

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, 2017

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 number. 001-32876

**Wyndham Worldwide Corporation**

*(Exact Name of Registrant as Specified in Its Charter)*

**Delaware**

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

**22 Sylvan Way**

**Parsippany, New Jersey**

*(Address of Principal Executive Offices)*

**20-0052541**

*(I.R.S. Employer  
Identification No.)*

**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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	(Do not check if a smaller reporting company)	
		Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date:

102,785,767 shares of common stock outstanding as of June 30, 2017.

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**PART I — FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements (Unaudited).**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of  
Wyndham Worldwide Corporation

We have reviewed the accompanying condensed consolidated balance sheet of Wyndham Worldwide Corporation and subsidiaries (the "Company") as of June 30, 2017, and the related condensed consolidated statements of income and comprehensive income for the three-month and six-month periods ended June 30, 2017 and 2016, and the related condensed consolidated statements of cash flows and equity for the six-month periods ended June 30, 2017 and 2016. These interim 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 condensed 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, 2016, and the related consolidated statements of income, comprehensive income, cash flows and equity for the year then ended (not presented herein); and in our report dated February 17, 2017, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2016 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 3, 2017

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
<b>Net revenues</b>				
Service and membership fees	\$ 653	\$ 632	\$ 1,289	\$ 1,266
Vacation ownership interest sales	448	409	798	750
Franchise fees	177	172	318	310
Consumer financing	114	108	224	215
Other	87	82	169	165
<b>Net revenues</b>	<b>1,479</b>	<b>1,403</b>	<b>2,798</b>	<b>2,706</b>
<b>Expenses</b>				
Operating	654	622	1,254	1,236
Cost of vacation ownership interests	38	32	75	68
Consumer financing interest	19	19	37	36
Marketing and reservation	231	211	426	403
General and administrative	191	185	383	372
Asset impairments	135	—	140	—
Restructuring	—	—	7	—
Depreciation and amortization	66	63	128	125
<b>Total expenses</b>	<b>1,334</b>	<b>1,132</b>	<b>2,450</b>	<b>2,240</b>
<b>Operating income</b>	<b>145</b>	<b>271</b>	<b>348</b>	<b>466</b>
Other (income)/expense, net	(3)	(6)	(4)	(16)
Interest expense	39	34	73	68
Early extinguishment of debt	—	—	—	11
Interest income	(2)	(2)	(4)	(4)
<b>Income before income taxes</b>	<b>111</b>	<b>245</b>	<b>283</b>	<b>407</b>
Provision for income taxes	33	89	64	156
<b>Net income</b>	<b>\$ 78</b>	<b>\$ 156</b>	<b>\$ 219</b>	<b>\$ 251</b>
<b>Earnings per share</b>				
Basic	\$ 0.75	\$ 1.40	\$ 2.10	\$ 2.25
Diluted	0.75	1.39	2.09	2.23
Cash dividends declared per share	\$ 0.58	\$ 0.50	\$ 1.16	\$ 1.00

See Notes to Condensed Consolidated Financial Statements.

**WYNDHAM WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(In millions)**  
**(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
<b>Net income</b>	\$ 78	\$ 156	\$ 219	\$ 251
<b>Other comprehensive income/(loss), net of tax</b>				
Foreign currency translation adjustments	45	(28)	75	8
Unrealized gains/(losses) on cash flow hedges	—	—	(1)	1
Defined benefit pension plans	—	—	—	(1)
<b>Other comprehensive income/(loss), net of tax</b>	45	(28)	74	8
<b>Comprehensive income</b>	<u>\$ 123</u>	<u>\$ 128</u>	<u>\$ 293</u>	<u>\$ 259</u>

See Notes to Condensed Consolidated Financial Statements.

**WYNDHAM WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In millions, except share data)  
(Unaudited)

	June 30, 2017	December 31, 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 415	\$ 185
Trade receivables, net	598	610
Vacation ownership contract receivables, net	257	262
Inventory	315	315
Prepaid expenses	187	144
Other current assets	486	296
<b>Total current assets</b>	<b>2,258</b>	<b>1,812</b>
Long-term vacation ownership contract receivables, net	2,535	2,515
Non-current inventory	1,010	1,035
Property and equipment, net	1,368	1,340
Goodwill	1,637	1,603
Trademarks, net	742	734
Franchise agreements and other intangibles, net	382	393
Other non-current assets	416	387
<b>Total assets</b>	<b>\$ 10,348</b>	<b>\$ 9,819</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Securitized vacation ownership debt	\$ 185	\$ 195
Current portion of long-term debt	41	34
Accounts payable	670	468
Deferred income	622	500
Accrued expenses and other current liabilities	866	835
<b>Total current liabilities</b>	<b>2,384</b>	<b>2,032</b>
Long-term securitized vacation ownership debt	1,867	1,946
Long-term debt	3,667	3,337
Deferred income taxes	1,255	1,214
Deferred income	196	197
Other non-current liabilities	387	375
<b>Total liabilities</b>	<b>9,756</b>	<b>9,101</b>
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, 218,748,902 issued as of 2017 and 218,198,050 shares in 2016	2	2
Treasury stock, at cost – 116,036,879 shares in 2017 and 112,617,112 shares in 2016	(5,418)	(5,118)
Additional paid-in capital	3,965	3,966
Retained earnings	2,077	1,977
Accumulated other comprehensive loss	(39)	(113)
<b>Total stockholders' equity</b>	<b>587</b>	<b>714</b>
Noncontrolling interest	5	4
<b>Total equity</b>	<b>592</b>	<b>718</b>
<b>Total liabilities and equity</b>	<b>\$ 10,348</b>	<b>\$ 9,819</b>

See Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended	
	June 30,	
	2017	2016
<b>Operating Activities</b>		
Net income	\$ 219	\$ 251
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	128	125
Provision for loan losses	195	153
Deferred income taxes	29	67
Stock-based compensation	32	36
Excess tax benefits from stock-based compensation	—	(8)
Asset impairments	140	—
Loss on early extinguishment of debt	—	11
Non-cash interest	11	11
Net change in assets and liabilities, excluding the impact of acquisitions:		
Trade receivables	42	14
Vacation ownership contract receivables	(197)	(150)
Inventory	(53)	(15)
Prepaid expenses	(41)	(33)
Other current assets	(116)	(20)
Accounts payable, accrued expenses and other current liabilities	155	169
Deferred income	98	99
Other, net	21	(4)
<b>Net cash provided by operating activities</b>	<b>663</b>	<b>706</b>
<b>Investing Activities</b>		
Property and equipment additions	(82)	(90)
Net assets acquired, net of cash acquired	(15)	—
Payments of development advance notes	(5)	(3)
Proceeds from development advance notes	4	—
Equity investments and loans	(2)	(7)
Proceeds from asset sales	11	1
Increase in securitization restricted cash	(5)	—
Increase in escrow deposit restricted cash	(50)	(41)
Other, net	11	—
<b>Net cash used in investing activities</b>	<b>(133)</b>	<b>(140)</b>
<b>Financing Activities</b>		
Proceeds from securitized borrowings	820	878
Principal payments on securitized borrowings	(912)	(954)
Proceeds from long-term debt	564	50
Principal payments on long-term debt	(611)	(67)
(Repayments of)/proceeds from commercial paper, net	(72)	299
Proceeds from notes issued and term loan	694	325
Repayment/repurchase of notes	(300)	(327)
Proceeds from vacation ownership inventory arrangements	—	20
Repayments of vacation ownership inventory arrangements	(22)	(5)
Dividends to shareholders	(125)	(115)
Repurchase of common stock	(299)	(320)
Excess tax benefits from stock-based compensation	—	8
Debt issuance costs	(7)	(8)
Net share settlement of incentive equity awards	(34)	(34)
Other, net	(5)	(1)
<b>Net cash used in financing activities</b>	<b>(309)</b>	<b>(251)</b>
Effect of changes in exchange rates on cash and cash equivalents	9	(8)
Net increase in cash and cash equivalents	230	307
Cash and cash equivalents, beginning of period	185	171
Cash and cash equivalents, end of period	<b>\$ 415</b>	<b>\$ 478</b>

See Notes to Condensed Consolidated Financial Statements.

**WYNDHAM WORLDWIDE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
(In millions)  
(Unaudited)

	Common Shares Outstanding	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)/ Income	Non-controlling Interest	Total Equity
<b>Balance as of December 31, 2016</b>	106	\$ 2	\$ (5,118)	\$ 3,966	\$ 1,977	\$ (113)	\$ 4	\$ 718
Net income	—	—	—	—	219	—	—	219
Other comprehensive income	—	—	—	—	—	74	—	74
Net share settlement of incentive equity awards	—	—	—	(34)	—	—	—	(34)
Change in deferred compensation	—	—	—	31	—	—	—	31
Change in deferred compensation for Board of Directors	—	—	—	1	—	—	—	1
Repurchase of common stock	(3)	—	(300)	—	—	—	—	(300)
Dividends	—	—	—	—	(119)	—	—	(119)
Other	—	—	—	1	—	—	1	2
<b>Balance as of June 30, 2017</b>	<u>103</u>	<u>\$ 2</u>	<u>\$ (5,418)</u>	<u>\$ 3,965</u>	<u>\$ 2,077</u>	<u>\$ (39)</u>	<u>\$ 5</u>	<u>\$ 592</u>

	Common Shares Outstanding	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)/ Income	Non-controlling Interest	Total Equity
<b>Balance as of December 31, 2015</b>	114	\$ 2	\$ (4,493)	\$ 3,923	\$ 1,592	\$ (74)	\$ 3	\$ 953
Net income	—	—	—	—	251	—	—	251
Other comprehensive income	—	—	—	—	—	8	—	8
Issuance of shares for RSU vesting	1	—	—	—	—	—	—	—
Net share settlement of incentive equity awards	—	—	—	(34)	—	—	—	(34)
Change in deferred compensation	—	—	—	36	—	—	—	36
Change in deferred compensation for Board of Directors	—	—	—	1	—	—	—	1
Repurchase of common stock	(5)	—	(325)	—	—	—	—	(325)
Change in excess tax benefit on equity awards	—	—	—	8	—	—	—	8
Dividends	—	—	—	—	(117)	—	—	(117)
<b>Balance as of June 30, 2016</b>	<u>110</u>	<u>\$ 2</u>	<u>\$ (4,818)</u>	<u>\$ 3,934</u>	<u>\$ 1,726</u>	<u>\$ (66)</u>	<u>\$ 3</u>	<u>\$ 781</u>

See Notes to Condensed Consolidated Financial Statements.



**WYNDHAM WORLDWIDE CORPORATION**  
**NOTES TO CONDENSED 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 Condensed 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 Condensed 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 Condensed Consolidated Financial Statements.

In presenting the Condensed 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 Condensed 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 Condensed Consolidated Financial Statements should be read in conjunction with the Company’s 2016 Consolidated Financial Statements included in its Annual Report filed on Form 10-K with the Securities and Exchange Commission on February 17, 2017.

***Business Description***

The Company operates in the following business segments:

- **Hotel Group**—primarily franchises hotels in the upscale, upper midscale, midscale, economy and extended stay segments and provides hotel management services for full-service and select limited-service hotels.
- **Destination Network**—provides vacation exchange services and products to owners of intervals of vacation ownership interests (“VOIs”) and manages 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.

***Recently Issued Accounting Pronouncements***

*Revenue from Contracts with Customers.* In May 2014, the Financial Accounting Standards Board (“FASB”) issued guidance on revenue from contracts with customers. The guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The guidance also requires disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Entities have the option to apply the new guidance under a retrospective approach to each prior reporting period presented or a modified retrospective approach with the cumulative effect of initially applying the new guidance recognized at the date of initial application within the statement of financial position. The Company currently expects to adopt the new guidance utilizing the full retrospective transition method on its effective date of January 1, 2018.

The Company’s analysis to identify the impact of the new guidance is substantially complete, with the exception of its Wyndham Rewards loyalty and co-branded credit card programs which the Company is still awaiting industry clarification. The Company estimates that its net revenues and net income for the year ended 2016 would be reduced by \$5 million to \$10 million, which would be recognized in future years. Additionally, the Company expects a change in the seasonality of its revenues and net income primarily reflecting a shift of revenues and net income from the first quarter to the third quarter.

The Company believes the most significant impacts relating to its Hotel Group segment are the accounting for initial fees, upfront costs and marketing and reservation expenses. The Company expects royalty and marketing and reservation fees to remain substantially unchanged. Specifically, under the new guidance, the Company expects initial fees to be recognized ratably over the life of the noncancelable period of the franchise agreement and incremental upfront contract costs to be deferred and expensed over the life of the noncancelable period of the franchise agreement. Marketing and reservation revenues earned in excess of costs incurred will no longer be accrued as a liability for future marketing and reservation costs; marketing or reservation costs incurred in excess of revenues earned will continue to be expensed as incurred.

The Company believes the most significant impacts relating to its Destination Network segment are the accounting for vacation rental revenues and other vacation exchange related product fees. Specifically, under the new guidance, the Company expects (i) approximately thirty percent of its vacation rental revenue will no longer be recognized in the period that the rental reservation is booked and, instead, will be recognized over the term of the guest stay and (ii) other vacation exchange related product fees to be deferred and recognized upon the occurrence of a future vacation exchange or other transaction. The Company expects vacation exchange transaction and membership fees to remain substantially unchanged.

The Company expects the recognition of its Vacation Ownership segment revenues to remain substantially unchanged, with the exception of (i) revenue from certain travel packages utilized to market its VOI products which will be presented on a gross basis within other revenues and (ii) a reduction of property management revenues by the proportionate share of maintenance fees paid on its unsold inventory.

*Leases.* In February 2016, the FASB issued guidance which requires companies generally to recognize on the balance sheet operating and financing lease liabilities and corresponding right-of-use assets. This guidance is effective for fiscal years beginning after December 15, 2018 and for interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements and related disclosures.

*Financial Instruments - Credit Losses.* In June 2016, the FASB issued guidance which amends the guidance on measuring credit losses on financial assets held at amortized cost. The guidance requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements and related disclosures.

*Statement of Cash Flows.* In August 2016, the FASB issued guidance intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. This guidance requires the retrospective transition method and is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. The Company believes the impact of this new guidance will result in development advance notes being recorded within operating activities on its Condensed Consolidated Statement of Cash Flows.

*Restricted Cash.* In November 2016, the FASB issued guidance which requires amounts generally described as restricted cash and cash equivalents be included with cash and cash equivalents when reconciling the total beginning and ending amounts for the periods shown on the statement of cash flows. This guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. The Company will adopt this new guidance on January 1, 2018, using a retrospective transition method. The Company believes the impact of the new restricted cash guidance will result in escrow deposits and restricted cash being included with cash and cash equivalents on the statement of cash flows.

The table below summarizes the effects of the new statement of cash flows and restricted cash guidance on the Company's Condensed Consolidated Statements of Cash Flows

Increase/(decrease):	Six Months Ended June 30,	
	2017	2016
Operating Activities	\$ (1)	\$ (3)
Investing Activities	56	44
Cash and cash equivalents, beginning of period	149	152
Cash and cash equivalents, end of period	214	192

*Intra-Entity Transfers of Assets Other Than Inventory.* In October 2016, the FASB issued guidance which requires companies to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This guidance requires the modified retrospective approach and is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements and related disclosures.

*Clarifying the Definition of a Business.* In January 2017, the FASB issued guidance clarifying the definition of a business, which assists entities when evaluating whether transactions should be accounted for as acquisitions of businesses or assets. This guidance is effective on a prospective basis for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements and related disclosures.

*Simplifying the Test for Goodwill Impairment.* In January 2017, the FASB issued guidance which simplifies the current two-step goodwill impairment test by eliminating Step 2 of the test. The guidance requires a one-step impairment test in which an entity compares the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, if any. This guidance is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years, and should be applied on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements and related disclosures.

*Compensation - Stock Compensation.* In May 2017, the FASB issued guidance which provides clarification on when modification accounting should be used for changes to the terms or conditions of a share-based payment award. This guidance does not change the accounting for modifications but clarifies that modification accounting guidance should only be applied if there is a change to the value, vesting conditions, or award classification and would not be required if the changes are considered non-substantive. This guidance is effective for fiscal years beginning after December 15, 2017 and for interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements and related disclosures.

***Recently Adopted Accounting Pronouncements***

*Simplifying the Measurement of Inventory.* In July 2015, the FASB issued guidance related to simplifying the measurement of inventory. This guidance requires an entity to measure inventory at the lower of cost or net realizable value, which consists of the estimated selling prices in the ordinary course of business, less reasonably predictable cost of completion, disposal, and transportation. This guidance is effective prospectively for fiscal years beginning after December 15, 2016 and for interim periods within those fiscal years, with early adoption permitted. The Company adopted the guidance on January 1, 2017, as required. There was no material impact on its financial statements and related disclosures.

*Compensation - Stock Compensation.* In March 2016, the FASB issued guidance which is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This guidance is effective for fiscal years beginning after December 15, 2016 and for interim periods within those fiscal years, with early adoption permitted. The Company adopted the guidance on January 1, 2017, as required. The Company elected to use the prospective transition method and as such, the excess tax benefits from stock-based compensation were presented as part of operating activities within its current period Condensed Consolidated Statement of Cash Flows. In addition, the excess tax benefit of \$2 million and \$6 million has been recognized within the provision for income taxes for the three and six months ended June 30, 2017, respectively, on the Condensed Consolidated Statement of Income.

## 2. Earnings Per Share

The computation of basic and diluted earnings per share (“EPS”) is based on net income 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 share data):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net income	\$ 78	\$ 156	\$ 219	\$ 251
Basic weighted average shares outstanding	103.8	111.0	104.5	111.9
Stock-settled appreciation rights (“SSARs”), RSUs <sup>(a)</sup> and PSUs <sup>(b)</sup>	0.6	0.5	0.6	0.6
Diluted weighted average shares outstanding	104.4	111.5	105.1	112.5
<i>Earnings per share:</i>				
Basic	\$ 0.75	\$ 1.40	\$ 2.10	\$ 2.25
Diluted	0.75	1.39	2.09	2.23
<i>Dividends:</i>				
Aggregate dividends paid to shareholders	\$ 60	\$ 55	\$ 125	\$ 115

(a) Excludes 1.1 million of restricted stock units (“RSUs”) for the three and six months ended June 30, 2016, respectively, that would have been anti-dilutive to EPS. Includes unvested dilutive RSUs which are subject to future forfeiture.

(b) Excludes 0.7 million and 0.6 million of performance vested restricted stock units (“PSUs”) for the three and six months ended June 30, 2017, respectively, and 0.6 million for the three and six months ended June 30, 2016, as the Company has not met the required performance metrics.

### Stock Repurchase Program

The following table summarizes stock repurchase activity under the current stock repurchase program (in millions, except per share data):

	Shares	Cost	Average Price Per Share
As of December 31, 2016	88.1	\$ 4,337	\$ 49.22
For the six months ended June 30, 2017	3.4	300	87.75
As of June 30, 2017	91.5	\$ 4,637	50.66

The Company had \$440 million of remaining availability under its program as of June 30, 2017.

## 3. Acquisitions

Assets acquired and liabilities assumed in business combinations were recorded on the Condensed Consolidated Balance Sheets as of the respective acquisition dates based upon their estimated fair values at such dates. The results of operations of businesses acquired by the Company have been included in the Condensed Consolidated Statements of Income since their respective dates of acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed was allocated to goodwill. In certain circumstances, the allocations of the excess purchase price are based upon preliminary estimates and assumptions. Accordingly, the allocations may be subject to revision when the Company receives final information, including appraisals and other analyses. Any revisions to the fair values during the allocation period will be recorded by the Company as further adjustments to the purchase price allocations. Although, in certain circumstances, the Company has substantially integrated the operations of its acquired businesses, additional future costs relating to such integration may occur. These costs may result from integrating operating systems, relocating employees, closing facilities, reducing duplicative efforts and exiting and consolidating other activities. These costs will be recorded on the Condensed Consolidated Statements of Income as expenses.

During the six months ended June 30, 2017, the Company completed three acquisitions at its Destination Network segment for \$15 million in cash, net of cash acquired and \$1 million of contingent consideration. The preliminary purchase price allocations resulted primarily in the recognition of (i) \$20 million of other assets, (ii) \$8 million of goodwill, of which is \$4 million is expected to be deductible for tax purposes, (iii) \$4 million of definite-lived intangible assets with a weighted

average life of 7 years, (iv) \$3 million of trademarks and (v) \$19 million of liabilities. These acquisitions were not material to the Company's results of operations, financial position or cash flows.

**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:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<i>Current vacation ownership contract receivables:</i>		
Securitized	\$ 226	\$ 235
Non-securitized	89	84
Current vacation ownership contract receivables, gross	315	319
Less: Allowance for loan losses	58	57
Current vacation ownership contract receivables, net	<u>\$ 257</u>	<u>\$ 262</u>
<i>Long-term vacation ownership contract receivables:</i>		
Securitized	\$ 2,218	\$ 2,254
Non-securitized	902	825
Long-term vacation ownership contract receivables, gross	3,120	3,079
Less: Allowance for loan losses	585	564
Long-term vacation ownership contract receivables, net	<u>\$ 2,535</u>	<u>\$ 2,515</u>

The Company's securitized vacation ownership contract receivables generated interest income of \$83 million and \$166 million during the three and six months ended June 30, 2017, respectively, and \$81 million and \$164 million during the three and six months ended June 30, 2016, respectively. Such interest income is included within consumer financing on the Condensed Consolidated Statements of Income.

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 Condensed Consolidated Balance Sheets. During the six months ended June 30, 2017 and 2016, the Company originated vacation ownership contract receivables of \$640 million and \$556 million, respectively, and received principal collections of \$443 million and \$406 million, respectively. The weighted average interest rate on outstanding vacation ownership contract receivables was 13.9% as of both June 30, 2017 and December 31, 2016.

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

	<b>Amount</b>
Allowance for loan losses as of December 31, 2016	\$ 621
Provision for loan losses	195
Contract receivables write-offs, net	(173)
Allowance for loan losses as of June 30, 2017	<u>\$ 643</u>
<b>Amount</b>	
Allowance for loan losses as of December 31, 2015	\$ 581
Provision for loan losses	153
Contract receivables write-offs, net	(148)
Allowance for loan losses as of June 30, 2016	<u>\$ 586</u>

In accordance with the guidance for accounting for real estate time-sharing transactions, the Company recorded a provision for loan losses of \$110 million and \$195 million as a reduction of net revenues during the three and six months ended June 30, 2017, respectively, and \$90 million and \$153 million for the three and six months ended June 30, 2016 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 receivables 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 to ensure that all VOI contract receivables are scored at least every six months. The Company groups all VOI contract receivables into five different categories: FICO scores ranging from 700 to 850, 600 to 699, Below 600, 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) and Asia Pacific (comprised of receivables in the Company's Wyndham Vacation Resort Asia Pacific business for which scores are not readily available).

The following table details an aged analysis of financing receivables using the most recently updated FICO scores (based on the policy described above):

As of June 30, 2017						
	700+	600-699	<600	No Score	Asia Pacific	Total
Current	\$ 1,747	\$ 1,017	\$ 166	\$ 124	\$ 254	\$ 3,308
31 - 60 days	14	23	16	4	2	59
61 - 90 days	9	12	10	2	1	34
91 - 120 days	7	12	12	2	1	34
Total	\$ 1,777	\$ 1,064	\$ 204	\$ 132	\$ 258	\$ 3,435

As of December 31, 2016						
	700+	600-699	<600	No Score	Asia Pacific	Total
Current	\$ 1,733	\$ 1,010	\$ 149	\$ 120	\$ 232	\$ 3,244
31 - 60 days	19	32	17	4	2	74
61 - 90 days	11	16	11	3	1	42
91 - 120 days	8	14	13	2	1	38
Total	\$ 1,771	\$ 1,072	\$ 190	\$ 129	\$ 236	\$ 3,398

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, 2017	December 31, 2016
Land held for VOI development	\$ 4	\$ 146
VOI construction in process	11	59
Inventory sold subject to conditional repurchase	92	163
Completed VOI inventory	893	667
Estimated VOI recoveries	265	256
Destination network vacation credits and other	60	59
Total inventory	1,325	1,350
Less: Current portion <sup>(*)</sup>	315	315
Non-current inventory	\$ 1,010	\$ 1,035

<sup>(\*)</sup> Represents inventory that the Company expects to sell within the next 12 months.

During the six months ended June 30, 2017 and 2016, the Company transferred \$28 million and \$26 million, respectively, from property and equipment to VOI inventory. In addition to the inventory obligations listed below, the Company had \$5 million and \$8 million of inventory accruals as of June 30, 2017 and December 31, 2016, respectively, included within accounts payable on the Condensed Consolidated Balance Sheets.

During May 2017, the Company's new leadership at its vacation ownership business performed an in-depth review of its operations, including its current development pipeline and long-term development plan. In connection with this review, the Company made a decision to no longer pursue future development at certain locations and thus performed a fair value assessment on these locations. As a result, the Company recorded a \$135 million non-cash impairment charge primarily related to the write-down of land held for VOI development (see Note 15 - Asset Impairments and Other Charges for further details).

#### ***Inventory Sale Transactions***

During 2015 and 2016, the Company sold real property located in St. Thomas, U.S. Virgin Islands ("St. Thomas") to a third-party developer, consisting of vacation ownership inventory. During 2013, the Company sold real property located in Las Vegas, Nevada and Avon, Colorado to a third-party developer, consisting of vacation ownership inventory and property and equipment.

The Company recognized no gain or loss on these sales transactions. In accordance with the agreements with the third-party developers, the Company has conditional rights and conditional obligations to repurchase the completed properties from the developers subject to the properties conforming to the Company's vacation ownership resort standards and provided that the third-party developers have not sold the properties to another party. Under the sale of real estate accounting guidance, the conditional rights and obligations of the Company constitute continuing involvement and thus the Company was unable to account for these transactions as a sale.

During 2014, the Company acquired the property located in Avon, Colorado from the third-party developer. In connection with this acquisition, the Company had an outstanding obligation of \$21 million as of June 30, 2017, of which \$11 million was included within accrued expenses and other current liabilities and \$10 million was included within other non-current liabilities on the Condensed Consolidated Balance Sheet. During the six months ended June 30, 2017, the Company paid \$11 million to the third-party developer, of which \$9 million was for vacation ownership inventory and \$2 million was to satisfy a portion of its inventory obligation. As of December 31, 2016, the Company had an outstanding obligation of \$32 million, of which \$11 million was included within accrued expenses and other current liabilities and \$21 million was included within other non-current liabilities on the Condensed Consolidated Balance Sheet.

In connection with the Las Vegas, Nevada and St. Thomas properties, the Company had outstanding obligations of \$144 million as of June 30, 2017, of which \$71 million was included within accrued expenses and other current liabilities and \$73 million was included within other non-current liabilities on the Condensed Consolidated Balance Sheet. During the six months ended June 30, 2017, the Company paid \$54 million to the third-party developer, of which \$32 million was for vacation ownership inventory located in Las Vegas, Nevada and St. Thomas, \$20 million was for its obligation under the vacation ownership inventory arrangements and \$2 million was for accrued interest. In connection with these transactions, the Company acquired \$32 million of inventory developed by the third-party developer during the second quarter of 2017 which will be paid during the third quarter of 2017. As of December 31, 2016, the Company had an outstanding obligation related to the Las Vegas, Nevada and St. Thomas properties of \$166 million, of which \$74 million was included within accrued expenses and other current liabilities and \$92 million was included within other non-current liabilities on the Condensed Consolidated Balance Sheet.

The Company has guaranteed to repurchase the completed properties located in Las Vegas, Nevada and St. Thomas from the third-party developers subject to the properties meeting the Company's vacation ownership resort standards and provided that the third-party developers have not sold the properties to another party. The maximum potential future payments that the Company could be required to make under these commitments was \$206 million as of June 30, 2017.

During the second quarter of 2017, the Company acquired property located in Austin, Texas from a third-party developer. In connection with this acquisition, the Company had an outstanding obligation of \$61 million as of June 30, 2017, of which \$30 million was included within accrued expenses and other current liabilities and \$31 million was included within other non-current liabilities on the Condensed Consolidated Balance Sheet.

**6. Long-Term Debt and Borrowing Arrangements**

The Company's indebtedness consisted of:

	June 30, 2017	December 31, 2016
<i>Securitized vacation ownership debt:</i> <sup>(a)</sup>		
Term notes <sup>(b)</sup>	\$ 1,648	\$ 1,857
Bank conduit facility (due August 2018)	404	284
Total securitized vacation ownership debt	2,052	2,141
Less: Current portion of securitized vacation ownership debt	185	195
Long-term securitized vacation ownership debt	\$ 1,867	\$ 1,946
<i>Long-term debt:</i> <sup>(c)</sup>		
Revolving credit facility (due July 2020)	\$ 9	\$ 14
Commercial paper	355	427
Term loan (due March 2021)	324	323
\$300 million 2.95% senior unsecured notes (due March 2017)	—	300
\$14 million 5.75% senior unsecured notes (due February 2018)	14	14
\$450 million 2.50% senior unsecured notes (due March 2018)	449	449
\$40 million 7.375% senior unsecured notes (due March 2020)	40	40
\$250 million 5.625% senior unsecured notes (due March 2021)	248	248
\$650 million 4.25% senior unsecured notes (due March 2022) <sup>(d)</sup>	648	648
\$400 million 3.90% senior unsecured notes (due March 2023) <sup>(e)</sup>	406	407
\$300 million 4.15% senior unsecured notes (due April 2024)	297	—
\$350 million 5.10% senior unsecured notes (due October 2025) <sup>(f)</sup>	339	338
\$400 million 4.50% senior unsecured notes (due April 2027) <sup>(g)</sup>	400	—
Capital leases	144	143
Other	35	20
Total long-term debt	3,708	3,371
Less: Current portion of long-term debt	41	34
Long-term debt	\$ 3,667	\$ 3,337

<sup>(a)</sup> 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 (which legally are not liabilities of the Company) are collateralized by \$2,558 million and \$2,601 million of underlying gross vacation ownership contract receivables and related assets (which legally are not assets of the Company) as of June 30, 2017 and December 31, 2016, respectively.

<sup>(b)</sup> The carrying amounts of the term notes are net of debt issuance costs aggregating \$22 million and \$24 million as of June 30, 2017 and December 31, 2016, respectively.

<sup>(c)</sup> The carrying amounts of the senior unsecured notes and term loan are net of unamortized discounts of \$15 million and \$11 million as of June 30, 2017 and December 31, 2016, respectively. The carrying amounts of the senior unsecured notes and term loan are net of debt issuance costs of \$5 million and \$4 million as of June 30, 2017 and December 31, 2016, respectively.

<sup>(d)</sup> Includes \$2 million of unamortized gains from the settlement of a derivative as of both June 30, 2017 and December 31, 2016, respectively.

<sup>(e)</sup> Includes \$8 million and \$9 million of unamortized gains from the settlement of a derivative as of June 30, 2017 and December 31, 2016, respectively.

<sup>(f)</sup> Includes \$8 million and \$9 million of unamortized losses from the settlement of a derivative as of June 30, 2017 and December 31, 2016, respectively.

<sup>(g)</sup> Includes a \$4 million increase in the carrying value resulting from a fair value hedge derivative as of June 30, 2017.

**Long-Term Debt**

The Company's \$14 million 5.75% senior unsecured notes due February 2018 and \$450 million 2.50% senior unsecured notes due March 2018 are classified as long-term as the Company has the intent to refinance such debt on a long-term basis and the ability to do so with available capacity under its revolving credit facility.



**Debt Issuances**

*Sierra Timeshare 2017-1 Receivables Funding, LLC.* During March 2017, the Company closed a series of term notes payable, Sierra Timeshare 2017-1 Receivables Funding, LLC, with an initial principal amount of \$350 million, which are secured by vacation ownership contract receivables and bear interest at a weighted average coupon rate of 2.97%. The advance rate for this transaction was 90%. As of June 30, 2017, the Company had outstanding borrowings under these term notes of \$294 million, net of debt issuance costs.

*4.15% Senior Unsecured Notes.* During March 2017, the Company issued senior unsecured notes, with face value of \$300 million and bearing interest at a rate of 4.15%, for net proceeds of \$297 million. The interest on the senior unsecured notes will be subject to adjustments from time to time if there are downgrades to the credit ratings assigned to the notes. Interest began accruing on March 21, 2017 and is payable semi-annually in arrears on April 1 and October 1 of each year, commencing on October 1, 2017. The notes will mature on April 1, 2024 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.

*4.50% Senior Unsecured Notes.* During March 2017, the Company issued senior unsecured notes, with face value of \$400 million and bearing interest at a rate of 4.50%, for net proceeds of \$397 million. The interest on the senior unsecured notes will be subject to adjustments from time to time if there are downgrades to the credit ratings assigned to the notes. Interest began accruing on March 21, 2017 and is payable semi-annually in arrears on April 1 and October 1 of each year, commencing on October 1, 2017. The notes will mature on April 1, 2027 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.

*Other.* During 2015, the Company entered into an agreement with a third-party partner whereby the partner would develop and construct VOI inventory through an SPE. The SPE financed the development and construction with a four-year bank mortgage note. During the first quarter of 2017, the third-party partner met certain conditions of the agreement, which resulted in the Company committing to purchase \$51 million of VOI inventory located in Clearwater, Florida, from the SPE over a two-year period. Such proceeds from the purchase will be used by the SPE to repay the mortgage notes. The Company is considered to be the primary beneficiary for specified assets and liabilities of the SPE and, therefore, the Company consolidated such assets and liabilities within its financial statements. As of June 30, 2017, the Company's obligation under the notes was \$35 million, with principal and interest payable tri-annually (see Note 7 - Variable Interest Entities for further details).

**Commercial Paper**

The Company maintains U.S. and European commercial paper programs with a total capacity of \$750 million and \$500 million, respectively. As of June 30, 2017, the Company had outstanding borrowings of \$355 million at a weighted average interest rate of 1.72%, all of which were under its U.S. commercial paper program. As of December 31, 2016, the Company had outstanding borrowings of \$427 million at a weighted average interest rate of 1.36%, all of which were under its U.S. commercial paper program. The Company considers outstanding borrowings under its commercial paper programs to be a reduction of available capacity on its revolving credit facility.

**Fair Value Hedges**

During the first quarter of 2017, the Company entered into pay-variable/receive-fixed interest rate swap agreements (the "Swaps") on its 4.50% senior unsecured notes with notional amounts of \$400 million. The fixed interest rates on these notes were effectively modified to a variable LIBOR-based index. As of June 30, 2017, the variable interest rates on the notional portion of the 4.50% senior unsecured notes were 3.39%. The aggregate fair value of the Swaps resulted in \$3 million of assets as of June 30, 2017, which were included within other non-current assets on the Condensed Consolidated Balance Sheet.

During 2013, the Company entered into pay-variable/receive-fixed interest rate swap agreements on its 3.90% and 4.25% senior unsecured notes with notional amounts of \$400 million and \$100 million, respectively. The fixed interest rates on these notes were effectively modified to a variable LIBOR-based index. During May 2015, the Company terminated the Swaps resulting in a gain of \$17 million, which is being amortized over the remaining life of the senior unsecured notes as a reduction to interest expense on the Condensed Consolidated Statements of Income. The Company had \$10 million and \$11 million of deferred gains as of June 30, 2017 and December 31, 2016, respectively, which are included within long-term debt on the Condensed Consolidated Balance Sheets.

### **Maturities and Capacity**

The Company's outstanding debt as of June 30, 2017 matures as follows:

	<b>Securitized Vacation Ownership Debt</b>	<b>Long-Term Debt</b>	<b>Total</b>
Within 1 year	\$ 185	\$ 504 (*)	\$ 689
Between 1 and 2 years	259	34	293
Between 2 and 3 years	440	79	519
Between 3 and 4 years	187	916	1,103
Between 4 and 5 years	201	659	860
Thereafter	780	1,516	2,296
	<u>\$ 2,052</u>	<u>\$ 3,708</u>	<u>\$ 5,760</u>

(\*) Includes \$463 million of senior unsecured notes that are classified as long-term debt as the Company has the intent to refinance such debt on a long-term basis and the ability to do so with available capacity under its revolving credit facility.

Maturities of the securitized vacation ownership debt are based on the contractual payment terms of the underlying vacation ownership contract receivables. As such, actual maturities may differ as a result of prepayments by the vacation ownership contract receivable obligors.

As of June 30, 2017, available capacity under the Company's borrowing arrangements was as follows:

	<b>Securitized Bank Conduit Facility (a)</b>	<b>Revolving Credit Facility</b>
Total Capacity	\$ 650	\$ 1,500
Less: Outstanding Borrowings	404	9
Letters of credit	—	1
Commercial paper borrowings	—	355 (b)
Available Capacity	<u>\$ 246</u>	<u>\$ 1,135</u>

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

(b) The Company considers outstanding borrowings under its commercial paper programs to be a reduction of the available capacity of its revolving credit facility.

### **Early Extinguishment of Debt**

During the first quarter of 2016, the Company redeemed the remaining portion of its 6.00% senior unsecured notes for a total of \$327 million. As a result, the Company incurred an \$11 million loss during the six months ended June 30, 2016, which is included within early extinguishment of debt on the Condensed Consolidated Statement of Income.

### **Interest Expense**

During the three and six months ended June 30, 2017, the Company incurred non-securitized interest expense of \$39 million and \$73 million, respectively, which primarily consisted of \$39 million and \$74 million of interest on long-term debt, partially offset by less than \$1 million and \$1 million of capitalized interest. Such amounts are included within interest expense on the Condensed Consolidated Statements of Income. Cash paid related to interest on the Company's non-securitized debt was \$69 million during the six months ended June 30, 2017.

During the three and six months ended June 30, 2016, the Company incurred non-securitized interest expense of \$34 million and \$68 million, respectively, which primarily consisted of \$36 million and \$71 million of interest on long-term debt, partially offset by \$2 million and \$3 million of capitalized interest. Such amounts are included within interest expense on the Condensed Consolidated Statements of Income. Cash paid related to interest on the Company's non-securitized debt was \$70 million during the six months ended June 30, 2016.

Interest expense incurred in connection with the Company's securitized vacation ownership debt during the three and six months ended June 30, 2017 was \$19 million and \$37 million, respectively, and \$19 million and \$36 million during the three and six months ended June 30, 2016, respectively, and is recorded within consumer financing interest on the Condensed Consolidated Statements of Income. Cash paid related to such interest was \$25 million for the six months ended June 30, 2017 and 2016.

**7. Variable Interest Entities**

In accordance with the applicable accounting guidance for the consolidation of a variable interest entity ("VIE"), the Company analyzes its variable interests, including loans, guarantees, SPEs and equity investments to determine if an entity in which the Company has a variable interest is a VIE. If the entity is considered to be a VIE, the Company determines whether it would be considered the entity's primary beneficiary. The Company consolidates into its financial statements those VIEs for which it has determined that it is the primary beneficiary.

***Vacation Ownership Contract Receivables Securitizations***

The Company pools qualifying vacation ownership contract receivables and sells them to bankruptcy-remote entities. Vacation ownership contract receivables qualify for securitization based primarily on the credit strength of the VOI purchaser to whom financing has been extended. Vacation ownership contract receivables are securitized through bankruptcy-remote SPEs that are consolidated within its 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 non-recourse debt that is securitized through the SPEs is legally not a liability of the Company and thus, the creditors have no recourse to the Company for principal and interest.

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Securitized contract receivables, gross <sup>(a)</sup>	\$ 2,444	\$ 2,489
Securitized restricted cash <sup>(b)</sup>	95	90
Interest receivables on securitized contract receivables <sup>(c)</sup>	19	21
Other assets <sup>(d)</sup>	2	4
<b>Total SPE assets</b>	<b>2,560</b>	<b>2,604</b>
Securitized term notes <sup>(e) (f)</sup>	1,648	1,857
Securitized conduit facilities <sup>(e)</sup>	404	284
Other liabilities <sup>(g)</sup>	1	2
<b>Total SPE liabilities</b>	<b>2,053</b>	<b>2,143</b>
SPE assets in excess of SPE liabilities	\$ 507	\$ 461

- <sup>(a)</sup> Included in current (\$226 million and \$235 million as of June 30, 2017 and December 31, 2016, respectively) and non-current (\$2,218 million and \$2,254 million as of June 30, 2017 and December 31, 2016, respectively) vacation ownership contract receivables on the Condensed Consolidated Balance Sheets.
- <sup>(b)</sup> Included in other current assets (\$78 million and \$75 million as of June 30, 2017 and December 31, 2016, respectively) and other non-current assets (\$17 million and \$15 million as of June 30, 2017 and December 31, 2016, respectively) on the Condensed Consolidated Balance Sheets.
- <sup>(c)</sup> Included in trade receivables, net on the Condensed Consolidated Balance Sheets.
- <sup>(d)</sup> Primarily includes deferred financing costs for the bank conduit facility and a security investment asset, which are included in other non-current assets on the Condensed Consolidated Balance Sheets.
- <sup>(e)</sup> Included in current (\$185 million and \$195 million as of June 30, 2017 and December 31, 2016, respectively) and long-term (\$1,867 million and \$1,946 million as of June 30, 2017 and December 31, 2016, respectively) securitized vacation ownership debt on the Condensed Consolidated Balance Sheets.
- <sup>(f)</sup> Includes deferred financing costs of \$22 million and \$24 million as of June 30, 2017 and December 31, 2016, respectively, related to securitized debt.
- <sup>(g)</sup> Primarily includes accrued interest on securitized debt, which is included in accrued expenses and other current liabilities on the Condensed 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 \$991 million and \$909 million as of June 30, 2017 and December 31, 2016, respectively.

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
SPE assets in excess of SPE liabilities	\$ 507	\$ 461
Non-securitized contract receivables	991	909
Less: Allowance for loan losses	643	621
<b>Total, net</b>	<b>\$ 855</b>	<b>\$ 749</b>

In addition to restricted cash related to securitizations, the Company had \$120 million and \$59 million of restricted cash related to escrow deposits as of June 30, 2017 and December 31, 2016, respectively, which are recorded within other current assets on the Condensed Consolidated Balance Sheets.

**Midtown 45, NYC Property**

During 2013, the Company entered into an agreement with a third-party partner whereby the partner acquired the Midtown 45 property in New York City through an SPE. The Company is managing and operating the property for rental purposes while the Company converts it into VOI inventory. The SPE financed the acquisition and planned renovations with a four-year mortgage note and mandatorily redeemable equity provided by related parties of such partner. At the time of the agreement, the Company committed to purchase such VOI inventory from the SPE over a four-year period. Such proceeds from the purchase were used by the SPE to repay the four-year mortgage note and the mandatorily redeemable equity. The

Company is considered to be the primary beneficiary of the SPE and therefore, the Company consolidated the SPE within its financial statements. During the first quarter of 2017, the Company made its final purchase of VOI inventory from the SPE.

**Clearwater, FL Property**

During 2015, the Company entered into an agreement with a third-party partner whereby the partner would develop and construct VOI inventory through an SPE. During the first quarter of 2017, the third-party partner met certain conditions of the agreement, which resulted in the Company committing to purchase \$51 million of VOI inventory from the SPE over a two-year period. Such proceeds from the purchase will be used by the SPE to repay the mortgage notes. The Company is considered to be the primary beneficiary for specified assets and liabilities of the SPE and, therefore, the Company consolidated (non-cash) \$51 million of both property and equipment and long-term debt on its Condensed Consolidated Balance Sheet.

The assets and liabilities of the Clearwater, FL Property and the Midtown 45, NYC Property SPEs are as follows:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
Receivable for leased property and equipment <sup>(a)</sup>	\$ —	\$ 16
Property and equipment, net	35	—
<b>Total SPE assets</b>	<b>35</b>	<b>16</b>
Long-term debt <sup>(b)</sup>	35	17
<b>Total SPE liabilities</b>	<b>35</b>	<b>17</b>
SPE deficit	\$ —	\$ (1)

<sup>(a)</sup> Represents a receivable for assets leased to the Company which are reported within property and equipment, net on the Company's Condensed Consolidated Balance Sheet.

<sup>(b)</sup> As of June 30, 2017, included \$35 million relating to a two-year mortgage note, of which \$25 million was included in current portion of long-term debt on the Condensed Consolidated Balance Sheet. As of December 31, 2016, included \$15 million relating to a four-year mortgage note due in 2017 and \$2 million of mandatorily redeemable equity, both of which were included in current portion of long-term debt on the Condensed Consolidated Balance Sheet.

During the six months ended June 30, 2017 and 2016, the SPE conveyed \$30 million and \$15 million, respectively, of property and equipment to the Company.

**8. Fair Value**

The Company measures its financial assets and liabilities at fair value on a recurring basis and utilizes the fair value hierarchy 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.

As of June 30, 2017, the Company had interest rate swap contracts resulting in \$3 million of assets which are included within other non-current assets and foreign exchange contracts resulting in \$2 million of assets which are included within other current assets and \$1 million of liabilities which are included within accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheet. As of December 31, 2016, the Company had foreign exchange contracts resulting in \$1 million of assets which are included within other current assets and \$1 million of liabilities which are included within accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheet. On a

recurring basis, such assets and liabilities are remeasured at estimated fair value (all of which are Level 2) and thus are equal to the carrying value.

The Company's derivative instruments primarily consist of 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. 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 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, 2017		December 31, 2016	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<b>Assets</b>				
Vacation ownership contract receivables, net	\$ 2,792	\$ 3,392	\$ 2,777	\$ 3,344
<b>Debt</b>				
Total debt	5,760	5,905	5,512	5,579

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 Level 3 inputs consisting of 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 Level 2 inputs comprised of 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, excluding capital leases, using Level 2 inputs based on indicative bids from investment banks and determines the fair value of its senior notes using quoted market prices (such senior notes are not actively traded).

**9. Derivative Instruments and Hedging Activities**

*Foreign Currency Risk*

The Company has foreign currency rate exposure to exchange rate fluctuations worldwide with particular exposure to the British pound, Euro and the Canadian and Australian dollars. The Company uses freestanding foreign currency forward contracts to manage a portion of its exposure to changes in foreign currency exchange rates associated with its foreign currency denominated receivables, payables, forecasted earnings of foreign subsidiaries and intercompany borrowings that are denominated in currencies other than the Company's underlying functional currency. During the first quarter of 2017, the Company undertook an internal restructuring to realign the capital structure of certain subsidiaries to minimize the exposure to changes in foreign currency exchange on certain intercompany borrowings.

Additionally, the Company uses foreign currency forward contracts designated as cash flow hedges to manage a portion of its exposure to changes in forecasted foreign currency denominated vendor payments. Gains and losses relating to freestanding foreign currency contracts are included in operating expenses on the Company's Condensed Consolidated Statements of Income and are substantially offset by the earnings effect from the underlying items that were economically hedged. The freestanding foreign currency contracts resulted in \$1 million of gains and \$6 million of losses during the three months ended June 30, 2017 and 2016, respectively. The freestanding foreign currency contracts resulted in \$2 million of gains and \$10 million of losses during the six months ended June 30, 2017 and 2016, respectively. The amount

of gains or losses relating to contracts designated as cash flow hedges that the Company expects to reclassify from accumulated other comprehensive income (“AOCI”) 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 the fair value of the derivatives are recorded in income with offsetting adjustments to the carrying amount of the hedged debt. The amount of gains or losses that the Company expects to reclassify from AOCI to earnings during the next 12 months is not material.

Gains or losses recognized in AOCI for the three and six months ended June 30, 2017 and 2016 were not material.

**10. Income Taxes**

The Company files income tax returns in the U.S. federal and state jurisdictions, as well as in foreign jurisdictions. The Company is no longer subject to U.S. federal income tax examinations for years prior to 2013. In addition, with few exceptions, the Company is no longer subject to state and local, or foreign income tax examinations for years prior to 2009.

The Company’s effective tax rates were 29.7% and 36.3% during the three months ended June 30, 2017 and 2016, respectively. The decrease was principally due to (i) the impact of non-cash impairment charges primarily related to the write-down of undeveloped VOI land, (ii) a tax benefit recognized from an internal restructuring undertaken to realign the organizational and capital structure of certain foreign operations, and (iii) a tax benefit associated with the recently adopted stock-based compensation pronouncement during 2017.

The Company’s effective tax rates were 22.6% and 38.3% during the six months ended June 30, 2017 and 2016, respectively. The decrease was principally due to (i) a tax benefit on foreign currency losses recognized from an internal restructuring undertaken to realign the organizational and capital structure of certain foreign operations, (ii) the impact of non-cash impairment charges primarily related to the write-down of undeveloped VOI land, and (iii) a tax benefit associated with the recently adopted stock-based compensation pronouncement during 2017.

The Company made cash income tax payments, net of refunds, of \$155 million and \$65 million during the six months ended June 30, 2017 and 2016, respectively.

## **11. Commitments and Contingencies**

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

### ***Wyndham Worldwide Corporation Litigation***

The Company is involved in claims, legal and regulatory proceedings and governmental inquiries arising in the ordinary course of its business including but not limited to: for its hotel group 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, employment, consumer protection and other statutory claims asserted in connection with alleged acts or occurrences at owned, franchised or managed properties or in relation to guest reservations and bookings; for its destination network business-breach of contract, fraud and bad faith claims by affiliates and customers in connection with their respective agreements, negligence, breach of contract, fraud, consumer protection and other statutory claims asserted by members and guests for alleged injuries sustained at or acts or occurrences related to affiliated resorts and vacation rental properties and consumer protection and other statutory claims asserted by consumers; for its vacation ownership business-breach of contract, bad faith, conflict of interest, fraud, 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, consumer protection and other statutory claims by guests for alleged injuries sustained at or acts or occurrences related to 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 which may include claims of wrongful termination, retaliation, discrimination, harassment and wage and hour claims, claims of infringement upon third parties' intellectual property rights, claims relating to information security, privacy and consumer protection, fiduciary duty/trust claims, tax claims, environmental claims and landlord/tenant disputes.

The Company records an accrual for legal contingencies when it determines, after consultation with outside counsel, that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In making such determinations, the Company evaluates, among other things, the degree of probability of an unfavorable outcome and, when it is probable that a liability has been incurred, the Company's ability to make a reasonable estimate of loss. The Company reviews these accruals each reporting period and makes revisions based on changes in facts and circumstances including changes to its strategy in dealing with these matters.

The Company believes that it has adequately accrued for such matters with reserves of \$45 million and \$40 million as of June 30, 2017 and December 31, 2016, respectively. Such reserves are exclusive of matters relating to the Company's separation from Cendant ("Separation"). For matters not requiring accrual, the Company believes that such matters will not have a material 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 and/or cash flows in any given reporting period. The Company had receivables of \$16 million and \$20 million as of June 30, 2017 and December 31, 2016, respectively, for certain matters which are covered by insurance and were included in other current assets on its Condensed Consolidated Balance Sheets. As of June 30, 2017, the potential exposure resulting from adverse outcomes of such legal proceedings could, in the aggregate, range up to \$63 million in excess of recorded accruals. 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.

### ***Other Guarantees/Indemnifications***

#### ***Hotel Group***

From time to time, the Company may enter into a hotel management agreement that provides the hotel owner with a guarantee of a certain level of profitability based upon various metrics. Under such an agreement, the Company would be required to compensate such hotel owner for any profitability shortfall over the term of the guarantee and/or the life of the management agreement up to a specified aggregate amount. For certain agreements, the Company may be able to recapture all or a portion of the shortfall payments in the event that future operating results exceed targets. The original terms of the Company's existing guarantees range from 8 to 10 years.



As of June 30, 2017, the Company had three guarantees for which the maximum potential amount of future payments that the Company may be required to fund was \$114 million with a combined annual cap of \$27 million. These guarantees have a remaining life of approximately 6 to 8 years with a weighted average life of approximately 6 years. One of the guarantees has a recapture provision and, as such, the Company had receivables of \$5 million and \$4 million as of June 30, 2017 and December 31, 2016, respectively, which were included within other non-current assets on its Condensed Consolidated Balance Sheets. Such receivables were the result of payments made to date that are subject to recapture and which the Company believes will be recoverable from future operating performance.

As of June 30, 2017, the Company has an additional guarantee with a recapture provision under which the Company may be required to fund a maximum of \$36 million. Such guarantee terminates in July 2020. The related hotel management agreement, which terminates in July 2038, also provides that the Company may have to fund future operating profitability shortfalls in excess of the maximum guarantee through the term of the management agreement. In the event the Company chooses not to fund any future operating profitability shortfalls, the hotel owner may terminate the hotel management agreement without penalty and the Company would be required to pay liquidated damages. The Company had a \$38 million receivable related to this guarantee as of June 30, 2017, of which \$5 million was included in other current assets and \$33 million was included in other non-current assets on its Condensed Consolidated Balance Sheet. As of December 31, 2016, the Company had a \$32 million receivable related to this guarantee which was included in other non-current assets on its Condensed Consolidated Balance Sheet. Such receivables were the result of payments made to date that are subject to recapture and which the Company believes will be recoverable from future operating performance.

In connection with such performance guarantees, as of June 30, 2017, the Company maintained a liability of \$20 million, of which \$16 million was included in other non-current liabilities and \$4 million was included in accrued expenses and other current liabilities on its Condensed Consolidated Balance Sheet. As of June 30, 2017, the Company also had a corresponding \$30 million asset related to these guarantees, of which \$26 million was included in other non-current assets and \$4 million was included in other current assets on its Condensed Consolidated Balance Sheet. As of December 31, 2016, the Company maintained a liability of \$24 million, of which \$17 million was included in other non-current liabilities and \$7 million was included in accrued expenses and other current liabilities on its Condensed Consolidated Balance Sheet. As of December 31, 2016, the Company also had a corresponding \$32 million asset related to the guarantees, of which \$28 million was included in other non-current assets and \$4 million was included in other current assets on its Condensed Consolidated Balance Sheet. Such assets are being amortized on a straight-line basis over the life of the agreements. The amortization expense for the performance guarantees noted above was \$1 million for the three months ended June 30, 2017 and 2016, respectively, and \$2 million for the six months ended June 30, 2017 and 2016, respectively.

#### ***Vacation Ownership***

The Company has guaranteed to repurchase completed properties located in Las Vegas, Nevada and St. Thomas from third-party developers subject to such properties meeting the Company's vacation ownership resort standards and provided that the third-party developers have not sold such properties to another party (see Note 5 - Inventory).

#### ***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. See Note 17 - Separation Adjustments and Transactions with Former Parent and Subsidiaries regarding contingent litigation liabilities resulting from the Separation.

**12. Accumulated Other Comprehensive (Loss)/Income**

The components of AOCI are as follows:

	Foreign Currency Translation Adjustments	Unrealized Gains on Cash Flow Hedges	Defined Benefit Pension Plans	AOCI
<b>Pretax</b>				
Balance, December 31, 2016	\$ (225)	\$ —	\$ (7)	\$ (232)
Period change	83	—	—	83
Balance, June 30, 2017	<u>\$ (142)</u>	<u>\$ —</u>	<u>\$ (7)</u>	<u>\$ (149)</u>

<b>Tax</b>				
Balance, December 31, 2016	\$ 116	\$ 1	\$ 2	\$ 119
Period change	(8)	(1)	—	(9)
Balance, June 30, 2017	<u>\$ 108</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 110</u>

<b>Net of Tax</b>				
Balance, December 31, 2016	\$ (109)	\$ 1	\$ (5)	\$ (113)
Period change	75	(1)	—	74
Balance, June 30, 2017	<u>\$ (34)</u>	<u>\$ —</u>	<u>\$ (5)</u>	<u>\$ (39)</u>

	Foreign Currency Translation Adjustments	Unrealized Gains on Cash Flow Hedges	Defined Benefit Pension Plans	AOCI
<b>Pretax</b>				
Balance, December 31, 2015	\$ (139)	\$ —	\$ (9)	\$ (148)
Period change	(18)	1	(1)	(18)
Balance, June 30, 2016	<u>\$ (157)</u>	<u>\$ 1</u>	<u>\$ (10)</u>	<u>\$ (166)</u>

<b>Tax</b>				
Balance, December 31, 2015	\$ 70	\$ 1	\$ 3	\$ 74
Period change	26	—	—	26
Balance, June 30, 2016	<u>\$ 96</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 100</u>

<b>Net of Tax</b>				
Balance, December 31, 2015	\$ (69)	\$ 1	\$ (6)	\$ (74)
Period change	8	1	(1)	8
Balance, June 30, 2016	<u>\$ (61)</u>	<u>\$ 2</u>	<u>\$ (7)</u>	<u>\$ (66)</u>

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, PSUs, SSARs and other stock-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, 2017, 15.4 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, 2017 consisted of the following:

	RSUs		PSUs		SSARs	
	Number of RSUs	Weighted Average Grant Price	Number of PSUs	Weighted Average Grant Price	Number of SSARs	Weighted Average Exercise Price
Balance as of December 31, 2016	1.7	\$ 75.81	0.6	\$ 77.84	0.5	\$ 68.78
Granted <sup>(a)</sup>	0.7	84.18	0.3	83.86	—	—
Vested / exercised	(0.7)	73.75	(0.2)	72.97	(0.1)	44.57
Canceled	(0.1)	77.89	—	—	—	—
Balance as of June 30, 2017	1.6 <sup>(b)(c)</sup>	80.20	0.7 <sup>(d)</sup>	81.77	0.4 <sup>(e)(f)</sup>	74.37

<sup>(a)</sup> Primarily represents awards granted by the Company on February 28, 2017.

<sup>(b)</sup> Aggregate unrecognized compensation expense related to RSUs was \$115 million as of June 30, 2017, which is expected to be recognized over a weighted average period of 2.9 years.

<sup>(c)</sup> Approximately 1.5 million RSUs outstanding as of June 30, 2017 are expected to vest over time.

<sup>(d)</sup> Maximum aggregate unrecognized compensation expense was \$41 million as of June 30, 2017, which is expected to be recognized over a weighted average period of 2.1 years.

<sup>(e)</sup> Aggregate unrecognized compensation expense related to SSARs was \$2 million as of June 30, 2017, which is expected to be recognized over a weighted average period of 2.1 years.

<sup>(f)</sup> Approximately 0.2 million SSARs were exercisable as of June 30, 2017. The Company assumes that all unvested SSARs are expected to vest over time. SSARs outstanding as of June 30, 2017 had an intrinsic value of \$7 million and have a weighted average remaining contractual life of 2.8 years.

During the six months ended June 30, 2017, the Company granted incentive equity awards totaling \$59 million to key employees and senior officers in the form of RSUs. These awards will vest ratably over a period of four years. In addition, during the six months ended June 30, 2017, the Company granted incentive equity awards totaling \$22 million to key employees and senior officers 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.

***Stock-Based Compensation Expense***

The Company adopted the stock compensation guidance on January 1, 2017, as required. The Company elected to use the prospective transition method and as such, the excess tax benefits from stock-based compensation was presented as part of operating activities within its current period Condensed Consolidated Statement of Cash Flows. In addition during the three and six months ended June 30, 2017, the Company included a net benefit of \$2 million and \$6 million, respectively, within provision for income taxes on the Condensed Consolidated Statements of Income.

The Company recorded stock-based compensation expense of \$15 million and \$30 million during the three and six months ended June 30, 2017, respectively, and \$22 million and \$36 million during the three and six months ended June 30, 2016, respectively, related to incentive equity awards granted to key employees and senior officers. The Company also recorded stock-based compensation expense for non-employee directors of less than \$1 million during the three months ended June 30, 2017 and 2016 and \$1 million during the six months ended June 30, 2017 and 2016. Additionally, \$1 million of stock-based compensation expense was recorded within restructuring expense during the six months ended June 30, 2017.

The Company paid \$34 million of taxes for the net share settlement of incentive equity awards during the six months ended June 30, 2017 and 2016. Such amounts are included within financing activities on the Condensed Consolidated Statements of Cash Flows.

**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), early extinguishment of debt, interest income (excluding consumer financing revenues) and income taxes, each of which is presented on the Condensed Consolidated Statements of Income. The Company believes that EBITDA is a useful measure of performance for its industry segments which, when considered with GAAP measures, the Company believes gives a more complete understanding of its operating performance. The Company's presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

	<b>Three Months Ended June 30,</b>			
	<b>2017</b>		<b>2016</b>	
	<b>Net Revenues</b>	<b>EBITDA</b>	<b>Net Revenues</b>	<b>EBITDA</b>
Hotel Group	\$ 345 <sup>(b)</sup>	\$ 106	\$ 334 <sup>(d)</sup>	\$ 101
Destination Network	405 <sup>(c)</sup>	89	384 <sup>(c)</sup>	85
Vacation Ownership	750	47	705	187
Total Reportable Segments	1,500	242	1,423	373
Corporate and Other <sup>(a)</sup>	(21)	(28)	(20)	(33)
Total Company	<u>\$ 1,479</u>	<u>\$ 214</u>	<u>\$ 1,403</u>	<u>\$ 340</u>

**Reconciliation of Net income to EBITDA**

	<b>Three Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
Net income	\$ 78	\$ 156
Provision for income taxes	33	89
Depreciation and amortization	66	63
Interest expense	39	34
Interest income	(2)	(2)
EBITDA	<u>\$ 214</u>	<u>\$ 340</u>

<sup>(a)</sup> Includes the elimination of transactions between segments.

<sup>(b)</sup> Includes \$18 million of intersegment revenues comprised of (i) \$15 million of licensing fees for use of the Wyndham trade name and (ii) \$3 million of other fees primarily associated with the Wyndham Rewards program. Such revenues are offset in expenses at the Company's Vacation Ownership segment.

<sup>(c)</sup> Includes \$3 million and \$2 million of intersegment revenues during the three months ended June 30, 2017 and 2016, primarily comprised of call center operations and support services provided to the Company's Hotel Group segment.

<sup>(d)</sup> Includes \$17 million of intersegment revenues comprised of (i) \$15 million of licensing fees for use of the Wyndham trade name, (ii) \$1 million of other fees primarily associated with the Wyndham Rewards program and (iii) \$1 million of room revenues at a Company owned hotel. Such revenues are offset in expenses at the Company's Vacation Ownership segment.

	Six Months Ended June 30,			
	2017		2016	
	Net Revenues	EBITDA	Net Revenues	EBITDA
Hotel Group	\$ 643 <sup>(b)</sup>	\$ 191	\$ 629 <sup>(d)</sup>	\$ 185
Destination Network	797 <sup>(c)</sup>	191	768 <sup>(c)</sup>	166
Vacation Ownership	1,399	166	1,345	323
Total Reportable Segments	2,839	548	2,742	674
Corporate and Other <sup>(a)</sup>	(41)	(68)	(36)	(67)
Total Company	<u>\$ 2,798</u>	<u>\$ 480</u>	<u>\$ 2,706</u>	<u>\$ 607</u>

**Reconciliation of Net income to EBITDA**

	Six Months Ended June 30,	
	2017	2016
Net income	\$ 219	\$ 251
Provision for income taxes	64	156
Depreciation and amortization	128	125
Interest expense	73	68
Early extinguishment of debt	—	11
Interest income	(4)	(4)
EBITDA	<u>\$ 480</u>	<u>\$ 607</u>

<sup>(a)</sup> Includes the elimination of transactions between segments.

<sup>(b)</sup> Includes \$35 million of intersegment revenues comprised of (i) \$28 million of licensing fees for use of the Wyndham trade name and (ii) \$7 million of other fees primarily associated with the Wyndham Rewards program. Such revenues are offset in expenses at the Company's Vacation Ownership segment.

<sup>(c)</sup> Includes \$6 million and \$4 million of intersegment revenues during the six months ended June 30, 2017 and 2016, respectively, primarily comprised of call center operations and support services provided to the Company's Hotel Group segment.

<sup>(d)</sup> Includes \$34 million of intersegment revenues comprised of (i) \$28 million of licensing fees for use of the Wyndham trade name, (ii) \$4 million of other fees primarily associated with the Wyndham Rewards program and (iii) \$2 million of room revenues at a Company owned hotel. Such revenues are offset in expenses at the Company's Vacation Ownership segment.

**15. Asset Impairments and Other Charges**

***Asset Impairments***

During May 2017, the Company's new leadership at its vacation ownership business performed an in-depth review of its operations, including its current development pipeline and long-term development plan. In connection with such review, the Company updated its current and long-term development plan to focus on (i) selling existing finished inventory and (ii) procuring inventory from efficient sources such as just-in-time inventory in new markets and reclaiming inventory from owners' associations or owners. As a result, the Company's management performed a review of its land held for vacation ownership interests ("VOI") development. Such review consisted of an assessment on 19 locations to determine its plan for future VOI development at those sites. As a result of this assessment, the Company concluded that no future development would occur at 17 locations, of which 16 were deemed to be impaired.

The Company performed a fair value assessment on the land held for VOI development which resulted in a \$121 million non-cash impairment charge during the second quarter of 2017. In addition, the Company also recorded a \$14 million non-cash impairment charge relating to the write-off of construction in process costs at 6 of the 16 impaired locations. As a result, the Company reported a total non-cash impairment charge of \$135 million, which is included within asset impairments and other charges on the Condensed Consolidated Statements of Income.

In conjunction with this review and impairment, in May 2017, the Company sold 3 of the 17 locations, as well as non-core revenue generating assets to a former executive of the Company for \$2 million of cash consideration which resulted in a \$7 million loss. The Company also has an agreement with the former executive to sell an additional 2 of the 17 locations for \$2 million resulting in a \$13 million non-cash impairment charge. Such transaction is to be completed no later than December 31, 2017. The \$7 million loss and \$13 million non-cash impairment charge on the expected sale were included within the total non-cash impairment charge of \$135 million.

The Company had \$19 million of land classified as assets held for sale as of June 30, 2017 which was included within other current assets on the Company's Consolidated Condensed Balance Sheet. The fair value of the land held for sale was determined by reviewing prices of comparable assets which were recently sold and by actual purchase and sale agreements for the assets to be sold which represents level 3 fair value measurements. The land held for sale locations are currently being actively marketed at estimated fair value and are expected to be sold within a year. The Company has entered into a three year agreement with the former executive whereby such executive may assist the Company in selling the land held for sale. As part of such agreement, the former executive will be entitled to receive brokerage commissions upon the sale of land classified as assets held for sale.

During the six months ended June 30, 2017, the Company incurred a \$5 million non-cash impairment charge related to the write-down of assets resulting from the decision to abandon a new product initiative at the Company's vacation ownership business. Such charge is recorded within asset impairments on the Condensed Consolidated Statement of Income.

***Other Charges***

During the six months ended June 30, 2016, the Company incurred a \$24 million foreign exchange loss, primarily impacting cash, resulting from the Venezuelan government's decision to devalue the exchange rate of its currency. Such loss is recorded within operating expenses on the Condensed Consolidated Statement of Income.

## 16. Restructuring

### 2017 Restructuring Plans

During the first quarter of 2017, the Company recorded \$7 million of restructuring charges, all of which were personnel-related and consisted of (i) \$6 million at its corporate operations which focused on rationalizing its sourcing function and outsourcing certain information technology functions and (ii) \$1 million at its Hotel Group segment which primarily focused on realigning its brand operations. During the six months ended June 30, 2017, the Company reduced its liability by \$5 million, of which \$4 million was in cash payments and \$1 million was through the issuance of Wyndham stock. The remaining liability of \$2 million, as of June 30, 2017, is expected to be paid by the end of 2017.

### 2016 Restructuring Plans

During 2016, the Company recorded \$15 million of charges related to restructuring initiatives, primarily focused on enhancing organizational efficiency and rationalizing existing facilities which included the closure of four vacation ownership sales offices. In connection with these initiatives, the Company initially recorded \$12 million of personnel-related costs, a \$2 million non-cash charge and \$2 million of facility-related expenses. In 2016, the Company subsequently reversed \$1 million of previously recorded personnel-related costs and reduced its liability with \$5 million of cash payments. During the six months ended June 30, 2017, the Company reduced its liability with \$5 million of cash payments. The remaining liability of \$3 million, as of June 30, 2017, is primarily related to leased facilities, and is expected to be paid by the end of 2019.

The Company has additional restructuring plans which were implemented prior to 2016. The remaining liability of \$1 million as of June 30, 2017, all of which is related to leased facilities, is expected to be paid by 2020.

The activity associated with all of the Company's restructuring plans is summarized by category as follows:

	Liability as of December 31, 2016	Costs Recognized	Cash Payments	Other	Liability as of June 30, 2017
Personnel-related	\$ 6	\$ 7 <sup>(a)</sup>	\$ (9)	\$ (1) <sup>(b)</sup>	\$ 3
Facility-related	3	—	—	—	3
	<u>\$ 9</u>	<u>\$ 7</u>	<u>\$ (9)</u>	<u>\$ (1)</u>	<u>\$ 6</u>

(a) Represents severance costs resulting from a reduction of 80 employees.

(b) Represents the issuance of Wyndham stock.

## 17. 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, 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 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 \$23 million as of both June 30, 2017 and December 31, 2016. 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 unresolved contingent matters and 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 Condensed 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 (formerly known as Cendant) to satisfy its obligations for the Cendant legacy contingent liabilities. As of June 30, 2017, the letter of credit was \$53 million.

As of June 30, 2017, the Separation related liabilities of \$23 million is comprised of \$20 million for tax liabilities, \$1 million for other contingent and corporate liabilities and \$2 million of liabilities where the calculated guarantee amount exceeded the contingent liability assumed at the Separation Date. In connection with these liabilities, as of June 30, 2017, \$10 million was recorded within accrued expenses and other current liabilities and \$13 million was recorded within other non-current liabilities on the Condensed Consolidated Balance Sheet. As of December 31, 2016, the Company had \$23 million of Separation related liabilities of which \$10 million was recorded within accrued expenses and other current liabilities and \$13 million was recorded within other non-current liabilities on the Condensed 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 actual timing of payments relating to these liabilities is dependent on a variety of factors beyond the Company's control. In addition, the Company had \$1 million of receivables due from former Parent and subsidiaries primarily relating to income taxes, as of both June 30, 2017 and December 31, 2016, which were included within other current assets on the Condensed Consolidated Balance Sheets.

## **18. Subsequent Event**

### ***AmericInn Acquisition***

On July 18, 2017, the Company announced its plan to acquire the AmericInn hotel brand and its management company, Three Rivers Hospitality, from Northcott Hospitality for \$170 million. AmericInn's portfolio consists of 200 primarily franchised hotels predominately in the Midwestern United States. The Company intends to explore options to divest the owned portfolio, which consists of 10 hotels. The transaction is subject to regulatory and government approval and the satisfaction of customary closing conditions.

### ***Spin-Off Transaction***

On August 2, 2017, the Company announced plans to spin-off its hotel business thus creating two separate, publicly traded companies. As a result of the proposed transaction, Wyndham Hotel Group, with headquarters in Parsippany, NJ, will be a new, publicly traded pure-play hotel franchise company with a portfolio of renowned brands. Wyndham Vacation Ownership, with headquarters in Orlando, Florida, will be the largest publicly traded timeshare company and will include Wyndham Destination Network, home to RCI, the world's largest timeshare exchange company. The Company will also explore strategic alternatives for its European rental brands.

The transaction, which is expected to be tax-free to Wyndham Worldwide and its shareholders, will be effected through a pro-rata distribution of the new hotel entity's stock to existing Wyndham Worldwide shareholders. Wyndham Worldwide expects the transaction to be completed in the first half of 2018.



## 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”). 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,” “will,” “expects,” “should,” “believes,” “plans,” “anticipates,” “estimates,” “predicts,” “potential,” “continue,” “future” or other words of similar meaning. Forward-looking statements are subject to risks and uncertainties that could cause actual results of Wyndham Worldwide 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, the performance of the financial and credit markets, the economic environment for the hospitality industry, the impact of war, terrorist activity or political strife, operating risks associated with the hotel, vacation exchange and rentals and vacation ownership businesses, uncertainties that may delay or negatively impact the spin-off or cause the spin-off to not occur at all, uncertainties related to the post-spin companies’ ability to realize the anticipated benefits of the spin-off, uncertainties related to our ability to successfully complete the spin-off on a tax-free basis within the expected time frame or at all, unanticipated developments that delay or otherwise negatively affect the spin-off, uncertainties related to our ability to obtain financing for the two companies or the terms of such financing, unanticipated developments related to the impact of the spin-off on our relationships with our customers, suppliers, employees and others with whom we have relationships, unanticipated developments resulting from possible disruption to our operations resulting from the proposed spin-off, the potential impact of the spin-off and related transactions on our credit rating, uncertainties relating to our exploration of strategic alternatives for our European rentals brands and the outcome and timing of that process, 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:

- **Hotel Group**—primarily franchises hotels in the upscale, upper midscale, midscale, economy and extended stay segments and provides hotel management services for full-service and select limited-service hotels.
- **Destination Network**—provides vacation exchange services and products to owners of intervals of vacation ownership interests (“VOIs”) and manages 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.

On August 2, 2017, we announced plans to spin-off our hotel business and thus create two separate, publicly traded companies. As a result of the proposed transaction, Wyndham Hotel Group, will be a new, publicly traded pure-play hotel franchise company.

Upon completion of the proposed spin-off, Wyndham Worldwide’s remaining business segments will consist of its Wyndham Vacation Ownership and Wyndham Destination Network segments, which will include the RCI exchange business. As part of the proposed spin-off, we will also explore strategic alternatives for our European rental brands. Wyndham Worldwide expects the transaction to be completed in the first half of 2018.

## **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 discrete 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 and corporate and other based upon net revenues and “EBITDA”, which is defined as net income before depreciation and amortization, interest expense (excluding consumer financing interest), early extinguishment of debt, interest income (excluding consumer financing revenues) and income taxes, each of which is presented on the Condensed Consolidated Statements of Income. We believe that EBITDA is a useful measure of performance for our industry segments and, when considered with GAAP measures, gives a more complete understanding of our operating performance. Our presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

**OPERATING STATISTICS**

The table below presents our operating statistics for the three months ended June 30, 2017 and 2016. These operating statistics are the drivers of our revenues and therefore provide an enhanced understanding of our businesses. Refer to the 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,		
	2017	2016	% Change
<b>Hotel Group<sup>(a)</sup></b>			
Number of rooms <sup>(b)</sup>	705,700	683,300	3.3
RevPAR <sup>(c)</sup>	\$ 39.43	\$ 39.10	0.8
<b>Destination Network</b>			
Average number of members (in 000s) <sup>(d)</sup>	3,791	3,857	(1.7)
Exchange revenue per member <sup>(e)</sup>	\$ 168.27	\$ 164.61	2.2
Vacation rental transactions (in 000s) <sup>(a) (f)</sup>	461	409	12.7
Average net price per vacation rental <sup>(a) (g)</sup>	\$ 476.72	\$ 492.83	(3.3)
<b>Vacation Ownership</b>			
Gross VOI sales (in 000s) <sup>(h) (i)</sup>	\$ 563,000	\$ 518,000	8.7
Tours (in 000s) <sup>(j)</sup>	235	213	10.3
Volume Per Guest (“VPG”) <sup>(k)</sup>	\$ 2,302	\$ 2,328	(1.1)

(a) Includes the impact from acquisitions from the acquisition dates forward. Therefore, such operating statistics for 2017 are not presented on a comparable basis to the 2016 operating statistics.

(b) Represents the number of rooms at hotel group properties at the end of the period which are under franchise and/or management agreements, or are company owned.

(c) 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 hotel room for one day.

(d) Represents members in our vacation exchange programs who paid annual membership dues as of the end of the period or who are within the allowed grace period.

(e) 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.

(f) Represents the number of transactions that are generated during the period in connection with customers booking their vacation rental stays through us. One rental transaction is recorded for each standard one-week rental.

(g) Represents the net rental price generated from renting vacation properties to customers and other related rental servicing fees during the period divided by the number of vacation rental transactions during the period.

(h) Represents total sales of VOIs, including sales under the Wyndham Asset Affiliation Model (“WAAM”) Fee-for-Service before the effect of loan loss provisions. We believe that Gross VOI sales provide 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):

	2017	2016
Gross VOI sales	\$ 563	\$ 518
Less: WAAM Fee-for-Service sales <sup>(1)</sup>	(5)	(20)
Gross VOI sales, net of WAAM Fee-for-Service sales	558	498
Less: Loan loss provision	(110)	(90)
Vacation ownership interest sales <sup>(2)</sup>	\$ 448	\$ 409

(1) Represents total sales of VOIs through our WAAM Fee-for-Service 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. WAAM Fee-for-Service commission revenues were \$4 million and \$16 million for the three months ended June 30, 2017 and 2016, respectively.

(2) Amounts may not foot due to rounding.

(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 \$22 million during both the three months ended June 30, 2017 and 2016. We have excluded tele-sales upgrades in the calculation of VPG because tele-sales upgrades 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’s tour selling efforts during a given reporting period.

**THREE MONTHS ENDED JUNE 30, 2017 VS. THREE MONTHS ENDED JUNE 30, 2016**

Our consolidated results are as follows:

	Three Months Ended June 30,		
	2017	2016	Favorable/(Unfavorable)
Net revenues	\$ 1,479	\$ 1,403	\$ 76
Expenses	1,334	1,132	(202)
Operating income	145	271	(126)
Other (income)/expense, net	(3)	(6)	(3)
Interest expense	39	34	(5)
Interest income	(2)	(2)	—
Income before income taxes	111	245	(134)
Provision for income taxes	33	89	56
Net income	\$ 78	\$ 156	\$ (78)

Net revenues increased \$76 million (5.4%) for the three months ended June 30, 2017 compared with the same period last year. Foreign currency translation unfavorably impacted net revenues by \$10 million. Excluding foreign currency translation, the increase in net revenues was primarily the result of:

- \$45 million of higher revenues at our vacation ownership business primarily resulting from an increase in net VOI sales, property management fees and consumer financing revenues, partially offset by a decrease in commission revenues resulting from lower WAAM Fee-for-Service VOI sales;
- \$18 million of higher revenues (excluding intersegment revenues) at our destination network business primarily from an increase in rental transaction volume;
- \$14 million of incremental revenues resulting from acquisitions primarily at our destination network business;
- and
- \$9 million of higher revenues (excluding intersegment revenues) at our hotel group business primarily from an increase in ancillary services and royalty, marketing and reservation (inclusive of Wyndham Rewards) revenues.

Expenses increased \$202 million (17.8%) for the three months ended June 30, 2017 compared with the same period last year. Foreign currency favorably impacted expenses by \$7 million. Excluding foreign currency, the increase in expenses was primarily the result of:

- \$135 million of a non-cash impairment charge primarily related to the write-down of undeveloped VOI land resulting from our decision to no longer pursue future development at certain locations;
- \$58 million of higher expenses from operations primarily related to the revenue increases;
- \$13 million of incremental expenses related to acquisitions primarily at our destination network business;
- and
- a \$3 million increase in depreciation and amortization resulting from the impact of property and equipment additions that were placed in service over the last twelve months.

Other income, net decreased \$3 million for the three months ended June 30, 2017 compared with the same period last year primarily from the absence of a business interruption claim received at our vacation ownership business related to the 2010 Gulf of Mexico oil spill.

Interest expense increased \$5 million for the three months ended June 30, 2017 compared with the same period last year due to the impact from the issuance of \$700 million of senior unsecured notes during March 2017, partially offset by the repayment of our \$300 million 2.95% senior unsecured notes during March 2017.

Our effective tax rates were 29.7% and 36.3% during the three months ended June 30, 2017 and 2016, respectively. The decrease was principally due to (i) the impact of non-cash impairment charges primarily related to the write-down of undeveloped VOI land, (ii) a tax benefit recognized from an internal restructuring undertaken to realign the organizational and capital structure of certain foreign operations, and (iii) a tax benefit associated with the recently adopted stock-based compensation pronouncement during 2017.

As a result of these items, net income decreased \$78 million (50.0%) as compared with second quarter of 2016.

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Following is a discussion of the results of each of our segments and Corporate and Other for the three months ended June 30, 2017 compared to June 30, 2016:

	Net Revenues			EBITDA		
	2017	2016	% Change	2017	2016	% Change
Hotel Group	\$ 345	\$ 334	3.3	\$ 106	\$ 101	5.0
Destination Network	405	384	5.5	89	85	4.7
Vacation Ownership	750	705	6.4	47 <sup>(b)</sup>	187	(74.9)
Total Reportable Segments	1,500	1,423	5.4	242	373	(35.1)
Corporate and Other <sup>(a)</sup>	(21)	(20)	(5.0)	(28) <sup>(c)</sup>	(33) <sup>(c)</sup>	15.2
Total Company	\$ 1,479	\$ 1,403	5.4	\$ 214	\$ 340	(37.1)

**Reconciliation of Net income to EBITDA**

	2017	2016
Net income	\$ 78	\$ 156
Provision for income taxes	33	89
Depreciation and amortization	66	63
Interest expense	39	34
Interest income	(2)	(2)
EBITDA	\$ 214	\$ 340

<sup>(a)</sup> Includes the elimination of transactions between segments.

<sup>(b)</sup> Includes \$135 million of non-cash impairment charges primarily related to the write-down of undeveloped VOI land resulting from our decision to no longer pursue future development at certain locations.

<sup>(c)</sup> Includes \$28 million and \$33 million of corporate costs during the three months ended June 30, 2017 and 2016, respectively.

***Hotel Group***

Net revenues and EBITDA increased \$11 million (3.3%) and \$5 million (5.0%), respectively, during the three months ended June 30, 2017 compared with the same period during 2016.

Royalty revenues increased \$3 million and marketing, reservation and Wyndham Rewards revenues increased \$3 million. The increase in royalties was the result of a 3.3% increase in global system size and a 0.8% increase in global RevPAR. The growth in global RevPAR was primarily due to a 3.4% increase in domestic RevPAR, partially offset by a 2.3% decline in international RevPAR. The growth in domestic RevPAR was primarily the result of a 1.9% increase in average daily rates. The decrease in international RevPAR was principally the result of unfavorable currency translation.

Revenues and EBITDA related to ancillary and other services increased \$5 million and \$4 million, respectively, primarily due to growth in our co-branded credit card program. In addition, other franchise fees contributed \$1 million of incremental revenues and EBITDA primarily due to higher termination fees received.

Both revenues and EBITDA from our owned hotels increased \$1 million primarily due to higher RevPAR at our Rio Mar property. Reimbursable revenues from managed properties declined \$2 million as a result of property terminations.

EBITDA also reflects a \$6 million unfavorable impact primarily associated with acquisition expenses and higher employee-related and legal costs.

As of June 30, 2017, we had approximately 8,140 properties and approximately 705,700 rooms in our system. Additionally, our hotel development pipeline included 1,226 hotels and over 150,800 rooms, of which 57% were international and 67% were new construction.

### ***Destination Network***

Net revenues and EBITDA increased \$21 million (5.5%) and \$4 million (4.7%), respectively, during the three months ended June 30, 2017 compared with the same period during 2016. Foreign currency translation unfavorably impacted net revenues and EBITDA by \$10 million and \$1 million, respectively.

Our acquisitions of vacation rentals brands contributed \$12 million of incremental revenues (inclusive of \$3 million of ancillary revenues) and \$1 million of incremental EBITDA during the second quarter of 2017.

Net revenues generated from rental transactions and related services increased \$18 million. Excluding \$9 million of incremental vacation rental revenues from acquisitions and an unfavorable foreign currency translation impact of \$9 million, net revenues generated from rental transactions and related services increased \$18 million principally due to a 7.8% increase in rental transaction volume and a 0.9% increase in average net price per vacation rental. The increase in volume was driven by growth across all of our rental brands, most significantly at our Netherlands-based Landal GreenParks brand, our U.K.-based Hoseasons brand and our Denmark-based Novasol brand. The increase in average net price per vacation rental was a result of increases at a majority of our brands, partially offset by the mix impact from higher growth in our more moderate product offerings.

Exchange and related service revenues were flat. Excluding an unfavorable foreign currency translation impact of \$1 million, exchange and related service revenues increased \$1 million as a 2.4% increase in exchange revenue per member was partially offset by a 1.7% decline in the average number of members. The increase in exchange revenue per member resulted from an increase in other exchange related products revenues and higher pricing for exchange membership and other transaction related fees in North America. The decline in average number of members principally resulted from membership declines in North America and Europe.

In addition, EBITDA was unfavorably impacted by:

- \$14 million of higher costs associated with rental transaction volume growth;
- \$3 million of higher employee-related expenses; and
- \$2 million of higher property recruitment costs to drive growth in our vacation rental portfolio.

Such increased costs were partially offset by (i) a \$3 million benefit from a reserve reversal for value-added taxes resulting from a favorable settlement during the second quarter of 2017 and (ii) \$3 million of lower legal fees.

### ***Vacation Ownership***

Net revenues increased \$45 million (6.4%) and EBITDA decreased \$140 million (74.9%) during the three months ended June 30, 2017 compared with the same period of 2016. EBITDA was unfavorably impacted by \$135 million of non-cash asset impairments resulting from the write-down of VOI land held for development in connection with a review and modification of the business' future inventory development plans.

Net VOI revenues increased \$39 million compared to the same period last year. Such increase was primarily due to a \$60 million increase in gross VOI sales, net of WAAM Fee-for-Service sales which were partially offset by a \$20 million increase in our provision for loan losses. The increase in the provision for loan losses was due to higher gross VOI sales and the impact of organized activity by third-parties encouraging customers to default on their timeshare loans.

Gross VOI sales increased \$45 million (8.7%) compared to the same period last year primarily due to a 10.3% increase in tours partially offset by a 1.1% decrease in VPG. The increase in tours was primarily attributable to our continued focus on new owner generation. The decrease in VPG was primarily the result of product sales mix.

Commission revenues and EBITDA decreased \$12 million and \$4 million, respectively, compared to the prior year resulting from lower WAAM Fee-for-Service VOI sales as we continue to shift our focus to utilizing our WAAM Just-in-Time inventory.

Consumer financing revenues and EBITDA each increased \$6 million compared to the same period last year. Such increases were due to a higher weighted average interest rate earned on a larger average portfolio balance. Interest expense remained flat as an increase in the average securitized debt balance was offset by a slight decrease in the weighted average interest rate on our securitized debt. As a result, our net interest income margin increased to 83.7% compared with 82.7% during 2016.

Property management revenues increased \$14 million compared to the prior year primarily due to higher reimbursable revenues. EBITDA increased \$1 million primarily from higher management fees.

In addition, EBITDA was unfavorably impacted by:

- a \$13 million increase in marketing costs due to our continued focus on new owner generation which yields a higher cost per tour;
- \$10 million of higher sales and commission expenses primarily due to \$60 million of higher gross VOI sales, net of WAAM Fee-for-Service;
- a \$7 million increase in the cost of VOIs sold primarily due to higher sales volume partially offset by the favorable impact on estimated inventory recoveries from the increase in the provision for loan losses;
- \$6 million of higher legal settlement expenses;
- \$5 million of higher maintenance fees on unsold inventory; and
- the absence of a \$4 million business interruption claim received during 2016 related to the 2010 Gulf of Mexico oil spill.

***Corporate and Other***

Corporate and Other revenues, which primarily represent the elimination of intersegment revenues charged between our businesses, decreased \$1 million during the three months ended June 30, 2017 compared to 2016.

Corporate expenses decreased \$5 million primarily due to lower employee-related costs, partially offset by higher project-related consulting and professional fees.

SIX MONTHS ENDED JUNE 30, 2017 VS. SIX MONTHS ENDED JUNE 30, 2016

Our consolidated results are as follows:

	Six Months Ended June 30,		
	2017	2016	Favorable/(Unfavorable)
Net revenues	\$ 2,798	\$ 2,706	\$ 92
Expenses	2,450	2,240	(210)
Operating income	348	466	(118)
Other (income)/expense, net	(4)	(16)	(12)
Interest expense	73	68	(5)
Early extinguishment of debt	—	11	11
Interest income	(4)	(4)	—
Income before income taxes	283	407	(124)
Provision for income taxes	64	156	92
Net income	\$ 219	\$ 251	\$ (32)

Net revenues increased \$92 million (3.4%) for the six months ended June 30, 2017 compared with the same period last year. Foreign currency translation unfavorably impacted net revenues by \$17 million. Excluding foreign currency translation, the increase in net revenues was primarily the result of:

- \$52 million of higher revenues at our vacation ownership business primarily resulting from an increase in net VOI sales, property management and consumer financing revenues, partially offset by a decrease in commission revenues resulting from lower WAAM Fee-for-Service VOI sales;
- \$28 million of incremental revenues resulting from acquisitions primarily at our destination network business;
- \$19 million of higher revenues (excluding intersegment revenues) at our destination network business primarily from an increase in rental transaction volume; and
- \$11 million of higher revenues (excluding intersegment revenues) at our hotel group business primarily from an increase in ancillary services and royalty revenues.

Expenses increased \$210 million (9.4%) for the six months ended June 30, 2017 compared with the same period last year. Foreign currency favorably impacted expenses by \$13 million. Excluding foreign currency, the increase in expenses was primarily the result of:

- \$140 million of non-cash impairment charges primarily related to the write-down of undeveloped VOI land resulting from our decision to no longer pursue future development at certain locations;
- \$75 million of higher expenses from operations primarily related to the revenue increases;
- \$25 million of incremental expenses related to acquisitions primarily at our destination network business; and
- \$7 million of higher restructuring costs primarily at our corporate operations.

Such increases in expenses were partially offset by the absence of a \$24 million foreign exchange loss related to the devaluation of the Venezuela exchange rate during the first quarter of 2016.

Other income, net decreased \$12 million for the six months ended June 30, 2017 compared with the same period last year primarily from the absence of business interruption claims received principally at our vacation ownership business.

Interest expense increased \$5 million for the six months ended June 30, 2017 compared with the same period last year due to the impact from the issuance of \$700 million of senior unsecured notes during March 2017, partially offset by the repayment of our \$300 million 2.95% senior unsecured notes during March 2017.

During 2016, we incurred \$11 million of expenses resulting from the early repurchase of the remaining portion of our 6.00% senior unsecured notes.

Our effective tax rates were 22.6% and 38.3% during the six months ended June 30, 2017 and 2016, respectively. The decrease was principally due to (i) a tax benefit on foreign currency losses recognized from an internal restructuring undertaken to realign the organizational and capital structure of certain foreign operations, (ii) the impact of non-cash impairment charges primarily related to the write-down of undeveloped VOI land, and (iii) a tax benefit associated with the recently adopted stock-based compensation pronouncement during 2017.



As a result of these items, net income decreased \$32 million (12.7%) as compared with six months ended June 30, 2016.

Following is a discussion of the results of each of our segments and Corporate and Other for the six months ended June 30, 2017 compared to June 30, 2016:

	Net Revenues			EBITDA		
	2017	2016	% Change	2017	2016	% Change
Hotel Group	\$ 643	\$ 629	2.2	\$ 191 <sup>(b)</sup>	\$ 185	3.2
Destination Network	797	768	3.8	191	166 <sup>(e)</sup>	15.1
Vacation Ownership	1,399	1,345	4.0	166 <sup>(c)</sup>	323	(48.6)
Total Reportable Segments	2,839	2,742	3.5	548	674	(18.7)
Corporate and Other <sup>(a)</sup>	(41)	(36)	(13.9)	(68) <sup>(d)</sup>	(67) <sup>(f)</sup>	(1.5)
Total Company	\$ 2,798	\$ 2,706	3.4	\$ 480	\$ 607	(20.9)

**Reconciliation of Net income to EBITDA**

	2017	2016
Net income	\$ 219	\$ 251
Provision for income taxes	64	156
Depreciation and amortization	128	125
Interest expense	73	68
Early extinguishment of debt	—	11
Interest income	(4)	(4)
EBITDA	\$ 480	\$ 607

<sup>(a)</sup> Includes the elimination of transactions between segments.

<sup>(b)</sup> Includes \$1 million of restructuring costs primarily focused on realigning its brand operations.

<sup>(c)</sup> Includes \$135 million of non-cash impairment charges primarily related to the write-down of undeveloped VOI land resulting from our decision to no longer pursue future development at certain locations and a \$5 million non-cash impairment charge related to the write-down of assets resulting from the decision to abandon a new product initiative.

<sup>(d)</sup> Includes \$6 million of restructuring costs focused on rationalizing its sourcing function and outsourcing certain information technology functions. Excluding restructuring costs, corporate costs were \$62 million during the six months ended June 30, 2017.

<sup>(e)</sup> Includes a \$24 million foreign currency loss related to the devaluation of the exchange rate of Venezuela.

<sup>(f)</sup> Includes \$66 million of corporate costs and \$1 million of a net expense related to the resolution of and adjustment to certain contingent liabilities and assets resulting from our separation.

***Hotel Group***

Net revenues and EBITDA increased \$14 million (2.2%) and \$6 million (3.2%), respectively, during the six months ended June 30, 2017 compared with the same period during 2016.

Royalty revenues increased \$5 million and marketing, reservation and Wyndham Rewards revenues increased \$1 million. The increase in royalties was the result of a 3.3% increase in global system size and a 0.7% increase in global RevPAR. The growth in global RevPAR was primarily due to a 2.8% increase in domestic RevPAR, partially offset by a 1.8% decline in international RevPAR. The growth in domestic RevPAR was primarily the result of a 1.8% increase in average daily rates. The decrease in international RevPAR was principally the result of unfavorable currency translation and a 3.6% decrease in average daily rates.

Revenues and EBITDA related to ancillary and other services increased \$10 million and \$8 million, respectively, primarily due to growth in our co-branded credit card program. Revenues and EBITDA from other franchise fees increased \$4 million and \$2 million, respectively, primarily due to higher termination fees received and higher franchise fees on property openings and transfers.

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Revenues and EBITDA from our owned hotels decreased \$3 million and \$2 million, respectively, primarily due to lower RevPAR at our Rio Mar property, which we believe was the result of concerns over the Zika virus which intensified during the second quarter of 2016. Reimbursable revenues from managed properties declined \$3 million as a result of property terminations.

EBITDA also reflects an \$8 million unfavorable impact primarily associated with acquisition expenses and higher employee-related and legal costs.

### ***Destination Network***

Net revenues and EBITDA increased \$29 million (3.8%) and \$25 million (15.1%), respectively, during the six months ended June 30, 2017 compared with the same period during 2016. Foreign currency translation unfavorably impacted net revenues and EBITDA by \$18 million and \$1 million, respectively. EBITDA also reflected the absence of a \$24 million foreign exchange loss related to the devaluation of the exchange rate of Venezuela during the first quarter of 2016.

Our acquisitions of vacation rentals brands contributed \$26 million of incremental revenues (inclusive of \$8 million of ancillary revenues) and \$3 million of incremental EBITDA during the six months ended June 30, 2017.

Net revenues generated from rental transactions and related services increased \$19 million. Excluding \$18 million of incremental vacation rental revenues from acquisitions and an unfavorable foreign currency translation impact of \$18 million, net revenues generated from rental transactions and related services increased \$19 million principally due to a 5.0% increase in rental transaction volume driven by growth across our U.K.-based Hoseasons brand, our Netherlands-based Landal GreenParks brand and our Denmark-based Novasol brand. Average net price per vacation rental remained flat as increases in our Wyndham Vacation Rentals North America, Landal GreenParks and Novasol brands were offset by the mix impact from higher growth in our more moderate product offerings.

Exchange and related service revenues increased \$2 million as a 1.7% increase in exchange revenue per member was partially offset by a 1.2% decline in the average number of members. The increase in exchange revenue per member resulted from an increase in (i) other exchange-related products revenues and (ii) higher pricing for exchange membership and other transaction related fees in North America, partially offset by the impact of growth in club memberships in North America where there is a lower propensity to transact. The decline in average number of members principally resulted from membership declines in North America and Europe. Foreign currency translation had no impact on exchange and related service revenues.

In addition, EBITDA was unfavorably impacted by:

- \$15 million of higher costs associated with rental transaction volume growth;
- \$4 million of higher employee-related expenses;
- \$3 million of higher property recruitment costs to drive growth in our vacation rental portfolio;
- and
- the absence of \$3 million of proceeds received during the first quarter of 2016 for business disruption claims received related to the Gulf of Mexico oil spill during 2010.

Such amounts were partially offset by (i) \$5 million of lower legal fees and (ii) a \$3 million benefit from a reserve reversal for value-added taxes resulting from a favorable settlement during the second quarter of 2017.

### ***Vacation Ownership***

Net revenues increased \$54 million (4.0%) and EBITDA decreased \$157 million (48.6%) during the six months ended June 30, 2017 compared with the same period of 2016. Foreign currency translation favorably impacted net revenues by \$2 million and had no impact on EBITDA. In addition, EBITDA was unfavorably impacted by \$140 million of non-cash impairment charges primarily related to the write-down of undeveloped VOI land resulting from our decision to no longer pursue future development at certain locations.

Net VOI revenues increased \$48 million compared to the same period last year. Excluding a favorable foreign currency translation impact of \$2 million, net VOI revenues increased \$46 million. Such increase was primarily due to an \$88 million increase in gross VOI sales, net of WAAM Fee-for-Service sales, which were partially offset by a \$42 million increase in our provision for loan losses. The increase in the provision for loan losses was due to higher gross VOI sales and the impact of organized activity by third-parties encouraging customers to default on their timeshare loans.

Excluding foreign exchange currency translation, Gross VOI sales increased \$54 million (5.7%) compared to the same period last year primarily due to (i) a 4.8% increase in tours which is primarily attributable to our continued focus on new owner generation and (ii) a 1.5% increase in VPG primarily due to a higher average transaction size.

Commission revenues and EBITDA decreased \$26 million and \$6 million, respectively, compared to the prior year resulting from lower WAAM Fee-for-Service VOI sales as we continue to shift our focus to utilizing our WAAM Just-in-Time inventory.

Consumer financing revenues and EBITDA increased \$9 million and \$8 million, respectively, compared to the same period last year. Such increases were due to a higher weighted average interest rate earned on a larger average portfolio balance. Interest expense increased \$1 million primarily due to a higher securitized debt balance. The weighted average interest rate on our securitized debt was unchanged from the prior year. As a result, our net interest income margin increased to 83.6 % compared to 83.1% during 2016.

Property management revenues increased \$25 million compared to the prior year primarily due to higher reimbursable revenues. EBITDA increased \$5 million as a result of higher management fees.

In addition, EBITDA was unfavorably impacted by:

- a \$17 million increase in marketing costs due to our continued focus on new owner generation which yields a higher cost per tour;
- \$15 million of higher sales and commission expenses primarily due to higher gross VOI sales, net of WAAM Fee-for-Service;
- \$9 million of higher legal settlement expenses;
- \$9 million of higher maintenance fees on unsold inventory;
- the absence of \$9 million received during 2016 related to the settlement of several business interruption claims;
- a \$6 million increase in the cost of VOIs sold primarily resulting from higher sales volume, partially offset by the favorable impact on estimated inventory recoveries from the increase in the provision for loan losses; and
- a \$5 million increase in general and administrative expenses primarily due to higher employee-related costs.

### ***Corporate and Other***

Corporate and Other revenues, which primarily represent the elimination of intersegment revenues charged between our businesses, decreased \$5 million during the six months ended June 30, 2017 compared to 2016.

Corporate expenses increased \$1 million primarily due to higher restructuring costs, partially offset by lower employee-related costs.

### **RESTRUCTURING PLANS**

During the first quarter of 2017, we recorded \$7 million of restructuring charges, all of which were personnel-related and consisted of (i) \$6 million at our corporate operations, which focused on rationalizing our sourcing function and outsourcing a portion of our information technology functions and (ii) \$1 million at our Hotel Group segment, which focused on realigning our brand operations. During the six months ended June 30, 2017, we reduced our liability by \$5 million, of which \$4 million was in cash payments and \$1 million was through the issuance of Wyndham stock. The remaining liability of \$2 million, as of

June 30, 2017, is expected to be paid primarily by the end of 2017. We anticipate annual net savings from such initiatives to be approximately \$11 million.

During 2016, we recorded \$15 million of charges related to restructuring initiatives, primarily focused on enhancing organizational efficiency and rationalizing existing facilities including the closure of four vacation ownership sales offices. In connection with these initiatives, we initially recorded \$12 million of personnel-related costs, a \$2 million non-cash charge and \$2 million of facility-related expenses. In 2016, we subsequently reversed \$1 million of previously recorded personnel-related costs and reduced our liability with \$5 million of cash payments. During the six months ended June 30, 2017, we reduced our liability with \$5 million of cash payments. The remaining liability of \$3 million, as of June 30, 2017, is primarily related to leased facilities and is expected to be paid by the end of 2019.

We have additional restructuring plans which were implemented prior to 2016. The remaining liability of \$1 million as of June 30, 2017, all of which is related to leased facilities, is expected to be paid by 2020.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

### FINANCIAL CONDITION

	June 30, 2017	December 31, 2016	Change
Total assets	\$ 10,348	\$ 9,819	\$ 529
Total liabilities	9,756	9,101	655
Total equity	592	718	(126)

Total assets increased \$529 million from December 31, 2016 to June 30, 2017 primarily due to:

- a \$230 million increase in cash and cash equivalents primarily due to seasonality in our vacation rentals businesses; and
- a \$190 million increase in other current assets primarily due to (i) a higher income tax receivable resulting from a tax benefit on foreign currency losses recognized from an internal restructuring undertaken to realign the organizational and capital structure of certain foreign operations and (ii) increased escrow deposits and deferred costs primarily related to the seasonality of advanced vacation rental bookings at our destination network business.

Total liabilities increased \$655 million from December 31, 2016 to June 30, 2017 primarily due to:

- a \$337 million increase in long term debt;
- a \$201 million increase in accounts payable primarily due to higher homeowner liabilities resulting from the seasonality of vacation rental bookings at our destination network business; and
- a \$121 million increase in deferred income primarily resulting from the seasonality of advanced vacation rental bookings at our destination network business.

Such increases in liabilities were partially offset by an \$89 million reduction in securitized debt.

Total equity decreased \$126 million from December 31, 2016 to June 30, 2017 primarily due to \$300 million of stock repurchases and \$119 million of dividends, partially offset by \$219 million of net income and \$75 million of foreign currency translation adjustments.

### LIQUIDITY AND CAPITAL RESOURCES

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

Our five-year revolving credit facility, which expires in July 2020, has a total capacity of \$1.5 billion. As of June 30, 2017, we had \$1.1 billion of available capacity, net of letters of credit and commercial paper borrowings. We consider outstanding borrowings under our commercial paper programs to be a reduction of the available capacity under our revolving credit facility.

During the second quarter 2017, we maintained U.S. and European commercial paper programs under which we could have issued unsecured commercial paper notes up to a maximum amount of \$750 million and \$500 million, respectively. As of June 30, 2017, we had \$355 million of outstanding commercial paper borrowings, all under the U.S. program.

As a result of the proposed spin-off of the Hotel business, we ceased the issuance of commercial paper and have made the decision to suspend the issuance of securitized debt and are exploring alternative receivable financing options. As of June 30, 2017, we had \$246 million of availability under our asset-backed bank conduit facility and an additional \$1.1 billion of availability under our revolving credit facility to support our financing needs.

Our \$14 million 5.75% senior unsecured notes, with a carrying value of \$14 million, are due in February 2018 and our \$450 million 2.50% senior unsecured notes, with a carrying value of \$449 million are due in March 2018. Our intent is to refinance such notes with available capacity under our revolving credit facility.

Our two-year securitized vacation ownership bank conduit facility, which expires in August 2018, has a total capacity of \$650 million and available capacity of \$246 million as of June 30, 2017. As part of proposed spin-off transition process, we will explore alternative receivable financing options until such time that the spin-off is finalized.

On a long term basis, our financing needs will be supported by cash generated from operations, borrowings under our revolving credit facility as well as issuance of long-term unsecured debt. In addition, certain funding requirements of our vacation ownership business will be met through the utilization of various receivable financing options.

We may, from time to time, depending on market conditions and other factors, repurchase our outstanding indebtedness, 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 FLOW

The following table summarizes the changes in cash and cash equivalents during the six months ended June 30, 2017 and 2016:

	Six Months Ended June 30,		
	2017	2016	Change
Cash provided by/(used in)			
Operating activities	\$ 663	\$ 706	\$ (43)
Investing activities	(133)	(140)	7
Financing activities	(309)	(251)	(58)
Effects of changes in exchange rates on cash and cash equivalents	9	(8)	17
Net change in cash and cash equivalents	<u>\$ 230</u>	<u>\$ 307</u>	<u>\$ (77)</u>

### *Operating Activities*

Net cash provided by operating activities decreased \$43 million compared to 2016. Such decline reflects a \$151 million increase in cash utilized for working capital (net change in assets and liabilities) primarily due to (i) the timing of income tax payments, (ii) an increase in vacation ownership contract receivables resulting from higher originations and (iii) increased spending on vacation ownership development projects. Net income adjusted for the impact of the non-cash asset impairments, contributed \$108 million to cash provided by operating activities.

### *Investing Activities*

Net cash used in investing activities decreased \$7 million compared to the prior year, primarily due to higher proceeds from asset sales and lower property and equipment expenditures, partially offset by higher escrow restricted cash at our destination network business.

### *Financing Activities*

Net cash used in financing activities increased \$58 million primarily due to:

- \$37 million of higher net payments in connection with vacation ownership inventory arrangements;
- \$16 million of lower net borrowings on securitized vacation ownership debt;
- \$10 million of higher dividend payments to shareholders;
- and
- \$5 million of lower proceeds on non-securitized debt.

Such increases were partially offset by \$21 million of lower share repurchases.

### **Capital Deployment**

We focus on optimizing cash flow and seek to deploy capital for the highest possible returns. Ultimately, our business objective is to grow our business while transforming our cash and earnings profile by managing our cash streams to derive 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. We may also seek to acquire additional franchise agreements, hotel/property management contracts and exclusive agreements for vacation rental properties on a strategic and selective basis as well as grow the business through merger and acquisition activities. In addition, we intend to return cash to shareholders through the repurchase of common stock and payment of dividends.

We expect to generate annual net cash provided by operating activities less property and equipment additions (which we also refer to as capital expenditures) of approximately \$800 million during 2017. We anticipate net cash provided by operating activities of \$980 million to \$1,000 million and net cash used for capital expenditures of \$180 million to \$200 million during 2017. Net cash provided by operating activities less capital expenditures amounted to \$782 million during 2016, which is comprised of net cash provided by operating activities of \$973 million less capital expenditures of \$191 million. Foreign currency translation unfavorably impacted cash provided by operating activities during 2016. We believe net cash provided by operating activities less capital expenditures is a useful operating performance measure to evaluate the ability of our operations to generate cash for uses other than capital expenditures and, after debt service and other obligations, our ability to grow our business through acquisitions, development advances and equity investments, as well as our ability to return cash to shareholders through dividends and share repurchases.

During the six months ended June 30, 2017, we spent \$128 million on vacation ownership development projects (inventory). We believe that our vacation ownership business currently has adequate finished inventory on our balance sheet to support vacation ownership sales for at least the next year. During 2017, we anticipate spending \$230 million to \$250 million on vacation ownership development projects. The average inventory spend on vacation ownership development projects for the five year period 2017 through 2021 is expected to be approximately \$250 million annually. After factoring in the anticipated additional average annual spending, we expect to have adequate inventory to support vacation ownership sales through at least the next four to five years.

We spent \$82 million on capital expenditures during the six months ended June 30, 2017, primarily on information technology enhancement projects and renovations of central facilities and chalets at our Landal GreenParks business.

During the third quarter, we signed an agreement to acquire the AmericInn hotel brand and its management company, Three Rivers Hospitality, from Northcott Hospitality for \$170 million. Additionally, our destination network business has entered into agreements to acquire two companies for approximately \$50 million. We expect to close and fund such acquisitions during the third and fourth quarters, subject to regulatory and government approval and the satisfaction of customary closing conditions.

In connection with our focus on optimizing cash flow, we are continuing our asset-light efforts in vacation ownership by seeking opportunities with financial partners whereby they make strategic investments to develop assets on our behalf. We refer to this as WAAM Just-in-Time. The partner may invest in new ground-up development projects or purchase from us, for cash, existing in-process inventory which currently resides on our balance sheet. The partner will complete the development of the project and we may purchase finished inventory at a future date as needed or as obligated under the agreement.

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 and commercial paper programs.

### **Stock Repurchase Program**

On August 20, 2007, our Board of Directors (the "Board") authorized a stock repurchase program that enables us to purchase our common stock. The Board has since increased the capacity of the program seven times, most recently on February 8, 2016 by \$1.0 billion, bringing the total authorization under the current program to \$5.0 billion. Proceeds received from stock option exercises have increased repurchase capacity by \$78 million since the inception of this program.

Under our current stock repurchase program, we repurchased 3.4 million shares at an average price of \$87.75 for a cost of \$300 million during the six months ended June 30, 2017. From August 20, 2007 through June 30, 2017, we repurchased 91.5 million shares at an average price of \$50.66 for a cost of \$4.6 billion.

As of June 30, 2017, we have repurchased under our current and prior stock repurchase programs, a total of 117 million shares at an average price of \$46.71 for a cost of \$5.4 billion since our separation from Cendant (“Separation”).

During the period July 1, 2017 through August 1, 2017, we repurchased an additional 0.5 million shares at an average price of \$102.52 for a cost of \$50 million. We currently have \$390 million of remaining availability in our current 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 each of the quarterly periods ended March 31, and June 30, 2017, we paid cash dividends of \$0.58 per share (\$125 million in aggregate). During each of the quarterly periods ended March 31, and June 30, 2016, and we paid cash dividends of \$0.50 per share (\$115 million in aggregate).

Our ongoing dividend policy for the future is to grow our dividend at least at the rate of growth of our earnings. The declaration and payment of future dividends to holders of our common stock are at the discretion of our Board and depend upon many factors, including our financial condition, earnings, capital requirements of our business, covenants associated with certain debt obligations, legal requirements, regulatory constraints, industry practice and other factors that our Board deems relevant. There is no assurance that a payment of a dividend will occur in the future.

#### **Financial Obligations**

##### ***Long-Term Debt Covenants***

The revolving credit facility and term loan are 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 2.5 to 1.0 as of the measurement date and a maximum consolidated leverage ratio not to exceed 4.25 to 1.0 as of the measurement date (provided that the consolidated leverage ratio may be increased for a limited period to 5.0 to 1.0 in connection with a material acquisition). 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, 2017, our consolidated interest coverage ratio was 10.4 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, 2017, our consolidated leverage ratio was 2.4 times. Covenants in the credit facility and term loan also include limitations on indebtedness of material subsidiaries; liens; mergers, consolidations, liquidations and dissolutions; and the sale of all or substantially all of our assets. 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.

All of our 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.

As of June 30, 2017, 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, 2017, all of our securitized loan pools were in compliance with applicable contractual triggers.

#### **LIQUIDITY**

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 contain any recourse provisions to us.

We believe that our bank conduit facility, with a term through August 2018 and capacity of \$650 million, combined with our ability to access our revolving credit facility, should provide sufficient liquidity for our expected sales pace of VOIs. As of June 30, 2017, we had \$246 million of availability under our asset-backed bank conduit facility and an additional \$1.1 billion of availability under our revolving credit facility to support our financing needs.

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 \$1.3 billion, of which we had \$526 million outstanding as of June 30, 2017. The availability, terms and conditions and pricing of such bonding capacity are dependent on, among other things, continued financial strength and stability of the insurance company affiliates providing the bonding capacity, general availability of such capacity and our corporate credit rating. If bonding capacity is unavailable, or alternatively, if the terms and conditions and pricing of such bonding capacity are unacceptable to us, our vacation ownership business 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.

Our senior unsecured debt is rated Baa3 with a “stable outlook” by Moody’s Investors Service and BBB- with a “stable outlook” by both Standard and Poor’s and Fitch Rating Agency. 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.

The security ratings and outlook noted above do not reflect any changes or updates that could occur as a result of the proposed spin-off transaction.

## **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 membership fees, 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 due to increased leisure travel during the spring and summer months. Revenues from vacation rentals are generally highest in the third quarter, when vacation arrivals are highest, combined with a compressed booking window. Revenues from vacation exchange 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 third quarter than in other quarters due to increased leisure travel. 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.

## **COMMITMENTS AND CONTINGENCIES**

We are involved in claims, legal and regulatory proceedings and governmental inquiries related to our business. Litigation is inherently unpredictable and, although we believe that our accruals are adequate and/or that we have 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 us with respect to earnings or cash flows in any given reporting period. As of June 30, 2017, the potential exposure resulting from adverse outcomes of such legal proceedings could, in the aggregate, range up to \$63 million in excess of recorded accruals. However, we do not believe that the impact of such litigation should result in a material liability to us in relation to our consolidated financial position or liquidity.



## CONTRACTUAL OBLIGATIONS

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

	7/1/17- 6/30/18	7/1/18- 6/30/19	7/1/19- 6/30/20	7/1/20- 6/30/21	7/1/21- 6/30/22	Thereafter	Total
Securitized debt <sup>(a)</sup>	\$ 185	\$ 259	\$ 440	\$ 187	\$ 201	\$ 780	\$ 2,052
Long-term debt <sup>(b)</sup>	504	34	79	916	659	1,516	3,708
Interest on debt <sup>(c)</sup>	198	185	175	143	111	199	1,011
Operating leases	93	64	54	41	34	174	460
Purchase commitments <sup>(d)</sup>	213	114	46	37	32	36	478
Inventory sold subject to conditional repurchase <sup>(e)</sup>	106	101	37	47	59	—	350
Separation liabilities <sup>(f)</sup>	10	13	—	—	—	—	23
Total <sup>(g) (h)</sup>	\$ 1,309	\$ 770	\$ 831	\$ 1,371	\$ 1,096	\$ 2,705	\$ 8,082

(a) Represents debt that is securitized through bankruptcy-remote special purpose entities the creditors to which have no recourse to us for principal and interest.

(b) Includes \$463 million of senior unsecured notes due during the first quarter of 2018, which we intend to refinance on a long-term basis and have the ability to do so with available capacity under our revolving credit facility.

(c) Includes interest on both securitized and long-term debt; estimated using the stated interest rates on our long-term debt and the swapped interest rates on our securitized debt.

(d) Includes (i) \$162 million for information technology activities, (ii) \$120 million relating to the development of vacation ownership properties of which, \$86 million was included within total liabilities on the Condensed Consolidated Balance Sheet and (iii) \$96 million for marketing related activities.

(e) Represents obligations to repurchase completed vacation ownership properties from third-party developers (See Note 5 – Inventory for further detail) of which, \$144 million was included within total liabilities on the Condensed Consolidated Balance Sheet.

(f) Represents liabilities which we assumed and are responsible for pursuant to our Separation (See Note 17 – Separation Adjustments and Transactions with Former Parent and Subsidiaries for further details).

(g) Excludes a \$44 million 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.

(h) Excludes other guarantees at our hotel group business as it is not reasonably estimable to determine the periods in which such commitments would be settled (See Note 11 – Commitments and Contingencies for further details).

## 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 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 Condensed 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 17, 2017, 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 risks 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 exchange rates. We used June 30, 2017 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 a hypothetical 10% change in foreign currency exchange rates would have resulted in approximately a \$3 million increase or decrease to the fair value of our outstanding forward foreign currency exchange contracts, which would generally be offset by an opposite effect on the underlying exposure being economically hedged.

Our variable rate borrowings, which include our commercial paper, term loan, senior unsecured notes synthetically converted to variable rate debt via interest rate swaps, bank conduit facility and revolving credit facility, expose us to risks caused by fluctuations in the applicable interest rates. The total outstanding balance of such variable rate borrowings was approximately \$1.5 billion at June 30, 2017. A 100 basis point change in the underlying interest rates would result in approximately a \$15 million increase or decrease in our annual interest expense.

As such, we believe that a 10% change in interest and foreign currency exchange rates would not have a material effect on our prices, earnings, fair values and cash flows.

**Item 4. Controls and Procedures.**

- (a) *Disclosure Controls and Procedures.* As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive and principal financial officers, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13(a)-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")). Based on such evaluation, our principal executive and principal financial officers concluded that our disclosure controls and procedures were effective and operating to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.
- (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. As of June 30, 2017, we utilized the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings.

We are involved in various claims and lawsuits, 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 Commitments and Contingencies to the Condensed Consolidated Financial Statements for a description of claims and legal actions applicable to our business.

#### Item 1A. Risk Factors.

The discussion of our business and operations should be read together with the risk factors contained in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed with the Securities and Exchange Commission, which describe various risks and uncertainties to which we are or may become subject. The following should be read in conjunction with, and supplements and amends, the risks and uncertainties that have the potential to affect our business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner.

**The planned spin-off of our hotel business that will result in two independent, publicly-traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense, which could disrupt or adversely affect our business.**

On August 2, 2017, we announced our plan to spin-off our hotel business that will result in two independent, publicly-traded companies. Each of the businesses will operate as an independent, publicly-traded company. We expect the spin-off to be completed in the first half of 2018. The spin-off will be subject to final approval by our Board of Directors, effectiveness of a Form 10 Registration Statement filing with the U.S. Securities and Exchange Commission, execution of intercompany agreements, arrangements of financing facilities and other customary conditions. The transaction is intended to be tax-free for us and our shareholders for U.S. federal income tax purposes. We also announced our intention to explore strategic alternatives for our European rental brands.

There are numerous risks associated with the proposed spin-off, including, but not limited to, the risk that the proposed spin-off of the hotel business will not be consummated within the anticipated time period or at all, including as a result of regulatory, market or other factors; the risk of significant additional costs being incurred if the spin-off is delayed or does not occur at all; the risk of disruption to our business in connection with the proposed spin-off and that we could lose customers and/or business partners as a result of such disruption; the risk that the proposed spin-off will require significantly more time and attention from our senior management and employees than we currently anticipate, which could distract management and our employees from the operation of our business; the risk that we may find it more difficult to attract, retain and motivate employees during the pendency of the spin-off and following its completion; the risk that the companies resulting from the spin-off do not realize all of the expected benefits of the spin-off; the risk that, as smaller, independent companies, the companies resulting from the spin-off will be less diversified companies with a narrower business focus and may be more vulnerable to changing market conditions as well as the risk of takeover by third parties; the risk that our credit rating will be impacted by the spin-off and related transactions; the risk that the spin-off will not be tax-free for U.S. federal income tax purposes; the risk that the two separate companies will be unable to obtain financing on satisfactory terms or at all; the risk that the combined value of the common stock of the two publicly-traded companies will not be equal to or greater than the value of Wyndham Worldwide common stock had the spin-off not occurred; and the risk that we will not be able to successfully find or implement strategic alternatives for our European rental brands.

The potential negative impact of the events described above could have a material adverse effect on our business, financial condition, results of operations and prospects, whether we are constituted as two independent publicly-traded companies after the proposed spin-off is completed or as one company as currently constituted.

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

(c) Below is a summary of our Wyndham common stock repurchases by month for the quarter ended June 30, 2017:

**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, 2017	478,800	\$ 88.13	478,800	\$ 548,344,241
May 1-31, 2017	546,500	\$ 96.73	546,500	\$ 495,480,386
June 1-30, 2017	540,711	\$ 101.72	540,711	\$ 440,481,675
<b>Total</b>	1,566,011	\$ 95.82	1,566,011	\$ 440,481,675

(\*) Includes 73,744 shares purchased for which the trade date occurred during June 2017 while settlement occurred during July 2017.

On August 20, 2007, our Board of Directors authorized a stock repurchase program that enables us to purchase our common stock. The Board has since increased the program seven times, most recently on February 8, 2016 for \$1.0 billion, bringing the total authorization under the current program to \$5.0 billion. Under our current and prior stock repurchase plans, the total authorization is \$5.8 billion.

During the period July 1, 2017 through August 1, 2017, we repurchased an additional 0.5 million shares at an average price of \$102.52. We currently have \$390 million of remaining availability in our current 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.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

On July 31, 2017, we entered into Amendment No. 6 to Employment Agreement with Stephen P. Holmes, Chairman and Chief Executive Officer of Wyndham Worldwide Corporation. The amendment extends Mr. Holmes' employment with us for a period of two years from the termination date under his current agreement of July 31, 2017 to July 31, 2019.

On August 2, 2017, we entered into Amendment No. 1 to Employment Agreement with Gail Mandel, Chief Executive Officer of Wyndham Destination Network. The amendment extends Ms. Mandel's employment with us for a period of three years from the termination date under her current agreement of November 13, 2017 to November 13, 2020.

**Item 6. Exhibits.**

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

**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 3, 2017

By: \_\_\_\_\_  
/s/ Thomas G. Conforti  
Thomas G. Conforti  
Chief Financial Officer

Date: August 3, 2017

By: \_\_\_\_\_  
/s/ Nicola Rossi  
Nicola Rossi  
Chief Accounting Officer

**Exhibit Index**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
10.1*	Termination and Release Agreement with Thomas Anderson, executed April 28, 2017
12*	Computation of Ratio of Earnings to Fixed Charges
15*	Letter re: Unaudited Interim Financial Information
31.1*	Certification of Chairman and Chief Executive Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934
32**	Certification of Chairman and Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

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\* Filed with this report

\*\* Furnished with this report

**TERMINATION AND RELEASE AGREEMENT**

THIS TERMINATION AND RELEASE AGREEMENT (the "Agreement") is made this 6th day of February, 2017 by Wyndham Worldwide Corporation, a Delaware corporation (the "Company"), and Thomas Anderson (the "Executive").

WHEREAS, the Executive is the Executive Vice President and Chief Real Estate Development Officer of the Company; and

WHEREAS, the Executive and the Company are signatories to a letter dated March 24, 2008 ("March 2008 Offer Letter"), a letter addendum dated December 31, 2008 ("Addendum No. 1"), a letter addendum dated March 23, 2009 ("Addendum No. 2"), a letter addendum dated December 16, 2009 ("Addendum No. 3"), and a letter addendum dated November 8, 2012 ("Addendum No. 4") (March 2008 Offer Letter, Addendum No. 1, Addendum No. 2, Addendum No. 3 and Addendum No. 4 collectively, "Offer Letter");

WHEREAS, the Company and the Executive have mutually agreed to terminate their employment relationship and the Executive has agreed to release the Company and its affiliates and other persons from claims arising from or related to his employment relationship with the Company; and

WHEREAS, the Executive's rights, benefits and obligations upon termination of his employment with the Company are set forth in the Offer Letter and this Agreement;

NOW, THEREFORE, in consideration of the mutual promises, representations and warranties set forth herein, and for other good and valuable consideration, the Executive and the Company agree as follows:

Section 1 Cessation of Employment Relationship.

The employment of the Executive with the Company will terminate effective on April 28, 2017 (the "Termination Date"). Effective as of the Termination Date, the Executive hereby resigns from all positions, offices and directorships with the Company and any affiliate and subsidiary of the Company, as well as from any positions, offices and directorships on the Company's and its affiliates' and subsidiaries' foundations, benefits plans and programs.

The Executive's last day at the Company shall be April 28, 2017 ("Last Day of Work").

Section 2 Payment Obligations.

2.1 Payment for Accrued Salary, Benefits, Etc. From the date of this Agreement until the Termination Date, the Executive shall continue to be compensated on a bi-weekly basis the gross amount of \$21,923.08, less all applicable taxes, deductions and other withholdings ("Base Compensation"). The Executive shall be entitled to receive from the Company a cash payment equal to any accrued and unpaid Base Compensation for his period of employment prior to the

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Termination Date, payable as and when such Base Compensation would otherwise be payable under the Company's normal payroll processing.

The Executive will also receive payment of any reasonable unreimbursed business expenses incurred prior to the Termination Date pursuant to the Company's Travel and Entertainment Expense Reimbursement Policy that is in effect on the Termination Date within 60 days following the Termination Date, provided that the Executive submits within 10 business days after the Termination Date all appropriate supporting documentation necessary for the reimbursement of any business expenses.

2.2 Severance. The Company and the Executive understand that the Executive's termination of employment with the Company will be treated as a "Without Cause Termination" pursuant to the Offer Letter. Accordingly,

- (a) the Company shall pay the Executive an aggregate cash severance amount equal to \$2.28 million, payable in a lump sum within 60 days after the Termination Date, subject to Sections 2.4, 2.5 and 4.6 below;
- (b) effective as of the Termination Date, and subject to Sections 2.4, 2.5 and 4.6 below,
  - (i) all of Executive's outstanding time-based restricted stock units ("RSUs") which would have otherwise vested within one year following the Termination Date (being 17,012 RSUs) will be accelerated and become vested as of the Termination Date and be settled in shares of Company common stock, to be provided to the Executive within 60 days after the Termination Date;
  - (ii) with respect to the Executive's outstanding performance-based RSUs ("PVRsUs") for the performance period from January 1, 2015 through December 31, 2017 (being 9,802 PVRsUs) and for the performance period from January 1, 2016 through December 31, 2018 (being 13,258 PVRsUs), to the extent that the performance goals applicable to such PVRsUs are achieved, in each case certified by the Compensation Committee of the Company's Board of Directors following the completion of each such performance period, the Executive shall be entitled to vest in and be paid a pro-rata portion of such achieved PVRsUs, if any, in accordance with the terms of such PVRsUs, such pro-rata portion to be determined based upon the portion of the full performance period applicable to each particular PVRsU award during which the Executive was employed by the Company up to the Termination Date plus 12 months (or, if less, assuming employment for the entire performance period). Any such vested PVRsUs shall be paid to the Executive at the time that such PVRsU awards vest and are paid to employees generally, subject to Sections 2.4, 2.5 and 4.6 below. Except as set forth above in this subsection (b) (ii) the Executive's outstanding PVRsUs shall not otherwise vest or accelerate and to the extent not so vested pursuant to this subsection (b)(ii), such PVRsUs shall terminate and be forfeited.

- (iii) The Executive has no other outstanding Company incentive awards, equity awards or similar equity compensation rights except as set forth above in subsection (b)(i) or (b)(ii) herein.

For the avoidance of doubt, Executive is not entitled to any future Company incentive awards or equity rights that may otherwise be provided to officers or employees of the Company after the date of this Agreement (February 6, 2017).

- (c) The Executive shall continue to be eligible to participate in the Company's Officer Deferred Compensation Plan and 401(k) Plan up to and including the Termination Date, in accordance with the terms thereof.
- (d) The Executive shall continue to participate in the Company health plan in which he currently participates through the end of the month in which the Termination Date occurs. Following the Termination Date, the Executive may elect to continue health plan coverage in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA") at his own expense.
- (e) The Executive shall be eligible to continue to use the vehicle provided to him through the Company's executive car lease program in which he currently participates, upon the same terms as currently are in effect for him, through and until the Termination Date. At that time, the Executive shall have the option to purchase the vehicle in accordance with the terms of such program for use. If the Executive chooses not to purchase the vehicle, the Executive shall relinquish the vehicle to the Company's Human Resources Department on or before the Termination Date.

Notwithstanding any other provision of this Agreement or the Offer Letter, all payments to, vesting, benefits, and other rights of the Executive under this Section 2.2 shall be subject to Sections 2.4, 2.5 and 4.6 of this Agreement. In addition, and without limitation of its rights at law or in equity, the Company reserves the right to suspend any payments to, vesting, benefits and other rights of the Executive if the Company reasonably believes the Executive is in breach of any of the covenants contained in the Offer Letter and/or Section 3 of this Agreement, or otherwise is in breach of any representation, affirmation or acknowledgement made by Executive under this Agreement, or the Executive Release as defined in Section 2.5 and attached hereto as Exhibit A.

Except as provided in this Section 2.2, Executive acknowledges that he is not entitled to any other severance benefits under any other severance plan, arrangement, agreement or program of the Company or its affiliates.

**2.3 Other Benefits.** Following the Termination Date, the Executive will be paid any vested and accrued but not yet paid amounts due under the terms and conditions of any other employee pension benefits in accordance with the terms of such plan and applicable law.

**2.4 Code Section 409A.** On the Termination Date, the Executive is deemed to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Internal

Revenue Code (“Code”); as a result, and notwithstanding any other provision of this Agreement or the Employment Agreement,

- (i) with regard to any payment, the providing of any benefit or any distribution of equity under this Agreement or the Offer Letter that constitutes “deferred compensation” subject to Code Section 409A, payable upon separation from service, such payment, benefit or distribution shall not be made or provided prior to the earlier of (x) the expiration of the six-month period measured from the date of the Termination Date (or, if later, his “separation from service” as referred to in Code Section 409A) (“Separation Date”) or (y) the date of the Executive’s death; and
- (ii) on the first day of the seventh month following the date of the Separation Date or, if earlier, on the date of death, (x) all payments delayed pursuant to Section 2.4(i) shall be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal dates specified for them herein and (y) all distributions of equity delayed pursuant to Section 2.4(i) shall be made to the Executive;

provided that, the lump sum cash severance payment payable to the Executive under Section 2.2(a) above and the vesting of the time-based RSUs under Section 2.2(b)(i) above are each intended to qualify as a short-term deferral under Treasury Regulation Section 1.409A-1(b)(4) and will be provided within the time periods provided in Section 2.2.

**2.5 Waiver and Release.** In accordance with the terms of the Offer Letter and notwithstanding any other provision of this Agreement or the Offer Letter, the payments, benefits, vesting and other rights provided under this Agreement to the Executive are subject to, and contingent upon, the execution by Executive within the time period provided therein, and the non-revocation by the Executive, of the Executive General Release (“Executive Release”) attached as Exhibit A hereto and made a part hereof (provided that, the Executive shall not date, execute or deliver such Executive Release prior to the Termination Date). If such Executive Release is not executed, valid and irrevocable as of the expiration of the revocation period set forth therein, then any payments, benefits, vesting or other rights provided pursuant to Section 2.2 hereof shall terminate and be forfeited.

**2.6 Indemnification.** From and after the Termination Date, the Company will indemnify the Executive and advance and/or reimburse related expenses, to the fullest extent permitted and with the limitations set forth under the Certificate of Incorporation and By-Laws of the Company. In addition, nothing herein shall affect Executive’s rights, if any, to indemnification, advancement, defense or related reimbursement pursuant to, and subject to the terms and conditions of, any applicable D&O policies, any similar insurance policies or applicable law.

The Company represents and warrants that it is not aware of any basis for any claim against Executive as of the date this Agreement is executed by the Company and delivered to Executive.

Section 3 Covenants.

3.1 Non-Competition, Confidentiality, Cooperation, Other Covenants. The Executive hereby acknowledges, agrees to, and shall satisfy in full each of the Executive's covenants, restrictions, obligations and agreements set forth in the Offer Letter, which are hereby incorporated into this Agreement by reference as if fully set forth in this Agreement. Specifically, such restrictions, obligations and agreements shall include, and not be limited to, the following: for twenty-four (24) months following the Termination Date, the Executive will not (i) effect or maintain employment as a principal, advisor, owner or consultant or otherwise become affiliated with in any other capacity, any person, firm, corporation, or other entity which is involved or engaged in, or otherwise advising upon a mixed-use hotel/timeshare development project in any location, (x) for which the Executive evaluated a development opportunity on behalf of the Company or its affiliates unless that opportunity was brought forward and rejected by the Investment Committee of the Company or (y) other than with the prior written consent of the Company's Chairman and CEO, where the Company or any affiliates has developed or is in the process of developing a mixed use hotel/timeshare development project; or (ii) solicit for employment any then existing Company employees, consultants, agents or customers.

The Executive agrees that such covenants, restrictions, obligations and agreements of the Executive therein and herein are fair and reasonable and are an essential element of the payments, rights and benefits provided to the Executive pursuant to this Agreement and Offer Letter, and but for the Executive's agreement to comply therewith and herewith, the Company would not have entered into this Agreement or executed the Offer Letter. This Section 3.1 shall in all respects be subject to Paragraph 10 of the Executive Release.

3.2 Confidentiality of Agreement. The Executive also agrees to maintain in confidence, and not disclose, the terms of, including but not limited to severance paid under, this Agreement. It shall not be considered a breach of this obligation of confidentiality for the Executive to make disclosure: (i) to his immediate family; provided, however, that his immediate family members are advised of this provision and agree to comply with the terms of this provision; (ii) in order to obtain private and confidential professional legal, tax or financial advice or in order to obtain financing; (iii) to respond to any inquiry from any governmental entity or agency regarding a tax filing; or (iv) to respond to a court order, subpoena, or other legal process. This Section 3.2 shall in all respects be subject to Paragraph 10 of the Executive Release. The Company shall not issue a press release or make any other public disclosure regarding Executive's departure, unless otherwise required by law, without first obtaining Executive's consent to the form of such disclosure, such consent not to be unreasonably withheld or delayed by Executive.

3.3 Confidential and Proprietary Information. The Executive acknowledges that in connection with his employment, he has had access to information of a nature not generally disclosed to the public. The Executive agrees to keep confidential and not disclose to anyone, unless legally compelled to do so, Confidential and Proprietary Information. "Confidential and Proprietary Information" includes but is not limited to all Company (including affiliates and subsidiaries) business and strategic plans, financial details, computer programs, manuals, contracts, current and prospective client and supplier lists, and developments owned, possessed or controlled by the

Company, regardless of whether possessed or developed by the Executive in the course of his employment. Such Confidential and Proprietary Information may or may not be designated as confidential or proprietary and may be oral, written or electronic media. "Confidential and Proprietary Information" shall not include information that (a) was already publicly known at the time of disclosure to Executive; (b) subsequently becomes publicly known other than through disclosure by Executive; or (c) is generally known within the industry. The Executive understands that Confidential and Proprietary Information is owned and shall continue to be owned solely by the Company. The Executive agrees that he has not and will not disclose, directly or indirectly, in whole or in part, any Confidential and Proprietary Information except as may be required to respond to a court order, subpoena, or other legal process. In the event Executive receives a court order, subpoena, or notice of other legal process requiring the disclosure of any information concerning the Company, including but not limited to Confidential and Proprietary Information, to the extent permitted by law, the Executive shall give the Company notice of such process within 48 hours of receipt, in order to provide the Company with the opportunity to move to quash or otherwise seek the preclusion of the disclosure of such information. The Executive acknowledges that he has complied and will continue to comply with this commitment, both as an employee and after the termination of his employment. The Executive also acknowledges his continuing obligations under the Company's Business Principles. This Section 3.3 shall in all respects be subject to Paragraph 10 of the Executive Release.

Section 4     Miscellaneous.

4.1 Modifications. This Agreement may not be modified or amended except in writing signed by each of the parties hereto. No term or condition of this Agreement shall be deemed to have been waived except in writing by the party charged with such waiver. A waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver for the future or act as a waiver of anything other than that specifically waived.

4.2 Governing Law. This Agreement has been executed and delivered in the State of New Jersey and its validity, interpretation, performance and enforcement shall be governed by the internal laws of the State of New Jersey (without reference to its conflict of laws rules).

4.3 Arbitration.

- (a) Any controversy, dispute or claim arising out of or relating to this Agreement or the breach hereof which cannot be settled by mutual agreement of the parties hereto (other than with respect to the matters covered by Section 3 of this Agreement or the non-competition provisions of the Offer Letter, for which the Company may, but shall not be required to, seek injunctive and/or other equitable relief in a judicial proceeding; in conjunction with the foregoing, Executive acknowledges that the damages resulting from any breach of any such matter or provision would be irreparable and agrees that the Company has the right to apply to any court of competent jurisdiction for the issuance of a temporary restraining order to maintain the status quo pending the outcome of any proceeding) shall be finally settled by binding arbitration in accordance with the Federal Arbitration Act (or if not

applicable, the applicable state arbitration law) as follows: Any party who is aggrieved shall deliver a notice to the other party hereto setting forth the specific points in dispute. Any points remaining in dispute twenty (20) days after the giving of such notice may be submitted to arbitration in New Jersey, to the American Arbitration Association, before a single arbitrator appointed in accordance with the Employment Arbitration Rules of the American Arbitration Association, modified only as herein expressly provided. After the aforesaid twenty (20) days, either party hereto, upon ten (10) days' notice to the other, may so submit the points in dispute to arbitration. The arbitrator may enter a default decision against any party who fails to participate in the arbitration proceedings.

- (b) The decision of the arbitrator on the points in dispute shall be final, unappealable and binding, and judgment on the award may be entered in any court having jurisdiction thereof.
- (c) Except as otherwise provided in this Agreement, the arbitrator shall be authorized to apportion his or her fees and expenses and the reasonable attorneys' fees and expenses of any such party as the arbitrator deems appropriate. In the absence of any such apportionment, the fees and expenses of the arbitrator shall be borne equally by each party, and each party shall bear the fees and expenses of its own attorney.
- (d) The parties hereto agree that this Section 4.3 has been included to rapidly and inexpensively resolve any disputes between them with respect to this Agreement, and that this Section 4.3 shall be grounds for dismissal of any court action commenced by either party hereto with respect to this Agreement, other than court actions commenced by the Company with respect to any matter covered by Section 3 of this Agreement or the non-competition provisions of the Offer Letter and other than post-arbitration court actions seeking to enforce an arbitration award. **In the event that any court determines that this arbitration procedure is not binding, or otherwise allows any litigation regarding a dispute, claim, or controversy covered by this Agreement to proceed, the parties hereto hereby waive any and all rights to a trial by jury in or with respect to such litigation.**
- (e) The parties shall keep confidential, and shall not disclose to any person, except for such disclosures that would be permitted under Section 3.2, the existence of the controversy hereunder, the referral of any such controversy to arbitration, or the status of resolution thereof. This Section 4.3(e) shall in all respects be subject to Paragraph 10 of the Executive Release.

4.4 Survival. All of the Executive's obligations, covenants and restrictions under the Offer Letter, any confidentiality agreement, any non-disclosure agreement, and the Company's Business Principles shall survive and continue in full force and effect. This Section 4.4 shall in all respects be subject to Paragraph 10 of the Executive Release.

4.5 Enforceability; Severability. It is the intention of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under applicable law. All provisions of this Agreement are intended to be severable. In the event any provision or restriction contained herein is held to be invalid or unenforceable in any respect, in whole or in part, such finding shall in no way affect the validity or enforceability of any other provision of this Agreement. The parties hereto further agree that any such invalid or unenforceable provision shall be deemed modified so that it shall be enforced to the greatest extent permissible under law, and to the extent that any court of competent jurisdiction determines any restrictions herein to be unenforceable in any respect, such court may limit this Agreement to render it enforceable in the light of the circumstances in which it was entered into and specifically enforce this Agreement to the fullest extent permissible.

4.6 Withholding. All payments and benefits payable pursuant to this Agreement shall be subject to reduction by all applicable withholding, social security and other federal, state and local taxes and deductions.

4.7 Code Section 409A Compliance.

(a) It is intended that this Agreement comply with the provisions of Code Section 409A and all regulations, guidance and other interpretive authority issued thereunder (“Code Section 409A”), and this Agreement shall be construed and applied in a manner consistent with this intent. Notwithstanding any other provision herein to the contrary, to the extent that the reimbursement of any expenses or the provision of any in-kind benefits under this Agreement is subject to Code Section 409A, reimbursement of any such expense shall be made by no later than December 31 of the year following the calendar year in which such expense is incurred. Each and every payment under this Agreement shall be treated as a right to receive a series of separate payments under Treasury Regulation Section 1.409A-2(b)(2)(iii).

(b) Notwithstanding anything herein to the contrary, in no event whatsoever shall the Company or any of its affiliates be liable for any tax, additional tax, interest or penalty that may be imposed on the Executive pursuant to Code Section 409A or for any damages for failing to comply with Code Section 409A.

4.8 Non-Disparagement. The Company agrees not to endorse the disparagement of, or the making or solicitation of any comments or statements that may be considered derogatory or detrimental to the good name and business reputation of the Executive.

4.9 Notices. All notices or other communications hereunder shall not be binding on either party hereto unless in writing, and delivered to the other party thereto at the following address:

If to the Company:

Wyndham Worldwide Corporation  
22 Sylvan Way  
Parsippany, NJ 07054  
Attn: Scott G. McLester, EVP & General Counsel

If to the Executive:

Thomas Anderson  
(INTENTIONALLY OMMITTED)

with a copy to:

(INTENTIONALLY OMMITTED)

Notices shall be deemed duly delivered upon hand delivery at the above address, or one day after deposit with a nationally recognized overnight delivery company, or three days after deposit thereof in the United States mails, postage prepaid, certified or registered mail. Any party may change its address for notice by delivery of written notice thereof in the manner provided.

4.10 Assignment. This Agreement is personal in nature to the Company and the rights and obligations of the Executive under this Agreement shall not be assigned or transferred by the Executive. This Agreement and all of the provisions hereof shall be binding upon, and inure to the benefit of, the parties hereto and their successors (including successors by merger, consolidation, sale or similar transaction, permitted assigns, executors, administrators, personal representatives, heirs and distributees).

4.11 Jurisdiction. Subject to Section 4.3(a) of this Agreement, in any suit, action or proceeding seeking to enforce any provision of this Agreement, the Executive hereby (a) irrevocably consents to the exclusive jurisdiction of any federal court located in the State of New Jersey or any of the state courts of the State of New Jersey; (b) waives, to the fullest extent permitted by applicable law, any objection which he may now or hereafter have to the laying of venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum; and (c) agrees that process in any such suit, action or proceeding may be served on him anywhere in the world, whether within or without the jurisdiction of such court, and, without limiting the foregoing, irrevocably agrees that service of process on such party, in the same manner as provided for notices in Section 4.9 of this Agreement, shall be deemed effective service of process on such party in any such suit, action or proceeding. **Executive and Company agree to waive any right to a jury in connection with any judicial proceeding.**

4.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same document.

4.13 Headings. The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

4.14 Entire Agreement. This Agreement (including the Executive Release to be executed and delivered by the Executive pursuant to Section 2.5 above) is entered into between the Executive and the Company as of the date hereof and constitutes the entire understanding and agreement



between the parties hereto and, other than as set forth in Section 4.4 of this Agreement, supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, concerning the subject matter hereof, including, without limitation, the Offer Letter. All negotiations by the parties concerning the subject matter hereof are merged into this Agreement, and there are no representations, warranties, covenants, understandings or agreements, oral or otherwise, in relation thereto by the parties hereto other than those incorporated herein.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the date first written above.

WYNDHAM WORLDWIDE CORPORATION

By: /s/ Mary Falvey

Name: Mary Falvey

Title: Chief Human Resources Officer

/s/ Thomas Anderson

Executive: Thomas Anderson

**EXHIBIT A**

**EXECUTIVE GENERAL RELEASE**

I, Thomas Anderson (“I” or “Executive”), on behalf of myself and my heirs, executors, administrators and assigns, in consideration of my Termination and Release Agreement with Wyndham Worldwide Corporation, a Delaware corporation (the “Company”) dated February 6, 2017 (the “Agreement”) to which this Executive General Release (the “Executive Release”) is attached, do hereby knowingly and voluntarily release and forever discharge the Company and its affiliates and subsidiaries, and each of its and their subsidiaries, affiliates, divisions, joint ventures, directors, members, officers, executives, employees, and agents, and any and all employee benefit plans maintained by any of the above entities and their respective plan administrators, committees, trustees and fiduciaries individually and in their representative capacities, and its and their respective predecessors, successors and assigns (both individually and in their representative capacities) (collectively, the “Released Parties”), from any and all actions, causes of action, covenants, contracts, claims, charges, demands, suits, and liabilities whatsoever, which I or my heirs, executors, administrators, successors or assigns ever had, now have or may have arising prior to or on the effective date of this Executive Release (“Claims”), including any Claims arising out of or relating in any way to my employment with or severance of my employment from the Company and its affiliates.

1. By signing this Executive Release, I am providing a complete waiver of all Claims that may have arisen, whether known or unknown, up until and including the effective date of this Executive Release. This includes, but is not limited to Claims under or with respect to:

- i. any and all matters arising out of my employment by the Company or any of the Released Parties and the cessation of said employment, and including, but not limited to, any alleged violation of the National Labor Relations Act (“NLRA”), any claims for discrimination of any kind under the Age Discrimination in Employment Act of 1967 (“ADEA”) as amended by the Older Workers Benefit Protection Act (“OWBPA”), Title VII of the Civil Rights Act of 1964 (“Title VII”), Sections 1981 through 1988 of Title 42 of the United States Code, the Executive Retirement Income Security Act of 1974 (“ERISA”) (except for vested benefits which are not affected by this agreement), the Americans With Disabilities Act of 1990, as amended (“ADA”), the Fair Labor Standards Act (“FLSA”), the Occupational Safety and Health Act (“OSHA”), the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”), the Federal Family and Medical Leave Act (“FMLA”), the Federal Worker Adjustment Retraining Notification Act (“WARN”), the Uniformed Services Employment and Reemployment Rights Act (“USERRA”); and
  - ii. The Genetic Information Nondiscrimination Act of 2008; Family Rights Act; Fair Employment and Housing Act; Unruh Civil Rights Act; Statutory Provisions Regarding the Confidentiality of AIDS; Confidentiality of Medical Information Act; Parental Leave Law; Apprenticeship Program Bias Law; Equal Pay Law; Whistleblower Protection Law; Military Personnel Bias Law; Statutory Provisions Regarding Family and Medical Leave; Statutory Provisions Regarding Electronic
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Monitoring of Executives; The Occupational Safety and Health Act, as amended; Obligations of Investigative Consumer Reporting Agencies Law; Political Activities of Executives Law; Domestic Violence Victim Employment Leave Law; Court Leave; the United States or New Jersey Constitutions; any Executive Order or other order derived from or based upon any federal regulations; and

- iii. The New Jersey Law Against Discrimination; The New Jersey Civil Rights Act; The New Jersey Family Leave Act; The New Jersey State Wage and Hour Law; The Millville Dallas Airmotive Plant Job Loss Notification Act; The New Jersey Conscientious Executive Protection Act; The New Jersey Equal Pay Law; The New Jersey Occupational Safety and Health Law; The New Jersey Smokers' Rights Law; The New Jersey Genetic Privacy Act; The New Jersey Fair Credit Reporting Act; The New Jersey Statutory Provision Regarding Retaliation/Discrimination for Filing a Workers' Compensation Claim; New Jersey laws regarding Political Activities of Executives, Lie Detector Tests, Jury Duty, Employment Protection, and Discrimination; and
- iv. any other federal, state or local civil or human rights law, or any other alleged violation of any local, state or federal law, regulation or ordinance, and/or public policy, implied or expressed contract, fraud, negligence, estoppel, defamation, infliction of emotional distress or other tort or common-law claim having any bearing whatsoever on the terms and conditions and/or cessation of my employment with the Company, including, but not limited to, all claims for any compensation including salary, back wages, front pay, bonuses or awards, incentive compensation, performance-based grants or awards, severance pay, vacation pay, stock grants, stock unit grants, stock options, or any other form of equity award, fringe benefits, disability benefits, severance benefits, reinstatement, retroactive seniority, pension benefits, contributions to 401(k) plans, or any other form of economic loss; all claims for personal injury, including physical injury, mental anguish, emotional distress, pain and suffering, embarrassment, humiliation, damage to name or reputation, interest, liquidated damages, and punitive damages; and all claims for costs, expenses, and attorneys' fees.

Executive further acknowledges that Executive later may discover facts different from or in addition to those Executive now knows or believes to be true regarding the matters released or described in this Executive Release, and even so Executive agrees that the releases and agreements contained in this Executive Release shall remain effective in all respects notwithstanding any later discovery of any different or additional facts.

Notwithstanding anything to the contrary herein, this Executive Release shall not apply to, and nothing herein constitutes a release or waiver by Executive of: (a) any obligations of the Company or rights of Executive under the terms of the Agreement, (b) any claim or right that may arise after the effective date of this Executive Release, (c) any 401(k) plan benefits due Executive pursuant to the terms and conditions of any Company 401(k) plan in which Executive was a participant on or prior to the Termination Date (as defined in the Agreement), (d) any benefits that

are due or may be due to Executive under any health and welfare plan of the Company in which Executive was a participant on or prior to the Termination Date, and (e) any claim or right Executive may have to indemnification, advancement, defense or related reimbursement pursuant to, and subject to the terms and conditions of, any applicable D&O policies or any similar insurance policies, the Company's Certificate of Incorporation or By-Laws, or applicable law (claims with respect to any of the foregoing, collectively, "Excluded Claims"). Executive acknowledges and agrees that, except with respect to Excluded Claims, the Company and the Released Parties have fully satisfied any and all obligations whatsoever owed to Executive arising out of his employment with and the termination of his employment with the Company or any of the Released Parties and that no further payments or benefits are owed to Executive by the Company or any of the Released Parties. This Paragraph 1 shall in all respects be subject to Paragraph 10 of this Executive Release.

2. Executive understands and agrees that he would not receive the payments and benefits specified in the Agreement, except for his execution of this Executive Release and his satisfaction of his obligations contained in the Agreement and this Executive Release, and that such consideration is greater than any amount to which he would otherwise be entitled.

3. Executive acknowledges that he does not have any current charge, complaint, grievance or other proceeding against any of the Released Parties pending before any local, state or federal agency regarding his employment or separation from employment. This Paragraph 3 shall in all respects be subject to Paragraph 10 of this Executive Release.

4. The Company and Executive acknowledge that Executive cannot waive his right to file a charge, testify, assist, or participate in any manner in an investigation, hearing, or proceeding under the federal civil rights laws or federal whistleblower laws. Therefore, notwithstanding the provisions set forth herein, nothing contained in the Agreement or Executive Release is intended to nor shall it prohibit Executive from filing a charge with, or providing information to, the United States Equal Employment Opportunity Commission ("EEOC") or other federal, state or local agency or from participating or cooperating in any investigation or proceeding conducted by the EEOC or other governmental agency. With respect to a claim for employment discrimination brought to the EEOC or state/local equivalent agency enforcing civil rights laws, Executive waives any right to personal injunctive relief and to personal recovery, damages, and compensation of any kind payable by any Released Party with respect to the claims released in the Agreement or Executive Release as set forth in herein.

5. Executive affirms that he has not knowingly provided, either directly or indirectly, any information or assistance to any party who may be considering or is taking legal action against the Released Parties with the purpose of assisting such person in connection with such legal action. Executive understands that if this Agreement and Executive Release were not signed, he would have the right to voluntarily provide information or assistance to any party who may be considering or is taking legal action against the Released Parties. Executive hereby waives that right and agrees that he will not provide any such assistance other than the assistance in an investigation or proceeding conducted by the EEOC or other federal, state or local agency, or pursuant to a valid subpoena or court order. This Paragraph 5 shall in all respects be subject to Paragraph 10 of this Executive Release.

6. Executive represents that he has not and agrees that he will not in any way disparage the Company or any Released Party, their current and former officers, directors and employees, or make or solicit any comments, statements, or the like to the media or to others that may be considered to be derogatory or detrimental to the good name or business reputation of any of the aforementioned parties or entities. This Paragraph 6 shall in all respects be subject to Paragraph 10 of this Executive Release.

7. Executive agrees, in addition to obligations set forth in the Agreement, to cooperate with and make himself available to the Company or any of its successors, Released Parties, or its or their General Counsel, as the Company may reasonably request, to assist in any matter, including giving truthful testimony in any litigation or potential litigation, over which Executive may have knowledge, information or expertise. Executive shall be reimbursed, to the extent permitted by law, any reasonable costs associated with such cooperation, provided those costs are pre-approved by the Company prior to Executive incurring them. Executive acknowledges that his agreement to this provision is a material inducement to the Company to enter into the Agreement and to pay the consideration described herein.

8. Executive acknowledges and confirms that he has returned all Company property to the Company including, but not limited to, all Company confidential and proprietary information in his possession, regardless of the format and no matter where maintained. Executive also certifies that all electronic files residing or maintained on any personal computer devices (thumb drives, tablets, personal computers or otherwise) will be returned and no copies retained. Executive also has returned his identification card, and computer hardware and software, all paper or computer based files, business documents, and/or other Business Records or Office Documents as defined in the Company Document Management Program, as well as all copies thereof, credit and procurement cards, keys and any other Company supplies or equipment in his possession. In addition, Executive confirms that any business related expenses for which he seeks or will seek reimbursement have been, or will be, documented and submitted to the Company within 10 business days after the Termination Date. Finally, any amounts owed to the Company have been paid. This Paragraph 8 shall in all respects be subject to Paragraph 10 of this Executive Release.

9. Executive acknowledges and agrees that in the event Executive has been reimbursed for business expenses, but has failed to pay his American Express bill or other Company-issued charge card or credit card bill related to such reimbursed expenses, Executive shall promptly pay any such amounts within 7 days after any request by the Company and, in addition, the Company has the right and is hereby authorized to deduct the amount of any unpaid charge card or credit card bill from the severance payments or otherwise suspend payments or other benefits in an amount equal to the unpaid business expenses without being in breach of the Agreement.

10. Except as otherwise set forth in Paragraph 4 of this Executive Release, nothing contained in this Executive Release or in the Agreement is intended to nor shall it limit or prohibit Executive, or waive any right on his part, to initiate or engage in communication with, respond to any inquiry from, otherwise provide information to or obtain any monetary recovery from, any federal or state regulatory, self-regulatory, or enforcement agency or authority, as provided for,

protected under or warranted by applicable law, in all events without notice to or consent of the Company.

11. Executive agrees that neither the Agreement nor this Executive Release, nor the furnishing of the consideration for this Executive Release, shall be deemed or construed at any time for any purpose as an admission by the Company of any liability or unlawful conduct of any kind, which the Company denies.

12. Executive understands that he has 81 calendar days within which to consider this Executive Release before signing it. The 81 calendar day period shall begin on February 6, 2017, the day after it is presented to Executive. After signing this Executive Release, Executive may revoke his signature within 7 calendar days ("Revocation Period"). In order to revoke his signature, Executive must deliver written notification of that revocation marked "personal and confidential" to Scott G. McLester, EVP & General Counsel, Wyndham Worldwide Corporation, 22 Sylvan Way, Parsippany, NJ 07054. Executive understands that neither this Executive Release nor the Agreement will become effective or enforceable until this Revocation Period has expired and there has been no revocation by Executive, and the Company does not reasonably believe the Executive is in breach of any of the covenants contained in the Offer Letter or Section 3 of the Agreement and General Release, or otherwise is in breach of any representations, affirmations or acknowledgements Executive has made under this Executive Release or Agreement.

EXECUTIVE HAS READ AND FULLY CONSIDERED THIS EXECUTIVE RELEASE, HE UNDERSTANDS IT AND KNOWS HE IS GIVING UP IMPORTANT RIGHTS, AND IS DESIROUS OF EXECUTING AND DELIVERING THIS EXECUTIVE RELEASE. EXECUTIVE UNDERSTANDS THAT THIS DOCUMENT SETTLES, BARS AND WAIVES ANY AND ALL CLAIMS HE HAD OR MIGHT HAVE AGAINST THE COMPANY AND ITS AFFILIATES (OTHER THAN EXCLUDED CLAIMS); AND HE ACKNOWLEDGES THAT HE IS NOT RELYING ON ANY OTHER REPRESENTATIONS, WRITTEN OR ORAL, NOT SET FORTH IN THIS EXECUTIVE RELEASE OR THE AGREEMENT. HAVING ELECTED TO EXECUTE THIS EXECUTIVE RELEASE, TO FULFILL THE PROMISES SET FORTH HEREIN AND IN THE AGREEMENT, AND TO RECEIVE THEREBY THE SUMS AND BENEFITS SET FORTH IN THE AGREEMENT, EXECUTIVE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, EXECUTES AND DELIVERS THIS EXECUTIVE RELEASE.

EXECUTIVE HAS BEEN ADVISED TO CONSULT WITH HIS LEGAL COUNSEL PRIOR TO EXECUTING THIS EXECUTIVE RELEASE AND THE AGREEMENT.

IF THIS DOCUMENT IS RETURNED EARLIER THAN 81 DAYS, THEN EXECUTIVE ADDITIONALLY ACKNOWLEDGES AND WARRANTS THAT HE HAS VOLUNTARILY AND KNOWINGLY WAIVED THE 81 DAY REVIEW PERIOD, AND THIS DECISION TO ACCEPT A SHORTENED PERIOD OF TIME IS NOT INDUCED BY THE COMPANY THROUGH FRAUD, MISREPRESENTATION, A THREAT TO WITHDRAW OR ALTER THE OFFER PRIOR TO THE EXPIRATION OF THE 81 DAYS, OR BY PROVIDING DIFFERENT TERMS TO EXECUTIVE IF HE SIGNS THIS

EXECUTIVE RELEASE PRIOR TO THE EXPIRATION OF SUCH TIME PERIOD.

THEREFORE, the Executive now voluntarily and knowingly executes this Executive Release.

/s/ Thomas Anderson

Thomas Anderson

Date Signed: April 28, 2017



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

	Six Months Ended June 30,	
	2017	2016
<b>Earnings available to cover fixed charges:</b>		
Income before income taxes	\$ 283	\$ 407
Less: Income from equity investees	1	1
	282	406
Plus: Fixed charges	122	118
Amortization of capitalized interest	4	3
Less: Capitalized interest	1	3
Earnings available to cover fixed charges	\$ 407	\$ 524
<b>Fixed charges (*):</b>		
Interest	\$ 110	\$ 104
Capitalized interest	1	3
Interest portion of rental expense	11	11
Total fixed charges	\$ 122	\$ 118
Ratio of earnings to fixed charges	3.34x	4.44x

(\*) Consists of interest expense on all indebtedness (including costs related to the amortization of deferred financing costs), capitalized interest and the portion of operating lease rental expense that is representative of the interest factor.

\* \* \*

August 3, 2017

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 condensed consolidated financial information of Wyndham Worldwide Corporation and subsidiaries for the three and six month periods ended June 30, 2017, and 2016, as indicated in our report dated August 3, 2017; 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, 2017, is incorporated by reference in Registration Statement No. 333-136090 on Form S-8 and Registration Statement No. 333-206104 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

\* \* \*

## 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 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-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 3, 2017

\_\_\_\_\_  
/S/ STEPHEN P. HOLMES  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

## 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 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-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 3, 2017

\_\_\_\_\_  
/S/ THOMAS G. CONFORTI  
CHIEF FINANCIAL OFFICER

**CERTIFICATION OF CHAIRMAN AND CEO AND CFO PURSUANT TO  
18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of Wyndham Worldwide Corporation (the "Company") on Form 10-Q for the period ended June 30, 2017, 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

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STEPHEN P. HOLMES  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER  
AUGUST 3, 2017

/S/ THOMAS G. CONFORTI

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THOMAS G. CONFORTI  
CHIEF FINANCIAL OFFICER  
AUGUST 3, 2017