant's accounting policy for stock-based compensation.

Presented below is the effect on net income for 2004 and 2003 had compensation expense been recognized by Cendant and allocated to the Company for options that were granted prior to January 1, 2003:

	Year Ended December 31,	
	2004	2003
Reported net income	$349	$299
Add back: Stock-based employee compensation expense included in reported net income, net of tax	8	2
Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of tax	(8)	(12)
Pro forma net income	$349	$289

As of January 1, 2005, there were no outstanding awards for which stock-based compensation expense is not reflected within reported net income; accordingly, pro forma information is not presented subsequent to December 31, 2004.

16. Employee Benefit Plans

Cendant sponsors a domestic defined contribution savings plan that provides certain eligible employees of the Company an opportunity to accumulate funds for retirement. The Company matches the contributions of participating employees on the basis specified by the plan. In addition, Cendant and the Company sponsor several foreign employee benefit plans, which were acquired with certain businesses within vacation exchange and rental, which provide eligible employees within the vacation exchange and rental business an opportunity to accumulate funds for retirement. The Company's cost for these plans was $16 million, $15 million and $12 million during 2005, 2004 and 2003, respectively.

17. Financial Instruments

Risk Management

Following is a description of the Company's risk management policies:

Foreign Currency Risk

The Company uses foreign currency forward contracts to manage its exposure to changes in foreign currency exchange rates associated with its foreign currency denominated receivables, forecasted earnings of foreign subsidiaries and forecasted foreign currency denominated vendor costs. The Company primarily hedges its foreign currency exposure to the British pound, Euro and Canadian dollar. The majority of forward contracts utilized by the Company does not qualify for hedge accounting treatment under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The fluctuations in the value of these forward contracts do, however, largely offset the impact of changes in the value of the underlying risk that they are intended to economically hedge. Forward contracts that are used to hedge certain forecasted disbursements and receipts up to

18 months are designated and do qualify as cash flow hedges. The amount of gains or losses reclassified from other comprehensive income to earnings resulting from ineffectiveness or from excluding a component of the forward contracts' gain or loss from the effectiveness calculation for cash flow hedges during 2005, 2004 and 2003 was not material. The impact of these forward contracts was not material to the Company's results of operations or financial position, nor is the amount of gains or losses the Company expects to reclassify from other comprehensive income to earnings over the next 12 months.

Interest Rate Risk

The debt used to finance much of the Company's operations is also exposed to interest rate fluctuations. The Company uses various hedging strategies and derivative financial instruments to create a desired mix of fixed and floating rate assets and liabilities. Derivative instruments currently used in these hedging strategies include swaps and interest rate caps.

The derivatives used to manage the risk associated with the Company's floating rate debt include freestanding derivatives and derivatives designated as cash flow hedges. In connection with its qualifying cash flow hedges, the Company recorded net pre-tax gains of $5 million and $2 million during 2005 and 2004, respectively, to other comprehensive income. Such amounts were insignificant in 2003. The pre-tax amount of gains reclassified from other comprehensive income to earnings resulting from ineffectiveness or from excluding a component of the derivatives' gain or loss from the effectiveness calculation for cash flow hedges was $5 million during 2005. Such gains or losses were insignificant in 2004 and 2003. The amount of losses the Company expects to reclassify from other comprehensive income to earnings during the next 12 months is not material. These freestanding derivatives had a nominal impact on the Company's results of operations in 2005, 2004 and 2003.

Credit Risk and Exposure

The Company is exposed to counterparty credit risk in the event of nonperformance by counterparties to various agreements and sales transactions. The Company manages such risk by evaluating the financial position and creditworthiness of such counterparties and by requiring collateral in instances in which financing is provided. The Company mitigates counterparty credit risk associated with its derivative contracts by monitoring the amounts at risk with each counterparty to such contracts, periodically evaluating counterparty creditworthiness and financial position, and where possible, dispersing its risk among multiple counterparties.

As of December 31, 2005, there were no significant concentrations of credit risk with any individual counterparty or groups of counterparties. However, approximately 24% of the Company's outstanding vacation ownership contract receivables portfolio relates to customers who reside in California. With the exception of the financing provided to customers of its vacation ownership businesses, the Company does not normally require collateral or other security to support credit sales.

Market Risk

The Company is subject to risks relating to the geographic concentrations of (i) areas in which the Company is currently developing and selling vacation ownership properties, (ii) sales offices in certain vacation areas and (iii) customers of the Company's vacation ownership business; which in each case, may result in the Company's results of operations being more sensitive to local and regional economic conditions and other factors, including competition, natural disasters and economic downturns, than the Company's results of operations would be absent such geographic concentrations. Local and regional economic conditions and other factors may differ materially from prevailing conditions in other parts of the world. Florida, Nevada and California are examples of areas with concentrations of sales offices. For the twelve months ended December 31, 2005, approximately 14%, 14% and 12% of the Company's VOI sales revenue was generated in sales offices located in Florida, Nevada and California, respectively.

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Approximately 10%, 11% and 10% of net revenue included within the Company's Combined Statements of Income was generated from transactions in the state of Florida in 2005, 2004 and 2003, respectively.

FAIR VALUE

The fair value of financial instruments is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques, as appropriate. The carrying amounts of cash and cash equivalents, restricted cash, trade receivables, accounts payable and accrued expenses and other current liabilities approximate fair value due to the short-term maturities of these assets and liabilities. The carrying amounts and estimated fair values of all other financial instruments as of December 31, are as follows:

	2005		2004	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Vacation ownership contract receivables, net	$ 2,074	$ 2,074	$ 1,774	$ 1,774
Debt				
Total debt	2,042	2,036	1,768	1,755
Derivatives(*)				
Foreign exchange forwards	1	1	2	2
Interest rate swaps and caps	4	4	—	—

(*) Derivative instruments in gain positions.

18. Segment Information

The reportable segments presented below represent the Company's operating segments for which separate financial information is available and which are utilized on a regular basis by its chief operating decision maker to assess performance and to allocate resources. In identifying its reportable segments, the Company also considers the nature of services provided by its operating segments. Management evaluates the operating results of each of its reportable segments based upon revenue and "EBITDA," which is defined as net income before depreciation and amortization, interest (excluding interest on securitized vacation ownership debt), income taxes and minority interest, each of which is presented on the Company's Combined Statements of Income. The Company's presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

YEAR ENDED DECEMBER 31, 2005

	Lodging	Vacation Exchange and Rental	Vacation Ownership	Corporate and Other[(b)]	Total
Net revenues[(a)]	$ 533	$ 1,067	$ 1,874	$ (4)	$3,470
EBITDA	197	279	283	(13)	746
Depreciation and amortization	27	72	31	1	131
Segment assets	1,797	2,362	5,026	(21)	9,164
Capital expenditures	19	58	56	1	134

YEAR ENDED DECEMBER 31, 2004

	Lodging	Vacation Exchange and Rental	Vacation Ownership	Corporate and Other[(b)]	Total
Net revenues[(a)]	$ 443	$ 921	$ 1,661	$ (11)	$3,014
EBITDA	189	286	265	(21)	719
Depreciation and amortization	26	63	30	—	119
Segment assets	1,528	2,378	4,307	130	8,343
Capital expenditures	15	47	49	5	116

YEAR ENDED DECEMBER 31, 2003

	Lodging	Vacation Exchange and Rental	Vacation Ownership	Corporate and Other[(b)]	Total
Net revenues[(a)]	$ 410	$ 726	$ 1,526	$ (10)	$2,652
EBITDA	153	220	251	(22)	602
Depreciation and amortization	26	51	30	—	107
Capital expenditures	13	33	56	—	102

(a) Transactions between segments are recorded at fair value and eliminated in consolidation. Inter-segment net revenues were not significant to the net revenues of any one segment.
(b) Includes the elimination of transactions between segments.

Provided below is a reconciliation of EBITDA to income before income taxes and minority interest.

	Year Ended December 31, 2005	2004	2003
EBITDA	$ 746	$ 719	$ 602
Depreciation and amortization	131	119	107
Interest expense (income), net	(6)	13	(5)
Income before income taxes and minority interest	$ 621	$ 587	$ 500

The geographic segment information provided below is classified based on the geographic location of the Company's subsidiaries.

	United States	United Kingdom	All Other Countries	Total
2005				
Net revenues	$2,712	$ 211	$ 547	$3,470
Total assets	7,414	1,102	648	9,164
Net property and equipment	322	50	346	718
2004				
Net revenues	$2,385	$ 174	$ 455	$3,014
Total assets	6,356	1,237	750	8,343
Net property and equipment	285	61	389	735
2003				
Net revenues	$2,208	$ 155	$ 289	$2,652

19. Related Party Transactions

DIVIDENDS TO CENDANT AND OTHER CAPITAL TRANSACTIONS

During 2005, the Company made cash dividend payments of $59 million to Cendant, which was recorded as a reduction of invested equity on the Company's Combined Balance Sheet. In connection with dispositions of various entities by Cendant during 2005, the Company eliminated all intercompany balances due to such entities. Accordingly, the Company recorded a non-cash increase of $88 million to invested equity on its Combined Balance Sheet during 2005. Also, during 2004 and 2003, the Company received capital contributions of $13 million and $40 million, respectively, from Cendant.

DUE FROM CENDANT, NET

The following table summarizes related party transactions occurring between the Company and Cendant:

	2005	2004	2003
Due from Cendant, beginning balance	$ 661	$ 577	$174
Corporate-related functions	(88)	(79)	(77)
Income taxes, net	63	(181)	(79)
Net interest earned on amounts due from and to Cendant	30	16	8
Advances to Cendant, net	460	328	551
	465	84	403
Due from Cendant, ending balance	$1,126	$ 661	$577

Corporate-Related Functions

The Company is allocated general corporate overhead expenses from Cendant for corporate-related functions based on a percentage of the Company's forecasted revenues. General corporate overhead expense allocations include executive management, tax, accounting, financial systems management, legal, treasury and cash management, certain employee benefits and real estate usage for common space. During 2005, 2004 and 2003, the Company was allocated $36 million, $30 million and $29 million, respectively, of general corporate expenses from Cendant, which are included within the general and administrative expenses line item on the Combined Statements of Income.

Cendant also incurs certain expenses on behalf of the Company. These expenses, which directly benefit the Company, are allocated to the Company based upon the Company's actual utilization of the services. Direct allocations include costs associated with insurance, information technology, revenue franchise audit, telecommunications and real estate usage for Company-specific space. During 2005, 2004 and 2003, the Company was allocated $52 million, $49 million and $48 million, respectively, of expenses directly benefiting the Company, which are included within the general and administrative and operating expense line items on the Combined Statements of Income.

The Company believes the assumptions and methodologies underlying the allocations of general corporate overhead and direct expenses from Cendant are reasonable. However, such expenses are not indicative of, nor is it practical or meaningful for the Company to estimate for all historical periods presented, the actual level of expenses that would have been incurred had the Company been operating as a separate, stand-alone public company.

Related Party Agreements

The Company conducts the following business activities, including among others, with Cendant's other business units or newly separated companies, as applicable, (i) provision of access to hotel accommodation and vacation exchange and rental inventory to be distributed through Travelport; (ii) utilization of employee relocation services, including relocation policy management, household goods moving services and departure and destination real estate related services; (iii) utilization of commercial real estate brokerage services, such as transaction management, acquisition and disposition services, broker price opinions, renewal due diligence and portfolio review; (iv) utilization of corporate travel management services of Travelport; and (v) designation of Cendant's car rental brands, Avis and Budget, as the exclusive primary and secondary suppliers, respectively, of car rental services for the Company's employees. The majority of the related party agreement transactions were settled in cash.

Income Taxes, net

As discussed in Note 2—Summary of Significant Accounting Policies, the Company is included in the consolidated federal and state income tax returns of Cendant. The net income tax payable to Cendant approximated $703 million and $766 million as of December 31, 2005 and 2004, respectively, and is recorded as a component of the due from Cendant, net line item on the Combined Balance Sheets.

Net Interest Earned on Amounts Due from and to Cendant and Advances to Cendant, net

Also in the ordinary course of business, Cendant sweeps cash from the Company's bank accounts and the Company maintains certain balances due to or from Cendant. Inclusive of unpaid corporate allocations, the Company had net amounts due from Cendant, exclusive of income taxes, totaling $1,829 million and $1,427 million as of December 31, 2005 and 2004, respectively. Certain of the advances between the Company and Cendant are interest-bearing. In connection with the interest-bearing balances, the Company recorded net interest income of $30 million, $16 million and $8 million during 2005, 2004 and 2003, respectively.

20. Selected Quarterly Financial Data—(unaudited)

Provided below is selected unaudited quarterly financial data for 2005 and 2004.

	2005			
	First	Second	Third	Fourth
Net revenues				
Lodging	$112	$ 129	$148	$ 144
Vacation Exchange and Rental	286	263	283	235
Vacation Ownership	400	473	520	481
Corporate and Other[(a)]	(4)	2	(3)	1
	$794	$ 867	$948	$ 861
EBITDA				
Lodging	$ 40	$ 47	$ 65	$ 45
Vacation Exchange and Rental	85	58	94	42
Vacation Ownership	40	76	79	88
Corporate and Other[(a)]	(7)	1	(6)	(1)
	158	182	232	174
Less: Depreciation and amortization	32	33	33	33
Interest expense (income), net	2	1	(2)	(7)
Income before income taxes and minority interest	124	148	201	148
Provision for income taxes	(5)	59	80	59
Net income[(b)]	$129	$ 89	$121	$ 89

	2004			
	First	Second	Third	Fourth
Net revenues				
Lodging	$ 93	$ 116	$132	$ 102
Vacation Exchange and Rental	240	216	247	218
Vacation Ownership	377	410	454	420
Corporate and Other[(a)]	(3)	(3)	(3)	(2)
	$707	$ 739	$830	$ 738
EBITDA				
Lodging	$ 33	$ 59	$ 59	$ 38
Vacation Exchange and Rental	91	66	81	48
Vacation Ownership	43	63	81	78
Corporate and Other[(a)]	(6)	(4)	(4)	(7)
	161	184	217	157
Less: Depreciation and amortization	26	29	31	33
Interest expense (income), net	(2)	8	5	2
Income before income taxes and minority interest	137	147	181	122
Provision for income taxes	55	59	72	48
Minority interest, net of tax	3	—	—	1
Net income	$ 79	$ 88	$109	$ 73

(a) Includes the elimination of transactions between segments.

(b) Net income for the fourth quarter includes costs incurred to combine the operations of the Company's vacation exchange and rental business of $14 million.

21. Subsequent Events

Separation from Cendant (Unaudited)

On October 23, 2005, Cendant's Board of Directors preliminarily approved a plan to separate Cendant into four independent, publicly traded companies—one for each of Cendant's Hospitality Services (including Timeshare Resorts), Real Estate Services, Travel Distribution Services and Vehicle Rental businesses. In connection with the Company's separation, the Company expects to borrow $1,280 million of debt, which is not reflected within the Combined Financial Statements. Approximately $550 million of the proceeds received in connection with these borrowings is expected to be utilized by Cendant to repay $550 million of borrowings outstanding under the existing asset-linked facility relating to certain of the Company's assets, while the remaining proceeds ($730 million) are expected to be transferred to Cendant solely for the purpose of permitting Cendant to repay certain indebtedness.

Additionally, pursuant to the Separation and Distribution Agreement, upon distribution of the Company's common stock to Cendant stockholders, the Company is expected to be allocated 30% of certain Cendant corporate assets and assume and be responsible for 30% of certain Cendant contingent and other corporate liabilities, including those relating to unresolved tax and legal matters (none of which are reflected within the Combined Financial Statements). Realogy Corporation and Travelport Inc., both of which also are expected to be distributed to Cendant's stockholders as part of the separation plan, are expected to assume and be responsible for 50% and 20%, respectively, of these assets and liabilities. The actual amount that the Company may be required to pay under these arrangements could vary depending upon the outcome of any unresolved matters, which may not be resolved for several years, and if any of the other parties responsible for such liabilities were to default in its payment of costs or expenses related to any such liability.

Certain lawsuits are currently outstanding against Cendant, some of which relate to accounting irregularities arising from some of the CUC International, Inc. ("CUC") business units acquired when HFS Incorporated merged with CUC to form Cendant. While Cendant has settled many of the principal lawsuits relating to the accounting irregularities, these settlements do not encompass all litigation associated with it. Cendant and the Company do 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 or other proceedings for which the Company has assumed liability under the separation agreements could be material to the Company's earnings or cash flows in any given reporting period.

Potential Sale of Travelport (Unaudited)

On April 24, 2006, Cendant announced a modification to its previously announced separation plan. In addition to pursuing its original plan to distribute the shares of common stock of Travelport, the Cendant subsidiary that will hold the assets and liabilities associated with Cendant's Travel Distribution Services businesses, to Cendant stockholders, Cendant is also exploring the possible sale of Travelport.

Unless and until Cendant enters into a definitive agreement for a sale of Travelport and such a sale is completed, the implications of a sale on the Company's separation from Cendant cannot be fully determined. However, if Cendant were to sell Travelport, the terms of the Company's separation from Cendant would be impacted. It is currently anticipated that if there were a sale of Travelport, the net cash proceeds from the sale would be utilized in part to reduce and/or repay the indebtedness anticipated to be incurred by the Company in connection with the separation and utilized to satisfy certain outstanding Cendant corporate indebtedness. The amount and timing of such reduction and/or repayment would depend, in large part, on the timing of any sale of Travelport and on the amount of proceeds realized in such a sale.

In addition, if a sale of Travelport were to occur, the Company expects that such sale would affect the allocation among the Company, Cendant, Realogy and Travelport of Cendant's assets, liabilities and obligations attributable to periods prior to the Company's separation from Cendant. There can be no assurance that a sale of

Travelport will be completed or as to the terms of any such sale. If a sale is not completed, Cendant expects to pursue its original plan to distribute the shares of common stock of Travelport to Cendant stockholders. Upon a sale of Travelport, certain Cendant assets and liabilities may be allocated only to the Company and Realogy. Although the Company does not currently expect the terms of any commercial arrangements, including any short-term transition arrangements, to be affected by a potential sale of Travelport, there can be no assurance that this will be the case.

Acquisition of Baymont Inn & Suites

On April 7, 2006, the Company completed the previously announced acquisition of the Baymont Inn & Suites brand and system of 115 independently owned franchised properties for approximately $60 million in cash. In addition, in April 2006, following the closing of the acquisition, the Company announced its intent to consolidate the AmeriHost-branded properties with its newly acquired Baymont-branded properties to create a more significant midscale brand.

Annex A

OPINION OF EVERCORE GROUP L.L.C.

Annex B

OPINION OF DUFF & PHELPS, LLC

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May 11, 2006

VIA EDGAR

Division of Corporation Finance
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

RE: Wyndham Worldwide
Registration Statement on Form 10 Filed May 11, 2006

Dear Sir or Madam:

Our client, Wyndham Worldwide Corporation, a Delaware corporation ("Wyndham Worldwide"), has submitted for filing under the Securities Exchange Act of 1934, as amended, a registration statement on Form 10 in connection with the proposed distribution to stockholders of Cendant Corporation ("Cendant") of all of the shares of Wyndham Worldwide's common stock. This filing is the second registration statement filed in connection with Cendant's plan to separate into four, independent public companies. Wyndham Worldwide's current affiliate, Realogy Corporation ("Realogy"), initially filed its registration statement on Form 10 on April 3, 2006 and filed an amendment to the Form 10 on May 9, 2006.

We wanted to take this opportunity to inform the staff of the Securities and Exchange Commission (the "Staff") that common disclosures (other than business-specific disclosure) in the information statement filed as an exhibit to Wyndham Worldwide's Form 10 are substantially the same as the corresponding disclosures included in Realogy's information statement. In light of this and with a view toward simplifying and expediting the Wyndham Worldwide review process, Wyndham Worldwide has addressed in its information statement the applicable comments that Realogy received from the Staff in the comment letter, dated April 28, 2006, from Michael McTiernan, Esq. We look forward to working with you in connection with the review of Wyndham Worldwide's Form 10. If you have any questions, please feel free to contact me at (212) 735-3688.

Sincerely,

/s/ Daniel E. Wolf
Daniel E. Wolf

cc: Scott G. McLester
Wyndham Worldwide Corporation
Executive Vice President and General Counsel
Seven Sylvan Way
Parsippany, New Jersey 07054

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