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

Form 10-Q

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2011

OR

□ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 001-32876

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.)*
22 Sylvan Way **Parsippany, New Jersey** *(Address of principal executive offices)*	**07054** *(Zip Code)*

(973) 753-6000
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No □

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No □

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer □	Non-accelerated filer □ (Do not check if a smaller reporting company)	Smaller reporting company □

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes □ No ☑

The number of shares outstanding of the issuer's common stock was 164,091,411 shares as of June 30, 2011.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Wyndham Worldwide Corporation
Parsippany, New Jersey

We have reviewed the accompanying consolidated balance sheet of Wyndham Worldwide Corporation and subsidiaries (the "Company") as of June 30, 2011, the related consolidated statements of income for the three-month and six-month periods ended June 30, 2011 and 2010, and the related consolidated statements of stockholders' equity and cash flows for the six-month periods ended June 30, 2011 and 2010. These interim consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2010, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated February 21, 2011, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2010 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP
Parsippany, New Jersey
August 1, 2011

WYNDHAM WORLDWIDE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Net revenues				
Service and membership fees	$ 499	$ 409	$ 995	$ 833
Vacation ownership interest sales	313	271	535	488
Franchise fees	134	120	235	211
Consumer financing	103	106	206	211
Other	41	57	70	106
Net revenues	1,090	963	2,041	1,849
Expenses				
Operating	458	387	868	769
Cost of vacation ownership interests	48	49	79	86
Consumer financing interest	23	29	46	53
Marketing and reservation	153	138	290	261
General and administrative	126	146	266	293
Asset impairment	—	—	13	—
Restructuring	7	—	6	—
Depreciation and amortization	45	42	90	85
Total expenses	860	791	1,658	1,547
Operating income	230	172	383	302
Other income, net	(1)	(3)	(7)	(5)
Interest expense	37	36	81	86
Interest income	(2)	(2)	(3)	(2)
Income before income taxes	196	141	312	223
Provision for income taxes	82	46	126	78
Net income	$ 114	$ 95	$ 186	$ 145
Earnings per share				
Basic	$ 0.68	$ 0.53	$ 1.10	$ 0.81
Diluted	0.67	0.51	1.07	0.78
Cash dividends declared per share	$ 0.15	$ 0.12	$ 0.30	$ 0.24

See Notes to Consolidated Financial Statements.

WYNDHAM WORLDWIDE CORPORATION
CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share amounts)
(Unaudited)

	June 30, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 296	$ 156
Trade receivables, net	390	425
Vacation ownership contract receivables, net	297	295
Inventory	344	348
Prepaid expenses	118	104
Deferred income taxes	172	179
Other current assets	286	245
Total current assets	1,903	1,752
Long-term vacation ownership contract receivables, net	2,601	2,687
Non-current inventory	777	833
Property and equipment, net	1,106	1,041
Goodwill	1,500	1,481
Trademarks, net	735	731
Franchise agreements and other intangibles, net	431	440
Other non-current assets	276	451
Total assets	$ 9,329	$ 9,416
Liabilities and Stockholders' Equity		
Current liabilities:		
Securitized vacation ownership debt	$ 190	$ 223
Current portion of long-term debt	43	11
Accounts payable	385	274
Deferred income	486	401
Due to former Parent and subsidiaries	27	47
Accrued expenses and other current liabilities	619	619
Total current liabilities	1,750	1,575
Long-term securitized vacation ownership debt	1,498	1,427
Long-term debt	2,001	2,083
Deferred income taxes	1,083	1,021
Deferred income	194	206
Due to former Parent and subsidiaries	28	30
Other non-current liabilities	161	157
Total liabilities	6,715	6,499
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, $.01 par value, authorized 6,000,000 shares, none issued and outstanding	—	—
Common stock, $.01 par value, authorized 600,000,000 shares, issued 212,148,150 shares in 2011 and 209,943,159 shares in 2010	2	2
Treasury stock, at cost—48,359,379 shares in 2011 and 36,555,242 shares in 2010	(1,480)	(1,107)
Additional paid-in capital	3,798	3,892
Retained earnings/(accumulated deficit)	109	(25)
Accumulated other comprehensive income	185	155
Total stockholders' equity	2,614	2,917
Total liabilities and stockholders' equity	$ 9,329	$ 9,416

See Notes to Consolidated Financial Statements.

WYNDHAM WORLDWIDE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Six Months Ended June 30,	
	2011	**2010**
Operating Activities		
Net income	$ 186	$ 145
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	90	85
Provision for loan losses	159	174
Deferred income taxes	52	41
Stock-based compensation	21	20
Excess tax benefits from stock-based compensation	(17)	(13)
Asset impairment	13	—
Non-cash interest	15	39
Net change in assets and liabilities, excluding the impact of acquisitions:		
Trade receivables	53	63
Vacation ownership contract receivables	(63)	(86)
Inventory	59	23
Prepaid expenses	(13)	(13)
Other current assets	4	17
Accounts payable, accrued expenses and other current liabilities	97	78
Due to former Parent and subsidiaries, net	(15)	(2)
Deferred income	64	(5)
Other, net	(9)	(9)
Net cash provided by operating activities	696	557
Investing Activities		
Property and equipment additions	(96)	(63)
Net assets acquired, net of cash acquired	—	(105)
Equity investments and development advances	(5)	(8)
Proceeds from asset sales	18	16
Decrease/(increase) in securitization restricted cash	9	(20)
Increase in escrow deposit restricted cash	(18)	(5)
Other, net	(12)	2
Net cash used in investing activities	(104)	(183)
Financing Activities		
Proceeds from securitized borrowings	770	749
Principal payments on securitized borrowings	(733)	(710)
Proceeds from long-term debt	1,002	621
Principal payments on long-term debt	(1,087)	(1,059)
Proceeds from note issuances	245	247
Repurchase of convertible notes	(262)	—
Proceeds from call options	155	—
Repurchase of warrants	(112)	—
Dividends to shareholders	(53)	(44)
Repurchase of common stock	(370)	(69)
Proceeds from stock option exercises	10	16
Excess tax benefits from stock-based compensation	17	13
Debt issuance costs	(10)	(24)
Other, net	(29)	(23)
Net cash used in financing activities	(457)	(283)
Effect of changes in exchange rates on cash and cash equivalents	5	(7)
Net increase in cash and cash equivalents	140	84
Cash and cash equivalents, beginning of period	156	155
Cash and cash equivalents, end of period	$ 296	$ 239

See Notes to Consolidated Financial Statements.

WYNDHAM WORLDWIDE CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)
(Unaudited)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2010	**210**	**$ 2**	**(37)**	**$ (1,107)**	**$ 3,892**	**$ (25)**	**$ 155**	**$ 2,917**
Comprehensive income								
Net income	—	—	—	—	—	186	—	
Currency translation adjustment, net of tax of $14	—	—	—	—	—	—	28	
Unrealized gains on cash flow hedges, net of tax of $1	—	—	—	—	—	—	2	
Total comprehensive income								**216**
Exercise of stock options	—	—	—	—	10	—	—	10
Issuance of shares for RSU vesting	2	—	—	—	—	—	—	—
Change in deferred compensation	—	—	—	—	(9)	—	—	(9)
Repurchase of warrants	—	—	—	—	(112)	—	—	(112)
Repurchase of common stock	—	—	(11)	(373)	—	—	—	(373)
Change in excess tax benefit on equity awards	—	—	—	—	17	—	—	17
Dividends	—	—	—	—	—	(52)	—	(52)
Balance as of June 30, 2011	**212**	**$ 2**	**(48)**	**$ (1,480)**	**$ 3,798**	**$ 109**	**$ 185**	**$ 2,614**

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings/ (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2009	**206**	**$ 2**	**(27)**	**$ (870)**	**$ 3,733**	**$ (315)**	**$ 138**	**$ 2,688**
Comprehensive income								
Net income	—	—	—	—	—	145	—	
Currency translation adjustment, net of tax benefit of $32	—	—	—	—	—	—	(42)	
Reclassification of unrealized loss on cash flow hedge, net of tax benefit of $6	—	—	—	—	—	—	8	
Unrealized gains on cash flow hedges, net of tax benefit of $0	—	—	—	—	—	—	1	
Total comprehensive income								**112**
Exercise of stock options	1	—	—	—	16	—	—	16
Issuance of shares for RSU vesting	2	—	—	—	—	—	—	—
Repurchase of common stock	—	—	(3)	(71)	—	—	—	(71)
Change in excess tax benefit on equity awards	—	—	—	—	10	—	—	10
Dividends	—	—	—	—	—	(45)	—	(45)
Balance as of June 30, 2010	**209**	**$ 2**	**(30)**	**$ (941)**	**$ 3,759**	**$ (215)**	**$ 105**	**$ 2,710**

See Notes to Consolidated Financial Statements.

WYNDHAM WORLDWIDE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unless otherwise noted, all amounts are in millions, except share and per share amounts)
(Unaudited)

1. Basis of Presentation

Wyndham Worldwide Corporation ("Wyndham" or the "Company") is a global provider of hospitality services and products. The accompanying Consolidated Financial Statements include the accounts and transactions of Wyndham, as well as the entities in which Wyndham directly or indirectly has a controlling financial interest. The accompanying Consolidated 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 Consolidated Financial Statements.

In presenting the Consolidated 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. In management's opinion, the Consolidated Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These financial statements should be read in conjunction with the Company's 2010 Consolidated Financial Statements included in its Annual Report filed on Form 10-K with the Securities and Exchange Commission ("SEC") on February 22, 2011.

Business Description

The Company operates in the following business segments:

- **Lodging**—franchises hotels in the upper upscale, upscale, upper midscale, midscale, economy and extended stay segments of the lodging industry and provides hotel management services for full-service hotels globally.
- **Vacation Exchange and Rentals**—provides vacation exchange services and products to owners of intervals of vacation ownership interests ("VOIs") and markets vacation rental properties primarily on behalf of independent owners.
- **Vacation Ownership**—develops, markets and sells VOIs to individual consumers, provides consumer financing in connection with the sale of VOIs and provides property management services at resorts.

Significant Accounting Policies

Intangible Assets. The Company reviews its goodwill and other indefinite-lived intangible assets for impairment annually (during the fourth quarter of each year subsequent to completing its annual forecasting process), or more frequently if circumstances prescribed by the guidance for goodwill and other intangible assets are present.

Allowance for Loan Losses. In the Company's Vacation Ownership segment, the Company provides for estimated vacation ownership contract receivable defaults at the time of VOI sales by recording a provision for loan losses as a reduction of VOI sales on the Consolidated Statements of Income. The Company assesses the adequacy of the allowance for loan losses based on the historical performance of similar vacation ownership contract receivables using a technique referred to as static pool analysis, which tracks defaults for each year's sales over the entire life of those contract receivables. The Company considers current defaults, past due aging, historical write-offs of contracts and consumer credit scores (FICO scores) in the assessment of borrower's credit strength and expected loan performance. The Company also considers whether the historical economic conditions are comparable to current economic conditions. If current conditions differ from the conditions in effect when the historical experience was generated, the Company adjusts the allowance for loan losses to reflect the expected effects of the current environment on the collectability of its vacation ownership contract receivables.

Restricted Cash. The largest portion of the Company's restricted cash relates to securitizations. The remaining portion is comprised of cash held in escrow related to the Company's vacation ownership business and cash held in all other escrow accounts. Restricted cash related to escrow deposits was $61 million and $42 million as of June 30, 2011 and December 31, 2010, respectively, and was recorded within other current assets on the Consolidated Balance Sheets for each period. See Note 7—Transfer and Servicing of Financial Assets for details of the Company's restricted cash related to securitizations.

Recently Issued Accounting Pronouncements

Presentation of Comprehensive Income. In June 2011, the Financial Accounting Standards Board ("FASB") issued guidance for the presentation of comprehensive income, which amends existing guidance by allowing only two options for presenting the components of net income and other comprehensive income: (i) in either a single continuous financial statement of comprehensive income or (ii) in two separate but consecutive financial statements, consisting of an income statement followed by a separate statement of other comprehensive income. This guidance is effective for interim and annual reporting periods beginning after December 15, 2011, with early adoption permitted. The Company believes the adoption of this guidance will not have a material impact on the Consolidated Financial Statements.

Fair Value Measurement. In May 2011, the FASB issued guidance which generally provides a consistent definition of fair value and ensures that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. The guidance changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This guidance is effective for interim and annual reporting periods beginning after December 15, 2011 and shall be applied on a prospective basis. The Company is currently evaluating the impact of the adoption of this guidance on the Consolidated Financial Statements.

Multiple-Deliverable Revenue Arrangements. In October 2009, the FASB issued guidance on multiple-deliverable revenue arrangements, which requires an entity to apply the relative selling price allocation method and to estimate selling prices for all units of accounting, including delivered items, when vendor-specific objective evidence or acceptable third-party evidence does not exist. The guidance is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 and shall be applied on a prospective basis. The Company adopted the guidance on January 1, 2011, as required. There was no material impact on the Consolidated Financial Statements resulting from the adoption.

2. Earnings Per Share

The computation of basic and diluted earnings per share ("EPS") is based on the Company's net income available to common stockholders divided by the basic weighted average number of common shares and diluted weighted average number of common shares, respectively.

The following table sets forth the computation of basic and diluted EPS (in millions, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net income	$ 114	$ 95	$ 186	$ 145
Basic weighted average shares outstanding	167	180	170	180
Stock options, SSARs and restricted stock units ("RSUs") [(a)]	3	4	3	3
Warrants [(b)]	—	3	1	3
Diluted weighted average shares outstanding	170	187	174	186
Earnings per share:				
Basic	$ 0.68	$ 0.53	$ 1.10	$ 0.81
Diluted	0.67	0.51	1.07	0.78

[(a)] Includes unvested dilutive RSUs which are subject to future forfeitures.

[(b)] Represents the dilutive effect of warrants to purchase shares of the Company's common stock related to the May 2009 issuance of the Company's convertible notes (see Note 6 — Long-Term Debt and Borrowing Arrangements).

The computations of diluted EPS do not include 2 million and 3 million stock options and stock-settled stock appreciation rights ("SSARs") for the three and six months ended June 30, 2011, respectively, as the effect of their inclusion would have been anti-dilutive to EPS. In addition, the three and six months ended June 30, 2011 exclude approximately 350,000 performance-based stock units ("PSUs") as the Company had not met the required performance metrics as of June 30, 2011 (see Note 13—Stock-Based Compensation for further details). The computations of diluted EPS for both the three and six months ended June 30, 2010 do not include 4 million stock options and SSARs as the effect of their inclusion would have been anti-dilutive to EPS.

Dividend Payments

During the quarterly periods ended March 31 and June 30, 2011, the Company paid cash dividends of $0.15 per share ($53 million in the aggregate). During the quarterly periods ended March 31 and June 30, 2010, the Company paid cash dividends of $0.12 per share ($44 million in the aggregate).

Stock Repurchase Program

On April 25, 2011, the Company's Board of Directors authorized an increase of $500 million to the Company's existing stock repurchase program, bringing the total authorization to $1.0 billion. The following table summarizes stock repurchase activity under the current stock repurchase program:

	Shares	Cost	Average Price
As of December 31, 2010	11.4	$ 295	$ 25.78
For the six months ended June 30, 2011	11.8	373	31.60
As of June 30, 2011	23.2	$ 668	28.74

The Company had $395 million remaining availability in its program as of June 30, 2011. The total capacity of this program is increased by proceeds received from stock option exercises.

3. Intangible Assets

Intangible assets consisted of:

	As of June 30, 2011			As of December 31, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Unamortized Intangible Assets:						
Goodwill	$ 1,500			$ 1,481		
Trademarks	$ 735			$ 731		
Amortized Intangible Assets:						
Franchise agreements	$ 634	$ 328	$ 306	$ 634	$ 318	$ 316
Other	173	48	125	164	40	124
	$ 807	$ 376	$ 431	$ 798	$ 358	$ 440

The changes in the carrying amount of goodwill are as follows:

	Balance at December 31, 2010	Goodwill Acquired During 2010	Foreign Exchange	Balance at June 30, 2011
Lodging	$ 300	$ —	$ —	$ 300
Vacation Exchange and Rentals	1,181	(1)[(a)]	20	1,200
Total Company	$ 1,481	$ (1)	$ 20	$ 1,500

(a) Relates to a purchase accounting adjustment from the September 2010 acquisition of ResortQuest.

Amortization expense relating to amortizable intangible assets was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Franchise agreements	$ 5	$ 5	$ 10	$ 10
Other	3	2	6	4
Total (*)	$ 8	$ 7	$ 16	$ 14

(*) Included as a component of depreciation and amortization on the Consolidated Statements of Income.

Based on the Company's amortizable intangible assets as of June 30, 2011, the Company expects related amortization expense as follows:

	Amount
Remainder of 2011	$ 15
2012	30
2013	29
2014	28
2015	27
2016	27

4. Vacation Ownership Contract Receivables

The Company generates vacation ownership contract receivables by extending financing to the purchasers of its VOIs. Current and long-term vacation ownership contract receivables, net consisted of:

	June 30, 2011	December 31, 2010
Current vacation ownership contract receivables:		
Securitized	$ 259	$ 266
Non-securitized	75	65
	334	331
Less: Allowance for loan losses	(37)	(36)
Current vacation ownership contract receivables, net	$ 297	$ 295
Long-term vacation ownership contract receivables:		
Securitized	$ 2,263	$ 2,437
Non-securitized	663	576
	2,926	3,013
Less: Allowance for loan losses	(325)	(326)
Long-term vacation ownership contract receivables, net	$ 2,601	$ 2,687

During the three and six months ended June 30, 2011, the Company's securitized vacation ownership contract receivables generated interest income of $83 million and $165 million, respectively. During the three and six months ended June 30, 2010, such amounts were $81 million and $161 million, respectively.

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 Consolidated Balance Sheets. During the six months ended June 30, 2011 and 2010, the Company originated vacation ownership contract receivables of $454 million and $474 million, respectively, and received principal collections of $391 million and $388 million, respectively. The weighted average interest rate on outstanding vacation ownership contract receivables was 13.2% and 13.1% at June 30, 2011 and December 31, 2010, respectively.

The activity in the allowance for loan losses on vacation ownership contract receivables was as follows:

	Amount
Allowance for loan losses as of December 31, 2010	$ (362)
Provision for loan losses	(159)
Contract receivables write-offs, net	159
Allowance for loan losses as of June 30, 2011	$ (362)

In accordance with the guidance for accounting for real estate timesharing transactions, the Company recorded a provision for loan losses of $80 million and $159 million as a reduction of net revenues during the three and six months ended June 30, 2011, respectively, and $87 million and $174 million during the three and six months ended June 30, 2010, respectively.

Credit Quality for Financed Receivables and the Allowance for Credit Losses

The basis of the differentiation within the identified class of financed VOI contract receivable is the consumer's FICO score. A FICO score is a branded version of a consumer credit score widely used within the U.S. by the largest banks and lending institutions. FICO scores range from 300 — 850 and are calculated based on information obtained from one or more of the three major U.S. credit reporting agencies that compile and report on a consumer's credit history.

The Company updates its records for all active VOI contract receivables with a balance due on a rolling monthly basis so as to ensure that all VOI contract receivables are scored at least every six months. The Company groups all VOI contract receivables into four different categories: FICO scores ranging from 700 to 850, 600 to 699, Below 600 and No Score (primarily comprised of consumers for whom a score is not readily available, including consumers declining access to FICO scores and non U.S. residents). The following table details an aged analysis of financing receivables using the most recently updated FICO scores (based on the update policy described above):

	As of June 30, 2011				
	700+	600-699	<600	No Score	Total
Current	$ 1,389	$ 978	$ 386	$ 378	$ 3,131
31—60 days	10	18	27	7	62
61—90 days	6	11	20	3	40
91—120 days	2	7	15	3	27
Total	$ 1,407	$ 1,014	$ 448	$ 391(*)	$ 3,260

	As of December 31, 2010				
	700+	600-699	<600	No Score	Total
Current	$ 1,415	$ 990	$ 426	$ 356	$ 3,187
31—60 days	10	23	34	6	73
61—90 days	7	14	22	4	47
91—120 days	5	10	19	3	37
Total	$ 1,437	$ 1,037	$ 501	$ 369(*)	$ 3,344

(*) The total no score contract receivables balances of $391 million and $369 million as of June 30, 2011 and December 31, 2010, respectively, include $327 million and $309 million, respectively, of contract receivables at Wyndham Vacation Resorts Asia Pacific.

The Company ceases to accrue interest on VOI contract receivables once the contract has remained delinquent for greater than 90 days. At greater than 120 days, the VOI contract receivable is written off to the allowance for loan losses. In accordance with its policy, the Company assesses the allowance for loan losses using a static pool methodology and thus does not assess individual loans for impairment separate from the pool.

5. Inventory

Inventory consisted of:

	June 30, 2011	December 31, 2010
Land held for VOI development	$ 132	$ 131
VOI construction in process	194	229
Completed inventory and vacation credits (a)(b)	795	821
Total inventory	1,121	1,181
Less: Current portion	344	348
Non-current inventory	$ 777	$ 833

(a) Includes estimated recoveries of $147 million and $148 million at June 30, 2011 and December 31, 2010, respectively. Vacation credits relate to both the Company's vacation ownership and vacation exchange and rentals businesses.

(b) Includes $77 million and $80 million as of June 30, 2011 and December 31, 2010, respectively, related to the Company's vacation exchange and rentals business.

Inventory that the Company expects to sell within the next twelve months is classified as current on the Consolidated Balance Sheets.

6. Long-Term Debt and Borrowing Arrangements

The Company's indebtedness consisted of:

	June 30, 2011	December 31, 2010
Securitized vacation ownership debt: [(a)]		
Term notes	$ 1,446	$ 1,498
Bank conduit facility [(b)]	242	152
Total securitized vacation ownership debt	1,688	1,650
Less: Current portion of securitized vacation ownership debt	190	223
Long-term securitized vacation ownership debt	$ 1,498	$ 1,427
Long-term debt:		
Revolving credit facility (due October 2013) [(c)]	$ 107	$ 154
6.00% senior unsecured notes (due December 2016) [(d)]	803	798
9.875% senior unsecured notes (due May 2014) [(e)]	242	241
3.50% convertible notes (due May 2012) [(f)]	32	266
7.375% senior unsecured notes (due March 2020) [(g)]	247	247
5.75% senior unsecured notes (due February 2018) [(h)]	247	247
5.625% senior unsecured notes (due March 2021) [(i)]	245	—
Vacation rentals capital leases [(j)]	120	115
Other	1	26
Total long-term debt	2,044	2,094
Less: Current portion of long-term debt	43	11
Long-term debt	$ 2,001	$ 2,083

[(a)] Represents non-recourse debt that is securitized through bankruptcy-remote special purpose entities ("SPEs"), the creditors of which have no recourse to the Company for principal and interest. These outstanding borrowings are collateralized by $2,672 million and $2,865 million of underlying gross vacation ownership contract receivables and related assets as of June 30, 2011 and December 31, 2010, respectively.

[(b)] Represents a $600 million, non-recourse vacation ownership bank conduit facility, with a term through June 2013 whose capacity is subject to the Company's ability to provide additional assets to collateralize the facility. As of June 30, 2011, the total available capacity of the facility was $358 million.

[(c)] Total capacity of the revolving credit facility was $980 million, which includes availability for letters of credit. As of June 30, 2011, the Company had $13 million of letters of credit outstanding and, as such, the total available capacity of the revolving credit facility was $860 million. See Note 17—Subsequent Event for additional information.

[(d)] Represents senior unsecured notes issued by the Company during December 2006. The balance as of June 30, 2011 represents $800 million aggregate principal less $2 million of unamortized discount, plus a $5 million fair value hedge derivative.

[(e)] Represents senior unsecured notes issued by the Company during May 2009. The balance as of June 30, 2011 represents $250 million aggregate principal less $8 million of unamortized discount.

[(f)] Represents convertible notes issued by the Company during May 2009, which includes debt principal, less unamortized discount, and a liability related to a bifurcated conversion feature. During the first six months of 2011, the Company repurchased a portion of its outstanding 3.50% convertible notes, primarily through the completion of a cash tender offer (see "3.50% Convertible Notes" below for further details). The following table details the components of the convertible notes:

	June 30, 2011	December 31, 2010
Debt principal	$ 12	$ 116
Unamortized discount	(1)	(12)
Debt less discount	11	104
Fair value of bifurcated conversion feature [(*)]	21	162
Convertible notes	$ 32	$ 266

[(*)] The Company also has an asset with a fair value equal to the bifurcated conversion feature, which represents cash-settled call options that the Company purchased concurrent with the issuance of the convertible notes ("Bifurcated Conversion Feature").

[(g)] Represents senior unsecured notes issued by the Company during February 2010. The balance as of June 30, 2011 represents $250 million aggregate principal less $3 million of unamortized discount.

[(h)] Represents senior unsecured notes issued by the Company during September 2010. The balance as of June 30, 2011 represents $250 million aggregate principal less $3 million of unamortized discount.

[(i)] Represents senior unsecured notes issued by the Company during March 2011. The balance as of June 30, 2011 represents $250 million aggregate principal less $5 million of unamortized discount.

[(j)] Represents capital lease obligations with corresponding assets classified within property and equipment on the Consolidated Balance Sheets.

2011 Debt Issuances

5.625% Senior Unsecured Notes. On March 1, 2011, the Company issued senior unsecured notes, with face value of $250 million and bearing interest at a rate of 5.625%, for net proceeds of $245 million. Interest began accruing on March 1, 2011 and is payable semi-annually in arrears on March 1 and September 1 of each year, commencing on September 1, 2011. The notes will mature on March 1, 2021 and are redeemable at the Company's option at any time, in whole or in part, at the stated redemption prices plus accrued interest through the redemption date. These notes rank equally in right of payment with all of the Company's other senior unsecured indebtedness.

Sierra Timeshare 2011-1 Receivables Funding, LLC. On March 25, 2011, the Company closed a series of term notes payable, Sierra Timeshare 2011-1 Receivables Funding LLC, in the initial principal amount of $400 million at an advance rate of 98%. These borrowings bear interest at a weighted average coupon rate of 3.70% and are secured by vacation ownership contract receivables. As of June 30, 2011, the Company had $342 million of outstanding borrowings under these term notes.

Sierra Timeshare Conduit Receivables Funding II, LLC. On June 28, 2011, the Company renewed its securitized timeshare receivables conduit facility for a two-year period through June 2013. The facility bears interest at variable rates based on commercial paper rates and LIBOR rates plus a spread and has a capacity of $600 million.

3.50% Convertible Notes

During May 2009, the Company issued convertible notes ("Convertible Notes") with face value of $230 million and bearing interest at a rate of 3.50%. Concurrent with such issuance, the Company purchased cash-settled call options ("Call Options") and entered into warrant transactions ("Warrants"). The agreements for such transactions contain anti-dilution provisions that require certain adjustments to be made as a result of all quarterly cash dividend increases above $0.04 per share that occur prior to the maturity date of the Convertible Notes, Call Options and Warrants. During March 2010, the Company increased its quarterly dividend from $0.04 per share to $0.12 per share and, subsequently, during March 2011, from $0.12 per share to $0.15 per share. As a result of the dividend increase and required adjustments, as of June 30, 2011, the Convertible Notes had a conversion reference rate of 80.1148 shares of common stock per $1,000 principal amount (equivalent to a conversion price of $12.48 per share of the Company's common stock), the conversion price of the Call Options was $12.48 and the exercise price of the Warrants was $19.76.

During the third and fourth quarters of 2010, the Company repurchased a portion of its Convertible Notes in the open market, with a carrying value of $239 million ($101 million for the portion of Convertible Notes, including the unamortized discount, and $138 million for the related Bifurcated Conversion Feature). Concurrent with the repurchase, the Company settled a related portion of the Call Options and Warrants.

During the first half of 2011, the Company repurchased a portion of its remaining Convertible Notes with carrying value of $251 million primarily resulting from the completion of a cash tender offer ($95 million for the portion of Convertible Notes, including the unamortized discount, and $156 million for the related Bifurcated Conversion Feature) for $262 million. Concurrent with the repurchases, the Company settled (i) a portion of the Call Options for proceeds of $155 million, which resulted in an additional loss of $1 million, and (ii) a portion of the Warrants with payments of $112 million. As a result of these transactions, the Company made net payments of $219 million and incurred total losses of $12 million during the first half of 2011 and reduced the number of shares related to the Warrants to approximately 1 million as of June 30, 2011.

Early Extinguishment of Debt

During each of the first two quarters of 2011, the Company repurchased a portion of its Convertible Notes and settled a portion of the related Call Options. In connection with these transactions, the Company incurred a loss of $1 million and $12 million during the three and six months ended June 30, 2011, respectively, which is included within interest expense on the Consolidated Statement of Income.

During the first quarter of 2010, in connection with the early extinguishment of the term loan facility, the Company effectively terminated a related interest rate swap agreement. This resulted in a reclassification of a $14 million unrealized loss from accumulated other comprehensive income ("AOCI") to interest expense on the Consolidated Statement of Income. The Company incurred an additional $2 million of costs in connection with the early extinguishment of its term loan and revolving foreign credit facilities, which is also included within interest expense on the Consolidated Statement of Income.

Covenants

The revolving credit facility is subject to covenants including the maintenance of specific financial ratios. The financial ratio covenants consist of a minimum consolidated interest coverage ratio and a maximum consolidated leverage ratio (both as defined in the credit agreement). In addition, the credit facility includes limitations on indebtedness of material subsidiaries; liens; mergers, consolidations, liquidations and dissolutions; sale of all or substantially all assets; and sale and leaseback transactions.

The unsecured notes contain various covenants including limitations on liens, limitations on potential sale and leaseback transactions and change of control restrictions. In addition, there are limitations on mergers, consolidations and potential sale of all or substantially all of the Company's assets.

As of June 30, 2011, the Company was in compliance with all of the financial covenants described above.

Each of the Company's non-recourse, securitized term notes and the bank conduit facility contain various triggers relating to the performance of the applicable loan pools. If the vacation ownership contract receivables pool that collateralizes one of the Company's securitization notes fails to perform within the parameters established by the contractual triggers (such as higher default or delinquency rates), there are provisions pursuant to which the cash flows for that pool will be maintained in the securitization as extra collateral for the note holders or applied to accelerate the repayment of outstanding principal to the note holders. As of June 30, 2011, all of the Company's securitized loan pools were in compliance with applicable contractual triggers.

Maturities and Capacity

The Company's outstanding debt as of June 30, 2011 matures as follows:

	Securitized Vacation Ownership Debt	Other	Total
Within 1 year	$ 190	$ 43[*]	$ 233
Between 1 and 2 years	202	11	213
Between 2 and 3 years	274	361	635
Between 3 and 4 years	294	12	306
Between 4 and 5 years	173	13	186
Thereafter	555	1,604	2,159
	$ 1,688	$ 2,044	$ 3,732

[*] Includes a liability of $21 million related to the Bifurcated Conversion Feature associated with the Company's Convertible Notes.

As debt maturities of the securitized vacation ownership debt 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.

As of June 30, 2011, available capacity under the Company's borrowing arrangements was as follows:

	Securitized Bank Conduit Facility [a]	Revolving Credit Facility
Total Capacity	$ 600	$ 980
Less: Outstanding Borrowings	242	107
Available Capacity	$ 358	$ 873[b]

[a] The capacity of this facility is subject to the Company's ability to provide additional assets to collateralize additional securitized borrowings.

[b] The capacity under the Company's revolving credit facility includes availability for letters of credit. As of June 30, 2011, the available capacity of $873 million was further reduced to $860 million due to the issuance of $13 million of letters of credit.

Interest Expense

Interest expense incurred in connection with the Company's non-securitized debt was $40 million and $75 million during the three and six months ended June 30, 2011, respectively, and $37 million and $73 million during the three and six months ended June 30, 2010, respectively. The Company also incurred a loss of $1 million and $12 million during the three and six months ended June 30, 2011, respectively, in connection with the repurchase of a portion of its Convertible Notes and the settlement of the related Call Options, which is included within interest expense. Additionally, the Company recorded $16 million of costs incurred during the first quarter of 2010 for the early extinguishment of its term loan and revolving foreign credit facilities, which was included within interest expense during the six months ended June 30, 2010. Cash paid related to such interest expense was $66 million and $60 million during the six months ended June 30, 2011 and 2010, respectively. Such amounts exclude cash payments related to early extinguishment of debt costs.

Interest expense is partially offset on the Consolidated Statements of Income by capitalized interest of $4 million and $6 million during the three and six months ended June 30, 2011, respectively, and $1 million and $3 million during the three and six months ended June 30, 2010, respectively.

Cash paid related to consumer financing interest expense was $39 million and $45 million during the six months ended June 30, 2011 and 2010, respectively.

7. Transfer and Servicing of Financial Assets

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. Vacation ownership contract receivables are securitized through bankruptcy-remote SPEs that are consolidated within the Consolidated Financial Statements. As a result, the Company does not recognize gains or losses resulting from these securitizations at the time of sale to the SPEs. Interest income is recognized when earned over the contractual life of the vacation ownership contract receivables. The Company services the securitized vacation ownership contract receivables pursuant to servicing agreements negotiated on an arms-length basis based on market conditions. The activities of these 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 fund such purchases; and (iii) entering into derivatives to hedge interest rate exposure. The bankruptcy-remote SPEs are legally separate from the Company. The receivables held by the bankruptcy-remote SPEs are not available to creditors of the Company and legally are not assets of the Company. Additionally, the creditors of these SPEs have no recourse to the Company for principal and interest.

The assets and liabilities of these vacation ownership SPEs are as follows:

	June 30, 2011	December 31, 2010
Securitized contract receivables, gross [(a)]	$ 2,522	$ 2,703
Securitized restricted cash [(b)]	128	138
Interest receivables on securitized contract receivables [(c)]	20	22
Other assets [(d)]	2	2
Total SPE assets [(e)]	2,672	2,865
Securitized term notes [(f)]	1,446	1,498
Securitized conduit facilities [(f)]	242	152
Other liabilities [(g)]	17	22
Total SPE liabilities	1,705	1,672
SPE assets in excess of SPE liabilities	$ 967	$ 1,193

[(a)] Included in current ($259 million and $266 million as of June 30, 2011 and December 31, 2010, respectively) and non-current ($2,263 million and $2,437 million as of June 30, 2011 and December 31, 2010, respectively) vacation ownership contract receivables on the Consolidated Balance Sheets.

[(b)] Included in other current assets ($72 million and $77 million as of June 30, 2011 and December 31, 2010, respectively) and other non-current assets ($56 million and $61 million as of June 30, 2011 and December 31, 2010, respectively) on the Consolidated Balance Sheets.

[(c)] Included in trade receivables, net on the Consolidated Balance Sheets.

[(d)] Includes interest rate derivative contracts and related assets; included in other non-current assets on the Consolidated Balance Sheets.

[(e)] Excludes deferred financing costs of $23 million and $22 million as of June 30, 2011 and December 31, 2010, respectively, related to securitized debt.

[(f)] Included in current ($190 million and $223 million as of June 30, 2011 and December 31, 2010, respectively) and long-term ($1,498 million and $1,427 million as of June 30, 2011 and December 31, 2010, respectively) securitized vacation ownership debt on the Consolidated Balance Sheets.

[(g)] Primarily includes interest rate derivative contracts and accrued interest on securitized debt; included in accrued expenses and other current liabilities ($3 million as of both June 30, 2011 and December 31, 2010) and other non-current liabilities ($14 million and $19 million as of June 30, 2011 and December 31, 2010, respectively) on the Consolidated Balance Sheets.

In addition, the Company has vacation ownership contract receivables that have not been securitized through bankruptcy-remote SPEs. Such gross receivables were $738 million and $641 million as of June 30, 2011 and December 31, 2010, respectively. A summary of total vacation ownership receivables and other securitized assets, net of securitized liabilities and the allowance for loan losses, is as follows:

	June 30, 2011	December 31, 2010
SPE assets in excess of SPE liabilities	$ 967	$ 1,193
Non-securitized contract receivables	738	641
Allowance for loan losses	(362)	(362)
Total, net	$ 1,343	$ 1,472

8. Fair Value

The guidance for fair value measurements requires disclosures about assets and liabilities that are measured at fair value. The following table presents information about the Company's financial assets and liabilities that are measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value driver is observable.

Level 3: Unobservable inputs used when little or no market data is available.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls has been determined based on the lowest level input (closest to Level 3) that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

		Fair Value Measure on a Recurring Basis	
	As of June 30, 2011	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Derivatives: [(a)]			
Call Options	$ 21	$ —	$ 21
Interest rate contracts	12	12	—
Foreign exchange contracts	5	5	—
Securities available-for-sale [(b)]	6	—	6
Total assets	$ 44	$ 17	$ 27
Liabilities:			
Derivatives: [(c)]			
Bifurcated Conversion Feature	$ 21	$ —	$ 21
Interest rate contracts	17	17	—
Foreign exchange contracts	8	8	—
Total liabilities	$ 46	$ 25	$ 21

[(a)] Included in other current assets ($27 million) and other non-current assets ($11 million) on the Consolidated Balance Sheet.

[(b)] Included in other non-current assets on the Consolidated Balance Sheet.

[(c)] Included in current portion of long-term debt ($21 million), accrued expenses and other current liabilities ($8 million) and other non-current liabilities ($17 million) on the Consolidated Balance Sheet.

		Fair Value Measure on a Recurring Basis	
	As of December 31, 2010	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Derivatives: [(a)]			
Call Options	$ 162	$ —	$ 162
Interest rate contracts	7	7	—
Foreign exchange contracts	4	4	—
Securities available-for-sale [(b)]	6	—	6
Total assets	$ 179	$ 11	$ 168
Liabilities:			
Derivatives: [(c)]			
Bifurcated Conversion Feature	$ 162	$ —	$ 162
Interest rate contracts	27	27	—
Foreign exchange contracts	12	12	—
Total liabilities	$ 201	$ 39	$ 162

[(a)] Included in other current assets ($5 million) and other non-current assets ($168 million) on the Consolidated Balance Sheet.

[(b)] Included in other non-current assets on the Consolidated Balance Sheet.

[(c)] Included in long-term debt ($162 million), accrued expenses and other current liabilities ($12 million) and other non-current liabilities ($27 million) on the Consolidated Balance Sheet.

The Company's derivative instruments primarily consist of the Call Options and Bifurcated Conversion Feature related to the Convertible Notes, pay-fixed/receive-variable interest rate swaps, pay-variable/receive-fixed interest rate swaps, interest rate caps, foreign exchange forward contracts and foreign exchange average rate forward contracts (see Note 9—Derivative Instruments and Hedging Activities for more detail). For assets and liabilities that are measured using quoted prices in active markets, the fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using other significant observable inputs are valued by reference to similar assets and liabilities. For these items, a significant portion of fair value is derived by reference to quoted prices of similar assets and liabilities in active markets. For assets and liabilities that are measured using significant unobservable inputs, fair value is primarily derived using a fair value model, such as a discounted cash flow model.

The following table presents additional information about financial assets which are measured at fair value on a recurring basis for which the Company has utilized Level 3 inputs to determine fair value as of June 30, 2011:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Derivative Asset-Call Options	Derivative Liability-Bifurcated Conversion Feature	Securities Available-For-Sale
Balance as of December 31, 2010	$ 162	$ (162)	$ 6
Convertible Notes activity [(*)]	(156)	156	—
Change in fair value	15	(15)	—
Balance as of June 30, 2011	$ 21	$ (21)	$ 6

[(*)] Represents the change in value resulting from the Company's repurchase of a portion of its Convertible Notes and the settlement of a corresponding portion of the Call Options (see Note 6—Long-Term Debt and Borrowing Arrangements).

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 are as follows:

	June 30, 2011		December 31, 2010	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Vacation ownership contract receivables, net	$ 2,898	$ 3,246	$ 2,982	$ 2,782
Debt				
Total debt [(a)]	3,732	3,884	3,744	3,871
Derivatives				
Foreign exchange contracts [(b)]				
Assets	5	5	4	4
Liabilities	(8)	(8)	(12)	(12)
Interest rate contracts [(b)]				
Assets	12	12	7	7
Liabilities	(17)	(17)	(27)	(27)
Call Options				
Assets	21	21	162	162

[(a)] As of June 30, 2011 and December 31, 2010, includes $21 million and $162 million, respectively, related to the Bifurcated Conversion Feature liability.

[(b)] Instruments are in net loss positions as of June 30, 2011 and December 31, 2010.

The Company estimates the fair value of its vacation ownership contract receivables using a discounted cash flow model which it believes is comparable to the model that an independent third party would use in the current market. The model uses default rates, prepayment rates, coupon rates and loan terms for the contract receivables portfolio as key drivers of risk and relative value that, when applied in combination with pricing parameters, determines the fair value of the underlying contract receivables.

The Company estimates the fair value of its securitized vacation ownership debt by obtaining indicative bids from investment banks that actively issue and facilitate the secondary market for timeshare securities. The Company estimates the fair value of its other long-term debt using indicative bids from investment banks and determines the fair value of its senior notes using quoted market prices.

In accordance with the guidance for equity method investments, during the first quarter of 2011, an investment in an international joint venture in the Company’s lodging business with a carrying amount of $13 million was written down due to the impairment of cash flows resulting from the Company’s partner having an indirect relationship with the Libyan government. Such write-down resulted in a $13 million charge, which is included in the asset impairment on the Consolidated Statement of Income.

9. Derivative Instruments and Hedging Activities

Foreign Currency Risk

The Company uses freestanding foreign currency forward contracts and foreign currency forward contracts designated as cash flow hedges 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 payments. The amount of gains or losses the Company expects to reclassify from other comprehensive income to earnings over the next 12 months is not material.

Interest Rate Risk

A portion of the debt used to finance the Company’s operations is 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. The Company also uses swaps to convert specific fixed-rate debt into variable-rate debt (i.e., fair value hedges) to manage the overall interest cost. For relationships designated as fair value hedges, changes in fair value of the derivatives are recorded in income with offsetting adjustments to the carrying amount of the hedged debt. The impact of the change in fair value of the fair value hedges and hedged debt was not material during both the three and six months ended June 30, 2011.

In connection with the early extinguishment of the term loan facility during the first quarter of 2010 (See Note 6—Long-Term Debt and Borrowing Arrangements), the Company effectively terminated a related interest rate swap agreement, which resulted in the reclassification of a $14 million unrealized loss from AOCI to interest expense on the Consolidated Statement of Income for the three months ended March 31, 2010. The amount of losses that the Company expects to reclassify from AOCI to earnings during the next 12 months is not material.

The following table summarizes information regarding the gain/(loss) amounts recognized in AOCI:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Derivatives designated as hedging instruments				
Interest rate contracts	$ 1	$ 3	$ 3	$ 2

The following table summarizes information regarding the gain/(loss) recognized in income on the Company's freestanding derivatives:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Derivatives not designated as hedging instruments				
Foreign exchange contracts [a]	$ (4)	$ 5	$ (7)	$ (3)
Interest rate contracts	3[b]	4[b]	6[b]	7[c]
Call Options	4	(90)	15	(13)
Bifurcated Conversion Feature	(4)	90	(15)	13
Total	$ (1)	$ 9	$ (1)	$ 4

[a] Included within operating expenses on the Consolidated Statements of Income.

[b] Included primarily within interest expense on the Consolidated Statements of Income.

[c] Included primarily within consumer financing interest expense on the Consolidated Statements of Income.

The following table summarizes information regarding the Company's derivative instruments as of June 30, 2011:

	Assets		Liabilities	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments				
Interest rate contracts	Other non-current assets	$ 5	Other non-current liabilities	$ 15
Derivatives not designated as hedging instruments				
Interest rate contracts	Other non-current assets	$ 7	Other non-current liabilities	$ 2
Foreign exchange contracts	Other current assets	5	Accrued exp. & other current liabs.	8
Call Options [*]	Other current assets	21		—
Bifurcated Conversion Feature [*]		—	Current portion of long-term debt	21
Total derivatives not designated as hedging instruments		$ 33		$ 31

[*] See Note 6—Long-Term Debt and Borrowing Arrangements for further detail.

The following table summarizes information regarding the Company's derivative instruments as of December 31, 2010:

	Assets		Liabilities	
	Balance Sheet Location	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Derivatives designated as hedging instruments				
Interest rate contracts			Other non-current liabilities	$ 18
Derivatives not designated as hedging instruments				
Interest rate contracts	Other non-current assets	$ 7	Other non-current liabilities	$ 9
Foreign exchange contracts	Other current assets	4	Accrued exp. & other current liabs.	12
Call Options (*)	Other non-current assets	162		—
Bifurcated Conversion Feature (*)		—	Long-term debt	162
Total derivatives not designated as hedging instruments		$ 173		$ 183

(*) See Note 6—Long-Term Debt and Borrowing Arrangements for further detail.

10. Income Taxes

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. The Company is no longer subject to U.S. federal income tax examinations for years prior to 2006. In addition, with few exceptions, the Company is no longer subject to state and local, or non-U.S. income tax examinations for years prior to 2003.

The Company's effective tax rate was 41.8% and 32.6% for the three months ended June 30, 2011 and 2010, respectively, and 40.4% and 35.0% for the six months ended June 30, 2011 and 2010, respectively. The effective tax rates increased for both the three and six month periods compared to the prior year primarily due to the absence of benefits derived from the prior year utilization of cumulative foreign tax credits.

The Company made cash income tax payments, net of refunds, of $71 million and $44 million during the six months ended June 30, 2011 and 2010, respectively. Such payments exclude income tax related payments made to Cendant Corporation (now Avis Budget Group) ("Cendant" or "former Parent").

11. Commitments and Contingencies

The Company is involved in claims, legal proceedings and governmental inquiries related to the Company's business.

Wyndham Worldwide Litigation

The Company is involved in claims and legal actions arising in the ordinary course of its business including but not limited to: for its lodging business—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, negligence, breach of contract, fraud, privacy, consumer protection and other statutory claims asserted in connection with alleged acts or occurrences at franchised or managed properties; for its vacation exchange and rentals business—breach of contract, fraud and bad faith claims by affiliates and customers in connection with their respective agreements, negligence, breach of contract, fraud, privacy, consumer protection and other statutory claims asserted by members and guests for alleged injuries sustained at affiliated resorts and vacation rental properties; for its vacation ownership business—breach of contract, bad faith, conflict of interest, fraud, privacy, consumer protection and other statutory claims by property owners' associations, owners and prospective owners in connection with the sale or use of VOIs or land, or the management of vacation ownership resorts, construction defect claims relating to vacation ownership units or resorts and negligence, breach of contract, fraud, privacy, consumer protection and other statutory claims by guests for alleged injuries sustained at vacation ownership units or resorts; and for each of its businesses, bankruptcy proceedings involving efforts to collect receivables from a debtor in bankruptcy, employment matters involving claims of discrimination, harassment and wage and hour claims, claims of infringement upon third parties' intellectual property rights, tax claims and environmental claims.

The Company believes that it has adequately accrued for such matters with reserves of $36 million as of June 30, 2011. Such amount is exclusive of matters relating to the Company's separation from its former Parent ("Separation"). For matters not requiring accrual, the Company 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 results could occur. As such, an adverse outcome from such 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 litigation should result in a material liability to the Company in relation to its consolidated financial position or liquidity.

Cendant Litigation

Under the Separation Agreement, the Company agreed to be responsible for 37.5% of certain of Cendant's contingent and other corporate liabilities and associated costs, including certain contingent litigation. Since the Separation, Cendant settled the majority of the lawsuits pending on the date of the Separation.

12. Accumulated Other Comprehensive Income

The components of AOCI as of June 30, 2011 are as follows:

	Currency Translation Adjustments	Unrealized Gains/(Losses) on Cash Flow Hedges, Net	Minimum Pension Liability Adjustment	AOCI
Balance, December 31, 2010, net of tax benefit of $40	$ 171	$ (15)	$ (1)	$ 155
Current period change	28	2	—	30
Balance, June 30, 2011, net of tax benefit of $25	$ 199	$ (13)	$ (1)	$ 185

The components of AOCI as of June 30, 2010 are as follows:

	Currency Translation Adjustments	Unrealized Gains/(Losses) on Cash Flow Hedges, Net	Minimum Pension Liability Adjustment	AOCI
Balance, December 31, 2009, net of tax benefit of $32	$ 166	$ (27)	$ (1)	$ 138
Current period change	(42)	9(*)	—	(33)
Balance, June 30, 2010, net of tax benefit of $58	$ 124	$ (18)	$ (1)	$ 105

(*) Primarily represents the reclassification of an after-tax unrealized loss associated with the termination of an interest rate swap agreement in connection with the early extinguishment of the term loan facility (see Note 6—Long-Term Debt and Borrowing Arrangements).

Currency translation adjustments exclude income taxes related to investments in foreign subsidiaries where the Company intends to reinvest the undistributed earnings indefinitely in those foreign operations.

13. Stock-Based Compensation

The Company has a stock-based compensation plan available to grant RSUs, SSARs, PSUs and other stock or cash-based awards to key employees, non-employee directors, advisors and consultants. Under the Wyndham Worldwide Corporation 2006 Equity and Incentive Plan, as amended, a maximum of 36.7 million shares of common stock may be awarded. As of June 30, 2011, 14.7 million shares remained available.

Incentive Equity Awards Granted by the Company

The activity related to incentive equity awards granted by the Company for the six months ended June 30, 2011 consisted of the following:

	RSUs		SSARs	
	Number of RSUs	Weighted Average Grant Price	Number of SSARs	Weighted Average Exercise Price
Balance as of December 31, 2010	6.9	$ 12.35	2.2	$ 21.28
Granted	1.5[b]	30.66	0.1[b]	30.61
Vested/exercised	(2.8)	11.59	—	—
Canceled	(0.4)	14.23	—	—
Balance as of June 30, 2011[a]	5.2[c]	17.83	2.3[d]	21.78

[a] Aggregate unrecognized compensation expense related to RSUs and SSARs was $84 million as of June 30, 2011 which is expected to be recognized over a weighted average period of 2.9 years.

[b] Primarily represents awards granted by the Company on February 24, 2011.

[c] Approximately 5 million RSUs outstanding as of June 30, 2011 are expected to vest over time.

[d] Approximately 1.7 million of the 2.3 million SSARs are exercisable as of June 30, 2011. The Company assumes that all unvested SSARs are expected to vest over time. SSARs outstanding as of June 30, 2011 had an intrinsic value of $28 million and have a weighted average remaining contractual life of 3 years.

On February 24, 2011, the Company approved grants of incentive equity awards totaling $46 million to key employees and senior officers of Wyndham in the form of RSUs and SSARs. These awards will vest ratably over a period of four years. In addition, on February 24, 2011, the Company approved a grant of incentive equity awards totaling $11 million to key employees and senior officers of Wyndham in the form of PSUs. These awards cliff vest on the third anniversary of the grant date, contingent upon the Company achieving certain performance metrics. As of June 30, 2011, there were approximately 350,000 PSUs outstanding with an aggregate unrecognized compensation expense of $9.5 million.

The fair value of SSARs granted by the Company on February 24, 2011 was estimated on the date of the grant using the Black-Scholes option-pricing model with the relevant weighted average assumptions outlined in the table below. Expected volatility is based on both historical and implied volatilities of the Company's stock over the estimated expected life of the SSARs. The expected life represents the period of time the SSARs are expected to be outstanding and is based on the "simplified method", as defined in Staff Accounting Bulletin 110. The risk free interest rate is based on yields on U.S. Treasury strips with a maturity similar to the estimated expected life of the SSARs. The projected dividend yield was based on the Company's anticipated annual dividend divided by the price of the Company's stock on the date of the grant.

	SSARs Issued on February 24, 2011
Grant date fair value	$ 11.22
Grant date strike price	$ 30.61
Expected volatility	50.83%
Expected life	4.25 yrs.
Risk free interest rate	1.85%
Projected dividend yield	1.96%

Stock-Based Compensation Expense

The Company recorded stock-based compensation expense of $12 million and $21 million during the three and six months ended June 30, 2011, respectively, and $10 million and $20 million during the three and six months ended June 30, 2010, respectively, related to the incentive equity awards granted by the Company. The Company recognized $5 million and $8 million of a net tax benefit during the three and six months ended June 30, 2011, respectively, and $4 million and $8 million of a net tax benefit during the three and six months ended June 30, 2010, respectively, for stock-based compensation arrangements on the Consolidated Statements of Income. During the six months ended June 30, 2011, the Company increased its pool of excess tax benefits available to absorb tax deficiencies ("APIC Pool") by $17 million due to the vesting of RSUs and exercise of stock options. As of June 30, 2011, the Company's APIC Pool balance was $29 million.

The Company paid $29 million and $22 million of taxes for the net share settlement of incentive equity awards during the six months ended June 30, 2011 and 2010, respectively. Such amount is included in other, net within financing activities on the Consolidated Statements of Cash Flows.

Incentive Equity Awards

As of June 30, 2011, the Company had 2 million outstanding stock options, which were converted as a result of the Separation. These converted stock options had a weighted average exercise price of $38.70, had a weighted average remaining contractual life of 0.7 years and all 2 million options were exercisable. There were approximately 200,000 outstanding "in-the-money" stock options, which had an aggregate intrinsic value of $1.2 million.

14. Segment Information

The reportable segments presented below represent the Company's operating segments for which separate financial information is available and which is 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 net revenues and "EBITDA", which is defined as net income before depreciation and amortization, interest expense (excluding consumer financing interest), interest income (excluding consumer financing interest) and income taxes, each of which is presented on the Consolidated Statements of Income. The Company's presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

	Three Months Ended June 30,			
	2011		2010	
	Net Revenues	EBITDA	Net Revenues	EBITDA
Lodging	$ 190	$ 66	$ 178	$ 49[e]
Vacation Exchange and Rentals	361	106[c]	281	78
Vacation Ownership	541	130	505	104
Total Reportable Segments	1,092	302	964	231
Corporate and Other [a][b]	(2)	(26)	(1)	(14)
Total Company	$ 1,090	276	$ 963	217
Depreciation and amortization		45		42
Interest expense		37[d]		36
Interest income		(2)		(2)
Income before income taxes		$ 196		$ 141

[a] Includes the elimination of transactions between segments.

[b] Includes (i) $3 million of a net expense related to the resolution of and adjustment to certain contingent liabilities and assets resulting from the Separation during the three months ended June 30, 2011 and (ii) $23 million and $14 million of corporate costs during the three months ended June 30, 2011 and 2010, respectively.

[c] Includes (i) a $31 million net benefit resulting from a refund of value added taxes and (ii) $7 million of restructuring costs incurred in connection with a strategic initiative commenced by the Company during 2010.

[d] Includes (i) $3 million of interest related to value added tax accruals and (ii) $1 million of costs incurred for the repurchase of a portion of the Company's Convertible Notes during the second quarter of 2011.

[e] Includes $1 million related to costs incurred in connection with the Company's acquisition of the Tryp brand during June 2010.

	Six Months Ended June 30,			
	2011		2010	
	Net Revenues	EBITDA	Net Revenues	EBITDA
Lodging	$ 339	$ 92[c]	$ 322	$ 82[g]
Vacation Exchange and Rentals	716	199[d]	582	158[h]
Vacation Ownership	992	227[e]	950	186
Total Reportable Segments	2,047	518	1,854	426
Corporate and Other [a][b]	(6)	(38)	(5)	(34)
Total Company	$ 2,041	480	$ 1,849	392
Depreciation and amortization		90		85
Interest expense		81[f]		86[i]
Interest income		(3)		(2)
Income before income taxes		$ 312		$ 223

[a] Includes the elimination of transactions between segments.

[b] Includes (i) $8 million of a net benefit and $1 million of a net expense related to the resolution of and adjustment to certain contingent liabilities and assets resulting from the Separation during the six months ended June 30, 2011 and 2010, respectively, and (ii) $47 million and $32 million of corporate costs during the six months ended June 30, 2011 and 2010, respectively.

[c] Includes a non-cash impairment charge of $13 million related to a write-down of an international joint venture in the Company's lodging business.

[d] Includes (i) a $31 million net benefit resulting from a refund of value added taxes and (ii) $7 million of restructuring cost incurred in connection with a strategic initiative commenced by the Company during 2010.

[e] Includes a $1 million benefit for the reversal of costs incurred as a result of various strategic initiatives commenced by the Company during 2008.

[f] Includes (i) $12 million of costs incurred for the repurchase of a portion of the Company's Convertible Notes during the first half of 2011 and (ii) $3 million of interest related to value added tax accruals.

[g] Includes $1 million related to costs incurred in connection with the Company's acquisition of the Tryp brand during June 2010.

[h] Includes $4 million related to costs incurred in connection with the Company's acquisition of Hoseasons during March 2010.

[i] Includes $16 million of costs incurred for the early extinguishment of the Company's term loan and revolving foreign credit facilities during March 2010.

15. Restructuring

2010 Restructuring Plan

During 2010, the Company committed to a strategic realignment initiative at its vacation exchange and rentals business targeted at reducing costs, primarily impacting the operations at certain vacation exchange call centers. During both the three and six months ended June 30, 2011, the Company incurred $7 million of incremental costs. During the six months ended June 30, 2011, the Company reduced its liability with $7 million of cash payments and increased its liability with $2 million of other non-cash items. The remaining liability of $11 million is expected to be paid in cash; $9 million of facility-related by the first quarter of 2020 and $2 million of personnel-related by the second quarter of 2012. As of June 30, 2011, the Company has incurred $16 million of expenses related to the 2010 restructuring plan.

2008 Restructuring Plan

During 2008, the Company committed to various strategic realignment initiatives targeted principally at reducing costs, enhancing organizational efficiency and consolidating and rationalizing existing processes and facilities. During the six months ended June 30, 2011, the Company reversed $1 million of previously recorded facility-related expenses and reduced its liability with $4 million of cash payments. The remaining liability of $6 million, all of which is facility-related, is expected to be paid in cash by September 2017. As of June 30, 2011, the Company has incurred $124 million of expenses related to the 2008 restructuring plan.

The activity related to the restructuring costs is summarized by category as follows:

	Liability as of December 31, 2010	Costs Recognized	Cash Payments	Other Non-cash	Liability as of June 30, 2011
Personnel-related [a]	$ 9	$ —	$ (7)	$ —	$ 2[c]
Facility-related	11	6[b]	(4)	2	15[d]
	$ 20	$ 6	$ (11)	$ 2	$ 17

[a] As of June 30, 2011, the Company had notified substantially all of the employees related to such costs.

[b] Includes $7 million of costs incurred at the Company's vacation exchange and rentals business and $1 million of a reversal of previously recorded expenses at the Company's vacation ownership business.

[c] Balance as of June 30, 2011 is recorded at the Company's vacation exchange and rentals business.

[d] Approximately $9 million and $6 million is recorded at the Company's vacation exchange and rentals business and vacation ownership business, respectively, as of June 30, 2011.

16. Separation Adjustments and Transactions with Former Parent and Subsidiaries

Transfer of Cendant Corporate Liabilities and Issuance of Guarantees to Cendant and Affiliates

Pursuant to the Separation and Distribution Agreement, upon the distribution of the Company's common stock to Cendant shareholders, the Company entered into certain guarantee commitments with Cendant (pursuant to the assumption of certain liabilities and the obligation to indemnify Cendant and Realogy and travel distribution services ("Travelport") for such liabilities) and guarantee commitments related to deferred compensation arrangements with each of Cendant and Realogy. These guarantee arrangements primarily relate to certain contingent litigation liabilities, contingent tax liabilities, and Cendant contingent and other corporate liabilities, of which the Company assumed and is responsible for 37.5% while Realogy is responsible for the remaining 62.5%. The remaining amount of liabilities which were assumed by the Company in connection with the Separation was $56 million and $78 million as of June 30, 2011 and December 31, 2010, respectively. These amounts were comprised of certain Cendant corporate liabilities which were recorded on the books of Cendant as well as additional liabilities which were established for guarantees issued at the date of Separation, related to certain unresolved contingent matters and certain others that could arise during the guarantee period. Regarding the guarantees, if any of the companies 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 Company would be responsible for a portion of the defaulting party or parties' obligation(s). The Company also provided a default guarantee related to certain deferred compensation arrangements related to certain current and former senior officers and directors of Cendant, Realogy and Travelport. These arrangements were valued upon the Separation in accordance with the guidance for guarantees and recorded as liabilities on the Consolidated Balance Sheets. To the extent such recorded liabilities are not adequate to cover the ultimate payment amounts, such excess will be reflected as an expense to the results of operations in future periods.

As a result of the sale of Realogy on April 10, 2007, Realogy was required to post a letter of credit in an amount acceptable to the Company and Avis Budget Group to satisfy its obligations for the Cendant legacy contingent liabilities. As of June 30, 2011, the letter of credit was $100 million.

As of June 30, 2011, the $56 million of Separation related liabilities is comprised of $40 million for tax liabilities, $13 million for liabilities of previously sold businesses of Cendant, $2 million for other contingent and corporate liabilities and $1 million of liabilities where the calculated guarantee amount exceeded the contingent liability assumed at the Separation Date. In connection with these liabilities, $27 million is recorded in current due to former Parent and subsidiaries and $28 million is recorded in long-term due to former Parent and subsidiaries as of June 30, 2011 on the Consolidated Balance Sheet. The Company will indemnify Cendant for these contingent liabilities and therefore any payments made to the third party would be through the former Parent. The $1 million relating to guarantees is recorded in other current liabilities as of June 30, 2011 on the Consolidated Balance Sheet. The actual timing of payments relating to these liabilities is dependent on a variety of factors beyond the Company's control. In addition, as of June 30, 2011, the Company had $3 million of receivables due from former Parent and subsidiaries primarily relating to income taxes, which is recorded in other current assets on the Consolidated Balance Sheet. Such receivables totaled $4 million as of December 31, 2010.

17. Subsequent Event

Revolving Credit Facility

On July 15, 2011, the Company closed on a new $1.0 billion five-year revolving credit facility with a maturity date of July 15, 2016. This new facility replaces the Company's $980 million revolving credit facility.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

FORWARD-LOOKING STATEMENTS

This report includes "forward-looking" statements, as that term is defined by the Securities and Exchange Commission ("SEC") in its rules, regulations and releases. Forward-looking statements are any statements other than statements of historical fact, including statements regarding our expectations, beliefs, hopes, intentions or strategies regarding the future. In some cases, forward-looking statements can be identified by the use of words such as "may", "expects", "should", "believes", "plans", "anticipates", "estimates", "predicts", "potential", "continue", or other words of similar meaning. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in, or implied by, the forward-looking statements. Factors that might cause such a difference include, but are not limited to, general economic conditions, our financial and business prospects, our capital requirements, our financing prospects, our relationships with associates and those disclosed as risks under "Risk Factors" in Part II, Item 1A of this Report. We caution readers that any such statements are based on currently available operational, financial and competitive information, and they should not place undue reliance on these forward-looking statements, which reflect management's opinion only as of the date on which they were made. Except as required by law, we disclaim any obligation to review or update these forward-looking statements to reflect events or circumstances as they occur.

BUSINESS AND OVERVIEW

We are a global provider of hospitality services and products and operate our business in the following three segments:

- **Lodging**—franchises hotels in the upper upscale, upscale, upper midscale, midscale, economy and extended stay segments of the lodging industry and provides hotel management services for full-service hotels globally.
- **Vacation Exchange and Rentals**—provides vacation exchange services and products to owners of intervals of vacation ownership interests ("VOIs") and markets vacation rental properties primarily on behalf of independent owners.
- **Vacation Ownership**—develops, markets and sells VOIs to individual consumers, provides consumer financing in connection with the sale of VOIs and provides property management services at resorts.

RESULTS OF OPERATIONS

Discussed below are our key operating statistics, consolidated 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 net revenues and EBITDA. Our presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

OPERATING STATISTICS

The following table presents our operating statistics for the three months ended June 30, 2011 and 2010. See Results of Operations section for a discussion as to how these operating statistics affected our business for the periods presented.

	Three Months Ended June 30,		
	2011	2010	% Change
Lodging			
Number of rooms [a]	612,900	606,800	1.0
RevPAR [b]	$ 35.38	$ 32.25	9.7
Vacation Exchange and Rentals			
Average number of members (in 000s) [c]	3,755	3,741	0.4
Exchange revenue per member [d]	$ 178.46	$ 172.20	3.6
Vacation rental transactions (in 000s) [e][f]	328	297	10.4
Average net price per vacation rental [f][g]	$ 549.09	$ 387.01	41.9
Vacation Ownership			
Gross VOI sales (in 000s) [h][i]	$ 412,000	$ 371,000	11.1
Tours [j]	177,000	163,000	8.6
Volume Per Guest ("VPG") [k]	$ 2,227	$ 2,156	3.3

[a] Represents the number of rooms at lodging properties at the end of the period which are (i) under franchise and/or management agreements and (ii) for the period ended June 30, 2010, managed under an international joint venture.

[b] Represents revenue per available room and is calculated by multiplying the percentage of available rooms occupied during the period by the average rate charged for renting a lodging room for one day. The three months ended June 30, 2011 includes the impact from the acquisition of the Tryp hotel brand, which was acquired on June 30, 2010, therefore, such operating statistics for 2011 are not presented on a comparable basis to the 2010 operating statistics.

[c] 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 services and products.

[d] Represents total annualized revenues generated from fees associated with memberships, exchange transactions, member-related rentals and other servicing for the period divided by the average number of vacation exchange members during the period.

[e] Represents the number of transactions that are generated in connection with customers booking their vacation rental stays through us. One rental transaction is recorded for each standard one-week rental.

[f] Includes the impact from the acquisitions of ResortQuest (September 2010) and James Villa Holidays (November 2010), therefore, such operating statistics for 2011 are not presented on a comparable basis to the 2010 operating statistics.

[g] Represents the net rental price generated from renting vacation properties to customers divided by the number of vacation rental transactions.

[h] Represents total sales of VOIs, including sales under the Wyndham Asset Affiliation Model ("WAAM"), before loan loss provisions. We believe that Gross VOI sales provides an enhanced understanding of the performance of our vacation ownership business because it directly measures the sales volume of this business during a given reporting period.

[i] The following table provides a reconciliation of Gross VOI sales to Vacation ownership interest sales for the three months ended June 30 (in millions):

	2011	2010
Gross VOI sales	$ 412	$ 371
Less: WAAM sales [*]	(19)	(13)
Gross VOI sales, net of WAAM sales	393	358
Less: Loan loss provision	(80)	(87)
Vacation ownership interest sales	$ 313	$ 271

[*] Represents total sales of VOIs through our fee-for-service vacation ownership sales model designed to offer turn-key solutions for developers or banks in possession of newly developed inventory, which we will sell for a commission fee through our extensive sales and marketing channels.

[j] Represents the number of tours taken by guests in our efforts to sell VOIs.

[k] VPG is calculated by dividing Gross VOI sales (excluding tele-sales upgrades, which are non-tour upgrade sales) by the number of tours. Tele-sales upgrades were $18 million and $20 million during the three months ended June 30, 2011 and 2010, respectively. We have excluded non-tour upgrade sales in the calculation of VPG because non-tour upgrade sales are generated by a different marketing channel. We believe that VPG provides an enhanced understanding of the performance of our vacation ownership business because it directly measures the efficiency of this business' tour selling efforts during a given reporting period.

THREE MONTHS ENDED JUNE 30, 2011 VS. THREE MONTHS ENDED JUNE 30, 2010

Our consolidated results are as follows:

	Three Months Ended June 30,		
	2011	2010	Change
Net revenues	$ 1,090	$ 963	$ 127
Expenses	860	791	69
Operating income	230	172	58
Other income, net	(1)	(3)	2
Interest expense	37	36	1
Interest income	(2)	(2)	—
Income before income taxes	196	141	55
Provision for income taxes	82	46	36
Net income	$ 114	$ 95	$ 19

Net revenues increased $127 million (13.2%) for the three months ended June 30, 2011 compared with the same period last year principally resulting from:

- $56 million of incremental revenues contributed by acquisitions;
- $41 million of higher net VOI sales;
- $19 million of a favorable impact from foreign exchange; and
- $12 million of higher royalty, marketing and reservation revenues.

Total expenses increased by $69 million (8.7%) for the three months ended June 30, 2011 compared with the same period last year principally reflecting:

- $49 million of higher expenses related to acquisitions;
- $20 million of an unfavorable impact from foreign exchange;
- $17 million of higher operating expenses related to VOI sales; and
- a $31 million favorable impact to general and administrative expenses due to a net benefit resulting from a refund of value added taxes.

Our effective tax rate increased from 32.6% during the second quarter of 2010 to 41.8% during the second quarter of 2011 primarily due to the absence of benefits derived from the prior year utilization of cumulative foreign tax credits.

As a result of these items, net income increased $19 million (20.0%) compared to the second quarter of 2010.

During 2011, we expect:

- net revenues of approximately $4.2 billion to $4.3 billion;
- depreciation and amortization of approximately $180 million to $185 million; and
- interest expense, net (excluding early extinguishment of debt costs) of approximately $130 million to $135 million.

Following is a discussion of the results of each of our segments and Corporate and Other for the three months ended June 30, 2011 compared to June 30, 2010:

	Net Revenues			EBITDA		
	2011	**2010**	**% Change**	**2011**	**2010**	**% Change**
Lodging	$ 190	$ 178	6.7	$ 66	$ 49	34.7
Vacation Exchange and Rentals	361	281	28.5	106	78	35.9
Vacation Ownership	541	505	7.1	130	104	25.0
Total Reportable Segments	1,092	964	13.3	302	231	30.7
Corporate and Other [(a)]	(2)	(1)	*	(26)	(14)	*
Total Company	$ 1,090	$ 963	13.2	276	217	27.2
Less: Depreciation and amortization				45	42	
Interest expense				37	36	
Interest income				(2)	(2)	
Income before income taxes				$ 196	$ 141	

(*) Not meaningful.

(a) Includes the elimination of transactions between segments.

Lodging

Net revenues increased by $12 million (6.7%) and EBITDA increased by $17 million (34.7%) during the second quarter of 2011 compared to the same period last year. System-wide RevPAR increased 9.7% versus the prior year.

Net revenues and EBITDA were favorably impacted by $3 million and $2 million, respectively, as a result of the Tryp hotel brand acquisition in the second quarter of 2010.

Excluding the impact from the Tryp acquisition, net revenues reflects (i) a $12 million increase in royalty, marketing and reservation revenues primarily due to a 7.3% increase in RevPAR, resulting from stronger occupancy and average daily rates, and (ii) $2 million of higher franchise fees, partially offset by a $5 million decrease in ancillary services revenues.

In addition, EBITDA was also favorably impacted by (i) $6 million of lower costs for ancillary services, and (ii) $4 million of lower bad debt expense, partially offset by $4 million of higher marketing and reservation expenses resulting from higher revenues. Such increase in marketing and reservation expenses was partially offset by favorable timing of marketing spend which we expect will result in higher expense in the second half of the year.

As of June 30, 2011, we had approximately 7,220 properties and 612,900 rooms in our system. Additionally, our hotel development pipeline as of June 30, 2011 included over 840 hotels and approximately 110,700 rooms, of which 58% was new construction. International rooms accounted for 64% of the development pipeline.

We expect net revenues of approximately $710 million to $730 million during 2011. In addition, as compared to 2010, we expect our operating statistics during 2011 to perform as follows:

- RevPAR to be up 6% to 8%; and
- number of rooms (including Tryp) to increase 1% to 3%.

Vacation Exchange and Rentals

Net revenues and EBITDA increased $80 million (28.5%) and $28 million (35.9%), respectively, during the second quarter of 2011 compared with the second quarter of 2010. EBITDA was favorably impacted by a $31 million net benefit resulting from a refund of value added taxes, which was partially offset by $7 million of higher costs related to organizational realignment initiatives. A weaker U.S. dollar compared to other foreign currencies contributed $19 million and $4 million in net revenues and EBITDA, respectively.

The acquisitions of ResortQuest and James Villa Holidays contributed $53 million of incremental net revenues (inclusive of $7 million of ancillary revenues) and $5 million of incremental EBITDA. Due to the seasonality of revenue generation at such businesses, the margin contributed from these acquisitions is highest during the third quarter.

Excluding the impact of $46 million of incremental rental revenues from acquisitions and the favorable impact of foreign exchange movements of $15 million, net revenues generated from rental transactions and related services increased $4 million due to a 5.4% increase in average net price per vacation rental, partially offset by a 1.4% decrease in rental transaction volume. Such increase resulted from (i) higher yield at our Landal GreenParks business, (ii) higher yield at our

Novasol business for peak season bookings and (iii) a $4 million impact primarily related to a change in the classification of third-party sales commission fees to operating expenses which were misclassified as contra revenue in the same period last year. This change in classification had no impact on EBITDA. The decline in rental transaction volume was primarily due to a decline in volume at our U.K. cottage business, partially offset by favorability at our Novasol and Landal GreenParks businesses.

Exchange and related service revenues, which primarily consist of fees generated from memberships, exchange transactions, member-related rentals and other member servicing, increased $7 million. Excluding $4 million of a favorable impact from foreign exchange movements, exchange and related service revenues increased $3 million due to a 0.9% increase in exchange revenue per member. The average number of members remained relatively flat. The improvement in exchange revenue per member is primarily due to (i) an increase in other transaction fee revenue from combining deposited timeshare intervals, which allows members the ability to transact into higher-valued vacations, and (ii) the impact of a $2 million increase related to a change in the classification of third-party credit card processing fees to operating expenses, which were misclassified as contra revenue in prior periods. This change in classification had no impact on EBITDA. These increases were partially offset by lower subscription fees and exchange transactions, which we believe are the result of the impact of club memberships.

In addition, EBITDA further reflects a $4 million unfavorable impact from foreign exchange transactions and foreign exchange hedging contracts.

We expect net revenues of approximately $1.46 billion to $1.50 billion during 2011. In addition, as compared to 2010, we expect our operating statistics during 2011 to perform as follows:

- vacation rental transactions to increase 16% to 18%;
- average net price per vacation rental to increase 25% to 27%;
- average number of members to be flat; and
- exchange revenue per member to increase 1% to 3%.

Vacation Ownership

Net revenues and EBITDA increased $36 million (7.1%) and $26 million (25.0%), respectively, during the second quarter of 2011 compared with the second quarter of 2010.

Gross sales of VOIs, net of WAAM sales increased $34 million (9.5%) driven principally by a 3.3% increase in VPG and an 8.6% increase in tour flow. The increase in VPG is attributable to improved close rates, while the change in tour flow reflects our focus on marketing programs directed towards new owner generation. Our provision for loan losses declined $7 million primarily as a result of improved portfolio performance, partially offset by higher gross VOI sales. In addition, net revenues were unfavorably impacted by a $14 million decrease in ancillary revenues, primarily associated with a misclassification of fees related to incidental VOI operations. This change in classification from gross basis reporting in revenues to net basis reporting in operating expenses had no impact on EBITDA.

Net revenues and EBITDA generated by WAAM increased by $4 million and $1 million, respectively, due to increased commissions earned on $6 million of higher VOI sales under WAAM.

Property management net revenues and EBITDA increased $8 million and $2 million, respectively, resulting primarily from higher reimbursement revenues and higher fees for additional services. The reimbursement revenues have no impact on EBITDA.

Net revenues were unfavorably impacted by $3 million and EBITDA was favorably impacted by $3 million due to lower consumer financing revenues attributable to a decline in our contract receivable portfolio which was more than offset in EBITDA by a $6 million decrease in interest expense on our securitized debt. Compared to last year, our net interest income margin increased to 78% from 73% due to (i) a reduction in our weighted average interest rate to 5.3% from 7.7% and (ii) higher weighted average interest rates earned on our contract receivable portfolio, partially offset by $237 million of increased average borrowings on our securitized debt facilities.

In addition to the items discussed above, EBITDA was unfavorably impacted by increased expenses primarily resulting from:

- $10 million of increased sales costs;
- $9 million of increased costs associated with maintenance fees on unsold inventory; and
- $9 million of increased marketing expenses due to increased tours for new owner generation.

Such increases were partially offset by $5 million of decreased litigation related expenses.

We expect net revenues of approximately $2.0 billion to $2.1 billion during 2011. In addition, as compared to 2010, we expect our operating statistics during 2011 to perform as follows:

- gross VOI sales to be $1.5 billion to $1.6 billion (including approximately $100 million to $125 million related to WAAM);
- tours to increase 5% to 8%; and
- VPG to increase 2% to 4%.

Corporate and Other

Corporate and Other expenses increased $11 million during the second quarter of 2011 compared to the same period during 2010 resulting primarily from:

- $4 million of increased costs primarily related to data security enhancements;
- $3 million of lower net gains from hedging activities; and
- $3 million of a net expense related to the resolution of and adjustment to certain contingent liabilities and assets.

SIX MONTHS ENDED JUNE 30, 2011 VS. SIX MONTHS ENDED JUNE 30, 2010

Our consolidated results are as follows:

	Six Months Ended June 30,		
	2011	2010	Change
Net revenues	$ 2,041	$ 1,849	$ 192
Expenses	1,658	1,547	111
Operating income	383	302	81
Other income, net	(7)	(5)	(2)
Interest expense	81	86	(5)
Interest income	(3)	(2)	(1)
Income before income taxes	312	223	89
Provision for income taxes	126	78	48
Net income	$ 186	$ 145	$ 41

Net revenues increased $192 million (10.4%) for the six months ended June 30, 2011 compared with the same period last year primarily resulting from:

- $89 million of incremental revenues related to acquisitions;
- $37 million of higher revenues from our vacation ownership business primarily due to increased VOI sales and property management fees, partially offset by the impact of a change in the reporting of fees related to incidental VOI operations;
- $29 million of increased revenue from our exchange and rentals business primarily due to improved yield at our vacation rentals business, higher rental transactions and the impact of a change in the classification of third-party sales commission fees to operating expenses;
- $21 million due to a favorable impact from foreign exchange; and
- $18 million from higher royalty, marketing and reservation revenues at our lodging business.

Total expenses increased by $111 million (7.2%) for the six months ended June 30, 2011 compared with the same period last year principally reflecting:

- $78 million of incremental expenses related to acquisitions;
- $46 million of higher operating expenses resulting from the revenue increases (excluding acquisitions);
- $22 million of an unfavorable impact from foreign exchange; and
- $13 million for a non-cash impairment charge related to a write-down of an international joint venture in the lodging business due to our partner’s indirect relationship with the Libyan government.

Such expense increases were partially offset by (i) a $31 million net benefit resulting from a refund of value added taxes and (ii) $18 million of decreased litigation costs at our vacation ownership business.

Other income, net increased by $2 million primarily due to a gain on the redemption of a preferred stock investment allocated to us in connection with the Separation.

Interest expense decreased $5 million during the six months ended June 30, 2011 compared with the same period last year as a result of the absence of $16 million of costs incurred during the first half of 2010 resulting from the early termination of our term loan and revolving foreign credit facilities, partially offset by $12 million of costs incurred for the repurchase of a portion of our 3.50% convertible notes during the first half of 2011.

Our effective tax rate increased from 35.0% during the six months ended June 30, 2010 to 40.4% during the six months ended June 30, 2011 primarily due to the absence of benefits derived from the prior year utilization of cumulative foreign tax credits.

As a result of these items, our net income increased $41 million (28.3%) compared to the first half of 2010.

Following is a discussion of the results of each of our segments and Corporate and Other for the six months ended June 30, 2011 compared to June 30, 2010:

	Net Revenues			EBITDA		
	2011	2010	% Change	2011	2010	% Change
Lodging	$ 339	$ 322	5.3	$ 92	$ 82	12.2
Vacation Exchange and Rentals	716	582	23.0	199	158	25.9
Vacation Ownership	992	950	4.4	227	186	22.0
Total Reportable Segments	2,047	1,854	10.4	518	426	21.6
Corporate and Other [(a)]	(6)	(5)	*	(38)	(34)	*
Total Company	$ 2,041	$ 1,849	10.4	480	392	22.4
Less: Depreciation and amortization				90	85	
Interest expense				81	86	
Interest income				(3)	(2)	
Income before income taxes				$ 312	$ 223	

(*) Not meaningful.

(a) Includes the elimination of transactions between segments.

Lodging

Net revenues increased by $17 million (5.3%) and EBITDA increased by $10 million (12.2%) during the six months ended June 30, 2011 compared to the same period last year. EBITDA was unfavorably impacted by a $13 million non-cash impairment charge related to the write-down of an international joint venture. System-wide RevPAR increased 8.7% compared to the same period in the prior year.

Net revenues and EBITDA were favorably impacted by $5 million and $3 million, respectively, as a result of the Tryp hotel brand acquisition in the second quarter of 2010.

Excluding the impact of the Tryp acquisition, net revenues reflects (i) an $18 million increase in royalty, marketing and reservation revenues primarily due to a 7.6% increase in domestic RevPAR resulting from stronger occupancy and average daily rates and (ii) a $3 million increase in other franchise fees. Such increases were partially offset by (i) a $7 million decrease in ancillary services revenues and (ii) a $2 million reduction of reimbursable revenues in our hotel management business which has no impact on EBITDA.

In addition, EBITDA was also favorably impacted by (i) $7 million of lower costs for ancillary services, and (ii) $3 million of lower bad debt expenses, partially offset by $4 million of higher marketing and reservation expenses resulting from higher revenues. Such increase in marketing and reservation expenses was partially offset by favorable timing of marketing spend which we expect will result in higher expense in the second half of the year.

Vacation Exchange and Rentals

Net revenues and EBITDA increased $134 million (23.0%) and $41 million (25.9%), respectively, during the six months ended June 30, 2011 compared with the same period during 2010. EBITDA was favorably impacted by a $31 million net benefit resulting from a refund of value added taxes which was partially offset by $7 million of higher costs related to organizational realignment initiatives. A weaker U.S. dollar compared to other foreign currencies contributed $21 million and $4 million in net revenues and EBITDA, respectively.

Acquisitions contributed $84 million of incremental net revenues (inclusive of $13 million of ancillary revenues) and $4 million of incremental EBITDA. EBITDA was also favorably impacted by the absence of $4 million of costs incurred in connection with the acquisition of Hoseasons during the six months ended June 30, 2010. Due to the seasonality of revenue generation at our ResortQuest and James Villa Holidays businesses, the margin contributed from these acquisitions is highest in the third quarter.

Excluding the impact of $71 million of incremental rental revenues from acquisitions and the favorable impact of foreign exchange movements of $15 million, net revenues generated from rental transactions and related services increased $24 million due to a 7.4% increase in average net price per vacation rental and a 3.3% increase in rental transaction volume. The increase in average net price per vacation rental resulted from (i) higher yield at our Novasol business for peak season bookings, (ii) higher yield at our Landal GreenParks business and (iii) an $11 million impact primarily related to a change in the classification of third-party sales commission fees to operating expenses which were misclassified as contra revenue in the same period last year. This change in classification had no impact on EBITDA. Rental transaction volume increased primarily due to favorability at our Novasol and Landal GreenParks businesses.

Exchange and related service revenues, which primarily consist of fees generated from memberships, exchange transactions, member-related rentals and other member servicing, increased $11 million. Excluding $6 million of a favorable impact from foreign exchange movements, exchange and related service revenues were higher by $5 million due to a 0.9% increase in exchange revenue per member. The improvement in exchange revenue per member is primarily related to an increase in other transaction fee revenue from combining deposited timeshare intervals, which allows members the ability to transact into higher-valued vacations, and the impact of a $4 million increase related to a change in the classification of third-party credit card processing fees to operating expenses, which were misclassified as contra revenue in prior periods. This change in reporting had no impact on EBITDA. This increase was partially offset by lower subscription fees as well as exchange and member-rental transactions, which we believe are the result of the impact of club memberships.

In addition, EBITDA further reflects (i) $8 million of higher volume-related costs and (ii) $4 million of unfavorable impacts from foreign exchange transactions and foreign exchange hedging contracts, partially offset by $3 million of lower marketing expenses.

Vacation Ownership

Net revenues and EBITDA increased $42 million (4.4%) and $41 million (22.0%), respectively, during the six months ended June 30, 2011 compared with the six months ended June 30, 2010.

Gross sales of VOIs, net of WAAM sales increased $32 million (4.8%) driven principally by a 9.8% increase in tour flow, partially offset by a 1.0% decrease in VPG. The changes in tour flow and VPG reflect our focus on marketing programs directed towards new owner generation. Our provision for loan losses declined $15 million primarily as a result of improved portfolio performance, partially offset by higher gross VOI sales. In addition, net revenues were unfavorably impacted by a $27 million decrease in ancillary revenues, primarily associated with a misclassification of fees related to incidental VOI operations. This change in classification from gross basis reporting in revenues to net basis reporting in operating expenses had no impact on EBITDA.

Net revenues and EBITDA generated by our WAAM increased by $11 million and $2 million, respectively, due to increased commissions earned on $19 million of higher VOI sales under our WAAM.

Property management net revenues and EBITDA increased $17 million and $6 million, respectively, resulting primarily from higher reimbursement revenues and higher fees for additional services. The reimbursement revenues have no impact on EBITDA.

Net revenues were unfavorably impacted by $6 million and EBITDA was favorably impacted by $1 million due to lower consumer financing revenues attributable to a decline in our contract receivable portfolio which was more than offset in EBITDA by a $7 million decrease in interest expense on our securitized debt. Compared to last year, our net interest income margin increased to 78% from 75% due to (i) a reduction in our weighted average interest rate to 5.4% from 7.2% and (ii) higher weighted average interest rates earned on our contract receivable portfolio, partially offset by $215 million of increased average borrowings on our securitized debt facilities.

In addition to the items discussed above, EBITDA was unfavorably impacted by increased expenses primarily resulting from:

- $18 million of increased costs associated with maintenance fees on unsold inventory;
- $16 million of increased marketing expenses due to increased tours for new owner generation; and
- $9 million of increased sales costs.

Such decreases were partially offset by:

- $18 million of decreased litigation related costs;
- $6 million of decreased deed recording costs; and
- $6 million of lower cost of VOI sales due to favorable inventory adjustments and product mix.

Corporate and Other

Corporate and Other expenses increased $3 million during the first half of 2011 compared to the same period during 2010 resulting from:

- $7 million of increased costs primarily for data security enhancements;
- $4 million of lower net gains from hedging activities; and
- $3 million of higher employee-related costs.

Such increases were partially offset by:

- a $5 million favorable impact from the resolution of and adjustment to certain contingent liabilities and assets; and
- a $4 million gain related to the redemption of a preferred stock investment allocated to us in connection with the Separation.

RESTRUCTURING PLANS

2010 Restructuring Plan

In connection with the recent implementation of significant technology enhancements at our vacation exchange and rentals business during 2010, we committed to a strategic realignment initiative targeted at reducing costs, primarily impacting the operations at certain vacation exchange call centers. During the six months ended June 30, 2011, we incurred $7 million of incremental costs, reduced our liability with $7 million of cash payments and increased our liability with $2 million of other non-cash items. As of June 30, 2011, the remaining liability of $11 million is expected to be paid in cash; $9 million of facility-related by the first quarter of 2020 and $2 million of personnel-related by the second quarter of 2012. We anticipate annual net savings of approximately $8 million from such initiative.

2008 Restructuring Plan

In response to a deteriorating global economy, during 2008, we committed to various strategic realignment initiatives targeted principally at reducing costs, enhancing organizational efficiency, reducing our need to access the asset-backed securities market and consolidating and rationalizing existing processes and facilities. During the six months ended June 30, 2011, we reversed $1 million of previously recorded facility-related expenses and reduced our liability with $4 million of cash payments. As of June 30, 2011, the remaining liability was $6 million, all of which is facility-related, and is expected to be paid in cash by September 2017.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

	June 30, 2011	December 31, 2010	Change
Total assets	$ 9,329	$ 9,416	$ (87)
Total liabilities	6,715	6,499	216
Total stockholders’ equity	2,614	2,917	(303)

Total assets decreased $87 million from December 31, 2010 to June 30, 2011 primarily due to:

- a $175 million decrease in other non-current assets primarily due to the settlement of a portion of our call options in connection with the repurchase of a portion of our 3.50% convertible notes;
- an $84 million decrease in vacation ownership contract receivables, net primarily due to an increase in the reserve for loan losses resulting from new loan originations;
- a $60 million decrease in inventory primarily due to VOI sales during the first half of 2011; and
- a $35 million decrease in trade receivables, net, primarily due to collections seasonality at our vacation rentals businesses, partially offset by the impact of foreign currency translation and increased receivables due to seasonality at our lodging business.

Such decreases were partially offset by:

- an increase of $140 million in cash and cash equivalents primarily due to seasonality of our vacation rentals business;

- a $65 million increase in property and equipment primarily related to capital expenditures for information technology enhancements and maintenance, construction of new bungalows at our Landal GreenParks business and construction on our Bonnet Creek Hotel, as well as the impact of foreign currency translation, partially offset by the depreciation of property and equipment;
- a $41 million increase in other current assets primarily due to increased escrow deposit restricted cash related to advanced booking deposits received on vacation rental transactions; and
- a $19 million increase in goodwill primarily resulting from foreign currency translation.

Total liabilities increased $216 million from December 31, 2010 to June 30, 2011 primarily due to:

- a $111 million increase in accounts payable primarily due to seasonality at our vacation rentals businesses and the impact of foreign currency translation;
- a $73 million increase in deferred income primarily resulting from higher advance arrival-based bookings within our vacation exchange and rentals business;
- a $62 million increase in deferred income taxes primarily attributable to higher gross VOI sales and a change in the expected timing of the utilization of alternative minimum tax credits; and
- a $38 million net increase in our securitized vacation ownership debt (see Note 6—Long-Term Debt and Borrowing Arrangements).

Such increases were partially offset by:

- a net decrease of $50 million in other long-term debt primarily reflecting (i) a $141 million net reduction in our derivative liability related to the bifurcated conversion feature entered into concurrent with the sale of our convertible notes, (ii) a $104 million decrease due to the repurchase of a portion of our 3.50% convertible notes, and (iii) a $47 million net decrease in outstanding borrowings on our corporate revolver, partially offset by the issuance of our $250 million 5.625% senior unsecured notes; and
- a $22 million decrease in due to former Parent and subsidiaries as a result of the payment and settlement of certain legacy liabilities.

Total stockholders' equity decreased $303 million from December 31, 2010 to June 30, 2011 primarily due to:

- $373 million of share repurchases;
- $112 million for the repurchase of warrants; and
- $52 million of dividends.

Such decreases were partially offset by:

- $186 million of net income;
- $28 million of currency translation adjustments, net of tax; and
- a $17 million increase to our pool of excess tax benefits available to absorb tax deficiencies due to the vesting of equity awards.

LIQUIDITY AND CAPITAL RESOURCES

Currently, our financing needs are supported by cash generated from operations and borrowings under our revolving credit facility. In addition, certain funding requirements of our vacation ownership business are met through the issuance of securitized debt to finance vacation ownership contract receivables. We believe that our net cash from operations, cash and cash equivalents, access to our revolving credit facility and continued access to the securitization and debt markets provide us with sufficient liquidity to meet our ongoing needs.

During July 2011, we replaced our $980 million revolving credit facility with a five-year $1.0 billion revolving credit facility that expires in July 2016. During June 2011, we renewed our securitized vacation ownership bank conduit facility to a two-year conduit facility that expires in June 2013 and has a total capacity of $600 million.

We may, from time to time, depending on market conditions and other factors, repurchase our outstanding indebtedness, including our convertible notes, whether or not such indebtedness trades above or below its face amount, for cash and/or in exchange for other securities or other consideration, in each case in open market purchases and/or privately negotiated transactions.

CASH FLOWS

During the six months ended June 30, 2011 and 2010, we had a net change in cash and cash equivalents of $140 million and $84 million, respectively. The following table summarizes such changes:

	Six Months Ended June 30,		
	2011	2010	Change
Cash provided by/(used in):			
Operating activities	$ 696	$ 557	$ 139
Investing activities	(104)	(183)	79
Financing activities	(457)	(283)	(174)
Effects of changes in exchange rate on cash and cash equivalents	5	(7)	12
Net change in cash and cash equivalents	$ 140	$ 84	$ 56

Operating Activities

During the six months ended June 30, 2011, net cash provided by operating activities increased $139 million as compared to the six months ended June 30, 2010 primarily reflecting:

- a $51 million refund for value added taxes, of which $13 million is included in net income and $38 million is in working capital;
- a $69 million increase in deferred income primarily due to (i) higher arrival-based bookings resulting from the 2010 acquisitions of ResortQuest and James Villa Holidays at our vacation exchange and rentals business and (ii) lower recognition of deferred ancillary revenues at our vacation ownership business;
- $36 million of lower cash used to purchase and construct vacation ownership inventory; and
- $28 million of higher net income (exclusive of the $13 million refund of value added taxes).

Investing Activities

During the six months ended June 30, 2011, net cash used in investing activities decreased $79 million as compared to the six months ended June 30, 2010, which principally reflects the absence of $105 million of cash payments relating to the March 2010 acquisition of Hoseasons and the June 2010 acquisition of the Tryp hotel brand, partially offset by an increase of $33 million in capital spending primarily for construction on our Bonnet Creek Hotel.

Financing Activities

During the six months ended June 30, 2011, net cash used in financing activities increased $174 million as compared to the six months ended June 30, 2010, which principally reflects:

- $301 million of higher share repurchases; and
- $262 million related to the repurchase of a portion of our convertible notes.

Such increases in cash outflows were partially offset by:

- $353 million of higher net proceeds related to non-securitized borrowings; and
- $43 million of higher net proceeds resulting from the settlement of a portion of our 2009 convertible note hedge and warrant transactions.

Convertible Debt. We utilized some of our cash flow to retire a portion of our convertible debt and settle a related portion of call options ("Call Options") and warrants ("Warrants"). During the first half of 2011, we repurchased approximately 90%, or $104 million face value, of our remaining 3.50% convertible notes that had a carrying value of $251 million, primarily through the completion of a cash tender offer ($95 million for the portion of convertible notes, including the unamortized discount, and $156 million for the related bifurcated conversion feature) for $262 million. Concurrent with the repurchases, we settled (i) a portion of the Call Options for proceeds of $155 million, which resulted in an additional loss of $1 million, and (ii) a portion of the Warrants with payments of $112 million. As a result of these transactions, we made net payments of $219 million and incurred total losses of $12 million during the first half of 2011. This transaction reduced the number of shares related to the Warrants to approximately 1 million as of June 30, 2011. As the Warrants had a dilutive effect when our common stock price exceeds the Warrant strike price of $19.76 per share, this transaction will result in reduced future share dilution if our common stock price continues to exceed the Warrant strike price. In addition, this transaction is expected to create economic value as we believe our common stock price will increase, resulting in a benefit that exceeds the cost of purchasing these Warrants.

Senior Unsecured Notes. During the first quarter of 2011, we issued senior unsecured debt for net proceeds of $245 million. We utilized the proceeds from this debt issuance to reduce our outstanding indebtedness, including the repurchase of a portion of our outstanding 3.50% convertible notes and repayment of borrowings under the revolving credit facility, and for general corporate purposes. For further detailed information about such borrowings, see Note 6 — Long-Term Debt and Borrowing Arrangements.

Capital Deployment

We are focusing on optimizing cash flow and seeking to deploy capital for the highest possible returns. Ultimately, our business objective is to transform our cash and earnings profile, primarily by rebalancing our cash streams to achieve a greater proportion of EBITDA from our fee-for-service businesses. We intend to continue to invest in select capital and technological improvements across our business. In addition, we may seek to acquire additional franchise agreements, hotel/property management contracts and exclusive agreements for vacation rental properties on a strategic and selective basis, either directly or through investments in joint ventures.

During the six months ended June 30, 2011, we spent $101 million on capital expenditures, equity investments and development advances primarily on (i) information technology maintenance and enhancement projects, (ii) construction of new bungalows at our Landal GreenParks business, (iii) construction of our Bonnet Creek Hotel and (iv) equity investments and development advances. During 2011, we anticipate spending approximately $225 million to $240 million on capital expenditures, equity investments and development advances including approximately $50 million related to the completion of our Bonnet Creek Hotel. Additionally, in an effort to support growth in the Wyndham Hotels and Resorts brand, we plan on investing approximately $200 million in mezzanine and other financing over the next several years.

In addition, we spent $23 million relating to vacation ownership development projects (inventory) during the first half of 2011. We anticipate spending on average approximately $130 million annually from 2011 through 2014 on vacation ownership development projects (approximately $80 million to $90 million during 2011), including projects currently under development. We believe that our vacation ownership business currently has adequate finished inventory on our balance sheet to support vacation ownership sales. After factoring in the anticipated additional average spending of approximately $130 million annually from 2011 through 2014, we expect to have adequate inventory through at least 2015.

We expect that the majority of the expenditures that will be required to pursue our capital spending programs, strategic investments and vacation ownership development projects will be financed with cash flow generated through operations. Additional expenditures are financed with general unsecured corporate borrowings, including through the use of available capacity under our revolving credit facility.

Share Repurchase Program

We expect to generate annual net cash provided by operating activities less capital expenditures, equity investments and development advances in the range of approximately $600 million to $700 million annually over the next several years. A portion of this cash flow is expected to be returned to our shareholders in the form of share repurchases. On August 20, 2007, our Board of Directors (the "Board") authorized a stock repurchase program that enabled us to purchase up to $200 million of our common stock. On July 22, 2010, the Board increased the authorization by $300 million and, on April 25, 2011 further increased the authorization by $500 million bringing the total share authorization to $1 billion. Under such program, we repurchased 11,426,202 shares at an average price of $25.78 for a cost of $295 million and repurchase capacity increased $53 million from proceeds received from stock option exercises as of December 31, 2010. During the first half of 2011, we repurchased 11,804,137 shares at an average price of $31.60 for a cost of $373 million and repurchase capacity increased $9 million from proceeds received from stock option exercises. Such repurchase capacity will continue to be increased by proceeds received from future stock option exercises.

During the period July 1, 2011 through July 29, 2011, we repurchased an additional 1.5 million shares at an average price of $34.11 for a cost of $51 million. We currently have $344 million remaining availability in our program. The amount and timing of specific repurchases are subject to market conditions, applicable legal requirements and other factors. Repurchases may be conducted in the open market or in privately negotiated transactions.

Dividend Policy

During the first quarter of 2011, we increased our dividend by 25%, from $0.12 to $0.15 per share of common stock outstanding, and as a result, we projected our dividend payout ratio to be approximately 28% of the midpoint of our then estimated 2011 net income after certain adjustments. During the quarterly periods ended March 31 and June 30, 2011, we paid a cash dividend of $0.15 per share of common stock issued and outstanding on the record date for the applicable dividend. We expect our dividend policy for the future, at a minimum, to mirror the rate of growth of our business.

FINANCIAL OBLIGATIONS

Our indebtedness consisted of:

	June 30, 2011	December 31, 2010
Securitized vacation ownership debt: [(a)]		
Term notes	$ 1,446	$ 1,498
Bank conduit facility [(b)]	242	152
Total securitized vacation ownership debt	$ 1,688	$ 1,650
Long-term debt:		
Revolving credit facility (due October 2013) [(c)]	$ 107	$ 154
6.00% senior unsecured notes (due December 2016) [(d)]	803	798
9.875% senior unsecured notes (due May 2014) [(e)]	242	241
3.50% convertible notes (due May 2012) [(f)]	32	266
7.375% senior unsecured notes (due March 2020) [(g)]	247	247
5.75% senior unsecured notes (due February 2018) [(h)]	247	247
5.625% senior unsecured notes (due March 2021) [(i)]	245	—
Vacation rentals capital leases [(j)]	120	115
Other	1	26
Total long-term debt	$ 2,044	$ 2,094

[(a)] Represents non-recourse debt that is currently securitized through 13 bankruptcy-remote special purpose entities ("SPEs"), the creditors of which have no recourse to us for principal and interest. These outstanding borrowings are collateralized by $2,672 million and $2,865 million of underlying gross vacation ownership contract receivables and related assets as of June 30, 2011 and December 31, 2010, respectively.

[(b)] Represents a $600 million, non-recourse vacation ownership bank conduit facility, with a term through June 2013, whose capacity is subject to our ability to provide additional assets to collateralize the facility. As of June 30, 2011, the total available capacity of the facility was $358 million.

[(c)] The revolving credit facility has a total capacity of $980 million, which includes availability for letters of credit. As of June 30, 2011, we had $13 million of letters of credit outstanding and, as such, the total available capacity of the revolving credit facility was $860 million. During July 2011, we replaced our $980 million revolving credit facility with a five-year revolving credit facility. The new facility has a total capacity of $1 billion and a maturity date of July 15, 2016.

[(d)] Represents senior unsecured notes we issued during December 2006. The balance as of June 30, 2011 represents $800 million aggregate principal less $2 million of unamortized discount, plus a $5 million fair value hedge derivative.

[(e)] Represents senior unsecured notes we issued during May 2009. The balance as of June 30, 2011 represents $250 million aggregate principal less $8 million of unamortized discount.

[(f)] Represents convertible notes we issued during May 2009, which includes debt principal, less unamortized discount, and a liability related to a bifurcated conversion feature. During the first half of 2011, we repurchased a portion of our outstanding 3.50% convertible notes, primarily through the completion of a cash tender offer. The following table details the components of the convertible notes:

	June 30, 2011	December 31, 2010
Debt principal	$ 12	$ 116
Unamortized discount	(1)	(12)
Debt less discount	11	104
Fair value of bifurcated conversion feature(*)	21	162
Convertible notes	$ 32	$ 266

(*) We also have an asset with a fair value equal to the bifurcated conversion feature, which represents cash-settled call options that we purchased concurrent with the issuance of the convertible notes.

[(g)] Represents senior unsecured notes we issued during February 2010. The balance as of June 30, 2011 represents $250 million aggregate principal less $3 million of unamortized discount.

[(h)] Represents senior unsecured notes we issued during September 2010. The balance as of June 30, 2011 represents $250 million aggregate principal less $3 million of unamortized discount.

[(i)] Represents senior unsecured notes we issued during March 2011. The balance as of June 30, 2011 represents $250 million aggregate principal less $5 million of unamortized discount.

[(j)] Represents capital lease obligations with corresponding assets classified within property and equipment on our Consolidated Balance Sheets.

2011 Debt Issuances

During the six months ended June 30, 2011, we issued senior unsecured notes, closed a term securitization, renewed our securitized bank conduit facility and repurchased a portion of our 3.50% convertible notes. For further detailed information about such debt, see Note 6—Long-term Debt and Borrowing Arrangements.

Capacity

As of June 30, 2011, available capacity under our borrowing arrangements was as follows:

	Securitized Bank Conduit Facility [a]	Revolving Credit Facility
Total Capacity	$ 600	$ 980
Less: Outstanding Borrowings	242	107
Available Capacity	$ 358	$ 873[b]

[a] The capacity of this facility is subject to our ability to provide additional assets to collateralize additional securitized borrowings.

[b] The capacity under our revolving credit facility includes availability for letters of credit. As of June 30, 2011, the available capacity of $873 million was further reduced to $860 million due to the issuance of $13 million of letters of credit.

Transfer and Servicing of Financial Assets

We pool qualifying vacation ownership contract receivables and sell 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. Vacation ownership contract receivables are currently securitized through 13 bankruptcy-remote SPEs that are consolidated within our Consolidated Financial Statements. As a result, we do not recognize gains or losses resulting from these securitizations at the time of sale to the SPEs. Interest income is recognized when earned over the contractual life of the vacation ownership contract receivables. We 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 SPEs are limited to (i) purchasing vacation ownership contract receivables from our vacation ownership subsidiaries; (ii) issuing debt securities and/or borrowing under a conduit facility to fund such purchases; and (iii) entering into derivatives to hedge interest rate exposure. The bankruptcy-remote SPEs are legally separate from us. The receivables held by the bankruptcy-remote SPEs are not available to our creditors and legally are not our assets. Additionally, the creditors of these SPEs have no recourse to us for principal and interest.

The assets and liabilities of these vacation ownership SPEs are as follows:

	June 30, 2011	December 31, 2010
Securitized contract receivables, gross	$ 2,522	$ 2,703
Securitized restricted cash	128	138
Interest receivables on securitized contract receivables	20	22
Other assets [a]	2	2
Total SPE assets [b]	2,672	2,865
Securitized term notes	1,446	1,498
Securitized conduit facilities	242	152
Other liabilities [c]	17	22
Total SPE liabilities	1,705	1,672
SPE assets in excess of SPE liabilities	$ 967	$ 1,193

[a] Includes interest rate derivative contracts and related assets.

[b] Excludes deferred financing costs of $23 million and $22 million as of June 30, 2011 and December 31, 2010, respectively, related to securitized debt.

[c] Primarily includes interest rate derivative contracts and accrued interest on securitized debt.

In addition, we have vacation ownership contract receivables that have not been securitized through bankruptcy-remote SPEs. Such gross receivables were $738 million and $641 million as of June 30, 2011 and December 31, 2010, respectively.

A summary of total vacation ownership receivables and other securitized assets, net of securitized liabilities and the allowance for loan losses, is as follows:

	June 30, 2011	December 31, 2010
SPE assets in excess of SPE liabilities	$ 967	$ 1,193
Non-securitized contract receivables	738	641
Allowance for loan losses	(362)	(362)
Total, net	$ 1,343	$ 1,472

Covenants

The revolving credit facility is subject to covenants including the maintenance of specific financial ratios. The financial ratio covenants consist of a minimum consolidated interest coverage ratio of at least 3.0 to 1.0 as of the measurement date and a maximum consolidated leverage ratio not to exceed 3.75 to 1.0 as of the measurement date. The consolidated interest coverage ratio is calculated by dividing consolidated EBITDA (as defined in the credit agreement) by consolidated interest expense (as defined in the credit agreement), both as measured on a trailing 12 month basis preceding the measurement date. As of June 30, 2011, our consolidated interest coverage ratio was 8.8 times. Consolidated interest expense excludes, among other things, interest expense on any securitization indebtedness (as defined in the credit agreement). The consolidated leverage ratio is calculated by dividing consolidated total indebtedness (as defined in the credit agreement and which excludes, among other things, securitization indebtedness) as of the measurement date by consolidated EBITDA as measured on a trailing 12 month basis preceding the measurement date. As of June 30, 2011, our consolidated leverage ratio was 1.8 times. Covenants in this credit facility also include limitations on indebtedness of material subsidiaries; liens; mergers, consolidations, liquidations and dissolutions; sale of all or substantially all assets; and sale and leaseback transactions. Events of default in this credit facility include failure to pay interest, principal and fees when due; breach of a covenant or warranty; acceleration of or failure to pay other debt in excess of $50 million (excluding securitization indebtedness); insolvency matters; and a change of control.

The 6.00% senior unsecured notes, 9.875% senior unsecured notes, 7.375% senior unsecured notes, 5.75% senior unsecured notes and 5.625% senior unsecured notes contain various covenants including limitations on liens, limitations on potential sale and leaseback transactions and change of control restrictions. In addition, there are limitations on mergers, consolidations and potential sale of all or substantially all of our assets. Events of default in the notes include failure to pay interest and principal when due, breach of a covenant or warranty, acceleration of other debt in excess of $50 million and insolvency matters. The convertible notes do not contain affirmative or negative covenants, however, the limitations on mergers, consolidations and potential sale of all or substantially all of our assets and the events of default for our senior unsecured notes are applicable to such notes. Holders of the convertible notes have the right to require us to repurchase the convertible notes at 100% of principal plus accrued and unpaid interest in the event of a fundamental change, defined to include, among other things, a change of control, certain recapitalizations and if our common stock is no longer listed on a national securities exchange.

As of June 30, 2011, we were in compliance with all of the financial covenants described above.

Each of our non-recourse, securitized term notes and the bank conduit facility contain various triggers relating to the performance of the applicable loan pools. If the vacation ownership contract receivables pool that collateralizes one of our securitization notes fails to perform within the parameters established by the contractual triggers (such as higher default or delinquency rates), there are provisions pursuant to which the cash flows for that pool will be maintained in the securitization as extra collateral for the note holders or applied to accelerate the repayment of outstanding principal to the note holders. As of June 30, 2011, all of our securitized loan pools were in compliance with applicable contractual triggers.

LIQUIDITY RISK

Our vacation ownership business finances certain of its receivables through (i) an asset-backed bank conduit facility and (ii) periodically accessing the capital markets by issuing asset-backed securities. None of the currently outstanding asset-backed securities contains any recourse provisions to us other than interest rate risk related to swap counterparties (solely to the extent that the amount outstanding on our notes differs from the forecasted amortization schedule at the time of issuance).

We believe that our bank conduit facility, with a term through June 2013 and capacity of $600 million, combined with our ability to issue term asset-backed securities, should provide sufficient liquidity for our expected sales pace and we expect to have available liquidity to finance the sale of VOIs.

Our $1.0 billion five-year revolving credit agreement, which expires in July 2016, contains a provision that is a condition of an extension of credit. The provision, which was standard market practice for issuers of our rating and industry at the time of our revolver renewal, allows the lenders to withhold an extension of credit if the representations and warranties we made at the time we executed the revolving credit facility agreement are not true and correct in all material respects at the time of request of the extension for credit including if a development or event has or would reasonably be expected to have a material adverse effect on our business, assets, operations or condition, financial or otherwise. The application of the material adverse effect provision contains exclusions for the impact resulting from disruptions in, or the inability of companies engaged in businesses similar to those engaged in by us and our subsidiaries to consummate financings in, the asset backed securities or conduit market.

We primarily utilize surety bonds at our vacation ownership business for sales and development transactions in order to meet regulatory requirements of certain states. In the ordinary course of our business, we have assembled commitments from twelve surety providers in the amount of $1.2 billion, of which we had $326 million outstanding as of June 30, 2011. The availability, terms and conditions, and pricing of such bonding capacity is dependent on, among other things, continued financial strength and stability of the insurance company affiliates providing such bonding capacity, the general availability of such capacity and our corporate credit rating. If such bonding capacity is unavailable, or alternatively, if the terms and conditions and pricing of such bonding capacity are unacceptable to us, our vacation ownership units could be negatively impacted.

Our liquidity position may also be negatively affected by unfavorable conditions in the capital markets in which we operate or if our vacation ownership contract receivables portfolios do not meet specified portfolio credit parameters. Our liquidity as it relates to our vacation ownership contract receivables securitization program could be adversely affected if we were to fail to renew or replace our conduit facility on its expiration date, or if a particular receivables pool were to fail to meet certain ratios, which could occur in certain instances if the default rates or other credit metrics of the underlying vacation ownership contract receivables deteriorate. Our ability to sell securities backed by our vacation ownership contract receivables depends on the continued ability and willingness of capital market participants to invest in such securities.

As of June 30, 2011, we had $358 million of availability under our asset-backed bank conduit facility. Any disruption to the asset-backed or commercial paper markets could adversely impact our ability to obtain such financings.

Our senior unsecured debt is rated BBB- by Standard and Poor's ("S&P"). During February 2010, S&P assigned a "stable outlook" to our senior unsecured debt. During February 2010, Moody's Investors Service upgraded our senior unsecured debt rating to Ba1 and during September 2010, assigned a "positive outlook". A security rating is not a recommendation to buy, sell or hold securities and is subject to revision or withdrawal by the assigning rating organization. Reference in this report to any such credit rating is intended for the limited purpose of discussing or referring to aspects of our liquidity and of our costs of funds. Any reference to a credit rating is not intended to be any guarantee or assurance of, nor should there be any undue reliance upon, any credit rating or change in credit rating, nor is any such reference intended as any inference concerning future performance, future liquidity or any future credit rating.

SEASONALITY

We experience seasonal fluctuations in our net revenues and net income from our franchise and management fees, commission income earned from renting vacation properties, annual subscription fees or annual membership dues, as applicable, and exchange and member-related 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 vacation rentals are generally highest in the third quarter, when vacation rentals are highest. Revenues from vacation exchange and member-related 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 ADJUSTMENTS AND TRANSACTIONS WITH FORMER PARENT AND SUBSIDIARIES

Transfer of Cendant Corporate Liabilities and Issuance of Guarantees to Cendant and Affiliates

Pursuant to the Separation and Distribution Agreement, upon the distribution of our common stock to Cendant shareholders, we entered into certain guarantee commitments with Cendant (pursuant to the assumption of certain liabilities and the obligation to indemnify Cendant, Realogy and Travelport for such liabilities) and guarantee commitments related to deferred compensation arrangements with each of Cendant and Realogy. These guarantee arrangements primarily relate to certain contingent litigation liabilities, contingent tax liabilities, and Cendant contingent and other corporate liabilities, of which we assumed and are responsible for 37.5%, while Realogy is responsible for the remaining 62.5%. The remaining amount of liabilities which we assumed in connection with the Separation was $56 million and $78 million as of June 30, 2011 and December 31, 2010, respectively. These amounts were comprised of certain Cendant corporate liabilities which were recorded on the books of Cendant as well as additional liabilities which were established for guarantees issued at the date of Separation related to certain unresolved contingent matters and certain others that could arise during the guarantee period. Regarding the guarantees, if any of the companies responsible for all or a portion of such liabilities were to default in its payment of costs or expenses related to any such liability, we would be responsible for a portion of the defaulting party or parties' obligation(s). We also provided a default guarantee related to certain deferred compensation arrangements related to certain current and former senior officers and directors of Cendant, Realogy and Travelport. These arrangements have been valued upon the Separation in accordance with the guidance for guarantees and recorded as liabilities on the Consolidated Balance Sheets. To the extent such recorded liabilities are not adequate to cover the ultimate payment amounts, such excess will be reflected as an expense to the results of operations in future periods.

As a result of the sale of Realogy on April 10, 2007, Realogy was required to post a letter of credit in an amount acceptable to us and Avis Budget Group to satisfy its obligations for the Cendant legacy contingent liabilities. As of June 30, 2011, the letter of credit was $100 million.

As of June 30, 2011, the $56 million of Separation related liabilities is comprised of $40 million for tax liabilities, $13 million for liabilities of previously sold businesses of Cendant, $2 million for other contingent and corporate liabilities and $1 million of liabilities where the calculated guarantee amount exceeded the contingent liability assumed at the Separation Date. In connection with these liabilities, $27 million is recorded in current due to former Parent and subsidiaries and $28 million is recorded in long-term due to former Parent and subsidiaries as of June 30, 2011 on the Consolidated Balance Sheet. We will indemnify Cendant for these contingent liabilities and therefore any payments made to the third party would be through the former Parent. The $1 million relating to guarantees is recorded in other current liabilities as of June 30, 2011 on the Consolidated Balance Sheet. The actual timing of payments relating to these liabilities is dependent on a variety of factors beyond our control. See Contractual Obligations for the estimated timing of such payments. In addition, as of June 30, 2011, we had $3 million of receivables due from former Parent and subsidiaries primarily relating to income taxes, which is recorded in other current assets on the Consolidated Balance Sheet. Such receivables totaled $4 million as of December 31, 2010.

See Item 1A. Risk Factors for further information related to contingent liabilities.

CONTRACTUAL OBLIGATIONS

The following table summarizes our future contractual obligations for the twelve month periods set forth below:

	7/1/11-6/30/12	7/1/12-6/30/13	7/1/13-6/30/14	7/1/14-6/30/15	7/1/15-6/30/16	Thereafter	Total
Securitized debt [a]	$ 190	$ 202	$ 274	$ 294	$ 173	$ 555	$ 1,688
Long-term debt	43	11	361	12	13	1,604	2,044
Interest on securitized and long-term debt [b]	218	219	182	137	125	205	1,086
Operating leases	76	57	40	35	32	139	379
Other purchase commitments [c]	199	28	10	5	1	135	378
Contingent liabilities [d]	28	28	—	—	—	—	56
Total [e]	$ 754	$ 545	$ 867	$ 483	$ 344	$ 2,638	$ 5,631

[a] Represents debt that is securitized through bankruptcy-remote SPEs, the creditors to which have no recourse to us for principal and interest.

[b] Estimated using the stated interest rates on our long-term debt and the swapped interest rates on our securitized debt.

[c] Primarily represents commitments for the development of vacation ownership properties. Total includes approximately $100 million of vacation ownership development commitments, which we may terminate at minimal cost.

[d] Primarily represents certain contingent litigation liabilities, contingent tax liabilities and 37.5% of Cendant contingent and other corporate liabilities, which we assumed and are responsible for pursuant to our separation from Cendant.

[e] Excludes $23 million of our liability for unrecognized tax benefits associated with the guidance for uncertainty in income taxes since it is not reasonably estimable to determine the periods in which such liability would be settled with the respective tax authorities.

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 consolidated 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. These Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements included in the Annual Report filed on Form 10-K with the SEC on February 22, 2011, which includes a description of our critical accounting policies that involve subjective and complex judgments that could potentially affect reported results. While there have been no material changes to our critical accounting policies as to the methodologies or assumptions we apply under them, we continue to monitor such methodologies and assumptions.

Item 3. Quantitative and Qualitative Disclosures About Market Risks.

We assess our market risk based on changes in interest and foreign currency exchange rates utilizing a sensitivity analysis that measures the potential impact in earnings, fair values and cash flows based on a hypothetical 10% change (increase and decrease) in interest and foreign currency rates. We used June 30, 2011 market rates to perform a sensitivity analysis separately for each of our market risk exposures. The estimates assume instantaneous, parallel shifts in interest rate yield curves and exchange rates. We have determined, through such analyses, 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.

Item 4. Controls and Procedures.

(a) *Disclosure Controls and Procedures.* Our management, with the participation of our Chairman and Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on such evaluation, our Chairman and Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

(b) *Internal Control Over Financial Reporting.* There have been no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved in various claims and lawsuits arising in the ordinary course of business, none of which, in the opinion of management, is expected to have a material adverse effect on our results of operations or financial condition. See Note 11 to the Consolidated Financial Statements for a description of claims and legal actions arising in the ordinary course of our business.

Item 1A. RISK FACTORS.

Before you invest in our securities you should carefully consider each of the following risk factors and all of the other information provided in this report. We believe that the following information identifies the most significant risks that may impact us. However, the risks and uncertainties we face 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 an actual event, the event 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.

The hospitality industry is highly competitive and we are subject to risks relating to competition that may adversely affect our performance.

We will be adversely impacted if we cannot compete effectively in the highly competitive hospitality industry. Our continued success depends 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. 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 revenues are highly dependent on the travel industry and declines in or disruptions to the travel industry, such as those caused by economic slowdown, terrorism, political strife, acts of God and war may adversely affect us.

Declines in or disruptions to the travel industry may adversely impact us. Risks affecting the travel industry include: economic slowdown and recession; economic factors, such as increased costs of living and reduced discretionary income, adversely impacting consumers' and businesses' decisions to use and consume travel services and products; terrorist incidents and threats (and associated heightened travel security measures); political strife; acts of God (such as earthquakes, hurricanes, fires, floods, volcanoes and other natural disasters); war; pandemics or threat of pandemics (such as the H1N1 flu); environmental disasters (such as the Gulf of Mexico oil spill); increased pricing, financial instability and capacity constraints of air carriers; airline job actions and strikes; and increases in gasoline and other fuel prices.

We are subject to operating or other risks common to the hospitality industry.

Our business is subject to numerous operating or other risks common to the hospitality industry including:

- changes in operating costs, including inflation, 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 in our business;
- changes in the supply and demand for hotel rooms, vacation exchange and rental services and vacation ownership services and products;
- seasonality in our businesses, which may cause fluctuations in our operating results;
- geographic concentrations of our operations and customers;
- increases in costs due to inflation that may not be fully offset by price and fee increases in our business;
- availability of acceptable financing and cost of capital as they apply to us, our customers, current and potential hotel franchisees and developers, owners of hotels with which we have hotel management contracts, our RCI affiliates and other developers of vacation ownership resorts;
- our ability to securitize the receivables that we originate in connection with sales of vacation ownership interests;
- the risk that purchasers of vacation ownership interests who finance a portion of the purchase price default on their loans due to adverse macro or personal economic conditions or otherwise, which would increase loan loss reserves and adversely affect loan portfolio performance; that if such defaults occur during the early part of the loan amortization period we will not have recovered the marketing, selling, administrative and other costs associated with such vacation ownership interest; such costs will be incurred again in connection with the resale of the repossessed vacation ownership interest; and the value we recover in a default is not, in all instances, sufficient to cover the outstanding debt;
- the quality of the services provided by franchisees, our vacation exchange and rentals 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;
- 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;
- changes in the number and occupancy and room rates of hotels operating under franchise and management agreements;
- changes in the relative mix of franchised hotels in the various lodging industry price categories;
- our ability to develop and maintain positive relations and contractual arrangements with current and potential franchisees, hotel owners, vacation exchange members, vacation ownership interest owners, resorts with units that are exchanged through our vacation exchange business and/or owners of vacation properties that our vacation rentals business markets for rental;
- the availability of and competition for desirable sites for the development of vacation ownership properties; difficulties associated with obtaining entitlements to develop vacation ownership properties; liability under state and local laws with respect to any construction defects in the vacation ownership properties we develop;

and our ability to adjust our pace of completion of resort development relative to the pace of our sales of the underlying vacation ownership interests;

- our ability to adjust our business model to generate greater cash flow and require less capital expenditures;
- private resale of vacation ownership interests, which could adversely affect our vacation ownership resorts and vacation exchange businesses;
- revenues from our lodging business are indirectly affected by our franchisees' pricing decisions;
- organized labor activities and associated litigation;
- maintenance and infringement of our intellectual property;
- the bankruptcy or insolvency of any one of our customers, which could impair our ability to collect outstanding fees or other amounts due or otherwise exercise our contractual rights;
- increases in the use of third-party Internet services to book online hotel reservations; and
- disruptions in relationships with third parties, including marketing alliances and affiliations with e-commerce channels.

We may not be able to achieve our growth objectives.

We may not be able to achieve our growth objectives for increasing our cash flows, the number of franchised and/or managed properties in our lodging business, the number of vacation exchange members in our vacation exchange business, the number of rental weeks sold by our vacation rentals business and the number of tours generated and vacation ownership interests sold by our vacation ownership business.

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 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.

Our international operations are subject to risks not generally applicable to our domestic operations.

Our international operations are subject to numerous risks including exposure to local economic conditions; potential adverse changes in the diplomatic relations of foreign countries with the U.S.; hostility from local populations; restrictions and taxes 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; local laws might conflict with U.S. laws; withholding and other taxes on remittances and other payments by subsidiaries; and changes in and application of foreign taxation structures including value added taxes.

We are subject to risks related to litigation filed by or against us.

We are subject to a number of legal actions and the risk of future litigation as described under “Legal Proceedings”. We cannot predict with certainty the ultimate outcome and related damages and costs of litigation and other proceedings filed by or against us. Adverse results in litigation and other proceedings may harm our business.

We are subject to certain risks related to our indebtedness, hedging transactions, our securitization of certain of our assets, our surety bond requirements, the cost and availability of capital and the extension of credit by us.

We are a borrower of funds under our credit facilities, credit lines, senior notes and securitization financings. We extend credit when we finance purchases of vacation ownership interests. We use financial instruments to reduce or hedge our financial exposure to the effects of currency and interest rate fluctuations. We are required to post surety bonds in connection with our development activities. In connection with our debt obligations, hedging transactions, the securitization of certain of our assets, our surety bond requirements, the cost and availability of capital and the extension of credit by us, we are subject to numerous risks including:

- our cash flows from operations or available lines of credit may be insufficient to meet required payments of principal and interest, which could result in a default and acceleration of the underlying debt;

- if we are unable to comply with the terms of the financial covenants under our revolving credit facility, including a breach of the financial ratios or tests, such non-compliance could result in a default and acceleration of the underlying revolver debt and under other debt instruments that contain cross-default provisions;
- our leverage may adversely affect our ability to obtain additional financing;
- our leverage may require the dedication of a significant portion of our cash flows to the payment of principal and interest thus reducing the availability of cash flows to fund working capital, capital expenditures or other operating needs;
- increases in interest rates;
- rating agency downgrades for our debt that could increase our borrowing costs;
- failure or non-performance of counterparties to foreign exchange and interest rate hedging transactions;
- we may not be able to securitize our vacation ownership contract receivables on terms acceptable to us because of, among other factors, the performance of the vacation ownership contract receivables, adverse conditions in the market for vacation ownership loan-backed notes and asset-backed notes in general 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 expected;
- our securitizations contain portfolio performance triggers which, if violated, may result in a disruption or loss of cash flow from such transactions;
- a reduction in commitments from surety bond providers which may impair our vacation ownership business by requiring us to escrow cash in order to meet regulatory requirements of certain states;
- prohibitive cost and inadequate availability of capital could restrict the development or acquisition of vacation ownership resorts by us and the financing of purchases of vacation ownership interests; and
- if interest rates increase significantly, we may not be able to increase the interest rate offered to finance purchases of vacation ownership interests by the same amount of the increase.

Economic conditions affecting the hospitality industry, the global economy and credit markets generally may adversely affect our business and results of operations, our ability to obtain financing and/or securitize our receivables on reasonable and acceptable terms, the performance of our loan portfolio and the market price of our common stock.

The future economic environment for the hospitality industry and the global economy may continue to be challenged. The hospitality industry has experienced and may continue to experience significant downturns in connection with, or in anticipation of, declines in general economic conditions. The current economy has been characterized by higher unemployment, lower family income, lower business investment and lower consumer spending, leading to lower demand for hospitality services and products. Declines in consumer and commercial spending may adversely affect our revenues and profits.

Uncertainty in the equity and credit markets may negatively affect our ability to access short-term and long-term financing on reasonable terms or at all, which would negatively impact our liquidity and financial condition. In addition, if one or more of the financial institutions that support our existing credit facilities fails, we may not be able to find a replacement, which would negatively impact our ability to borrow under the credit facilities. Disruptions in the financial markets may adversely affect our credit rating and the market value of our common stock. If we are unable to refinance, if necessary, our outstanding debt when due, our results of operations and financial condition will be materially and adversely affected.

While we believe we have adequate sources of liquidity to meet our anticipated requirements for working capital, debt service and capital expenditures for the foreseeable future, if our cash flow or capital resources prove inadequate we could face liquidity problems that could materially and adversely affect our results of operations and financial condition.

Our liquidity as it relates to our vacation ownership contract receivables securitization program could be adversely affected if we were to fail to renew or replace our securitization warehouse conduit facility on its renewal date or if a particular receivables pool were to fail to meet certain ratios, which could occur in certain instances if the default rates or other credit metrics of the underlying vacation ownership contract receivables deteriorate. Our ability to sell securities backed by our vacation ownership contract receivables depends on the continued ability and willingness of capital market participants to invest in such securities. It is possible that asset-backed securities issued pursuant to our securitization programs could in the future be downgraded by credit agencies. If a downgrade occurs, our ability to complete other securitization transactions on acceptable terms or at all could be jeopardized, and we could be forced to rely on other potentially more expensive and less attractive funding sources, to the extent available, which would decrease our profitability and may require us to adjust our business operations accordingly, including reducing or suspending our financing to purchasers of vacation ownership interests.

Our businesses are subject to extensive regulation and the cost of compliance or failure to comply with such regulations may adversely affect us.

Our businesses are heavily regulated by federal, state and local governments in the countries in which our operations are conducted. In addition, domestic and foreign federal, state and local regulators may enact new laws and regulations that may reduce our revenues, cause our expenses to increase and/or require us to modify substantially our business practices. If we are not in compliance with applicable laws and regulations, including, among others, those governing franchising, timeshare, lending, privacy, marketing and sales, unfair and deceptive trade practices, telemarketing, licensing, labor, employment, health care, health and safety, accessibility, immigration, gaming, environmental (including climate change), and regulations applicable under the Office of Foreign Asset Control and the Foreign Corrupt Practices Act (and local equivalents in international jurisdictions), we may be subject to regulatory investigations or actions, fines, penalties and potential criminal prosecution.

We are subject to risks related to corporate responsibility.

Many factors influence our reputation and the value of our brands including perceptions of us held by our key stakeholders and the communities in which we do business. Businesses face increasing scrutiny of the social and environmental impact of their actions and there is a risk of damage to our reputation and the value of our brands if we fail to act responsibly or comply with regulatory requirements in a number of areas such as safety and security, sustainability, responsible tourism, environmental management, human rights and support for local communities.

We are dependent on our senior management.

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 business strategies.

Our inability to adequately protect and maintain our intellectual property could adversely affect our business.

Our inability to adequately protect and maintain our trademarks, trade dress and other intellectual property rights could adversely affect our business. We generate, maintain, utilize and enforce a substantial portfolio of trademarks, trade dress and other intellectual property that are fundamental to the brands that we use in all of our businesses. There can be no assurance that the steps we take to protect our intellectual property will be adequate. Any event that materially damages the reputation of one or more of our brands could have an adverse impact on the value of that brand and subsequent revenues from that brand. The value of any brand is influenced by a number of factors, including consumer preference and perception and our failure to ensure compliance with brand standards.

Disasters, disruptions and other impairment of our information technologies and systems could adversely affect our business.

Any disaster, 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, hotel/property management, communications, procurement, member record databases, call centers, operation of our loyalty programs and administrative systems. The operation, maintenance and updating of these technologies and systems are dependent upon internal and third-party technologies, systems and services for which there are no assurances of uninterrupted availability or adequate protection.

Failure to maintain the security of personally identifiable and other information, non-compliance with our contractual or other legal obligations regarding such information, or a violation of the Company's privacy and security policies with respect to such information, could adversely affect us.

In connection with our business, we and our service providers collect and retain significant volumes of certain types of personally identifiable and other information pertaining to our customers, stockholders and employees. The legal, regulatory and contractual environment surrounding information security and privacy is constantly evolving and the hospitality industry is under increasing attack by cyber-criminals in the U.S. and other jurisdictions in which we operate. A significant actual or potential theft, loss, fraudulent use or misuse of customer, stockholder, employee or our data by cybercrime or otherwise, non-compliance with our contractual or other legal obligations regarding such data or a violation of our privacy and security policies with respect to such data could adversely impact our reputation and could result in significant costs, fines, litigation or regulatory action against us.

The market price of our shares may fluctuate.

The market price of our common stock may fluctuate depending upon many factors, some of which may be beyond our control, including our quarterly or annual earnings or those of other companies in our industry; actual or anticipated fluctuations in our operating results due to seasonality and other factors related to our business; changes in accounting principles or rules; announcements by us or our competitors of significant acquisitions or dispositions; the failure of securities analysts to cover our common stock; changes in earnings estimates by securities analysts or our ability to meet those estimates; the operating and stock price performance of 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.

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 over time to our directors, officers and employees as well as due to the exercise of options. In addition, our Board may issue shares of our common and preferred stock, and debt securities convertible into shares of our common and preferred stock, up to certain regulatory thresholds without shareholder approval.

Provisions in our certificate of incorporation and by-laws and under Delaware law may prevent or delay an acquisition of our Company, which could impact the trading price of our common stock.

Our certificate of incorporation and 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 and to encourage prospective acquirers to negotiate with our Board rather than to attempt a hostile takeover. These provisions include 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 restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding shares of common stock.

We cannot provide assurance that we will continue to pay dividends.

There can be no assurance that we will have sufficient surplus under Delaware law to be able to continue to pay dividends. This may result from extraordinary cash expenses, actual expenses exceeding contemplated costs, funding of capital expenditures, increases in reserves or lack of available capital. Our Board of Directors may also suspend the payment of dividends if the Board deems such action to be in the best interests of the Company or stockholders. If we do not pay dividends, the price of our common stock must appreciate for you to realize a gain on your investment in Wyndham Worldwide. This appreciation may not occur and our stock may in fact depreciate in value.

We are responsible for certain of Cendant's contingent and other corporate liabilities.

Under the separation agreement and the tax sharing agreement that we executed with Cendant (now Avis Budget Group) and former Cendant units, Realogy and Travelport, we and Realogy generally are responsible for 37.5% and 62.5%, respectively, of certain of Cendant's contingent and other corporate liabilities and associated costs, including certain contingent and other corporate liabilities of Cendant and/or its subsidiaries to the extent incurred on or prior to August 23, 2006, including liabilities relating to certain of Cendant's terminated or divested businesses, the Travelport sale, the Cendant litigation described in this report, actions with respect to the separation plan and payments under certain contracts that were not allocated to any specific party in connection with the separation.

If any party responsible for the liabilities described above were to default on its obligations, each non-defaulting party (including Avis Budget) would be required to pay an equal portion of the amounts in default. Accordingly, we could, under certain circumstances, be obligated to pay amounts in excess of our share of the assumed obligations related to such liabilities including associated costs. On or about April 10, 2007, Realogy Corporation was acquired by affiliates of Apollo Management VI, L.P. and its stock is no longer publicly traded. The acquisition does not negate Realogy's obligation to satisfy 62.5% of such contingent and other corporate liabilities of Cendant or its subsidiaries pursuant to the terms of the separation agreement. As a result of the acquisition, however, Realogy has greater debt obligations and its ability to satisfy its portion of these liabilities may be adversely impacted. In accordance with the terms of the separation agreement, Realogy posted a letter of credit in April 2007 for our and Cendant's benefit to cover its estimated share of the assumed liabilities discussed above, although there can be no assurance that such letter of credit will be sufficient to cover Realogy's actual obligations if and when they arise.

We may be required to write-off all or a portion of the remaining value of our goodwill or other intangibles of companies we have acquired.

Under generally accepted accounting principles, we review our intangible assets, including goodwill, for impairment at least annually or when events or changes in circumstances indicate the carrying value may not be recoverable. Factors that may be considered a change in circumstances, indicating that the carrying value of our goodwill or other intangible assets may not be recoverable, include a sustained decline in our stock price and market capitalization, reduced future cash flow estimates and slower growth rates in our industry. We may be required to record a significant non-cash impairment charge in our financial statements during the period in which any impairment of our goodwill or other intangible assets is determined, negatively impacting our results of operations and stockholders' equity.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Below is a summary of our Wyndham Worldwide common stock repurchases by month for the quarter ended June 30, 2011:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet Be Purchased Under Plan
April 1—30, 2011	3,066,424	$ 32.21	3,066,424	$ 493,258,668
May 1—31, 2011	1,073,941	$ 34.19	1,073,941	$ 459,291,904
June 1—30, 2011(*)	2,012,176	$ 32.04	2,012,176	$ 394,822,345
Total	**6,152,541**	**$ 32.50**	**6,152,541**	**$ 394,822,345**

(*) Includes 153,500 shares purchased for which the trade date occurred during June 2011 while settlement occurred during July 2011.

We expect to generate annual net cash provided by operating activities less capital expenditures, equity investments and development advances of approximately $600 million to $700 million, annually, beginning in 2011. A portion of this cash flow is expected to be returned to our shareholders in the form of share repurchases and dividends. On August 20, 2007, our Board of Directors authorized a stock repurchase program that enabled us to purchase up to $200 million of our common stock. On July 22, 2010, the Board increased the authorization for the stock repurchase program by $300 million and, on April 25, 2011, further increased the authorization by $500 million. During the second quarter of 2011, repurchase capacity increased $3 million from proceeds received from stock option exercises. Such repurchase capacity will continue to be increased by proceeds received from future stock option exercises.

During the period July 1, 2011 through July 29, 2011, we repurchased an additional 1.5 million shares at an average price of $34.11. We currently have $344 million remaining availability in our program. The amount and timing of specific repurchases are subject to market conditions, applicable legal requirements and other factors. Repurchases may be conducted in the open market or in privately negotiated transactions.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 5. Other Information.

At the Annual Meeting of Shareholders held on May 12, 2011, the Company's shareholders voted, on an advisory basis, in favor of holding an annual advisory vote on the compensation of our named executive officers ("Say-on-Pay Vote"), as previously reported in the Current Report on Form 8-K filed by the Company on May 18, 2011. Based on these results, and consistent with its recommendation, the Board of Directors has determined that the Company will hold an annual Say-on-Pay Vote unless changed as a result of a subsequent vote on the frequency of future Say-on-Pay votes.

Item 6. Exhibits.

The exhibit index appears on the page immediately following the signature page of this report.

The agreements included or incorporated by reference as exhibits to this report contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and:

- were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified in such agreement by disclosures that were made to the other party in connection with the negotiation of the applicable agreement;
- may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this report not misleading.

SIGNATURES

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

WYNDHAM WORLDWIDE CORPORATION

Date: August 1, 2011	/s/ Thomas G. Conforti Thomas G. Conforti Chief Financial Officer
Date: August 1, 2011	/s/ Nicola Rossi Nicola Rossi Chief Accounting Officer

Exhibit Index

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to the Registrant's Form 8-K filed July 19, 2006)
3.2	Amended and Restated By-Laws (incorporated by reference to the Registrant's Form 8-K filed July 19, 2006)
10.1*	First Amendment, dated as of June 28, 2011, to the Amended and Restated Indenture and Servicing Agreement, dated as of October 1, 2010, by and among Sierra Timeshare Conduit Receivables Funding II, LLC, as Issuer, Wyndham Consumer Finance, Inc., as Servicer, Wells Fargo Bank, National Association, as Trustee and U.S. Bank National Association, as Collateral Agent.
12*	Computation of Ratio of Earnings to Fixed Charges
14.1**	101.INS XBRL Instance document**
	101.SCH XBRL Taxonomy Extension Schema Document**
	101.CAL XBRL Taxonomy Calculation Linkbase Document**
	101.DEF XBRL Taxonomy Label Linkbase Document**
	101.LAB XBRL Taxonomy Presentation Linkbase Document**
	101.PRE XBRL Taxonomy Extension Definition Linkbase Document**
15*	Letter re: Unaudited Interim Financial Information
31.1*	Certification of Chairman and Chief Executive Officer Pursuant to Rules 13(a)-14(a) and 15(d)-14(a) Promulgated Under the Securities Exchange Act of 1934, as amended
31.2*	Certification of Chief Financial Officer Pursuant to Rules 13(a)-14(a) and 15(d)-14(a) Promulgated Under the Securities Exchange Act of 1934, as amended
32**	Certification of Chairman and Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed with this report

** Furnished with this report

Exhibit 10.1

FIRST AMENDMENT

Dated as of June 28, 2011

to

AMENDED AND RESTATED INDENTURE
AND SERVICING AGREEMENT

Dated as of October 1, 2010

by and among

SIERRA TIMESHARE CONDUIT RECEIVABLES FUNDING II, LLC,

as Issuer

and

WYNDHAM CONSUMER FINANCE, INC.,

as Servicer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Trustee

and

U.S. BANK NATIONAL ASSOCIATION,

as Collateral Agent

FIRST AMENDMENT

to

AMENDED AND RESTATED INDENTURE AND SERVICING AGREEMENT

THIS FIRST AMENDMENT dated as of June 28, 2011 (this “Amendment”) amends that **AMENDED AND RESTATED INDENTURE AND SERVICING AGREEMENT** dated as of October 1, 2010 (the “Original Indenture”) and both this Amendment and the Original Indenture are by and among **SIERRA TIMESHARE CONDUIT RECEIVABLES FUNDING II, LLC**, a limited liability company organized under the laws of the State of Delaware, as issuer, **WYNDHAM CONSUMER FINANCE, INC**., a Delaware corporation, as servicer, **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as trustee and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as collateral agent.

RECITALS

WHEREAS, the Issuer, the Servicer, the Trustee and the Collateral Agent desire to amend the Original Indenture as provided herein.

WHEREAS, in accordance with (x) Section 15.1(b) of the Original Indenture, upon the Amendment Effective Date (as defined herein) the Required Facility Investors have consented to such amendment of the Original Indenture and the Rating Agency Condition has been satisfied, (y) Section 15.1(g) of the Original Indenture, each Funding Agent and each Non-Conduit Committed Purchaser has consented to such amendment of the Original Indenture and (z) Section 15.16 of the Original Indenture, the Deal Agent has consented to such amendment of the Original Indenture.

WHEREAS, capitalized terms used in this Amendment and not otherwise defined herein or amended hereby shall have the meanings assigned to such terms in the Original Indenture.

NOW THEREFORE, in consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the other parties and for the benefit of the Noteholders.

SECTION 1. Amendment of Definitions. The definition of each of the following terms contained in Section 1.1 of the Original Indenture is hereby amended and restated to read in its entirety as follows:

“AAA Advance Rate” shall mean,

(i) prior to but excluding the October 2010 Payment Date, 51%;

(ii) as of the October 2010 Payment Date to but excluding the Third Amendment Effective Date, 51.5%; and

(iii) as of the Third Amendment Effective Date and thereafter 52%.

"Excess Concentration Amount" shall mean, on any date, an amount equal to the sum of (i) the Non-US Excess Amount, (ii) the Green Loans Excess Amount, (iii) the Delayed Completion Green Loans Excess Amount, (iv) the New Seller Excess Amount, (v) the Transition Period Excess Amount, (vi) the Large Loans Excess Amount, (vii) the State Concentration Excess Amount, (viii) the Documents in Transit Excess Amount, (ix) the Fixed Week Excess Amount, (x) the Extended Term Excess Amount, (xi) the Presidential Reserve Loan Excess Amount, (xii) the WorldMark Loan Excess Amount, (xiii) the WorldMark Loan FICO Score 650 Excess Amount, (xiv) the WorldMark Loan FICO Score 700 Excess Amount, (xv) the WorldMark Loan FICO Score 750 Excess Amount, (xvi) the WorldMark Loan FICO Score 800 Excess Amount, (xvii) the Wyndham Loan FICO Score 650 Excess Amount, (xviii) the Wyndham Loan FICO Score 700 Excess Amount, (xix) the Wyndham Loan FICO Score 750 Excess Amount, (xx) the Wyndham Loan FICO Score 800 Excess Amount, (xxi) the California Excess Amount, (xxii) the WAAM Loan Aggregate Excess Amount and (xxiii) the WAAM Loan Developer Excess Amount.

"Large Loans Excess Amount" shall mean, on any date, the sum of (a) the combined amount of the Loan Balances on such date of all Pledged Loans which have a Loan Balance on such date greater than $100,000 plus (b) the amount by which (i) the combined amount of the Loan Balances on such date of all Pledged Loans which have a Loan Balance on such date of $75,000 or more (but not more than $100,000) on such date exceeds (ii) (A) if the weighted average FICO Score for all Pledged Loans which have a Loan Balance on such date of $75,000 or more (but not more than $100,000) is 700 or greater, twelve percent (12%) of the Adjusted Loan Balance on such date or (B) if the weighted average FICO Score for all Pledged Loans which have a Loan Balance on such date of $75,000 or more (but not more than $100,000) is less than 700, five percent (5.0%) of the Adjusted Loan Balance on such date.

"Maturity Date" shall mean the August 2029 Payment Date.

"Principal Distribution Amount" shall mean for any Payment Date an amount equal to the Borrowing Base Shortfall on such Payment Date; provided, however, that for any Payment Date on which (x) the Securitized Pool Three Month Rolling Average Delinquency Percentage exceeds 4.50% or (y) the Securitized Pool Four Month Default Percentage exceeds 1.50%, the Principal Distribution Amount shall be the lesser of (a) the Notes Principal Amount as of such Payment Date and (b) the excess of (i) the entire amount of the remaining Available Funds after making provisions for the payments and distributions required under clauses FIRST through FIFTH in Section 4.1 on such Payment Date over (ii) the amount, if any, by which the amount on deposit in the Reserve Account is less than the Reserve Required Amount on such Payment Date.

SECTION 2. Addition of Definitions. Section 1.1 of the Original Indenture is hereby amended by adding each of the following definitions thereto in the appropriate alphabetical order:

"ClubWyndham Access" shall have the meaning assigned in the applicable Seller Purchase Agreement.

"Third Amendment Effective Date" shall mean June 28, 2011.

"WAAM Loan" shall have the meaning assigned in the applicable Seller Purchase Agreement.

"WAAM Loan Developer" shall have the meaning assigned in the applicable Seller Purchase Agreement.

"WAAM Loan Developer Excess Amount" shall mean, on any date, the sum, with respect to all WAAM Loan Developers, of the amount, if any, with respect to each such WAAM Loan Developer by which (i) the sum of the Loan Balances on such date for all Pledged Loans which are WAAM Loans with respect to WAAM Timeshare Properties relating to a WAAM Real Property Interest owned (prior to any transfer to ClubWyndham Access or an Obligor) by such WAAM Loan Developer exceeds (ii) five percent (5%) of the Adjusted Loan Balance on such date.

"WAAM Loan Aggregate Excess Amount" shall mean, on any date, the amount, if any, by which (i) the excess of (x) the sum of the Loan Balances on such date for all Pledged Loans which are WAAM Loans over (y) the WAAM Loan Developer Excess Amount on such date exceeds (ii) ten percent (10%) of the Adjusted Loan Balance on such date.

"WAAM Real Property Interest" shall have the meaning assigned in the applicable Seller Purchase Agreement.

"WAAM Timeshare Property" shall have the meaning assigned in the applicable Seller Purchase Agreement.

SECTION 3. Deletion of Definition.

Section 1.1 of the Original Indenture is hereby amended by deleting the following definition in its entirety:

"Qualifying Payment Date"

SECTION 4. Amendment to Section 1.2. Section 1.2(a) of the Original Indenture is hereby amended by deleting the term "Second Amendment Effective Date" therein, and inserting "Third Amendment Effective Date" in lieu thereof.

SECTION 5. Amendments to Amortization Events. Section 10.1 of the Original Indenture is hereby amended by deleting each of clauses (f), (g) and (r) thereof in their entirety and inserting the following in lieu thereof:

(f) the Four Month Default Percentage as of any Payment Date exceeds 1.50%;

(g) the Three Month Rolling Average Delinquency Ratio as calculated for any Payment Date exceeds 4.50%;

(r) the Securitized Pool Three Month Rolling Average Delinquency Percentage exceeds 4.50% for four consecutive Payment Dates;

SECTION 6. No Other Amendments. Except as expressly amended, modified and supplemented hereby, the provisions of the Original Indenture are and shall remain in full force and effect.

SECTION 7. Governing Law. This Amendment is governed by and shall be construed in accordance with the laws of the State of New York and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

SECTION 8. Counterparts. This Amendment may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.

SECTION 9. Headings. The headings herein are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

SECTION 10. Effectiveness. This Amendment shall be effective upon the date (the "Amendment Effective Date") that is the later of (i) the date hereof and (ii) the first date on which each of the following conditions precedent shall have been satisfied:

(a) This Amendment shall have been executed and delivered by each of the parties hereto;

(b) The Trustee shall have received the written consent of the Required Facility Investors, each Funding Agent, each Non-Conduit Committed Purchaser and the Deal Agent to this Amendment;

(c) The Rating Agency Condition (as such term is defined in the Original Indenture) shall have been satisfied;

(d) The Trustee shall have received any Opinions of Counsel required by the Trustee to be delivered to the Trustee; and

(e) The First Amendment to the Note Purchase Agreement, dated the date hereof (the "NPA Amendment"), shall have been executed and delivered by each party thereto.

SECTION 11. Purchaser Invested Amount. The Issuer hereby notifies and directs the Trustee that on June 28, 2011:

1. After giving effect to the Purchaser Assignment and Assumption Agreement dated June 28, 2011 among AMSTERDAM FUNDING CORPORATION and THE ROYAL BANK OF SCOTLAND PLC as transferors and THE ROYAL BANK OF SCOTLAND PLC, as a Non-Conduit Committed Purchaser and the acquiring Purchaser, the entire principal amount represented by the Series 2008-A Note registered in the name of THE ROYAL BANK OF SCOTLAND PLC, as Funding Agent, will have been transferred to and acquired by THE ROYAL BANK OF SCOTLAND PLC.

2. On June 28, 2011, the Series 2008-A Notes shall represent the aggregate Notes Principal Amount of $242,281,975.88 and on such date and after giving effect to the Purchaser Assignment and Assumption Agreement dated June 28, 2011 (the “Second Assignment Agreement”) among FALCON ASSET SECURITIZATION COMPANY and JPMORGAN CHASE BANK, N.A.; BANK OF AMERICA, N.A.; ALPINE SECURITIZATION CORP. and CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH; SARATOGA FUNDING CORP., LLC and DEUTSCHE BANK AG, NEW YORK BRANCH; and THE ROYAL BANK OF SCOTLAND PLC as transferors and the acquiring Purchasers party thereto, the Series 2008-A Notes shall be registered to the Purchasers listed on Schedule I to this Amendment and the outstanding principal amount of each Series 2008-A Note shall be as shown on such Schedule I.

3. Upon receipt by the Trustee of the Series 2008-A Note registered in the name of THE ROYAL BANK OF SCOTLAND PLC, as Funding Agent, the Trustee shall cancel such note and shall authenticate and deliver to THE ROYAL BANK OF SCOTLAND PLC, as a Non-Conduit Committed Purchaser, a Series 2008-A Note registered in the name of THE ROYAL BANK OF SCOTLAND PLC and in a stated amount not to exceed $92,000,000.

4. On the basis of the transfers occurring under the Second Assignment Agreement, the Issuer has executed and delivered to the Trustee a Series 2008-A Note in an amount not to exceed $40,000,000 which the Trustee shall authenticate and deliver to GOLDMAN SACHS BANK USA, as a Non-Conduit Committed Purchaser.

IN WITNESS WHEREOF, Issuer, the Servicer, the Trustee and the Collateral Agent have caused this Indenture to be duly executed by their respective officers as of the day and year first above written.

SIERRA TIMESHARE CONDUIT RECEIVABLES FUNDING II, LLC,
as Issuer

By: /s/ Mark A. Johnson
Name: Mark A. Johnson
Title: President

WYNDHAM CONSUMER FINANCE, INC.,
as Servicer

By: /s/ Mark A. Johnson
Name: Mark A. Johnson
Title: President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Jennifer C. Westberg
Name: Jennifer C. Westberg
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, as
as Collateral Agent

By: /s/ Tamara Schultz-Fugh
Name: Tamara Schultz-Fugh
Title: Vice President

SCHEDULE I

Purchaser (identified by reference to Funding Agent or Non-Conduit Committed Purchaser)	Purchaser Invested Amount
JPMorgan Chase Bank, N.A.	$41,187,935.88
Bank of America, N.A.	37,149,902.97
Compass Bank	16,152,131.73
Credit Suisse AG, New York Branch	37,149,902.97
Deutsche Bank, AG, New York Branch	37,149,902.97
Goldman Sachs Bank USA	16,152,131.73
The Royal Bank of Scotland plc	37,149,902.97
The Bank of Nova Scotia	20,190,164.66

Exhibit 12

WYNDHAM WORLDWIDE CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in millions)

	Six Months Ended June 30,	
	2011	2010[b]
Earnings available to cover fixed charges:		
Income before income taxes	$ 312	$ 223
Less: Income from equity investees	1	1
	311	222
Plus: Fixed charges	146	155
Amortization of capitalized interest	3	5
Less: Capitalized interest	6	3
Earnings available to cover fixed charges	$ 454	$ 379
Fixed charges [a]:		
Interest	$ 127	$ 139
Capitalized interest	6	3
Interest portion of rental expense	13	13
Total fixed charges	$ 146	$ 155
Ratio of earnings to fixed charges	3.11x	2.45x

[a] Consists of interest expense on all indebtedness (including costs related to the early extinguishment of debt and the amortization of deferred financing costs), capitalized interest and the portion of operating lease rental expense that is representative of the interest factor.

[b] Ratio computation has been amended to (i) exclude income from equity investees from the determination of earnings available to cover fixed charges and (ii) include capitalized interest within total fixed charges. Ratio was previously reported as 2.49x.

* * *

Exhibit 15

August 1, 2011

Wyndham Worldwide Corporation
22 Sylvan Way
Parsippany, New Jersey 07054

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of Wyndham Worldwide Corporation and subsidiaries for the periods ended June 30, 2011, and 2010, as indicated in our report dated August 1, 2011; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, is incorporated by reference in Registration Statement No. 333-136090 on Form S-8 and Registration Statement No. 333-155676 on Form S-3.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP
Parsippany, New Jersey

* * *

Exhibit 31.1

CERTIFICATION

I, Stephen P. Holmes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wyndham Worldwide Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15(d)-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2011

/s/ STEPHEN P. HOLMES

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Exhibit 31.2

CERTIFICATION

I, Thomas G. Conforti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wyndham Worldwide Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15(d)-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2011

/s/ THOMAS G. CONFORTI
CHIEF FINANCIAL OFFICER

Exhibit 32

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Wyndham Worldwide Corporation (the "Company") on Form 10-Q for the period ended June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Stephen P. Holmes, as Chairman and Chief Executive Officer of the Company, and Thomas G. Conforti, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEPHEN P. HOLMES

Stephen P. Holmes
Chairman and Chief Executive Officer
August 1, 2011

/s/ THOMAS G. CONFORTI

Thomas G. Conforti
Chief Financial Officer
August 1, 2011