

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

FORM 10-K

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

For the fiscal year ended December 31, 2019

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 001-38432



Wyndham Hotels & Resorts, Inc.
(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)

82-3356232

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

07054

(Zip Code)

(973) 753-6000

(Registrant's Telephone Number, Including Area Code)

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

Title of each class
Common Stock, Par Value \$0.01 per share

Trading Symbol(s)
WH

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 every Interactive Data File required to be submitted 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 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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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 Act.

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of June 28, 2019, was \$5.31 billion. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

As of January 31, 2020, the registrant had outstanding 93,695,321 shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement prepared for the 2020 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

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PART I

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These statements include, but are not limited to, statements related to our expectations regarding our strategy and the performance of our business, our financial results, our liquidity and capital resources and other non-historical statements. Forward-looking statements include those that convey management's expectations as to the future based on plans, estimates and projections and may be identified by words such as "will," "expect," "believe," "plan," "anticipate," "intend," "goal," "future," "outlook," "guidance," "target," "objective," "estimate" and similar words or expressions, including the negative version of such words and expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Wyndham Hotels to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report.

Factors that could cause actual results to differ materially from those in the forward-looking statements include without limitation general economic conditions, the performance of the financial and credit markets, the economic environment for the hospitality industry, operating risks associated with the hotel franchising and management businesses, the impact of war, terrorist activity or political strife, concerns with or threats of pandemics, contagious diseases or health epidemics, risks related to our relationship with CorePoint Lodging, our spin-off as a newly independent company and risks related to our ability to obtain financing as well as the risks described under Part I, Item 1A - Risk Factors. Except as required by law, Wyndham Hotels undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, subsequent events or otherwise.

Where You Can Find More Information

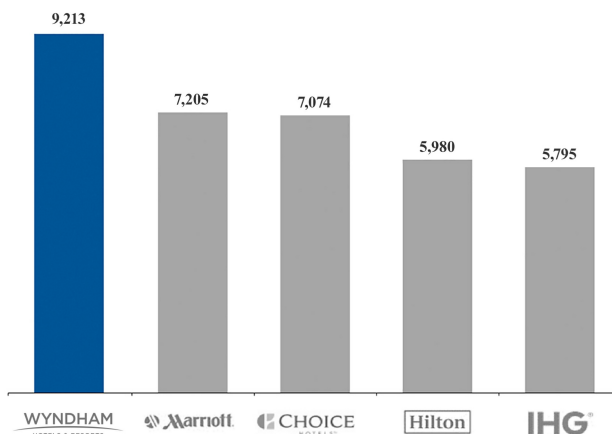
We file annual, quarterly and current reports, proxy statements, reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and other information with the Securities and Exchange Commission ("SEC"). Our SEC filings are available free of charge to the public over the Internet at the SEC's website at <https://www.sec.gov>. Our SEC filings are also available on our website at <https://www.wyndhamhotels.com> as soon as reasonably practicable after they are filed with or furnished to the SEC. We maintain an internet site at <https://www.wyndhamhotels.com>. Our website and the information contained on or connected to that site are not incorporated into this Annual Report.

We may use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Disclosures of this nature will be included on our website in the "Investors" section, which can currently be accessed at www.investor.wyndhamhotels.com. Accordingly, investors should monitor this section of our website in addition to following our press releases, filings submitted with the SEC and any public conference calls or webcasts.

Item 1. Business.

Wyndham Hotels & Resorts, Inc. ("Wyndham Hotels", the "Company", or "we") is the world's largest hotel franchising company by number of hotels, with nearly 9,300 affiliated hotels with 831,025 rooms located in approximately 90 countries and welcoming nearly 150 million guests annually worldwide. Our 20 brands are primarily located in secondary and tertiary cities and approximately 80% of the U.S. population lives within ten miles of at least one of our affiliated hotels. Our mission is to make hotel travel possible for all. Wherever people go, Wyndham will be there to welcome them. We boast a remarkably asset-light business model with only two of our nearly 9,300 hotels being owned, dramatically limiting our capital needs and our exposure to real estate and the rising wage environment.

The following chart presents the number of branded hotels associated with each of the five largest traditional hotel franchise companies as of September 30, 2019:



Source: Companies' public disclosures

Our widely recognized brands with select-service focus offer a breadth of options for franchisees and a wide range of price points and experiences for our guests. We are a global leader in the economy and midscale chain scales where our brands represent nearly 35% of branded rooms in the United States, and we also have a growing presence in the upper midscale, lifestyle and upscale chain scales. With many of our affiliated hotels located along major highways, our brands not only drive online and voice reservations to hotels in our system, but they also attract walk-in guests. With the addition of the “by Wyndham” endorsement in 2018, our brands now enjoy even higher awareness.

The following table summarizes our brand portfolio as of December 31, 2019:

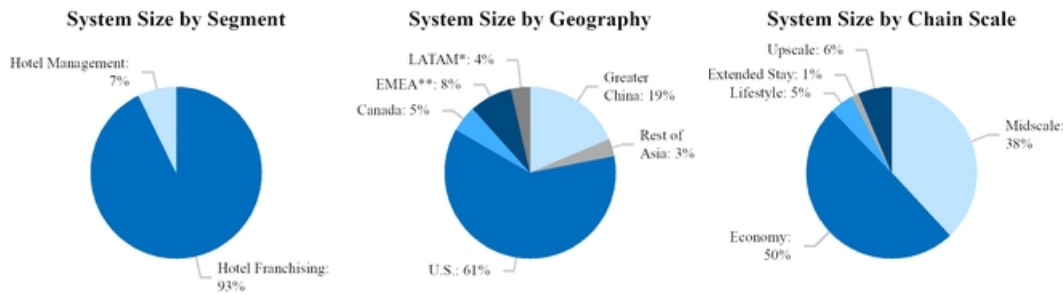
WYNDHAM HOTELS & RESORTS				
UPSCALE	LIFESTYLE	MIDSCALE	ECONOMY	EXTENDED STAY
WYNDHAM	TRYP BY WYNDHAM	LA QUINTA BY WYNDHAM	Super 8	HAWTHORN SUITES BY WYNDHAM
WYNDHAM GRAND	TM TRADEMARK COLLECTION BY WYNDHAM	RAMADA BY WYNDHAM	Days Inn BY WYNDHAM	
DOLCE HOTELS AND RESORTS BY WYNDHAM	DAZZLER BY WYNDHAM	BAYMONT BY WYNDHAM	MICROTEL BY WYNDHAM	
	esplend <i>or</i> BY WYNDHAM	*** AmericInn BY WYNDHAM	Howard Johnson BY WYNDHAM	
		WINGATE BY WYNDHAM	Travelodge BY WYNDHAM	
		WYNDHAM GARDEN		
		RAMADA encore BY WYNDHAM		
202 HOTELS	219 HOTELS	2,892 HOTELS	5,734 HOTELS	109 HOTELS

As of December 31, 2019, our brand portfolio consisted of the following:

	Global RevPAR		North America		Asia Pacific		Europe,	Latin	Total
			U.S.	Canada	Greater China	Rest of Asia	Middle East and Africa	America	
Economy									
Super 8	\$ 27.16	Properties	1,551	125	1,242	—	7	—	2,925
		Rooms	93,175	8,034	75,520	—	1,226	—	177,955
Days Inn	\$ 36.17	Properties	1,432	114	62	16	60	7	1,691
		Rooms	107,429	8,954	9,535	2,349	3,713	514	132,494
Travelodge	\$ 37.89	Properties	349	101	—	—	—	—	450
		Rooms	23,913	8,285	—	—	—	—	32,198
Microtel	\$ 43.17	Properties	303	19	3	14	—	7	346
		Rooms	21,423	1,657	550	1,037	—	835	25,502
Howard Johnson	\$ 29.43	Properties	174	26	66	3	5	48	322
		Rooms	13,956	1,807	21,259	1,107	500	3,059	41,688
Midscale									
La Quinta	\$ 60.04	Properties	911	2	—	—	1	14	928
		Rooms	88,415	133	—	—	404	1,937	90,889
Ramada	\$ 37.35	Properties	341	82	112	78	215	27	855
		Rooms	40,883	7,857	24,997	14,246	30,492	3,538	122,013
Baymont	\$ 38.78	Properties	521	3	—	—	—	1	525
		Rooms	40,563	350	—	—	—	118	41,031
AmericInn	\$ 51.40	Properties	205	—	—	—	—	—	205
		Rooms	12,151	—	—	—	—	—	12,151
Wingate	\$ 53.89	Properties	169	9	2	—	—	1	181
		Rooms	15,335	889	329	—	—	176	16,729
Wyndham Garden	\$ 49.36	Properties	72	3	7	4	17	24	127
		Rooms	11,855	651	1,246	541	2,838	3,236	20,367
Ramada Encore	\$ 26.29	Properties	—	—	25	16	20	10	71
		Rooms	—	—	4,228	4,557	2,331	1,425	12,541
Extended Stay									
Hawthorn	\$ 54.94	Properties	103	—	—	—	6	—	109
		Rooms	9,737	—	—	—	549	—	10,286
Lifestyle									
Trademark	\$ 74.32	Properties	39	10	—	1	49	2	101
		Rooms	11,657	1,489	—	90	8,793	67	22,096
TRYP	\$ 55.89	Properties	9	—	1	2	65	20	97
		Rooms	1,099	—	95	256	9,141	2,932	13,523
Dazzler	\$ 57.37	Properties	—	—	—	—	—	13	13
		Rooms	—	—	—	—	—	1,687	1,687
Espendor	\$ 45.00	Properties	—	—	—	—	—	8	8
		Rooms	—	—	—	—	—	909	909
Upscale									
Wyndham	\$ 58.51	Properties	35	—	29	15	16	39	134
		Rooms	10,432	—	8,697	3,007	3,150	8,764	34,050
Wyndham Grand	\$ 65.54	Properties	11	—	23	2	13	—	49
		Rooms	3,055	—	8,130	384	3,292	—	14,861
Dolce	\$ 93.00	Properties	8	3	—	—	8	—	19
		Rooms	1,639	276	—	—	2,298	—	4,213
Affiliated properties ^(a)									
		Properties	109	3	—	11	—	1	124
		Rooms	3,446	315	—	47	—	34	3,842
Total	\$ 40.92	Properties	6,342	500	1,572	162	482	222	9,280
		Rooms	510,163	40,697	154,586	27,621	68,727	29,231	831,025

(a) Affiliated properties represent properties under affiliation arrangements with Wyndham Destinations.

The following charts illustrate our system size (by rooms) as of December 31, 2019:



* LATAM is representative of Latin America and the Caribbean.
 ** EMEA is representative of Europe, the Middle East and Africa.

The following table presents the changes in our portfolio for the last three years:

	As of December 31,					
	2019		2018		2017	
	Properties	Rooms	Properties	Rooms	Properties	Rooms
Beginning balance	9,157	809,900	8,422	728,200	8,035	697,600
Additions ^(a)	523	63,500	1,512	145,800	811	72,200
Deletions ^(b)	(400)	(42,400)	(777)	(64,100)	(424)	(41,600)
Ending balance	9,280	831,000	9,157	809,900	8,422	728,200

- (a) 2018 includes the addition of 905 properties and 88,600 rooms from the acquisition of the La Quinta brand and 2017 includes the addition of 202 properties and 11,900 rooms from the acquisition of the AmericInn brand.
 (b) 2018 includes the deletion of 351 properties and 21,300 rooms from the disposition of the Knights Inn brand.

In addition to our existing franchisees, we have nearly 1,500 properties and 193,400 rooms under development. As of December 31, 2019, approximately 43% of our pipeline was located in the U.S. and 57% was located internationally; approximately 70% of our pipeline was for new construction properties and 30% represented conversion opportunities.

Our pipeline is typically only a subset of our development activity in any given period as some of our hotel additions are executed and opened in less than 90 days and therefore may never appear in our pipeline. However, we use the pipeline to gauge interest in our brands and our continued ability to drive our net room growth projections. Our development pipeline represents 23.3% of our beginning system size for 2020 as compared to a pipeline in 2019 that represented 22.2% of the then-beginning system size.

OUR FRANCHISING BUSINESS

Hotel Franchising Segment Adjusted EBITDA ^(a) (\$ in millions)

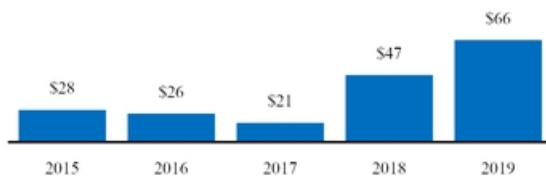


(a) See Part II Item 6. Selected Financial Data for our definition of adjusted EBITDA and the reconciliation of net income to adjusted EBITDA.

We license our brands and associated trademarks to over 6,000 franchisees globally, which provides for a highly diversified owner base with limited concentration. Our franchisees range from sole proprietors to institutional investors such as public real estate investment trusts. Our franchise agreements are typically 10 to 20 years in length, providing significant visibility into future cash flows. Under these agreements, our franchisees generally pay us a royalty fee of 4% to 5% of gross room revenue and a marketing and reservation fee of 3% to 5% of gross room revenue. We occasionally provide financial support in the form of loans or development advances to help generate new business.

OUR MANAGEMENT BUSINESS

Hotel Management Segment Adjusted EBITDA ^(a) (\$ in millions)



(a) See Part II Item 6. Selected Financial Data for our definition of adjusted EBITDA and the reconciliation of net income to adjusted EBITDA.

As of December 31, 2019, we had 392 hotels under management contracts and two owned hotels - the Wyndham Grand Rio Mar Beach Resort and Spa in Puerto Rico and the Wyndham Grand Orlando Bonnet Creek. We only manage properties under our brands, primarily under the Wyndham, Wyndham Grand, La Quinta, Dolce, Hawthorn and Ramada brands in major markets and resort destinations globally. The duration of our management agreements is typically 10 to 20 years. We earn a base management fee, which is based on a percentage of the hotel's total revenue, and in some cases we earn an incentive fee, which is based on achieving performance metrics agreed upon with hotel owners. Under our management arrangements, we provide all the benefits of a franchising agreement and also conduct the day-to-day-operations of the hotel on behalf of the owner.

OUR STRATEGY

Our objective is to be the world's leading provider of select-service hotel brands by delivering the best value to owners and guests. We expect to achieve our objective by focusing on our core strategic goals:

Drive net room growth

We intend to drive net room growth by providing exceptional value to franchisees that enables them to optimize the return on their investment. We do this by driving an increasing number of reservations to our franchisees through our direct channels, leveraging our scale to lower operating costs, reduce third party commissions, providing best-in-class technology solutions and offering new prototypes that reduce the cost to both build and operate hotels under our brands.

Our franchise sales team consists of nearly 150 sales professionals throughout the world. Our sales team is focused on growing our franchise business through conversions of existing branded and independent hotels and partnering with developers to brand newly constructed hotels. In addition to a regional presence in the United States, we currently have sales teams located in London, Istanbul, Dubai, Shanghai, Singapore, Canada, Delhi, Mexico City, Sao Paulo and Buenos Aires. Our international presence in key countries allows us to quickly adapt to changes in the increasingly dynamic global marketplace and to capitalize on new opportunities as they emerge.

With a diverse, global network of brands already represented in approximately 90 countries, we intend to introduce our brands into new international markets and to grow in existing markets. As international tourism continues to grow, we are well positioned to capitalize on the rising demand for trusted lodging options for all travelers, particularly everyday travelers and the growing global middle class. Our international development efforts are focused on building scale in key cities and markets, increasing our brand recognition and broadening our appeal to domestic and international guests. Over the past five

years, our international portfolio has grown at a compound annual rate of 8%, to nearly 3,000 hotels, and now represents over 30% of the hotels in our system.

In 2019, our sales team executed new contracts representing nearly 92,000 rooms, an increase of 6% from 2018. As a result, we welcomed 523 new hotels globally in 2019 or an average of one and a half new hotels into our system every day.

A key component of our net room growth strategy is our ability to retain properties within our system. With a heavy concentration in the economy and midscale chain scales, our retention rate will naturally be lower than our competitors with less concentration in these chain scales. Industry-wide, our data suggest economy hotels in the U.S. average 93% retention, while midscale hotels average 96% industry-wide. As we move up the chain scales, our retention rates will continue to improve. Upper midscale retention rates average 97% and upscale brands average 99%. Both globally and in the United States, our retention rate was 95% in 2019, compared to 93% in 2015. In 2019, we retained 96% of the hotels in our economy brands, three points higher than the industry average, and 96% of the hotels in our midscale brands, the same as industry average. Internationally, our retention rate was 94%, one point better than 2015. Our goal is to continue to improve our retention rates to support overall net room growth.

Elevate the brand experience

Our brands are among the most respected in the industry and have won numerous awards for their quality and consistency. J.D. Power 2019 North America Hotel Guest Satisfaction Index Study awarded Wyndham brands two of the top three spots in both the economy and midscale segments with Microtel by Wyndham, the leading economy brand for 16 of the last 18 years, and Wingate by Wyndham, the leading midscale brand for the fifth consecutive year. We will continue to drive guest satisfaction and a quality experience at every price point through our brand standards, hotel management training, quality assurance programs, and strong operations support model.

We are investing in our brands with several new value-engineered prototypes and redesign packages launched in 2019 including the Microtel Moda prototype, Days Inn Dawn interior redesign, AmericInn Gen-4 interior redesign and La Quinta Del Sol and Hawthorn dual-brand prototype, and recently announced the Wyndham Garden Arbor prototype. These prototypes join existing designs for Super 8, Howard Johnson and La Quinta to create value-engineered, cost efficient options for our franchisees that elevate the experience for the everyday traveler.

Capture greater market share

We continue to focus on delivering value through our direct channels and growing market share for our franchisees through loyalty, sales, marketing, distribution, and technology programs.

Our loyalty program, Wyndham Rewards, has been recognized as one of the simplest, most rewarding loyalty programs in the hotel industry, providing more value to members than any other program. It has won more than 90 awards in the past five years, including “Best Hotel Loyalty Program” from US News & World Report, “Best Hotel Loyalty Program” in USA TODAY, “10 Best Readers’ Choice Awards”, “Most Rewarding Hotel Loyalty Program” from IdeaWorks and in December 2019, was ranked #1 on WalletHub’s list of “Best Hotel Rewards Programs” for the fifth consecutive year.

Wyndham Rewards has over 81 million enrolled members and accounts for approximately 36% of occupancy at our affiliated hotels globally and over 40% in the United States, up from 30% globally and 37% in the United States in 2018. Total membership has been growing by over 10% annually for the past seven years with approximately 7 million new members added in 2019. Our franchisees benefit from the program through repeat stays and members benefit through free night stays as well as other redemption options for their points, such as gift cards, merchandise and experiences. Additionally, Wyndham Rewards members can redeem their points for stays at thousands of vacation ownership and rental properties globally.

Our global sales organization leverages the size and diversification of our portfolio to gain a larger share of business for each of our hotels through relationship-based selling to a broad range of clients, including corporate business travel clients, corporate group clients, association markets, consortium and travel agent clients, wholesale leisure clients, social group clients, and specialty markets such as trucking companies and travel clubs.

Our cross-channel marketing efforts are designed to build awareness of our 20 brands and Wyndham Rewards and drive revenue to our franchisees through central channels. We offer revenue management services that help franchisees maximize revenue by optimizing rate and managing inventory. We have continued to invest in the effectiveness and responsiveness of our mobile and our brand sites. We also offer Signature Reservation Services from our global customer contact centers to

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help franchisees manage direct-to-property reservation calls and provide seamless integration to third-party distribution channels.

A key element of our value proposition to franchisees is reservation delivery and profit optimization. Our cloud-based, web-enabled, state-of-the-art technology platform, which includes a fully integrated property management, reservation and revenue management system, is provided to our franchisees at an affordable price. We provide our franchisees with the types of tools used by larger hotels, a capability that was effectively unaffordable to hotels in the economy and midscale sectors. Our scale enables franchisees to take advantage of attractive pricing, and this cloud-based, web-enabled solution eliminates the need for our franchisees to purchase or maintain an on-site server, which traditionally has been a significant burden to hotel owners.

Foster a values-driven culture

With approximately 14,200 team members, we strive to foster a values-driven culture grounded in the strong foundation established by our former parent company. We remain guided by our core values and signature Count on Me service promise in order to attract, retain and engage the best people in our industry.

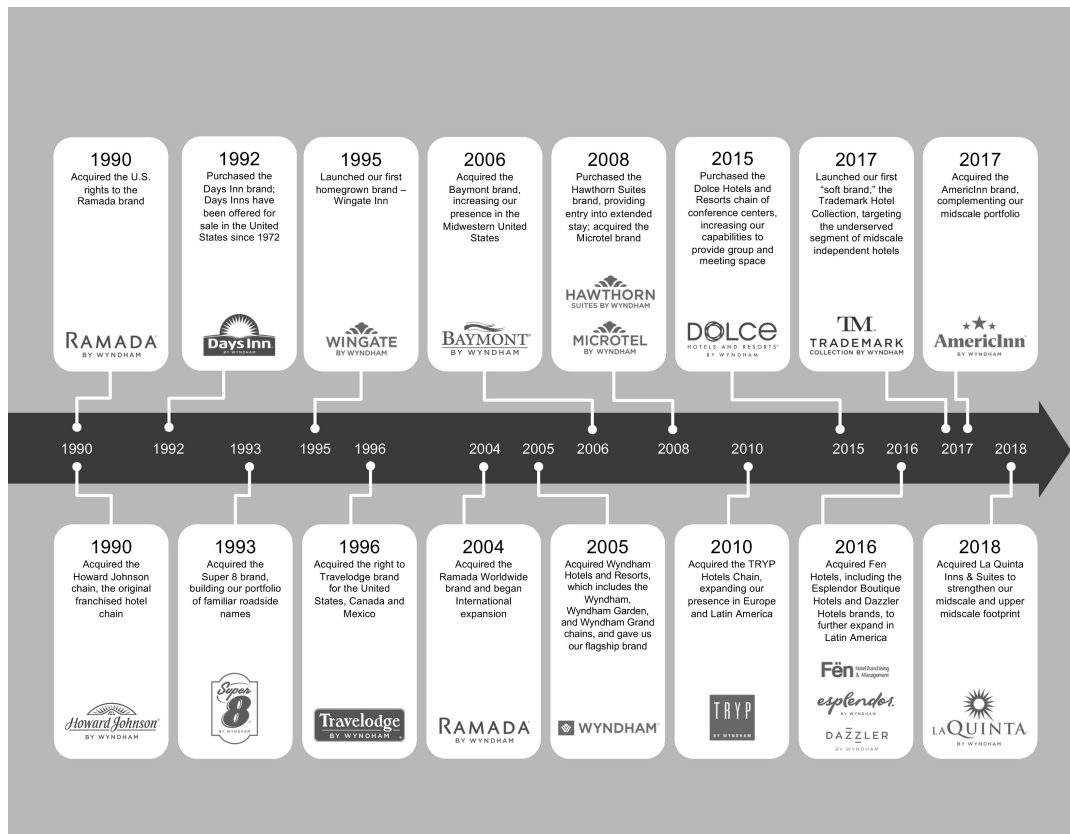
Use cash flow to create value for stockholders

Our asset-light business model, with stable, recurring franchise fee revenue and low fixed capital needs generates predictable cash flows. Approximately 90% of our revenues are fee-for-service primarily from long-term agreements. At a 95% retention, this means we begin each year with a high degree of certainty regarding the majority of our revenue.

We expect to use the cash we generate to either invest in the business, including through acquisitions, or to return capital to our stockholders through dividends and share repurchases. We returned \$356 million to stockholders over the past twelve months by repurchasing 4.5 million shares, or 5%, of our common stock for \$244 million and paying dividends of \$112 million to stockholders. Since our spin-off, we have returned \$553 million to stockholders through the repurchase of 7% of our common stock and the payment of \$1.91 in dividends per share. We expect to continue to pay a regular dividend and to continue repurchasing our stock.

OUR HISTORY

Our business was initially incorporated as Hospitality Franchise Systems, Inc. in 1990 to acquire the Howard Johnson brand and the franchise rights to the Ramada brand in the United States. It was an integral part of Wyndham Worldwide Corporation and its predecessor from 1997 to 2018. Wyndham Hotels became an independent, public company in May 2018 when it was spun-off from Wyndham Worldwide. Our business has grown substantially over time through acquisitions and organic expansion.



COMPETITION

We encounter competition among hotel franchisors and lodging operators. We believe franchisees make decisions based principally upon the perceived value and quality of the brand and the services offered. We further believe that the perceived value of a brand name is partially a function of the success of the existing hotels franchised under the brand.

The ability of an individual franchisee to compete may be affected by the location and quality of its property, the number of competitors in the vicinity, community reputation and other factors. A franchisee’s success may also be affected by general, regional and local economic conditions. The potential effect of these conditions on our performance is substantially reduced by virtue of the diverse locations of our affiliated hotels and by the scale of our base. Our system is dispersed among approximately 6,000 franchisees, which reduces our exposure to any one franchisee. One master franchisor in China for the Super 8 brand accounts for 13% of our hotels. Apart from this relationship, no one franchisee accounts for more than 3% of our hotels.

SEASONALITY

While the hotel industry is seasonal in nature, periods of higher revenues vary property-by-property and performance is dependent on location and guest base. Based on historical performance, 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. Our cash provided by operating activities tends to be lower in the first half of the year and substantially higher than in the second half of the year. The seasonality of our business may cause fluctuations in our quarterly operating results, earnings, profit margins and cash flows. 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.

INTELLECTUAL PROPERTY

Wyndham Hotels owns the trademarks and other intellectual property rights related to our hotel brands, including the “Wyndham” trademark. We actively use, directly or through our licensees, these trademarks and other intellectual property rights. We operate in a highly competitive industry in which the trademarks and other intellectual property rights related to our hotel brands are very important to the marketing and sales of our services. We believe that our hotel brand names have come to represent high standards of quality, caring, service and value to our franchisees and guests. We register the trademarks that we own in the United States Patent and Trademark Office, as well as with other relevant authorities, where we deem appropriate, and otherwise seek to protect our trademarks and other intellectual property rights from unauthorized use as permitted by law.

GOVERNMENT REGULATION

Our business is subject to various foreign and U.S. federal and state laws and regulations. In particular, our franchisees are subject to the local laws and regulations in each country in which such hotels are operated, including employment laws and practices, privacy laws and tax laws, which may provide for tax rates that exceed those of the United States and which may provide that our foreign earnings are subject to withholding requirements or other restrictions, unexpected changes in regulatory requirements or monetary policy and other potentially adverse tax consequences. Our franchisees and other aspects of our business are also subject to various foreign and U.S. federal and state laws and regulations, including the Americans with Disabilities Act and similar legislation in certain jurisdictions outside of the United States.

The Federal Trade Commission, various states and other foreign jurisdictions regulate the offer and sale of franchises. The Federal Trade Commission requires us to furnish to prospective franchisees a franchise disclosure document containing prescribed information prior to execution of a binding franchise agreement or payment of money by the prospective franchisee. State regulations also require franchisors to make extensive disclosure to prospective franchisees, and a number of states also require registration of the franchise disclosure document prior to sale of any franchise within the state. Non-compliance with disclosure and registration laws can affect the timing of our ability to sell franchises in these jurisdictions. Additionally, laws in many states and foreign jurisdictions also govern the franchise relationship, such as imposing limits on a franchisor’s ability to terminate franchise agreements or to withhold consent to the renewal or transfer of these agreements. Failure to comply with these laws and regulations has the potential to result in fines, injunctive relief, and/or payment of damages or restitution to individual franchisees or regulatory bodies, or negative publicity impairing our ability to sell franchises.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Our social responsibility initiatives reflect our commitment to valuing diversity and inclusion, protecting human rights, fostering environmental sustainability and supporting our communities. Our 2019 Social Responsibility Report, which is available on our corporate website, contains additional information regarding our commitment to social responsibility.

EMPLOYEES

As of December 31, 2019, we had approximately 14,200 employees, including approximately 1,300 employees outside of the United States. Approximately 6% of our employees are subject to collective bargaining agreements governing their employment with our Company.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Geoffrey A. Ballotti, 58, serves as our President and Chief Executive Officer and member of our Board of Directors ("Board"). From March 2014 to March 2018, Mr. Ballotti served as President and Chief Executive Officer of Wyndham Hotel Group. From March 2008 to March 2014, Mr. Ballotti served as Chief Executive Officer of Wyndham Destination Network. From October 2003 to March 2008, Mr. Ballotti was President of the North America Division of Starwood Hotels and Resorts Worldwide. From 1989 to 2003, Mr. Ballotti held leadership positions of increasing responsibility at Starwood Hotels and Resorts Worldwide including President of Starwood North America, Executive Vice President, Operations, Senior Vice President, Southern Europe and Managing Director, Ciga Spa, Italy. Prior to joining Starwood Hotels and Resorts Worldwide, Mr. Ballotti was a Banking Officer in the Commercial Real Estate Group at the Bank of New England.

Michele Allen, 45, serves as our Chief Financial Officer. From May 2018 to December 2019, Ms. Allen served as Executive Vice President and Treasurer. From April 2015 to May 2018, Ms. Allen served as Senior Vice President of Finance for Wyndham Worldwide. From August 2006 to March 2015, Ms. Allen served in positions of increasing responsibility at Wyndham Hotel Group including Senior Vice President of Finance and Controller. Ms. Allen began her career as an independent auditor at Deloitte & Touche LLP.

Tom H. Barber, 48, serves as our Global Chief Development Officer. From January 2012 to May 2018, Mr. Barber served as Senior Vice President, M&A and Operational Excellence at Wyndham Worldwide. From June 2004 until January 2012, Mr. Barber served as Director, Mergers & Acquisitions at Credit Suisse Securities. Prior to joining Credit Suisse Securities, he served as Manager, Strategy Consulting at Gemini Consulting and as a business development and product manager at Microsoft Corporation.

Paul F. Cash, 50, serves as our General Counsel, Chief Compliance Officer and Corporate Secretary. From October 2017 to May 2018, Mr. Cash served as Executive Vice President and General Counsel of Wyndham Hotel Group. From April 2005 to September 2017, Mr. Cash served as Executive Vice President and General Counsel and in legal executive positions with increasing leadership responsibility for Wyndham Destination Network. From January 2003 to April 2005, Mr. Cash was a partner in the Mergers and Acquisitions, International and Entertainment and New Media practice groups of Alston & Bird LLP and from February 1997 to December 2002 he was an associate at Alston & Bird LLP. From August 1995 until February 1997, Mr. Cash was an associate at the law firm Pünder, Volhard, Weber & Axster in Frankfurt, Germany.

Lisa Borromeo Checchio, 39, serves as our Chief Marketing Officer. From May 2018 to January 2019, Ms. Checchio served as our Senior Vice President and Chief Marketing Officer. From April 2017 to May 2018, Ms. Checchio served as Senior Vice President, Global Brands for Wyndham Hotel Group. From August 2015 to April 2017, Ms. Checchio served as Vice President, Brand Marketing for Wyndham Hotel Group. From July 2004 to August 2015, Ms. Checchio held several marketing positions of increasing responsibility and served as Brand Marketing and Advertising Director for JetBlue Airways.

Mary R. Falvey, 59, serves as our Chief Administrative Officer. From August 2006 to May 2018, Ms. Falvey served as Executive Vice President and Chief Human Resources Officer of Wyndham Worldwide. Ms. Falvey was Executive Vice President, Global Human Resources for Cendant Corporation's Vacation Network Group from April 2005 to July 2006. From March 2000 to April 2005, Ms. Falvey served as Executive Vice President, Human Resources for RCI. From January 1998 to March 2000, Ms. Falvey was Vice President of Human Resources for Cendant Corporation's Hotel Division and Corporate Contact Center group. Prior to joining Cendant Corporation, Ms. Falvey held various leadership positions in the human resources division of Nabisco Foods Company.

Robert D. Loewen, 55, serves as our Chief Operating Officer. From March 2013 to May 2018, Mr. Loewen served as Executive Vice President and Chief Operating Officer for Wyndham Hotel Group. From April 2002 to March 2013, Mr. Loewen served as Chief Financial Officer for Wyndham Hotel Group. Mr. Loewen joined Wyndham Worldwide in April 2000 as Director, Corporate Audit.

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Nicola Rossi, 53, serves as our Chief Accounting Officer. From July 2006 to May 2018, Mr. Rossi served as Senior Vice President and Chief Accounting Officer for Wyndham Worldwide. Mr. Rossi was Vice President and Controller of Cendant's Hotel Group from June 2004 to July 2006. From April 2002 to June 2004, Mr. Rossi served as Vice President, Corporate Finance for Cendant. From April 2000 to April 2002, Mr. Rossi was Corporate Controller and from June 1999 to March 2000 was Assistant Corporate Controller of Jacuzzi Brands, Inc.

Scott R. Strickland, 49, serves as our Chief Information Officer. From March 2017 to May 2018, Mr. Strickland served as Chief Information Officer of Wyndham Hotel Group. From November 2011 to March 2017, Mr. Strickland served as Chief Information Officer for Denon Marantz Electronics. From February 2005 to June 2010, Mr. Strickland served as Chief Information Officer for Black & Decker HHI. From 1999 to 2005, Mr. Strickland served as an Associate Partner with PricewaterhouseCoopers.

Item 1A. Risk Factors.

RISK FACTORS

You should carefully consider each of the following risk factors and all of the other information set forth in this report. Based on the information currently known to us, we believe that the following information identifies the most significant risk factors affecting our Company. However, the risks and uncertainties we face are not limited to those set forth in the risk factors described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

If any of the following risks and uncertainties develops into actual events, these events could have a material adverse effect on our business, financial condition or results of operations. In such case, the trading price of our common stock could decline.

Risks Relating to Our Business and Industry

The lodging industry is highly competitive, and we are subject to risks related to competition that may adversely affect our performance and growth.

Our continued success depends upon our ability to compete effectively in markets that contain numerous competitors, some of whom may have significantly greater financial, marketing and other resources than we have. We compete with other hotel franchisors for franchisees and we may not be able to grow our franchise system. New hotels may be constructed and these additions to supply create new competitors, in some cases without corresponding increases in demand for lodging. Competition may reduce fee structures, potentially causing us to lower our fees, and may require us to offer terms to prospective franchisees less favorable to us than current franchise agreements, which may adversely impact our profits. Our franchisees also compete with alternative lodging channels, including third-party providers of short-term rental properties and serviced apartments. Increasing use of these alternative lodging channels could adversely affect the occupancy and/or average rates at franchised hotels and our revenues. The use of business models by competitors that are different from ours may require us to change our model so that we can remain competitive.

We are subject to business, financial, operating and other risks common to the hotel, hotel franchising and hotel management industries which also affect our franchisees and hotel owners, any of which could reduce our revenues, limit our growth or otherwise impact our business.

A significant portion of our revenue is derived from fees based on room revenues at hotels franchised under our brands. As such, our business is subject, directly or through our franchisees, to risks common in the hotel, hotel franchising and hotel management industries, including risks related to:

- our ability to meet our objectives for growth in the number of our franchised hotels, hotel rooms in our franchise system and hotels under management and to retain and renew franchisee and hotel management contracts, all on favorable terms;
- the number, occupancy and room rates of hotels operating under our franchise and management agreements;
- the delay of hotel openings in our pipeline;
- changes in the supply and demand for hotel rooms;

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- our ability to develop and maintain positive relations and contractual arrangements with current and potential franchisees and hotel owners under our hotel management agreements and other third parties, including marketing alliances and affiliations with e-commerce channels;
- our franchisees' pricing decisions;
- the quality of the services provided by franchisees and their investment in the maintenance and improvement of properties;
- the bankruptcy or insolvency of a significant number of our franchised or managed hotels;
- the financial condition of franchisees, owners or other developers and the availability of financing to them;
- adverse events occurring at franchised or managed hotel locations, including personal injuries, food tampering, contamination or the spread of illness, including the 2019 Novel Coronavirus;
- negative publicity, which could damage our hotel brands;
- our ability to successfully market our current or any future hotel brands and programs, including our rewards program, and to service or pilot new initiatives;
- our management contract or relationship with CorePoint Lodging, Inc. ("CorePoint"), which in aggregate owns approximately 69% of our managed hotels and any decision by CorePoint to divest additional hotels;
- changes in the laws, regulations and legislation affecting our business, internationally and domestically;
- our failure to adequately protect and maintain our trademarks and other intellectual property rights;
- the relative mix of branded hotels in the various hotel industry price categories;
- corporate budgets and spending and cancellations, deferrals or renegotiations of group business;
- seasonal or cyclical volatility in our business;
- operating costs, including as a result of inflation, energy costs and labor costs, such as minimum wage increases and unionization, workers' compensation and health-care related costs and insurance; and
- disputes, claims and litigation and other legal proceedings concerning our or our franchised or managed hotels' operations regarding human trafficking or other matters, including with consumers, government regulators, other businesses, franchisees and hotel owners, organized labor activities and class actions.

Any of these factors could reduce our revenues, increase our costs or otherwise limit our opportunities for growth.

Declines in or disruptions to the travel industry may adversely affect us.

We face risks affecting the travel and hotel industries that include: economic slowdown and recession; economic factors such as increased costs of living and reduced discretionary income adversely impacting decisions by consumers and businesses to use travel accommodations; terrorist incidents and threats and associated heightened travel security measures; political and regional strife; acts of God such as earthquakes, hurricanes, fires, floods, volcanoes and other natural disasters; war; concerns with or threats of pandemics, contagious diseases or health epidemics, such as the 2019 Novel Coronavirus; environmental disasters; lengthy power outages; increased pricing, financial instability and capacity constraints of air carriers; airline job actions and strikes; and increases in gasoline and other fuel prices. Any such decline in or disruptions to the travel or hotel industries may adversely affect our franchised hotels, the operations of current and potential franchisees, developers and hotel owners with which we have hotel management contracts.

Third-party Internet travel intermediaries and peer-to-peer online networks.

Consumers increasingly use third-party Internet travel intermediaries, including search engines, and peer-to-peer online networks to search for and book their lodging accommodations. As the percentage of internet reservations increases, travel intermediaries may be able to obtain higher commissions and reduced room rates to the detriment of our business. Additionally, such travel intermediaries may divert reservations away from our direct online channels or increase the overall cost of Internet reservations for our affiliated hotels through their fees and a variety of online marketing methods, including the purchase by certain travel intermediaries of keywords consisting of or containing our hotel brands from Internet search engines to influence search results and direct guests to their websites. If we fail to reach satisfactory agreements with intermediaries, our affiliated hotels may not appear on their websites and we could lose business as a result.

Our revenues could be impacted if we are unable to maintain our contractual relationships with CorePoint.

In connection with the La Quinta acquisition, we entered into hotel-management agreements and hotel franchise agreements with CorePoint. We are also subject to certain agreements related to CorePoint's previously completed spin-off of its real estate business. In October 2019, we entered into an additional agreement with CorePoint to collaborate on a number of new technology and operating initiatives, support CorePoint's efforts to enhance its portfolio and resolve open issues between CorePoint and us; our obligations under our amended hotel-management agreements include, among other things, the obligation to develop and launch enhanced automated revenue management, sales and reservations technology by

specified dates and timely deliver a satisfactory annual System and Organization Control Report (SOC-1) commencing in 2021 for the calendar year 2020. If we are unable to maintain a good relationship with CorePoint, if we are unable to perform our obligations to CorePoint under our agreements and CorePoint terminates these agreements, if CorePoint is unable to perform its obligations to us under our agreements and we terminate these agreements, or CorePoint or we do not renew these agreements following their expiration, our profitability and revenues could decrease and our growth potential may be adversely affected.

Our license and other revenues from former Parent could be impacted by any softness in Wyndham Destinations' sales of vacation ownership interests or decline in the volume of affinity leads which we generate for Wyndham Destinations.

In connection with the spin-off, we entered into a number of agreements with Wyndham Destinations that govern our ongoing relationship with Wyndham Destinations. Our success depends, in part, on the maintenance of our ongoing relationship with Wyndham Destinations, Wyndham Destinations' performance of its obligations under these agreements, including Wyndham Destinations' maintenance of the quality of products and services it sells under the "Wyndham" trademark and certain other trademarks and intellectual property that we license to Wyndham Destinations. Under the license, development and noncompetition agreement, Wyndham Destinations pays us significant royalties and other fees based on the volume of Wyndham Destinations' sales of vacation ownership interests and other vacation products and services. If Wyndham Destinations is unable to compete effectively for sales of vacation ownership interests, our royalty fees under such agreement could be adversely impacted. If we are unable to maintain a good relationship with Wyndham Destinations, or if Wyndham Destinations does not perform its obligations under these agreements, fails to maintain the quality of the products and services it sells under the "Wyndham" trademark and certain other trademarks or fails to pay such royalties, our earnings could decrease.

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

Our international operations are subject to numerous risks including: exposure to local economic conditions; potential adverse changes in the diplomatic relations of foreign countries with the United States; hostility from local populations; political instability, including potential disruptions from the United Kingdom's exit from the European Union, trade disputes with trade partners, including China and other geopolitical risks; threats or acts of terrorism; the effect of disruptions caused by severe weather, natural disasters, outbreak of disease, such as the 2019 Novel Coronavirus or other events that make travel to a particular region less attractive or more difficult; the presence and acceptance of varying levels of business corruption in international markets; restrictions and taxes on the withdrawal of foreign investment and earnings; government policies against businesses or properties owned by foreigners; investment restrictions or requirements; diminished ability to legally enforce our contractual rights in foreign countries; forced nationalization of hotel properties by local, state or national governments; foreign exchange restrictions; fluctuations in foreign currency exchange rates; conflicts between local laws and U.S. laws, including laws that impact our rights to protect our intellectual property; withholding and other taxes on remittances and other payments by subsidiaries; and changes in and application of foreign taxation structures including value added taxes. Any adverse outcome resulting from the financial instability or performance of foreign economies, the instability of other currencies and the related volatility on foreign exchange and interest rates could adversely impact our results of operations, financial position or cash flows.

Changes in U.S. federal, state and local or foreign tax law, interpretations of existing tax law or adverse determinations by tax authorities could increase our tax burden or otherwise adversely affect our financial condition or results of operations.

We are subject to taxation at the federal, state and local levels in the United States and various other countries and jurisdictions. Our future effective tax rate and cash flows could be affected by changes in the composition of earnings in jurisdictions with differing tax rates, changes in statutory rates and other legislative changes, changes in the valuation of our deferred tax assets and liabilities, changes in determinations regarding the jurisdictions in which we are subject to tax, and our ability to repatriate earnings from foreign jurisdictions. From time to time, U.S. federal, state and local and foreign governments make substantive changes to tax rules and their application, which could result in materially higher corporate taxes than would be incurred under existing tax law and could adversely affect our financial condition or results of operations. We are subject to ongoing and periodic tax audits and disputes in U.S. federal and various state, local and foreign jurisdictions. An unfavorable outcome from any tax audit could result in higher tax costs, penalties and interest, thereby adversely affecting our financial condition or results of operations.

In addition, we are directly and indirectly affected by new tax legislation and regulation and the interpretation of tax laws and regulations worldwide. Changes in such legislation, regulation or interpretation could increase our taxes and have an

adverse effect on our operating results and financial condition. This includes potential changes in tax laws or the interpretation of tax laws arising out of the Base Erosion Profit Shifting project initiated by the Organization for Economic Co-operation and Development.

We are subject to risks related to our debt, hedging transactions, our extension of credit and the cost and availability of capital.

As of December 31, 2019, we had aggregate outstanding debt of \$2,122 million. We may incur additional indebtedness in the future, which may intensify the risks related to our debt. Our debt instruments contain restrictions, covenants and events of default that, among other things, could limit our ability to respond to changing business and economic conditions; take advantage of business opportunities; incur or guarantee additional debt; pay dividends or make distributions; make investments or acquisitions; sell, transfer or otherwise dispose of certain assets; create liens; consolidate or merge; enter into transactions with affiliates; and prepay and repurchase or redeem certain indebtedness. Failure to meet our payment obligations or comply with other financial covenants could result in a default and acceleration of the underlying debt and under other debt instruments that contain cross-default provisions.

In order to reduce or hedge our financial exposure to the effects of currency and interest rate fluctuations, we may use financial instruments. As a result, changes in interest rates may adversely affect our financing costs and/or change the market value of our hedging instruments. Any failure or non-performance of counterparties to foreign exchange and interest rate hedging transactions could result in losses.

Our credit facility gives us the option to use the London Interbank Offered Rate (“LIBOR”) as a base rate and our interest rate swaps are based on the one-month U.S. dollar LIBOR rate. The Federal Reserve has established the Alternative Reference Rates Committee to identify alternative reference rates in the event that LIBOR ceases to exist after 2021. Our credit facility allows us and the administrative agent to replace LIBOR with an alternative benchmark rate, subject to the rejection of the majority of the lenders as set forth in the credit facility. The International Swaps and Derivatives Association is expected to issue protocols to allow swap parties to amend their existing contracts. Any such discontinuation of LIBOR or the use of an alternative benchmark rate could cause our costs to increase.

In addition, we extend credit to assist franchisees and hotel owners in converting to or building a new hotel under one of our hotel brands through development advance notes and mezzanine or other forms of subordinated financing. The inability of franchisees and hotel owners to pay back such loans could materially and adversely affect our cash flows and business.

We may need to dedicate a significant portion of our cash flows to the payment of principal and interest. Our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements, or general corporate or other purposes may be limited, and we may be unable to renew or refinance our debt on terms as favorable as our existing debt or at all. Additionally, certain market liquidity factors, including uncertainty or volatility in the equity and credit markets, outside of our control could affect our access to credit and capital in the future and adversely impact our business plans and operating model. Our credit rating and the market value of our common stock could also be affected. While we believe we have adequate sources of liquidity to meet our anticipated requirements for working capital, debt service and capital expenditures for the foreseeable future, if we are unable to refinance or repay our outstanding debt when due, our results of operations and financial condition will be materially and adversely affected.

Changes to estimates or projections used to assess the fair value of our assets or operating results that are lower than our current estimates may cause us to incur impairment losses and require us to write-off all or a portion of the remaining value of our goodwill or other intangibles of companies we have acquired.

Our total assets include goodwill and other intangible assets. We evaluate our goodwill for impairment on an annual basis or at other times during the year if events or circumstances indicate that it is more likely than not that the fair value is below the carrying value. We may be required to record a significant non-cash impairment charge in our financial statements during the period in which any impairment of our goodwill, other intangible assets or other assets is determined, which would negatively impact our results of operations and stockholders' equity.

Acquisitions and other strategic transactions may not prove successful and could result in operating difficulties and failure to realize anticipated benefits.

We regularly consider a wide array of acquisitions and other potential strategic transactions, including acquisitions of hotel brands, businesses and real property, joint ventures, business combinations, strategic investments and dispositions. Any of these transactions could be material to our business. We often compete for these opportunities with third parties, which may cause us to lose potential opportunities or to pay more than we may otherwise have paid absent such competition. We may not be able to identify and consummate strategic transactions and opportunities on favorable terms and any such strategic transactions or opportunities, if consummated, may not be successful.

We are subject to risks related to litigation.

We are subject to a number of disputes, claims, litigation and other legal proceedings as described in this report, and any unfavorable rulings or outcomes in current or future litigation and other legal proceedings may materially harm our business. Along with many of its competitors, the Company and/or certain of its subsidiaries have been named as defendants in litigation matters filed in state and federal courts, alleging statutory and common law claims related to purported incidents of sex trafficking at certain franchised and managed hotel facilities. For additional information, see our Commitments and Contingencies note (Note 13) in the notes to our financial statements.

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

Our operations are regulated by federal, state and local governments in the countries in which we operate. In addition, U.S. and international federal, state and local regulators may enact new laws and regulations that may reduce our profits or require us to modify our business practices substantially. If we are not in compliance with applicable laws and regulations, including, among others, those governing franchising, hotel operations, lending, information security, data protection and privacy (such as the General Data Protection Regulation or similar laws or regulations), credit card security standards, marketing, including sales, consumer protection and advertising, unfair and deceptive trade practices, fraud, bribery and corruption, licensing, labor, employment, anti-discrimination, health care, health and safety, accessibility, immigration, gaming, environmental, intellectual property, securities, stock exchange listing, accounting, tax and regulations applicable under the Dodd-Frank Act, the Office of Foreign Assets Control, the Americans with Disabilities Act, the Sherman Act, the Foreign Corrupt Practices Act and local equivalents in international jurisdictions, including the United Kingdom Bribery Act, we may be subject to regulatory investigations or actions, fines, civil and/or criminal penalties, injunctions and potential criminal prosecution. Changes to such laws and regulations and the cost of compliance or failure to comply with such regulations may adversely affect us.

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

In connection with our business, we and our service providers collect and retain large volumes of certain types of personal and proprietary information pertaining to guests, franchisees, stockholders and employees. Such information includes, but is not limited to, large volumes of guest credit and payment card information. We are at risk of attack by cyber-criminals operating on a global basis attempting to gain access to such information. In connection with data security incidents involving a group of Wyndham brand hotels that occurred between 2008 and 2010, one of our subsidiaries is subject to a stipulated order with the U.S. Federal Trade Commission (the "FTC"), pursuant to which, among other things, it is required to maintain an information security program for payment card information within its network, and which provides it with a safe harbor provided it continues to meet certain requirements for reasonable data security as outlined in the stipulated order.

While we maintain what we believe are reasonable security controls over personal and proprietary information, a breach of or breakdown in our systems that results in the unauthorized release of personal or proprietary information could nevertheless occur or our subsidiary could fail to comply with the stipulated order with the FTC. Additionally, the legal and regulatory environment surrounding information security and privacy in the U.S. and international jurisdictions is constantly evolving. Violation or non-compliance with any of these laws or regulations, contractual requirements relating to data security and privacy, or with our own privacy and security policies, either intentionally or unintentionally, or through the acts of intermediaries could have a material adverse effect on our hotel brands, reputation, business, financial condition and results of operations, as well as subject us to significant fines, litigation, losses, third-party damages and other liabilities.

We rely on information technologies and systems to operate our business, which involves reliance on third-party service providers and on uninterrupted operation of service facilities.

We rely on information technologies and systems to operate our business, which involves reliance on third-party service providers such as Sabre Corporation and its SynXis Platform and uninterrupted operations of service facilities, including those used for reservation systems, hotel/property management, communications, procurement, call centers, operation of our loyalty program and administrative systems. We and our vendors also maintain physical facilities to support these systems and related services. As a result, in addition to failures that occur from time to time in the ordinary course, we and our vendors may be vulnerable to system failures, computer hacking, cyber-terrorism, computer viruses and other intentional or unintentional interference, negligence, fraud, misuse and other unauthorized attempts to access or interfere with these systems and our personal and proprietary information. The increased scope and complexity of our information technology infrastructure and systems could contribute to the potential risk of security breaches or breakdown. Any natural disaster, disruption or other impairment in our technology capabilities and service facilities or those of our vendors could adversely affect our business. In addition, failure to keep pace with developments in technology could impair our operations or competitive position.

We are dependent on our senior management and the loss of any member of our senior management could harm our business.

We believe that our future growth depends in part on the continued services of our senior management team. Losing the services of any members of our senior management team could adversely affect our strategic relationships and impede our ability to execute our business strategies. The market for qualified individuals may be highly competitive and finding and recruiting suitable replacements for senior management may be difficult, time-consuming and costly.

The insurance we carry may not always pay, or be sufficient to pay or reimburse us, for our liabilities, losses or replacement costs.

We carry insurance for general liability, property, business interruption and other insurable risks with respect to our business and franchised, managed and owned hotels. We also self-insure for certain risks up to certain monetary limits. The insurance coverage we carry, subject to our deductible, may not be sufficient to pay or reimburse us for the amount of our liabilities, losses or replacement costs, and there may also be risks for which we do not obtain insurance in the full amount or any amount concerning a potential loss or liability, or at all, due to the cost or availability of such insurance. As a result, we may incur liabilities or losses in the operation of our business that are not sufficiently covered by the insurance we maintain, or at all, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks related to corporate social responsibility.

Our business, along with the hospitality industry generally, faces scrutiny related to environmental, social and governance activities and the risk of damage to our reputation and the value of our hotel brands if we fail to act responsibly or comply with regulatory requirements in a number of areas, such as safety and security, responsible tourism, environmental stewardship, supply chain management, climate change, diversity, philanthropy and support for local communities.

We are subject to risks related to human trafficking allegations.

Our business, along with the hospitality industry generally, faces risk that could cause damage to our reputation and the value of our hotel brands along with litigation-related fees and costs in connection with claims, actions, litigations and other legal proceedings alleging statutory and common law claims related to purported incidents of sex trafficking at hotel facilities.

Risks Relating to the Spin-Off

We may be unable to achieve some or all of the expected benefits from our spin-off from Wyndham Destinations.

As a result of our separation from Wyndham Destinations, we may be more susceptible to market fluctuations and other adverse events than we would have been were we still a part of Wyndham Destinations. If we fail to achieve some or all of the expected benefits or do not achieve them in the timeframe expected, our results of operations and financial condition could be materially and adversely affected.

We have a limited operating history as a separate public company, our financial information from before the spin-off from Wyndham Destinations may not reflect our current or future results as an independent company and we may not be able to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company and, as a result, we may experience increased costs.

Prior to the spin-off, Wyndham Destinations performed various corporate functions for us, including tax administration, governance, compliance, accounting, internal audit and external reporting. Our historical financial results reflect allocations of corporate expenses from Wyndham Destinations for these and similar functions that may be less than the comparable expenses we would have incurred had we operated as a separate publicly traded company. In connection with the spin-off, we entered into transition agreements and licensing, marketing and other agreements that govern certain commercial and other relationships between us and Wyndham Destinations; however, those arrangements may not capture the benefits our business enjoyed as a result of being integrated with the other businesses of Wyndham Destinations prior to the spin-off. The loss of those benefits could have an adverse effect on our business, results of operations and financial condition.

Generally, our working capital requirements, including acquisitions and capital expenditures, were satisfied as part of the corporate-wide cash management policies of Wyndham Destinations before the spin-off. Since the completion of the spin-off, Wyndham Destinations has not and will not be providing us with funds to finance our working capital or other cash requirements, and we may need to obtain financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements. We may be unable to replace in a timely manner or on comparable terms and costs the services or other benefits that Wyndham Destinations previously provided to us, which could have an adverse effect on our business, results of operation and financial condition. In addition, other significant changes may occur in our cost structure, management, financing and business operations as a result of our operations as a separate company.

We may have received better terms from unaffiliated third parties than the terms we received in our agreements with Wyndham Destinations entered into in connection with the spin-off.

We entered into agreements with Wyndham Destinations related to the spin-off while we were still part of Wyndham Destinations. Accordingly, these agreements may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties and we may have received better terms from third parties because third parties may have competed with each other to secure our business.

Our failure to maintain effective internal controls or meet the financial reporting and other requirements to which we are now subject could have a material adverse effect on our business.

As a result of the spin-off, we are subject to reporting and other obligations under U.S. securities laws and are required to comply with applicable internal controls and reporting requirements. If we are unable to maintain adequate financial and management controls, reporting systems, information technology systems and procedures, our ability to comply with the financial reporting requirements and other rules that apply to reporting companies under U.S. securities laws may be impaired and could cause investors to lose confidence in our reported financial information, which could have a material adverse effect on our business.

In connection with the spin-off and Wyndham Destinations' sale of its European vacation rentals business, we agreed to indemnify Wyndham Destinations and Wyndham Destinations agreed to indemnify us for certain liabilities, and if we are required to perform under these indemnities or if Wyndham Destinations is unable to satisfy its obligations under these indemnities, our financial results could be negatively affected.

The contingent liabilities we assumed in connection with the spin-off and Wyndham Destinations' sale of its European vacation rentals business could adversely affect our results of operations and financial condition. In connection with the spin-off, Wyndham Destinations agreed to indemnify us for certain liabilities, and we agreed to indemnify Wyndham Destinations for certain liabilities, including cross-indemnities that are principally designed to place financial responsibility for the obligations and liabilities of our business with us, and financial responsibility for the obligations and liabilities of Wyndham Destinations' business with Wyndham Destinations. Pursuant to the Separation and Distribution Agreement (the "SDA"), we assumed one-third and Wyndham Destinations assumed two-thirds of certain contingent and other corporate liabilities of Wyndham Destinations, which we refer to in this Report as "shared contingent liabilities," incurred prior to the spin-off, including liabilities of Wyndham Destinations related to, arising out of or resulting from certain terminated or divested businesses, certain general corporate matters of Wyndham Destinations and any actions with respect to the spin-off brought by any third party.

Additionally, in connection with the sale of Wyndham Destinations' European vacation rentals business, we provided certain post-closing credit support in the form of guarantees, which as of December 31, 2019 were approximately \$127 million, to ensure that the business meets the requirements of certain service providers and regulatory authorities. Such post-closing credit support may be enforced or called upon if the European vacation rentals business fails to meet its primary obligation to pay certain amounts when due. The European vacation rentals business has provided an indemnity to Wyndham Destinations in the event that the post-closing credit support is enforced or called upon. Pursuant to the terms of the SDA, we assumed one-third and Wyndham Destinations assumed two-thirds of any such losses actually incurred by Wyndham Destinations or us in the event that these credit support arrangements are enforced or called upon by any beneficiary and any amounts paid by Wyndham Destinations or us in respect of any indemnification claims made in connection with the sale of the European vacation rentals business.

Should our indemnification obligations exceed applicable insurance coverage, our business, financial condition and results of operations could be adversely affected. Additionally, the indemnities from Wyndham Destinations may not be sufficient to protect us against the full amount of these and other liabilities. Third parties also could seek to hold us responsible for any of the liabilities that Wyndham Destinations has agreed to assume. Even if we ultimately succeed in recovering from Wyndham Destinations any amounts for which we are held liable, we may be temporarily required to bear those losses ourselves. Each of these risks could negatively affect our business, financial condition, results of operations and cash flows.

The spin-off and related transactions may expose us to potential liabilities arising out of state and federal fraudulent conveyance laws and legal distribution requirements.

Although we received a solvency opinion from an investment bank confirming that we and Wyndham Destinations were adequately capitalized immediately after the spin-off, the spin-off could be challenged under various state and federal fraudulent conveyance laws. An unpaid creditor could claim that Wyndham Destinations did not receive fair consideration or reasonably equivalent value in the spin-off, and that the spin-off left Wyndham Destinations insolvent or with unreasonably small capital or that Wyndham Destinations intended or believed it would incur debts beyond its ability to pay such debts as they mature. If a court were to void the spin-off as a fraudulent transfer, it could impose a number of different remedies, including, returning our assets or your shares in our company to Wyndham Destinations or providing Wyndham Destinations with a claim for money damages against us in an amount equal to the difference between the consideration received by Wyndham Destinations and the fair market value of our Company at the time of the spin-off.

Certain of our Directors and executive officers may have actual or potential conflicts of interest because of their ownership of Wyndham Destinations equity or their current or former positions at Wyndham Destinations.

Two of our Directors also serve on the Wyndham Destinations Board and certain of our executive officers and non-employee Directors own shares of Wyndham Destinations common stock because of their current or former positions with Wyndham Destinations. This could create, or appear to create, potential conflicts of interest when our or Wyndham Destinations' management, officers and directors face decisions that could have different implications for us and Wyndham Destinations.

If the spin-off, together with certain related transactions, were to fail to qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code, then our stockholders, we and Wyndham Destinations might be required to pay substantial U.S. federal income taxes.

The spin-off was conditioned upon Wyndham Destinations' receipt of opinions of its spin-off tax advisors to the effect that, subject to the assumptions and limitations described in the opinions, the spin-off, together with certain related transactions, would qualify as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, as amended (the "Code"), in which no gain or loss would be recognized by Wyndham Destinations or its stockholders, except, in the case of Wyndham Destinations stockholders, for cash received in lieu of fractional shares, which opinions were delivered on the closing date of the spin-off. The opinions of the spin-off tax advisors are not binding on the Internal Revenue Service ("IRS") or a court, and there can be no assurance that the IRS will not challenge the validity of the spin-off and such related transactions as a reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code eligible for tax-free treatment, or that any such challenge ultimately will not prevail.

In addition, Wyndham Destinations received certain rulings from the IRS regarding certain U.S. federal income tax aspects of transactions related to the spin-off. Although the IRS Ruling generally is binding on the IRS, the continued validity

of the IRS Ruling is based upon and subject to the continuing accuracy of factual statements and representations made to the IRS by Wyndham Destinations.

If the spin-off does not qualify as a tax-free transaction for any reason, including as a result of a breach of a representation or covenant with respect to such tax opinions or the IRS Ruling, Wyndham Destinations would recognize a substantial gain attributable to our hotel business for U.S. federal income tax purposes. In such case, under U.S. Treasury regulations, each member of the Wyndham Destinations consolidated group at the time of the spin-off, including us and certain of our subsidiaries, would be jointly and severally liable for the entire resulting amount of any U.S. federal income tax liability.

Our ability to engage in acquisitions and other strategic transactions is subject to limitations because we have agreed to certain restrictions intended to support the tax-free nature of the distribution.

The U.S. federal income tax laws that apply to transactions like the spin-off generally create a presumption that the distribution would be taxable to Wyndham Destinations but not to Wyndham Destinations stockholders if we engage in, or enter into an agreement to engage in, a transaction that would result in a 50% or greater change by vote or by value in our stock ownership during the four-year period beginning two years before the distribution date, unless it is established that the transaction is not pursuant to a plan or series of transactions related to the distribution. U.S. Treasury regulations currently in effect generally provide that whether an acquisition transaction and a distribution are part of a plan is determined based on all of the facts and circumstances, including specific factors listed in the Treasury regulations. In addition, these Treasury regulations provide several "safe harbors" for acquisition transactions that are not considered to be part of a plan that includes a distribution.

We have entered into a Tax Matters Agreement with Wyndham Destinations under which we have allocated, between Wyndham Destinations and ourselves, responsibility for U.S. federal, state and local and non-U.S. income and other taxes relating to taxable periods before and after the spin-off and provided for computing and apportioning tax liabilities and tax benefits between the parties. In the Tax Matters Agreement, we have agreed that we may not take, or fail to take, certain actions following the spin-off if such action, or failure to act, would be inconsistent with or prohibit the spin-off and certain related transactions from qualifying as a tax-free reorganization under Sections 368(a)(1)(D) and 355 and related provisions of the Code (including the limitations on certain changes in stock ownership described above).

These restrictions could limit our strategic and operational flexibility, including our ability to finance our operations by issuing equity securities, make acquisitions using equity securities, repurchase our equity securities, or raise money by selling assets or enter into business combination transactions. We have also agreed to indemnify Wyndham Destinations for certain tax liabilities resulting from any such transactions. Further, our stockholders may consider these covenants and indemnity obligations unfavorable as they might discourage, delay or prevent a change of control.

Risks Relating to Our Common Stock

The market price of our common stock may fluctuate.

The market price of our common stock may fluctuate, depending upon many factors, some of which may be beyond our control, including our ability to achieve growth and performance objectives, the success or failure of our business strategy, general economic conditions, our quarterly or annual earnings and those of other companies in our industry, changes in financial estimates and recommendations by securities analysts, changes in laws and regulations, increased competition and changes affecting the travel industry and other events impacting our business. The stock market in general has experienced volatility that has often been unrelated to the operating performance of a particular company. These market fluctuations may adversely affect the trading price of our common stock.

Provisions in our corporate governance documents and Delaware law may prevent or delay an acquisition of our business, which could decrease the market price of our common stock.

Our corporate governance documents and Delaware law contain provisions that are intended to deter or delay coercive takeover practices and inadequate takeover bids, including requiring advance notice for stockholder proposals, placing limitations on convening stockholder meetings, authorizing our Board to issue one or more series of preferred stock, a supermajority (80% of outstanding shares) vote requirement to amend our by-laws and certain provisions of our charter, and providing for the classification of our Board until the third annual meeting of stockholders following the spin-off. Additionally, Delaware law also imposes some restrictions on mergers and other business combinations between us and any

holder of 15% or more of our outstanding common stock. These provisions may prevent or delay an acquisition that some stockholders may consider beneficial, which could decrease the market price of our common stock.

Our amended and restated by-laws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our Directors or employees.

Our amended and restated by-laws provide that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for derivative actions; claims related to a breach of a fiduciary duty, corporate law, our certificate of incorporation or our bylaws; or under the internal affairs doctrine. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our Directors or employees, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our amended and restated by-laws inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and Board.

We may not pay dividends on our common stock, and the terms our indebtedness could limit our ability to pay dividends on our common stock.

The declaration and payment of dividends are at the sole discretion of our Board and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions under our indebtedness and other factors that our Board may deem relevant. Though we expect to make regular dividends, there can be no assurance that a payment of a dividend will occur in the future.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters is located in a leased office at 22 Sylvan Way, Parsippany, New Jersey, with the lease expiring in 2029. We also lease space for our reservation center and data warehouse in Saint John, New Brunswick, Canada pursuant to a lease that expires in 2029. In addition, we have an additional 12 leases for office space in 11 countries outside the United States and an additional four leases within the United States with expiration dates ranging between 2020 and 2029. We will evaluate the need to renew each lease on a case-by-case basis prior to its expiration.

Our owned hotel portfolio, which is part of our Hotel Management segment, currently consists of (i) the Wyndham Grand Rio Mar Beach Resort and Spa in Puerto Rico, located in Rio Grande, Puerto Rico, and (ii) the Wyndham Grand Orlando Bonnet Creek, located in Orlando, Florida. Aside from these hotels, we do not own any of the nearly 9,300 properties within our franchised and managed portfolio.

We believe our current leased and owned properties are adequate to support our existing operations.

Item 3. Legal Proceedings.

We are involved in various claims, legal and regulatory proceedings arising in the ordinary course of business, none of which, in the opinion of management, is expected to have a material adverse effect on our financial condition. See Note 13 - Commitments and Contingencies to the Consolidated and Combined Financial Statements contained in Part IV of this report for a description of claims and legal actions arising in the ordinary course of our business.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.****MARKET PRICE OF COMMON STOCK**

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "WH". As of January 31, 2020, the number of stockholders of record was 4,790.

DIVIDEND POLICY

We declared a quarterly dividend of \$0.29 per share of common stock issued and outstanding on the record date for the applicable dividend (\$113 million in aggregate for the year). The declaration and payment of future dividends to holders of our common stock are at the discretion of our Board of Directors ("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 can be no assurance that a payment of a dividend will occur in the future.

ISSUER PURCHASES OF EQUITY SECURITIES

In May 2018, our Board authorized a stock repurchase program that enables us to repurchase up to \$300 million of our common stock. In August 2019, the Board increased the capacity of the program by \$300 million. Below is a summary of our common stock repurchases, excluding fees and expenses, by month for the quarter ended December 31, 2019:

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 (in millions)
October 2019	309,869	\$ 51.15	309,869	\$ 296
November 2019	264,900	55.50	264,900	281
December 2019 ^(a)	736,624	60.32	736,624	237
Total	1,311,393	\$ 57.18	1,311,393	\$ 237

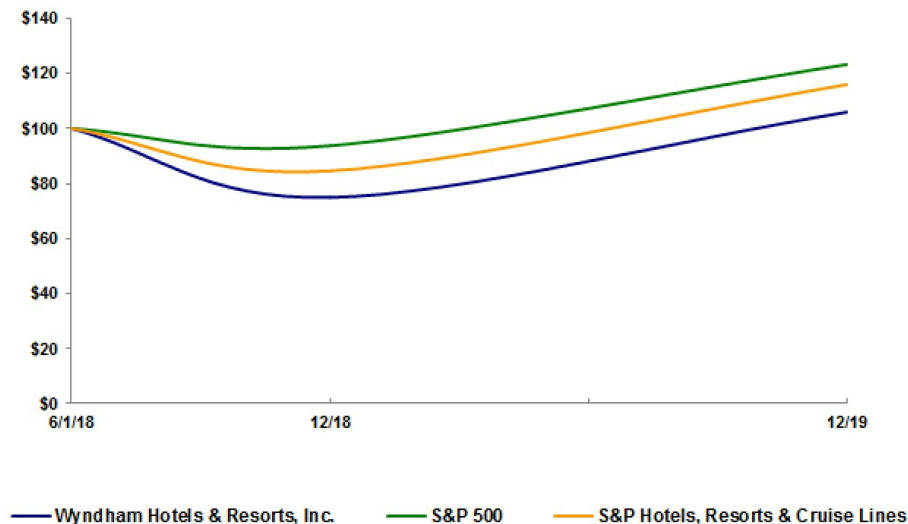
(a) Includes 74,020 shares purchased for which the trade date occurred during December 2019 while settlement occurred during January 2020.

STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total stockholder return of our common stock against the S&P 500 Index and the S&P Hotels, Resorts & Cruise Lines Index (consisting of Carnival Corporation, Marriott International Inc., Norwegian Cruise Line Holdings Ltd., Royal Caribbean Cruises Ltd. and Hilton Worldwide Holdings Inc.) for the period from June 1, 2018 to December 31, 2019. The graph assumes that \$100 was invested on June 1, 2018 (the first day of regular-way trading) and all dividends and other distributions were reinvested. The Stock Performance Graph is not deemed filed with the Securities and Exchange Commission ("SEC") and shall not be deemed incorporated by reference into any of our prior or future filings made with the SEC.

COMPARISON OF 19 MONTH CUMULATIVE TOTAL RETURN*

Among Wyndham Hotels & Resorts, Inc., the S&P 500 Index
and the S&P Hotels, Resorts & Cruise Lines Index



*\$100 invested on 6/1/18 in stock or 5/31/18 in index, including reinvestment of dividends.
Fiscal year ending December 31.

Cumulative total return

	June 1, 2018	December 31, 2018	December 31, 2019
Wyndham Hotels & Resorts, Inc.	100.00	74.91	105.93
S&P 500	100.00	93.72	123.23
S&P Hotels, Resorts & Cruise Lines	100.00	84.58	115.92

Item 6. Selected Financial Data.

The following selected historical consolidated and combined statement of income data for the years ended December 31, 2019, 2018 and 2017 and the selected historical consolidated balance sheet data as of December 31, 2019 and 2018 are derived from the audited Consolidated and Combined Financial Statements of Wyndham Hotels & Resorts included elsewhere in this report. The selected historical combined statement of income data for the years ended December 31, 2016 and 2015 and the selected historical combined balance sheet data as of December 31, 2017, 2016 and 2015 are derived from unaudited combined financial statements of Wyndham Hotels & Resorts businesses that are not included in this report. We have prepared our unaudited combined financial statements on the same basis as our audited Consolidated and Combined Financial Statements and, in our opinion, have included all adjustments, which include only normal recurring adjustments, necessary to present fairly in all material respects our financial position and results of operations.

The selected historical combined financial data below should be read together with the audited Consolidated and Combined Financial Statements of the Wyndham Hotels & Resorts, including the notes thereto and the other financial information included elsewhere in this report.

	As of or For the Year Ended December 31,				
(\$ in millions, except per share amounts and RevPAR)	2019	2018	2017	2016	2015 ^(a)
Statement of Income data:					
Net revenues	\$ 2,053	\$ 1,868	\$ 1,280	\$ 1,269	\$ 1,301
Total expenses	1,746	1,585	1,031	974	1,051
Operating income	307	283	249	295	250
Interest expense, net	100	60	6	1	1
Income before income taxes	207	223	243	294	249
Provision for income taxes	50	61	13	118	100
Net income	157	162	230	176	149
Per share data:					
Diluted earnings per share	\$ 1.62	\$ 1.62	\$ 2.31	\$ 1.76	\$ 1.49
Cash dividends declared per share	1.16	0.75	—	—	—
Balance Sheet data:					
Cash	\$ 94	\$ 366	\$ 57	\$ 28	\$ 38
Total assets ^(b)	4,533	4,976	2,137	1,998	1,959
Total debt ^(b)	2,122	2,141	184	174	95
Total liabilities ^(b)	3,321	3,558	875	913	780
Total stockholders' / invested equity ^(c)	1,212	1,418	1,262	1,086	1,179
Other financial data:					
Royalties and franchise fees	\$ 480	\$ 441	\$ 364	\$ 354	\$ 347
License and other fees	131	111	75	65	64
Adjusted EBITDA ^(d)					
Hotel Franchising segment	\$ 622	\$ 515	\$ 402	\$ 400	\$ 366
Hotel Management segment	66	47	21	26	28
Corporate and Other ^(e)	(75)	(55)	(40)	(38)	(41)
Total adjusted EBITDA ^(f)	\$ 613	\$ 507	\$ 383	\$ 388	\$ 353
Operating statistics:					
Total Company					
Number of properties ^(g)	9,280	9,157	8,422	8,035	7,812
Number of rooms ^(h)	831,000	809,900	728,200	697,600	678,000
RevPAR ⁽ⁱ⁾	\$ 40.92	\$ 40.80	\$ 37.63	\$ 36.67	\$ 37.26
Average royalty rate ⁽ⁱ⁾	3.80%	3.78%	3.66%	3.65%	3.68%
United States					
Number of properties ^(g)	6,342	6,358	5,726	5,525	5,582
Number of rooms ^(h)	510,200	506,100	440,100	429,000	435,300
RevPAR ⁽ⁱ⁾	\$ 46.39	\$ 45.30	\$ 41.04	\$ 39.77	\$ 39.13
Average royalty rate ⁽ⁱ⁾	4.51%	4.53%	4.45%	4.35%	4.37%

(a) As described in Note 2 - Summary of Significant Accounting Policies to the Consolidated and Combined Financial Statements contained in Part II, Item 8 of this report, we adopted the new accounting standard related to revenue recognition utilizing the full retrospective transition method on January 1, 2018. However, amounts have not been restated for the year 2015 for this standard.

(b) Reflects the impact of the adoption of the new accounting standard in 2019 for lease accounting and the 2016 accounting standards related to balance sheet classification of deferred taxes and the presentation of debt issuance costs.

(c) Represents Wyndham Hotels & Resorts stand-alone stockholders' equity since May 31, 2018 and Wyndham Worldwide net investment (capital contributions and earnings from operations less dividends) in Wyndham Hotels & Resorts and accumulated other comprehensive income for 2015 through May 31, 2018, the date of our spin-off.

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- (d) “Adjusted EBITDA” is defined as net income excluding interest expense, depreciation and amortization, impairment charges, restructuring and related charges, contract termination costs, transaction-related items (acquisition-, disposition- or separation-related), foreign currency impacts of highly inflationary countries, stock-based compensation expense and income taxes. We believe that adjusted EBITDA is a useful measure of performance for its segments which, when considered with U.S. Generally Accepted Accounting Principles (“GAAP”) measures, allows a more complete understanding of its operating performance. We use these measures internally to assess operating performance, both absolutely and in comparison to other companies, and to make day to day operating decisions, including in the evaluation of selected compensation decisions. Our presentation of adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.
- (e) Corporate and Other reflects unallocated corporate costs that are not attributable to an operating segment.
- (f) The reconciliation of net income to adjusted EBITDA is as follows:

<u>(in millions)</u>	Year Ended December 31,				
	2019	2018	2017	2016	2015
Net income	\$ 157	\$ 162	\$ 230	\$ 176	\$ 149
Provision for income taxes	50	61	13	118	100
Depreciation and amortization	109	99	75	73	67
Interest expense, net	100	60	6	1	1
Stock-based compensation expense	15	9	11	10	9
Impairment, net	45	—	41	—	7
Contract termination costs	42	—	—	7	14
Transaction-related expenses, net	40	36	3	1	3
Separation-related expenses	22	77	3	—	—
Transaction-related item	20	—	—	—	—
Restructuring costs	8	—	1	2	3
Foreign currency impact of highly inflationary countries	5	3	—	—	—
Adjusted EBITDA	<u>\$ 613</u>	<u>\$ 507</u>	<u>\$ 383</u>	<u>\$ 388</u>	<u>\$ 353</u>

- (g) Represents the number of hotels at the end of the period.
- (h) Represents the number of rooms at the end of the period which are (i) either under franchise and/or management agreements, or are Company-owned and (ii) properties under affiliation agreements for which Wyndham Hotels & Resorts receives a fee for reservation and/or other services provided.
- (i) Represents revenue per available room and is calculated by multiplying the average occupancy rate by the average daily rate.
- (j) Represents the average royalty rate earned on our franchised properties and is calculated by dividing total royalties, excluding the impact of amortization of development advance notes, by total room revenues.

In presenting the financial data above in conformity with U.S. GAAP, we are required to make estimates and assumptions that affect the amounts reported. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital Resources—Critical Accounting Policies,” for a detailed discussion of the accounting policies that we believe require subjective and complex judgments that could potentially affect reported results.

ACQUISITIONS

Between January 1, 2015 and December 31, 2019, we completed the following acquisitions:

- In May 2018, we acquired La Quinta Holdings’ hotel franchise and hotel-management business, spanning a portfolio of over 900 La Quinta-branded hotels;
- In October 2017, we acquired the AmericInn hotel brand and its hotel franchise business, spanning a portfolio of approximately 200 AmericInn-branded franchised hotels in the United States;
- In November 2016, we acquired Fen Hotels, adding the Dazzler and Esplendor Boutique brands to our portfolio, as well as a Latin America-based hotel management company; and
- In January 2015, we acquired Dolce Hotels and Resorts, a franchisor and manager of properties focused on group accommodations in Europe and North America.

The results of operations and financial position of these acquisitions have been included beginning from the respective acquisition dates. See Note 5 - Acquisitions to our audited Consolidated and Combined Financial Statements contained in Part IV of this report for a discussion of acquisitions completed during 2019, 2018 and 2017.

OTHER EXPENSES AND CHARGES

Between January 1, 2015 and December 31, 2019, we incurred the following other expenses and charges:

- 2019
- \$45 million for a non-cash net impairment charge associated with the termination of an unprofitable hotel-management guarantee arrangement;
 - \$42 million of contract termination charges consisting of \$34 million in connection with a termination of an unprofitable hotel-management guarantee arrangement and \$8 million in connection with an obligation arising from such termination;
 - \$33 million of transaction-related costs, primarily related to the integration of La Quinta;
 - \$27 million of costs pursuant to an agreement we entered into with CorePoint Lodging Inc. (“CorePoint”), the owner of approximately 271 hotels we manage. Such charges are comprised of a \$20 million fee credit for past services, which is reflected as a reduction to hotel management revenues, and a \$7 million charge related to the resolution of acquisition-related tax matters which is reflected in transaction-related costs on the Consolidated and Combined Statements of Income;
 - \$22 million of separation-related costs associated with our spin-off from Wyndham Worldwide; and
 - \$8 million of charges related to restructuring initiatives, primarily focused on enhancing our organizational efficiency and rationalizing our operations.
- 2018
- \$77 million of separation-related costs associated with our spin-off from Wyndham Worldwide; and
 - \$36 million of transaction-related costs consisting of \$59 million in connection with our acquisition and integration of La Quinta partially offset by a \$23 million gain on the sale of our Knights Inn brand in May 2018. This sale was not material to our results of operations or financial position.
- 2017
- \$41 million of non-cash impairment charges, of which \$25 million was for a write-down of a guarantee asset and a development advance note receivable related to a hotel-management guarantee arrangement and \$16 million was primarily related to a partial write-down of management agreement assets; and
 - \$1 million of charges related to restructuring initiatives, primarily focused on realigning our brand operations.
- 2016
- \$7 million charge related to the termination of a management contract; and
 - \$2 million of charges related to restructuring initiatives, which were primarily focused on enhancing organizational efficiency.
- 2015
- \$14 million charge associated with the anticipated termination of a management contract within our hotel management business;
 - \$7 million non-cash impairment charge related to the write-down of terminated in-process technology projects resulting from our decision to outsource our reservation system to a third-party partner; and
 - \$3 million of restructuring costs resulting from a realignment of brand services and call center operations.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.
(Unless otherwise noted, all amounts are in millions, except share and per share amounts)

References herein to “Wyndham Hotels,” the “Company,” “we,” “our” and “us” refer to both (i) Wyndham Hotels & Resorts, Inc. and its consolidated subsidiaries for time periods following the consummation of the spin-off and (ii) the Wyndham Hotels & Resorts businesses for time periods prior to the consummation of our spin-off from Wyndham Worldwide. Unless the context otherwise suggests, references herein to “Wyndham Worldwide,” “Wyndham Destinations” and “former Parent” refer to Wyndham Worldwide Corporation and its consolidated subsidiaries.

BUSINESS AND OVERVIEW

Wyndham Hotels & Resorts is a leading global hotel franchisor, licensing its renowned hotel brands to hotel owners in approximately 90 countries around the world.

Wyndham Hotels operates in the following segments:

- **Hotel Franchising** — licenses our lodging brands and provides related services to third-party hotel owners and others.
- **Hotel Management** — provides hotel management services for full-service and limited-service hotels as well as two hotels that are owned by Wyndham Hotels.

The Consolidated and Combined Financial Statements presented herein have been prepared on a stand-alone basis and prior to May 31, 2018 are derived from the consolidated financial statements and accounting records of Wyndham Worldwide. The Consolidated and Combined Financial Statements include Wyndham Hotels’ assets, liabilities, revenues, expenses and cash flows and all entities in which Wyndham Hotels has a controlling financial interest.

RESULTS OF OPERATIONS

Discussed below are our key operating statistics, combined results of operations and the results of operations for each of our reportable segments. The reportable segments presented below represent our operating segments for which discrete financial information is available and used on a regular basis by our chief operating decision maker to assess performance and to allocate resources. In identifying our reportable segments, we also consider the nature of services provided by our operating segments. Management evaluates the operating results of each of our reportable segments based upon net revenues and adjusted EBITDA. Beginning with the third quarter of 2018, our calculation of adjusted EBITDA excludes the currency effects of highly inflationary countries. Adjusted EBITDA is defined as net income excluding interest expense, depreciation and amortization, impairment charges, restructuring and related charges, contract termination costs, transaction-related items (acquisition-, disposition- or separation-related), foreign currency impacts of highly inflationary countries, stock-based compensation expense and income taxes. We believe that adjusted EBITDA is a useful measure of performance for our segments and, when considered with U.S. GAAP measures, gives a more complete understanding of our operating performance. We use these measures internally to assess operating performance, both absolutely and in comparison to other companies, and to make day to day operating decisions, including in the evaluation of selected compensation decisions. Adjusted EBITDA is not a recognized term under U.S. GAAP and should not be considered as an alternative to net income or other measures of financial performance or liquidity derived in accordance with U.S. GAAP. Our presentation of adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

We generate royalties and franchise fees, management fees and other revenues from hotel franchising and hotel management activities, as well as fees from licensing our “Wyndham” trademark, certain other trademarks and intellectual property. In addition, pursuant to our franchise and management contracts with third-party hotel owners, we generate marketing, reservation and loyalty fee revenues and cost reimbursement revenues that over time are offset, respectively, by the marketing, reservation and loyalty costs and property operating costs that we incur. We completed our acquisition of La Quinta Holdings, Inc. in May 2018, and, as a result certain comparisons of operating and financial metrics for the years ended December 31, 2019 and 2018 to the respective prior periods include significant acquisition impacts.

OPERATING STATISTICS - 2019 VS. 2018

The table below presents our operating statistics for the years ended December 31, 2019 and 2018. "Rooms" represent the number of hotel rooms at the end of the period which are either under franchise and/or management agreements, or are Company-owned, and properties under affiliation agreements for which we receive a fee for reservation and/or other services provided. "RevPAR" represents the room rental revenues generated by our franchisees divided by the number of available room-nights in the period. These operating statistics are drivers of our revenues and therefore provide an enhanced understanding of our business. Refer to the section below for a discussion as to how these operating statistics affected our business for the periods presented.

	Year Ended December 31,		
	2019	2018	% Change
Rooms			
United States	510,200	506,100	1 %
International	320,800	303,800	6 %
Total rooms	831,000	809,900	3 %
RevPAR ^(a)			
United States	\$ 46.39	\$ 45.30	2 %
International ^(b)	31.85	33.31	(4 %)
Total RevPAR ^(b)	40.92	40.80	0 %

(a) Includes the impact of acquisition and disposition from their respective dates forward.

(b) Excluding currency effects, international RevPAR increased 1% and total RevPAR increased 2%.

YEAR ENDED DECEMBER 31, 2019 VS. YEAR ENDED DECEMBER 31, 2018

	Year Ended December 31,		
	2019	2018	% Change
Net revenues	\$ 2,053	\$ 1,868	10 %
Expenses	1,746	1,585	10 %
Operating income	307	283	8 %
Interest expense, net	100	60	67 %
Income before income taxes	207	223	(7 %)
Provision for income taxes	50	61	(18 %)
Net income	\$ 157	\$ 162	(3 %)

During 2019, net revenues increased 10% compared with the prior-year, which included \$267 million of incremental revenues from La Quinta (acquired in May 2018) of which \$152 million reflected cost reimbursement revenues. Excluding the incremental impact from the La Quinta acquisition and a \$5 million unfavorable impact from currency translation, net revenues decreased 4% primarily reflecting:

- lower cost-reimbursement revenues due to a change in our responsibility from being the principal for certain property-related activities to being an agent, and therefore, these costs are no longer reflected in our Consolidated and Combined Statements of Income and property terminations; and
- a \$20 million fee credit for past services with a customer, which is reflected as a reduction to hotel-management revenues.

Such decreases were partially offset by higher license and other fees, an increase in marketing, reservation and loyalty fees and an increase in owned-hotel revenues.

During 2019, total expenses increased 10%, which included an estimated \$204 million of incremental expenses associated with the La Quinta acquisition and a \$45 million non-cash impairment charge and \$42 million of contract termination costs, both associated with the termination of unprofitable hotel-management guarantee arrangements. The increases were partially offset by \$55 million of lower separation-related costs year-over-year.

Excluding cost reimbursement revenues and the incremental impact from the La Quinta acquisition, during 2019:

- Marketing, reservation and loyalty expenses increased to 39.6% of revenues from 37.9% during 2018, primarily due to higher marketing spend to support our “by Wyndham” campaign and the relaunch of the Wyndham Rewards program with La Quinta integrated, as well as a change in classification of certain costs from operating expenses, partially offset by higher net revenues;
- Operating expenses decreased to 12.3% of revenues from 14.3% during 2018, primarily due to a change in classification of certain costs to our marketing, reservation and loyalty funds; and
- General and administrative expenses were 9.2% of revenues during 2019 and 2018.

During 2019, net interest expense increased \$40 million primarily due to the borrowings made by us in the second quarter of 2018 to fund the La Quinta acquisition.

Our effective tax rates were 24.2% and 27.4% for 2019 and 2018, respectively. The decrease was primarily due to one-time state tax benefits resulting from a settlement with state taxing authorities and from a change in our state income tax filing position due to our spin-off from Wyndham Worldwide. This was partially offset by higher foreign taxes on the Company’s international operations in 2019 and the absence of a net tax benefit in 2019 from the impact of U.S. tax reform.

As a result of these items, net income decreased \$5 million compared with 2018.

A reconciliation of net income to adjusted EBITDA is represented below:

	Year Ended December 31,	
	2019	2018
Net income	\$ 157	\$ 162
Provision for income taxes	50	61
Depreciation and amortization	109	99
Interest expense, net	100	60
Stock-based compensation expense	15	9
Impairment, net	45	—
Contract termination costs	42	—
Transaction-related expenses, net	40	36
Separation-related expenses	22	77
Transaction-related item	20	—
Restructuring costs	8	—
Foreign currency impact of highly inflationary countries	5	3
Adjusted EBITDA	<u>\$ 613</u>	<u>\$ 507</u>

Following is a discussion of the results of each of our segments and Corporate and Other for 2019 compared to 2018:

	Net Revenues			Adjusted EBITDA		
	2019	2018	% Change	2019	2018	% Change
Hotel Franchising	\$ 1,279	\$ 1,135	13%	\$ 622	\$ 515	21%
Hotel Management	768	726	6%	66	47	40%
Corporate and Other	6	7	NM	(75)	(55)	NM
Total Company	<u>\$ 2,053</u>	<u>\$ 1,868</u>	<u>10%</u>	<u>\$ 613</u>	<u>\$ 507</u>	<u>21%</u>

Hotel Franchising

	Year Ended December 31,		
	2019	2018	% Change
Rooms			
United States	464,600	453,900	2 %
International	305,600	288,900	6 %
Total rooms	770,200	742,800	4 %
RevPAR ^(a)			
United States	\$ 44.09	\$ 43.04	2 %
International ^(b)	30.80	32.09	(4 %)
Total RevPAR ^(b)	38.91	38.86	0 %

(a) Includes the impact of acquisition and disposition from their respective dates forward.

(b) Excluding currency effects, international RevPAR increased 1% and total RevPAR increased 2%.

Net revenues increased 13% during 2019, which included \$97 million of incremental revenues from La Quinta (acquired in May 2018) and a \$5 million unfavorable impact from foreign currency translation. Excluding such items, net revenues increased 5%, primarily due to higher license and other fee revenues and an increase in marketing, reservation and loyalty fees.

Adjusted EBITDA increased 21% during 2019 which included an estimated incremental impact from the acquisition and integration of La Quinta of \$50 million and a \$4 million unfavorable impact from foreign currency. Excluding such items, adjusted EBITDA grew 13%, reflecting the growth in revenues and lower general and administrative spend, partially offset by higher net marketing, reservation and loyalty expenses, which reduced adjusted EBITDA by \$19 million. Excluding the incremental impact from the acquisition of La Quinta, during 2019:

- Marketing, reservation and loyalty expenses increased to 42.3% of revenues from 41.2% during the prior year primarily due to marketing spend to support our “by Wyndham” campaign and the relaunch of the Wyndham Rewards program with La Quinta integrated, as well as a change in classification of certain costs from operating expenses, partially offset by higher net revenues;
- Operating expenses decreased to 6.7% of revenue compared to 9.6% during the prior year primarily due to a change in classification of certain costs to our marketing, reservation and loyalty funds; and
- General and administrative expenses decreased to 2.3% of revenues from 3.6% during the prior year, primarily due to the impact of reorganizing certain functions into our Corporate and Other segment as a result of our spin-off to a stand-alone public company.

Hotel Management

	Year Ended December 31,		
	2019	2018	% Change
Rooms			
United States	45,600	52,200	(13 %)
International	15,200	14,900	2 %
Total rooms	60,800	67,100	(9 %)
RevPAR ^(a)			
United States	\$ 67.32	\$ 72.76	(7 %)
International ^(b)	52.69	57.84	(9 %)
Total RevPAR ^(b)	64.01	68.72	(7 %)

(a) Includes the impact of acquisition and disposition from their respective dates forward.

(b) Excluding currency effects, international RevPAR decreased 1% and total RevPAR decreased 5%.

Net revenues increased \$42 million or 6% during 2019, reflecting \$170 million of incremental revenues from the La Quinta acquisition which included \$152 million of cost reimbursement revenues. Excluding the incremental impact from the acquisition of La Quinta, net revenues decreased \$128 million primarily due to lower cost-reimbursement revenues as

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discussed above, which have no impact on adjusted EBITDA and a \$20 million fee credit for past services with a customer, which is reflected as a reduction to hotel-management revenues. Such decreases were partially offset by higher termination fees and an increase in owned hotel revenues.

Adjusted EBITDA increased \$19 million or 40% in 2019, primarily reflecting an estimated \$13 million of incremental adjusted EBITDA from La Quinta.

Corporate and Other

Corporate and Other revenues were \$6 million and \$7 million during 2019 and 2018, respectively, which represents fees earned under a transition services agreement with our former Parent.

Adjusted EBITDA decreased \$20 million during 2019 compared to the prior year, primarily due to a reorganization of certain functions into our Corporate and Other segment in connection with our spin-off to a stand-alone public company.

OPERATING STATISTICS - 2018 VS. 2017

The table below presents our operating statistics for the years ended December 31, 2018 and 2017. "Rooms" represent the number of hotel rooms in our brand systems as of the last date of the period. "RevPAR" represents the room rental revenues generated by our franchisees divided by the number of available room-nights in the period. These operating statistics are drivers of our revenues and therefore provide an enhanced understanding of our business. Refer to the section below for a discussion as to how these operating statistics affected our business for the periods presented.

	Year Ended December 31,		
	2018	2017	% Change
Rooms (a)			
United States	506,100	440,100	15 %
International	303,800	288,100	5 %
Total rooms	809,900	728,200	11 %
RevPAR (a)			
United States	\$ 45.30	\$ 41.04	10 %
International (b)	33.31	32.27	3 %
Total RevPAR (b)	40.80	37.63	8 %

(a) Includes the impact of acquisitions and disposition from their respective dates forward.

(b) Excluding currency effects, international RevPAR increased 4% and total RevPAR increased 9%.

YEAR ENDED DECEMBER 31, 2018 VS. YEAR ENDED DECEMBER 31, 2017

	Year Ended December 31,		
	2018	2017	% Change
Net revenues	\$ 1,868	\$ 1,280	46 %
Expenses	1,585	1,031	54 %
Operating income	283	249	14 %
Interest expense, net	60	6	NM
Income before income taxes	223	243	(8 %)
Provision for income taxes	61	13	369 %
Net income	\$ 162	\$ 230	(30%)

During 2018, net revenues increased 46% compared with the prior-year, which was driven by \$513 million of revenues from the La Quinta acquisition, which included \$324 million of cost reimbursement revenues. Excluding the La Quinta acquisition, net revenues increased 6% primarily due to higher license and other fees and higher royalties.

During 2018, total expenses increased 54%, which included \$443 million of expenses associated with the La Quinta acquisition, \$77 million of separation-related costs and \$36 million of net transaction-related costs that were primarily

associated with the La Quinta acquisition. Excluding cost reimbursement revenues and the acquisition of La Quinta, during 2018:

- Marketing, reservation and loyalty expenses increased to 37.0% of revenues from 36.7% during 2017, primarily due to higher marketing, reservation and loyalty expenses resulting from the increase in marketing and reservation fee revenues from franchisees;
- Operating expenses decreased to 16.2% of revenues from 17.9% during 2017, primarily as a result of reduced expenses at our owned hotel in Puerto Rico resulting from insurance recoveries received in 2018 related to hurricanes that occurred in 2017; and
- General and administrative expenses increased to 9.6% of revenues from 8.7% during 2017, primarily due to higher employee-related and information technology costs, principally related to operating as a stand-alone public company.

During 2018, net interest expense increased \$54 million primarily due to the borrowings used to fund the La Quinta acquisition.

Our effective tax rates were 27.4% and 5.3% for 2018 and 2017, respectively. The increase was principally due to the net tax benefit of \$85 million recorded from the enactment of the U.S. Tax Cuts and Jobs Act in 2017.

As a result of these items, principally driven by the net income tax benefit in 2017, separation-related and transaction-related expenses in 2018 and higher interest expense in 2018, net income decreased \$68 million compared with 2017.

A reconciliation of net income to adjusted EBITDA is represented below:

	Year Ended December 31,	
	2018	2017
Net income	\$ 162	\$ 230
Provision for income taxes	61	13
Depreciation and amortization	99	75
Interest expense, net	60	6
Stock-based compensation expense	9	11
Separation-related expenses	77	3
Transaction-related expenses, net	36	3
Foreign currency impact of highly inflationary countries	3	—
Impairment, net	—	41
Restructuring costs	—	1
Adjusted EBITDA	<u>\$ 507</u>	<u>\$ 383</u>

Following is a discussion of the results of each of our segments and Corporate and Other for 2018 compared to 2017:

	Net Revenues			Adjusted EBITDA		
	2018	2017	% Change	2018	2017	% Change
Hotel Franchising	\$ 1,135	\$ 897	27%	\$ 515	\$ 402	28%
Hotel Management	726	383	90%	47	21	124%
Corporate and Other	7	—	NM	(55)	(40)	NM
Total Company	<u>\$ 1,868</u>	<u>\$ 1,280</u>	46%	<u>\$ 507</u>	<u>\$ 383</u>	32%

Hotel Franchising

	Year Ended December 31,		
	2018	2017	% Change
Rooms (a)			
United States	453,900	427,500	6%
International	288,900	275,400	5%
Total rooms	742,800	702,900	6%
RevPAR (a)			
United States	\$ 43.04	\$ 39.35	9%
International (b)	32.09	31.14	3%
Total RevPAR (b)	38.86	36.18	7%

(a) Includes the impact of acquisitions and disposition from their respective dates forward.

(b) Excluding currency effects, international RevPAR increased 4% and total RevPAR increased 8%.

Net revenues increased 27% during 2018 primarily due to the acquisition of La Quinta, which contributed to 6% total hotel franchising system growth and 7% higher RevPAR. Excluding the La Quinta acquisition, net revenues increased 8% primarily due to higher license fees, an increase in marketing, reservation and loyalty fees and higher royalties and franchise fees.

Adjusted EBITDA increased 28% during 2018 primarily due to higher revenues. Excluding the La Quinta acquisition, Adjusted EBITDA increased 9% primarily due to higher revenues. Excluding the La Quinta acquisition, during 2018:

- Marketing, reservation and loyalty expenses were 40.5% of revenues during 2018 and 40.6% during 2017;
- Operating expenses were 10.8% of revenues during 2018 and 10.4% during 2017; and
- General and administrative expenses decreased to 3.4% of revenues from 4.2% during the prior year, primarily due to lower employee-related expenses coupled with higher net revenues.

Hotel Management

	Year Ended December 31,		
	2018	2017	% Change
Rooms (a)			
United States	52,200	12,600	314%
International	14,900	12,700	17%
Total rooms	67,100	25,300	165%
RevPAR (a)			
United States	\$ 72.76	\$ 97.08	(25%)
International (b)	57.84	58.18	(1%)
Total RevPAR (b)	68.72	78.59	(13%)

(a) Includes the impact of acquisitions and disposition from their respective dates forward.

(b) Excluding currency effects, international RevPAR increased 5% and total RevPAR decreased 11%.

Net revenues increased 90% during 2018 primarily due to \$351 million of revenues from the La Quinta acquisition (including \$324 million of cost reimbursement revenues). Excluding La Quinta, net revenues decreased 2% due primarily to certain management contracts being transferred to our former Parent upon our spin-off.

Adjusted EBITDA increased 124% in 2018 including approximately \$14 million of adjusted EBITDA from La Quinta. Excluding La Quinta, adjusted EBITDA increased 57% due to reduced expenses at our owned hotel in Puerto Rico due to insurance recoveries in 2018 related to hurricanes that occurred in 2017.

Corporate and Other

Corporate and Other revenues increased \$7 million during 2018, which represents fees earned under a transition services agreement with our former Parent.

Adjusted EBITDA decreased \$15 million during 2018 compared to the prior year, primarily due to an increase in general overhead expenses in connection with operating as a stand-alone public company, partially offset by higher revenues.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Financial condition

	Year Ended December 31,		
	2019	2018	Change
Total assets	\$ 4,533	\$ 4,976	\$ (443)
Total liabilities	3,321	3,558	(237)
Total stockholders' equity	1,212	1,418	(206)

Total assets decreased \$443 million from December 31, 2018 to December 31, 2019 primarily due to a reduction in cash reflecting payments for taxes assumed with the La Quinta acquisition, as well as stock repurchases and dividends. Total liabilities decreased \$237 million from December 31, 2018 to December 31, 2019 primarily due to the payment of the aforementioned tax liability assumed with the La Quinta acquisition. Total equity decreased \$206 million from December 31, 2018 to December 31, 2019 primarily due to stock repurchases and dividends partially offset by our net income for the year.

Liquidity and capital resources

We intend to use the cash flow generated by our operations to create value for stockholders. Our asset-light business model, with low fixed costs and stable, recurring franchise fee revenue, generates attractive margins and cash flow. In addition to investments in the business, including acquisitions of brands and businesses that would expand our presence and capabilities in the lodging industry, we expect to return capital to our stockholders through dividends and share repurchases. In 2020, we expect to pay a regular dividend and, absent any accretive and strategically-enhancing acquisition, use our cash on hand and cash provided by operating activities to repurchase shares.

As of December 31, 2019, we had a Term Loan with an aggregate principal amount of \$1.6 billion maturing in 2025 and a five-year revolving credit facility maturing in 2023 with an aggregate principal amount of \$750 million, all of which was undrawn. The interest rate per annum applicable to our Term Loan is equal to, at our option, either a base rate plus a margin of 0.75% or LIBOR plus a margin of 1.75%. The revolving credit facility is subject to an interest rate per annum equal to, at our option, either a base rate plus a margin ranging from 0.50% to 1.00% or LIBOR plus a margin ranging from 1.50% to 2.00%, in either case based upon the total leverage ratio of the Company and its restricted subsidiaries.

As of December 31, 2019, we hedged a portion of our \$1.6 billion term loan with pay-fixed/receive-variable interest rate swaps hedging \$1.1 billion of our term loan interest rate exposure. The aggregate fair value of these interest rate swaps was a \$34 million liability as of December 31, 2019.

The Federal Reserve has established the Alternative Reference Rates Committee to identify alternative reference rates in the event that LIBOR ceases to exist after 2021. Our credit facility, which includes its revolving credit facility and term loan, gives the option to use LIBOR as a base rate and our interest rate swaps are based on the one-month U.S. dollar LIBOR rate. In the event that LIBOR is no longer published, the credit facility allows us and the administrative agent of the facility to replace LIBOR with an alternative benchmark rate, subject to the rejection of the majority of the lenders. The International Swaps and Derivatives Association is expected to issue protocols to allow swap parties to amend their existing contracts.

Our liquidity and access to capital may be impacted by our credit ratings, financial performance and global credit market conditions. We believe that our existing cash, cash equivalents, cash generated through operations and our expected access to financing facilities, together with funding through our revolving credit facility, will be sufficient to fund our operating activities, anticipated capital expenditures and growth needs.

CASH FLOW

The following table summarizes the changes in cash, cash equivalents and restricted cash during the years ended December 31, 2019, 2018 and 2017:

	Year Ended December 31,		
	2019	2018	2017
Cash provided by/(used in)			
Operating activities	\$ 100	\$ 231	\$ 278
Investing activities	(53)	(1,728)	(197)
Financing activities	(320)	1,808	(51)
Effects of changes in exchange rates on cash, cash equivalents and restricted cash	1	(4)	(1)
Net change in cash, cash equivalents and restricted cash	<u>\$ (272)</u>	<u>\$ 307</u>	<u>\$ 29</u>

During 2019, net cash provided by operating activities decreased \$131 million compared to the prior year primarily due to the incremental payment of tax liabilities assumed in the La Quinta acquisition in 2018, partially offset by a decrease in cash used for separation and transaction-related costs. 2019 net cash provided by operating activities included a \$195 million payment of tax liabilities assumed in the La Quinta acquisition, \$78 million of separation and transaction related costs and \$35 million of contract termination costs. 2018 net cash provided by operating activities included a \$35 million payment of tax liabilities assumed in the La Quinta acquisition and \$98 million of separation and transaction related costs. Net cash used in investing activities decreased \$1.7 billion compared to the prior year, primarily due to the purchase price for our acquisition of La Quinta in 2018. Net cash used in financing activities increased \$2.1 billion compared to the prior year, primarily due to the absence of the proceeds from borrowings used to fund the La Quinta acquisition in 2018.

During 2018, net cash provided by operating activities decreased \$47 million compared to the prior year primarily due to lower net income resulting from separation-related and transaction-related costs and the tax payments assumed with the La Quinta acquisition as noted above. Net cash used in investing activities increased \$1.5 billion compared to the prior year, primarily due to the purchase price for our acquisition of La Quinta. Net cash provided by financing activities increased \$1.9 billion compared to the prior year, primarily reflecting the proceeds from the borrowings used to fund the La Quinta acquisition.

Capital deployment

We expect to maintain discipline in our capital allocation approach. We expect to maintain a regular dividend payment, invest in select technology improvements across our business that further our strategic objectives and deploy capital on a selective basis to obtain hotel franchise agreements and hotel-management contracts. The remaining capital we have available will be used for either acquisitions that are accretive and strategically enhancing to our business or stock repurchases, with the amount going to each depending largely on the opportunities that are available.

During 2019, we spent \$50 million on capital expenditures, primarily related to information technology and the integration of La Quinta. During 2020, we anticipate spending approximately \$45 to \$50 million on capital expenditures and approximately \$25 to \$30 million on development advances.

In addition, during 2019, we spent \$17 million, net of repayments, on development advance notes to acquire new hotel franchise agreements and hotel-management contracts. In an effort to support growth in our business, we intend to continue to provide development advance notes, which may include agreements with multi-unit owners, from time to time. We may also continue to provide other forms of financial support.

We also expect to pay less than \$50 million of previously incurred separation, transaction and contract termination costs in 2020.

We expect all our cash needs to be funded from cash on hand, cash generated through operations, and/or availability under our revolving credit facility.

Stock repurchase program

In May 2018, our Board of Directors ("Board") approved a share repurchase plan pursuant to which we were authorized to purchase up to \$300 million of our common stock. In August 2019, the Board increased the capacity of the program by another \$300 million. Under the plan, we may, from time to time, purchase our common stock through various means, including, without limitation, open market transactions, privately negotiated transactions or tender offers, subject to the terms of the tax matters agreement entered into in connection with our spin-off.

Under our current stock repurchase program, we repurchased approximately 4.5 million shares at an average price of \$54.25 for a cost of \$244 million during 2019. Since inception, we repurchased approximately 6.8 million shares at an average price of \$53.67 per share for a cost of \$364 million. As of December 31, 2019, we had \$237 million of remaining availability under our program.

Dividend policy

During 2019, we declared quarterly cash dividends of \$0.29 per share (\$113 million in aggregate for the year). 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. Though we intend to continue paying a regular dividend, there is no assurance that a payment of a dividend will occur in the future.

In February 2020, our Board authorized a 10% increase in the quarterly cash dividend to \$0.32 per share, beginning with the dividend that is expected to be declared in the first quarter of 2020.

Foreign earnings

Although the one-time mandatory deemed repatriation tax during 2017 and the territorial tax system created as a result of U.S. tax reform generally eliminate U.S. federal income taxes on dividends from foreign subsidiaries, we continue to assert that all of our undistributed foreign earnings of \$55 million will be reinvested indefinitely as of December 31, 2019. In the event we determine not to continue to assert that all or part of our undistributed foreign earnings are permanently reinvested, such a determination in the future could result in the accrual and payment of additional foreign withholding taxes and U.S. taxes on currency transaction gains and losses, the determination of which is not practicable.

LONG-TERM DEBT COVENANTS

Our credit facilities contain customary covenants that, among other things, impose limitations on indebtedness; liens; mergers, consolidations, liquidations and dissolutions; dispositions, restricted debt payments, restricted payments and transactions with affiliates. Events of default in these credit facilities include, among others, 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 a threshold amount; unpaid judgments in excess of a threshold amount, insolvency matters; and a change of control. The credit facilities require us to comply with a financial covenant to be tested quarterly, consisting of a maximum first-lien leverage ratio of 5.0 times. The ratio is calculated by dividing consolidated first lien indebtedness (as defined in the credit agreement) net of consolidated unrestricted cash as of the measurement date by consolidated EBITDA (as defined in the credit agreement), as measured on a trailing four-fiscal-quarter basis preceding the measurement date. As of December 31, 2019, our first-lien leverage ratio was 2.4 times.

The indenture under which the senior notes due 2026 were issued contains covenants that limit, among other things, Wyndham Hotels & Resorts, Inc.'s ability and that of certain of its subsidiaries to (i) create liens on certain assets; (ii) enter into sale and leaseback transactions; and (iii) merge, consolidate or sell all or substantially all of Wyndham Hotels & Resorts, Inc.'s assets. These covenants are subject to a number of important exceptions and qualifications.

As of December 31, 2019, we were in compliance with the financial covenants described above.

SEASONALITY

While the hotel industry is seasonal in nature, periods of higher revenues vary property-by-property and performance is dependent on location and guest base. Based on historical performance, revenues from franchise and management contracts 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. Our cash provided by operating activities tends to be lower in the first half of the year and substantially higher than in the second half of the year. The seasonality of our business may cause fluctuations in our quarterly operating results, earnings, profit margins and cash flows. 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 and/or cash flows in any given reporting period. As of December 31, 2019, the potential exposure resulting from adverse outcomes of such legal proceedings could, in the aggregate, range up to approximately \$10 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 financial position or liquidity. For a more detailed description of our commitments and contingencies see Note 13 - Commitments and Contingencies to the Consolidated and Combined Financial Statements contained in Part IV of this report.

CONTRACTUAL OBLIGATIONS

The following table summarizes our future contractual obligations for the years set forth below:

	2020	2021	2022	2023	2024	Thereafter	Total
Long-term debt	\$ 21	\$ 21	\$ 21	\$ 21	\$ 22	\$ 2,016	\$ 2,122
Interest on debt ^(a)	95	92	87	85	82	70	511
Operating leases	6	5	4	3	3	14	35
Purchase commitments	46	24	24	20	18	37	169
Total ^{(b)(c)}	\$ 168	\$ 142	\$ 136	\$ 129	\$ 125	\$ 2,137	\$ 2,837

(a) Includes interest on long-term debt; estimated using the stated interest rates on our senior notes and the swapped interest rates on our term loan.

(b) Excludes a \$13 million liability for unrecognized tax benefits associated with the accounting guidance for uncertainty in income taxes since it is not reasonably estimable to determine the periods in which such liability would be settled with the respective tax authorities.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

In presenting our financial statements in conformity with U.S. GAAP, 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 and combined results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time. Presented below are those accounting policies that we believe require subjective and complex judgments that could potentially affect reported results. However, the majority of our business activities are in environments where we are paid a fee for a service performed, and therefore the results of the majority of our recurring operations are recorded in our financial statements using accounting policies that are not particularly subjective, nor complex.

Impairment of long-lived assets

Goodwill and other indefinite-lived intangible assets that were recorded in connection with business combinations, are reviewed annually (during the fourth quarter of each year subsequent to completing our annual forecasting process), or more frequently if circumstances indicate that the value of goodwill may be impaired, to the reporting units' carrying values as required by the guidance. This is done either by performing a qualitative assessment or utilizing the two-step process, with an impairment being recognized only where the fair value is less than carrying value. In any given year, we can elect to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is in excess of its

carrying value. If it is not more likely than not that the fair value is in excess of the carrying value, or we elect to bypass the qualitative assessment, we would use the two-step process. The qualitative factors evaluated include macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, our historical share price as well as other industry-specific considerations. We performed a quantitative assessment for impairment on each reporting unit's goodwill for 2019. Based on the results of our quantitative assessments performed during the fourth quarter of 2019, we determined that no impairment existed, nor do we believe there is a material risk of it being impaired in the near term at our (i) hotel franchising, (ii) hotel management and (iii) owned hotel reporting units. To the extent estimated market-based valuation multiples and/or discounted cash flows are revised downward, we may be required to write-down all or a portion of goodwill, which would adversely impact earnings.

We also determine whether the carrying values of other indefinite-lived intangible assets are impaired on an annual basis or more frequently if indicators of potential impairment exist. Application of the other indefinite-lived intangible assets impairment test requires judgment in the assumptions underlying the approach used to determine fair value. The fair value of each other indefinite-lived intangible asset is estimated using a discounted cash flow methodology. This analysis requires significant judgments, including anticipated market conditions, operating expense trends, estimation of future cash flows, which are dependent on internal forecasts, discount rates and estimation of long-term rates of growth. The estimates used to calculate the fair value of other indefinite-lived intangible assets change from year to year based on operating results and market conditions. Changes in these estimates and assumptions could materially affect the determination of fair value and the other indefinite-lived intangible assets' impairment.

We also evaluate the recoverability of our other long-lived assets, including property and equipment and amortizable intangible assets, if circumstances indicate impairment may have occurred, pursuant to guidance for impairment or disposal of long-lived assets. This analysis is performed by comparing the respective carrying values of the assets to the current and expected future cash flows, on an undiscounted basis, to be generated from such assets. Property and equipment is evaluated separately within each segment. If such analysis indicates that the carrying value of these assets is not recoverable, the carrying value of such assets is reduced to fair value.

Business combinations

A component of our growth strategy has been to acquire and integrate businesses that complement our existing operations. We account for business combinations in accordance with the guidance for business combinations and related literature. Accordingly, we allocate the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values at the date of purchase. The difference between the purchase price and the fair value of the net assets acquired is recorded as goodwill.

In determining the fair values of assets acquired and liabilities assumed in a business combination, we use various recognized valuation methods including present value modeling and referenced market values, where available. Further, we make assumptions within certain valuation techniques including discount rates and timing of future cash flows. Valuations are performed by management or external valuation specialists under management's supervision, where appropriate. We believe that the estimated fair values assigned to the assets acquired and liabilities assumed are based on reasonable assumptions that marketplace participants would use. However, such assumptions are inherently uncertain and actual results could differ from those estimates.

Loyalty program

Wyndham Hotels operates the Wyndham Rewards loyalty program. Wyndham Rewards members primarily accumulate points by staying in hotels operated under one of our brands. Wyndham Rewards members may also accumulate points by purchasing everyday services and products with their co-branded credit card.

Wyndham Hotels earns revenue from these programs (i) when a member stays at a participating hotel, club resort or vacation rental from a fee charged by us to the franchisee, which is based upon a percentage of room revenues generated from such stay which we recognize, net of redemptions, over time based upon loyalty point redemption patterns, including an estimate of loyalty points that will expire or will never be redeemed, and (ii) based upon a percentage of the member's spending on the co-branded credit cards for which revenues are paid to us by third-party issuing banks which we primarily recognize over time based upon the redemption patterns of the loyalty points earned under the program, including an estimate of loyalty points that will expire or will never be redeemed.

As members earn points through the Wyndham Rewards loyalty program, we record a liability for the estimated future redemption costs, which is calculated based on (i) an estimated cost per point and (ii) an estimated redemption rate of the

overall points earned, which is determined with the assistance of a third-party actuarial firm through historical experience, current trends and the use of an actuarial analysis.

Income taxes

Prior to our spin-off, current and deferred income taxes and related tax expense have been determined based on Wyndham Hotels' stand-alone results by applying a separate return methodology, as if the Wyndham Hotels' entities were separate taxpayers in the respective jurisdictions. We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities using currently enacted tax rates. We regularly review our deferred tax assets to assess their potential realization and establish a valuation allowance for portions of such assets that we believe will not be ultimately realized. In performing this review, we make estimates and assumptions regarding projected future taxable income, the expected timing of the reversals of existing temporary differences and the implementation of tax planning strategies. A change in these assumptions may increase or decrease our valuation allowance resulting in an increase or decrease in our effective tax rate, which could materially impact our results of operations.

For tax positions we have taken or expect to take in our tax return, we apply a more likely than not threshold, under which we must conclude a tax position is more likely than not to be sustained, assuming that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information, in order to recognize or continue to recognize the benefit. In determining our provision for income taxes, we use judgment, reflecting our estimates and assumptions, in applying the more likely than not threshold.

RECENTLY ADOPTED AND NEW ACCOUNTING PRONOUNCEMENTS

For a detailed description of recently adopted and new accounting pronouncements see Note 2 - Summary of Significant Accounting Policies to the Consolidated and Combined Financial Statements contained in Part IV of this report.

OFF-BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet transactions, arrangements or other relationships with unconsolidated entities or other persons in 2019, 2018 and 2017 that have, or are reasonably likely to have, a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 7A. Quantitative and Qualitative Disclosures About Market Risks.

We use various financial instruments, including interest swap contracts, to reduce the interest rate risk related to our debt. We also use foreign currency forwards to manage and reduce the foreign currency exchange rate risk associated with our foreign currency denominated receivables and payables, forecasted royalties, forecasted earnings and cash flows of foreign subsidiaries and other transactions.

We are exclusively an end user of these instruments, which are commonly referred to as derivatives. We do not engage in trading, market making or other speculative activities in the derivatives markets. More detailed information about these financial instruments is provided in Note 12 - Fair Value to the Consolidated and Combined Financial Statements contained in Part IV of this report. Our principal market exposures are interest and currency exchange rate risks.

We assess our exposures to changes in interest rates utilizing a sensitivity analysis. The sensitivity analysis measures the potential impact in earnings, fair values and cash flows based on a hypothetical 10% change (increase and decrease) in interest rates. Our variable-rate borrowings, which include our Term Loan, a portion of which has been swapped to a fixed interest rate, and any borrowings we make under our revolving credit facility, expose us to risks caused by fluctuations in the applicable interest rates. The total outstanding balance of such variable-rate borrowings, net of swaps, was \$484 million as of December 31, 2019. A hypothetical 10% change in our effective weighted average interest rate on our variable-rate borrowings would result in approximately \$1 million increase or decrease to our annual long-term debt interest expense, and a one-point change in the underlying interest rates would result in approximately a \$5 million increase or decrease in our annual interest expense.

The fair values of cash and cash equivalents, trade receivables, accounts payable and accrued expenses and other current liabilities approximate their carrying values due to the short-term nature of these assets and liabilities.

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We have foreign currency rate exposure to exchange rate fluctuations worldwide, particularly with respect to the Canadian Dollar, the Chinese Yuan, the Euro, the British Pound and the Argentine Peso. We anticipate that such foreign currency exchange rate risk will remain a market risk exposure for the foreseeable future.

We use a current market pricing model to assess the changes in the value of our foreign currency derivatives used by us to hedge underlying exposure that primarily consists of our non-functional-currency current assets and liabilities. The primary assumption used in these models is a hypothetical 10% weakening or strengthening of the U.S. dollar against all our currency exposures as of December 31, 2019. The gains and losses on the hedging instruments are largely offset by the gains and losses on the underlying assets, liabilities or expected cash flows. As of December 31, 2019, the absolute notional amount of our outstanding foreign exchange hedging instruments was \$55 million. We have determined through such analyses, that a hypothetical 10% change in foreign currency exchange rates would have resulted in approximately a \$5 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.

Argentina is considered to be a highly inflationary economy. As of December 31, 2019, we had total net assets of \$9 million in Argentina.

Our total market risk is influenced by a wide variety of factors including the volatility present within the markets and the liquidity of the markets. There are certain limitations inherent in the sensitivity analyses presented. While probably the most meaningful analysis, these “shock tests” are constrained by several factors, including the necessity to conduct the analysis based on a single point in time and the inability to include the complex market reactions that normally would arise from the market shifts modeled.

Item 8. Financial Statements and Supplementary Data.

The financial statements required to be filed pursuant to this Item 8 are appended to this Annual Report on Form 10-K. A list of the financial statements filed herewith is found in Part IV, Item 15 commencing on page F-1 hereof.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures. Our management, with the participation of our principal executive and principal financial officers, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on such evaluation, our principal executive and principal financial officers have concluded that, as of the end of such period, our disclosure controls and procedures were effective and operating to provide reasonable assurance that information required to be disclosed by us in the reports that 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.

Management’s Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this assessment, our management believes that, as of December 31, 2019, our internal control over financial reporting is effective. Our independent registered public accounting firm has issued an attestation report on the effectiveness of our internal control over financial reporting, which is included within their audit opinion on page F-2.

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 most recent fiscal quarter to which this report relates that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Except as otherwise disclosed in Part I of this Annual Report on Form 10-K under the caption “Information About Our Executive Officers”, the information required by this item is included in the Proxy Statement for our 2020 Annual Meeting of Stockholders and is incorporated by reference in this report.

Item 11. Executive Compensation.

The information required by this item is included in the Proxy Statement under the captions “Compensation of Directors”, “Executive Compensation” and “Committees of the Board” and is incorporated by reference in this report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Equity compensation plan information as of December 31, 2019:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders	2.2 million ^(a)	\$56.41 ^(b)	6.8 million ^(c)
Equity compensation plans not approved by security holders	None	Not applicable	Not applicable

(a) Consists of shares issuable upon exercise of stock settled stock appreciation rights, stock options, restricted stock units, deferred stock units and performance vested restricted stock units at the maximum achievement level under the 2018 Equity and Incentive Plan.

(b) Consists of weighted-average exercise price of outstanding stock settled stock appreciation rights, stock options and restricted stock units (excludes the weighted-average exercise price of the performance vested restricted stock units at the maximum achievement level).

(c) Consists of shares available for future grants under the 2018 Equity and Incentive Plan.

The remaining information required by this item is included in the Proxy Statement under the caption “Ownership of Company Stock” and is incorporated by reference in this report.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is included in the Proxy Statement under the captions “Related Party Transactions” and “Governance of the Company” and is incorporated by reference in this report.

Item 14. Principal Accountant Fees and Services.

The information required by this item is included in the Proxy Statement under the captions “Disclosure About Fees” and “Pre-Approval of Audit and Non-Audit Services” and is incorporated by reference in this report.

PART IV

Item 15. Exhibits and Financial Statements Schedules.

Item 15 (a)(1) Financial Statements.

See Financial Statements and Financial Statements Index commencing on page F-1 hereof.

Item 15 (a)(3) Exhibits.

See Exhibit Index commencing on page G-1 hereof.

Item 16. Form 10-K Summary.

None.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Wyndham Hotels & Resorts, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Wyndham Hotels & Resorts, Inc. and subsidiaries (the “Company”), as of December 31, 2019 and 2018, the related consolidated and combined statements of income, comprehensive income, equity, and cash flows, for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the “financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

Emphasis of a Matter

As described in Note 1 and Note 17 to the financial statements, the financial statements have been prepared on a stand-alone basis and prior to May 31, 2018 are derived from the consolidated financial statements and accounting records of Wyndham Worldwide Corporation (“Wyndham Worldwide,” now known as Wyndham Destinations, Inc.). Prior to May 31, 2018, the combined financial statements also include expense allocations for certain corporate functions and services historically provided by Wyndham Worldwide. These allocations may not be reflective of the actual expense that would have been incurred had the Company operated as an independent, publicly traded company for the periods presented. Transactions with Wyndham Worldwide are disclosed in Note 17 to the financial statements.

Basis for Opinions

The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’s Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on these financial statements and an opinion on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Deferred Revenues and Liability - Wyndham Rewards Loyalty Program - Refer to Notes 2 and 3 to the financial statements

Critical Audit Matter Description

The Company operates the Wyndham Rewards loyalty program under which members earn points that can be redeemed for free nights or other rewards. Wyndham Rewards members primarily accumulate points by staying in hotels operated under one of the Company's brands or by making purchases with their co-branded credit card. Revenues related to the issuance of loyalty points are recognized net of redemptions over time based upon loyalty point redemption patterns, including an estimate of loyalty points that will expire or will never be redeemed. In addition, the Company records a liability for estimated future redemption costs of outstanding loyalty points.

The Company estimates the value of the deferred revenues and related liability (collectively referred to as the "liability") related to the loyalty program based on an estimated cost per point and an estimated redemption rate of the overall points earned, which is determined with the assistance of a third-party actuarial firm through historical experience, current trends and the use of an actuarial analysis, and includes an estimate of the points that will expire or will never be redeemed. Changes in the estimated redemption rate used in the determination of the liability could result in a material change to the amount of liability reported.

We identified the estimated redemption rate used in the determination of the liability as a critical audit matter because of the significant judgments made by management to estimate the redemption rate. This required a high degree of auditor judgment and an increased extent of effort, including the involvement of our actuarial specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to the selection of the redemption rate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the estimated redemption rate used in the determination of the liability included the following, among others:

- We tested the effectiveness of the controls related to the liability, including those over the estimate of the redemption rate.
- We evaluated the assumptions used by management to estimate the liability by:
 - Testing the underlying data that served as the inputs for the actuarial analysis of the estimated redemption rate, including earnings and redemptions.

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- Evaluating whether any approved changes to the Wyndham Rewards loyalty program have been appropriately incorporated in the actuarial analysis of the estimated redemption rate.
- Comparing management's prior-year estimated redemption rate to actual redemptions during the current year to identify potential bias in the determination of the liability.
- With the assistance of our actuarial specialists, we developed a range of independent estimates of the liability, utilizing the same underlying data tested above, and compared our estimates to management's estimates.

/s/ Deloitte & Touche LLP
New York, New York
February 13, 2020

We have served as the Company's auditor since 2017.

WYNDHAM HOTELS & RESORTS, INC.
CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
(In millions, except per share amounts)

	Year Ended December 31,		
	2019	2018	2017
Net revenues			
Royalties and franchise fees	\$ 480	\$ 441	\$ 364
Marketing, reservation and loyalty	562	491	371
Hotel management	125	124	108
License and other revenues from former Parent	131	111	75
Cost reimbursements	623	586	264
Other	132	115	98
Net revenues	<u>2,053</u>	<u>1,868</u>	<u>1,280</u>
Expenses			
Marketing, reservation and loyalty	563	486	373
Operating	164	182	183
General and administrative	130	119	88
Cost reimbursements	623	586	264
Depreciation and amortization	109	99	75
Impairment, net	45	—	41
Contract termination	42	—	—
Transaction-related, net	40	36	3
Separation-related	22	77	3
Restructuring	8	—	1
Total expenses	<u>1,746</u>	<u>1,585</u>	<u>1,031</u>
Operating income	<u>307</u>	<u>283</u>	<u>249</u>
Interest expense, net	100	60	6
Income before income taxes	<u>207</u>	<u>223</u>	<u>243</u>
Provision for income taxes	50	61	13
Net income	<u>\$ 157</u>	<u>\$ 162</u>	<u>\$ 230</u>
Earnings per share			
Basic	\$ 1.63	\$ 1.62	\$ 2.31
Diluted	1.62	1.62	2.31

See Notes to Consolidated and Combined Financial Statements.

WYNDHAM HOTELS & RESORTS, INC.
CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended December 31,		
	2019	2018	2017
Net income	\$ 157	\$ 162	\$ 230
Other comprehensive (loss)/income, net of tax			
Foreign currency translation adjustments	3	(9)	5
Unrealized (losses) on cash flow hedges	(22)	(4)	—
Other comprehensive (loss)/income, net of tax	(19)	(13)	5
Comprehensive income	\$ 138	\$ 149	\$ 235

See Notes to Consolidated and Combined Financial Statements.

WYNDHAM HOTELS & RESORTS, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except per share amounts)

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 94	\$ 366
Trade receivables, net	304	293
Prepaid expenses	48	40
Other current assets	53	152
Total current assets	<u>499</u>	<u>851</u>
Property and equipment, net	307	326
Goodwill	1,539	1,547
Trademarks, net	1,395	1,397
Franchise agreements and other intangibles, net	551	590
Other non-current assets	242	265
Total assets	<u>\$ 4,533</u>	<u>\$ 4,976</u>
Liabilities and equity		
Current liabilities:		
Current portion of long-term debt	\$ 21	\$ 21
Accounts payable	30	61
Deferred revenues	132	109
Accrued expenses and other current liabilities	279	502
Total current liabilities	<u>462</u>	<u>693</u>
Long-term debt	2,101	2,120
Deferred income taxes	387	399
Deferred revenues	151	164
Other non-current liabilities	220	182
Total liabilities	<u>3,321</u>	<u>3,558</u>
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$.01 par value, authorized 6.0 shares, none issued and outstanding	—	—
Common stock, \$.01 par value, authorized 600.0 shares, 100.6 and 100.4 issued and outstanding at December 31, 2019 and 2018	1	1
Treasury stock, at cost – 6.8 and 2.3 shares at December 31, 2019 and 2018	(363)	(119)
Additional paid-in capital	1,488	1,475
Retained earnings	113	69
Accumulated other comprehensive income	(27)	(8)
Total stockholders' equity	<u>1,212</u>	<u>1,418</u>
Total liabilities and equity	<u>\$ 4,533</u>	<u>\$ 4,976</u>

See Notes to Consolidated and Combined Financial Statements.

WYNDHAM HOTELS & RESORTS, INC.
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2019	2018	2017
Operating activities			
Net income	\$ 157	\$ 162	\$ 230
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Depreciation and amortization	109	99	75
Impairment, net	45	—	41
Gain on sale	—	(23)	—
Deferred income taxes	(14)	—	(91)
Stock-based compensation	20	25	—
Net change in assets and liabilities:			
Trade receivables	(11)	(55)	(10)
Prepaid expenses	(8)	1	(5)
Other current assets	7	(22)	—
Accounts payable, accrued expenses and other current liabilities	(28)	85	24
Payment of tax liability assumed in La Quinta acquisition	(195)	(35)	—
Deferred revenues	33	(3)	15
Payments of development advance notes	(19)	(27)	(8)
Proceeds from development advance notes	2	14	7
Other, net	2	10	—
Net cash provided by operating activities	100	231	278
Investing activities			
Property and equipment additions	(50)	(73)	(46)
Acquisition of business, net of cash acquired	—	(1,703)	(140)
Proceeds from sale of assets, net	—	27	—
Loan advances	(2)	(7)	(21)
Loan repayments	—	20	—
Insurance proceeds	—	14	11
Other, net	(1)	(6)	(1)
Net cash used in investing activities	(53)	(1,728)	(197)
Financing activities			
Net transfer to former Parent	—	(38)	(59)
Proceeds from borrowings from former Parent	—	13	9
Proceeds from long-term debt	—	2,100	—
Principal payments on long-term debt	(16)	(4)	—
Debt issuance costs	—	(28)	—
Capital contribution from former Parent	68	106	—
Dividend to former Parent	—	(109)	—
Dividends to shareholders	(112)	(77)	—
Repurchases of common stock	(242)	(117)	—
Net share settlement of incentive equity awards	(5)	(34)	—
Other, net	(13)	(4)	(1)
Net cash (used in)/provided by financing activities	(320)	1,808	(51)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	1	(4)	(1)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(272)	307	29
Cash, cash equivalents and restricted cash, beginning of period	366	59	30
Cash, cash equivalents and restricted cash, end of period	\$ 94	\$ 366	\$ 59

See Notes to Consolidated and Combined Financial Statements.

WYNDHAM HOTELS & RESORTS, INC.
CONSOLIDATED AND COMBINED STATEMENTS OF EQUITY
(In millions)

	Common Shares Outstanding	Common Stock	Treasury Stock	Former Parent's Net Investment	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Equity
Balance as of December 31, 2016	—	\$ —	\$ —	\$ 1,086	\$ —	\$ —	\$ —	\$ 1,086
Net income	—	—	—	230	—	—	—	230
Net transfers to parent	—	—	—	(59)	—	—	—	(59)
Other comprehensive income	—	—	—	—	—	—	5	5
Balance as of December 31, 2017	—	—	—	1,257	—	—	5	1,262
Net income	—	—	—	43	—	119	—	162
Other comprehensive loss	—	—	—	—	—	—	(13)	(13)
Net transfer to and net contribution from former Parent	—	—	—	222	—	—	—	222
Cumulative effect of change in accounting standard	—	—	—	(15)	—	—	—	(15)
Dividends	—	—	—	(25)	—	(50)	—	(75)
Transfer of net investment to additional paid-in capital	—	—	—	(1,482)	1,482	—	—	—
Issuance of common stock	100	1	—	—	—	—	—	1
Net share settlement of incentive equity awards	—	—	—	—	(34)	—	—	(34)
Repurchase of common stock	(2)	—	(119)	—	—	—	—	(119)
Change in deferred compensation	—	—	—	—	26	—	—	26
Other	—	—	—	—	1	—	—	1
Balance as of December 31, 2018	98	1	(119)	—	1,475	69	(8)	1,418
Net income	—	—	—	—	—	157	—	157
Other comprehensive loss	—	—	—	—	—	—	(19)	(19)
Dividends	—	—	—	—	—	(113)	—	(113)
Repurchase of common stock	(4)	—	(244)	—	—	—	—	(244)
Net share settlement of incentive equity awards	—	—	—	—	(5)	—	—	(5)
Change in deferred compensation	—	—	—	—	20	—	—	20
Other	—	—	—	—	(2)	—	—	(2)
Balance as of December 31, 2019	94	\$ 1	\$ (363)	\$ —	\$ 1,488	\$ 113	\$ (27)	\$ 1,212

See Notes to Consolidated and Combined Financial Statements.

WYNDHAM HOTELS & RESORTS, INC.
NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS
(Unless otherwise noted, all amounts are in millions, except share and per share amounts)

1. BASIS OF PRESENTATION

Wyndham Hotels & Resorts, Inc. (collectively with its consolidated subsidiaries, “Wyndham Hotels” or the “Company”) is a leading global hotel franchisor, licensing its renowned hotel brands to hotel owners in approximately 90 countries around the world. Prior to May 31, 2018, the Company was wholly owned by Wyndham Worldwide Corporation (“Wyndham Worldwide”, “Wyndham Destinations” and, collectively with its consolidated subsidiaries, “former Parent”).

In May 2018, the Wyndham Worldwide Board of Directors (“Board”) approved the spin-off of its hotel franchising and management businesses (“Wyndham Hotels & Resorts Businesses”) through a pro-rata distribution of all of the outstanding shares of Wyndham Hotels & Resorts, Inc.’s common stock to Wyndham Worldwide stockholders (the “Distribution”). Pursuant to the Distribution, on May 31, 2018, Wyndham Worldwide stockholders received one share of Wyndham Hotels & Resorts, Inc.’s common stock for each share of Wyndham Worldwide common stock held as of the close of business on May 18, 2018. In conjunction with the Distribution, Wyndham Hotels & Resorts, Inc. underwent an internal reorganization following which it became the holder, directly or through its subsidiaries, of the Wyndham Hotels & Resorts Businesses. Also in conjunction with the Distribution, Wyndham Worldwide Corporation was renamed Wyndham Destinations, Inc.

The Consolidated and Combined Financial Statements have been prepared on a stand-alone basis and prior to May 31, 2018 are derived from the consolidated financial statements and accounting records of Wyndham Worldwide. The Consolidated and Combined Financial Statements include Wyndham Hotels’ assets, liabilities, revenues, expenses and cash flows and all entities in which Wyndham Hotels has a controlling financial interest. The accompanying Consolidated and Combined Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America. All intercompany balances and transactions have been eliminated in the Consolidated and Combined Financial Statements.

Wyndham Hotels’ Consolidated and Combined Financial Statements prior to May 31, 2018, include certain indirect general and administrative costs allocated to it by former Parent for certain functions and services including, but not limited to, executive office, finance and other administrative support. These expenses have been allocated to Wyndham Hotels on the basis of direct usage when identifiable, with the remainder allocated primarily based on its pro-rata share of combined revenues or headcount. Both Wyndham Hotels and former Parent considered the basis on which expenses prior to spin-off had been allocated to be a reasonable reflection of the utilization of services provided to or the benefit received by Wyndham Hotels during the periods presented.

In presenting the Consolidated and Combined Financial Statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates. In management’s opinion, the Consolidated and Combined Financial Statements contain all normal recurring adjustments necessary for a fair presentation of annual results reported.

Business description

Wyndham Hotels operates in the following segments:

- **Hotel Franchising** — licenses the Company’s lodging brands and provides related services to third-party hotel owners and others.
- **Hotel Management** — provides hotel management services for full-service and limited-service hotels as well as two hotels that are owned by the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

When evaluating an entity for consolidation, the Company first determines whether an entity is within the scope of the guidance for consolidation of variable interest entities (“VIEs”) and if it is deemed to be a VIE. If the entity is considered to be a VIE, Wyndham Hotels determines whether it would be considered the entity’s primary beneficiary. The Company consolidates those VIEs for which it has determined that it is the primary beneficiary. Wyndham Hotels will consolidate an entity not deemed a VIE upon a determination that it has a controlling financial interest. For entities where Wyndham Hotels does not have a controlling financial interest, the investments in such entities are classified as available-for-sale securities or accounted for using the equity or cost method, as appropriate.

Use of estimates and assumptions

The preparation of the Consolidated and Combined Financial Statements requires Wyndham Hotels to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the Consolidated and Combined Financial Statements and accompanying notes. Although these estimates and assumptions are based on Wyndham Hotels’ knowledge of current events and actions Wyndham Hotels may undertake in the future, actual results may ultimately differ from estimates and assumptions.

Revenue recognition

The principal source of revenues from franchising hotels is ongoing royalty fees, which are typically a percentage of gross room revenues of each franchised hotel. For more detailed description of revenue recognition see Note 3 - Revenue Recognition.

Loyalty program

The Company operates the Wyndham Rewards loyalty program. Loyalty members primarily accumulate points by staying in hotels operated under one of the Company’s brands. Wyndham Rewards members may also accumulate points by purchasing everyday services and products with their co-branded credit card.

The Company earns revenue from these programs (i) when a member stays at a participating hotel, club resort or vacation rental from a fee charged by Wyndham Hotels to the franchisee, which is based upon a percentage of room revenues generated from such stay which the Company recognizes, net of redemptions, over time based upon loyalty point redemption patterns, including an estimate of loyalty points that will expire or will never be redeemed, and (ii) based upon a percentage of the member’s spending on the co-branded credit cards for which revenues are paid to Wyndham Hotels by third-party issuing banks which the Company primarily recognizes over time based upon the redemption patterns of the loyalty points earned under the program, including an estimate of loyalty points that will expire or will never be redeemed.

As members earn points through the loyalty program, the Company records a liability for the estimated future redemption costs, which is calculated based on (i) an estimated cost per point and (ii) an estimated redemption rate of the overall points earned, which is determined with the assistance of a third-party actuarial firm through historical experience, current trends and the use of an actuarial analysis. The Company estimates the value of the future redemption obligations by projecting the timing of future point redemptions based on historical levels, including an estimate of the points that will expire or never be redeemed, and an estimate of the points members will eventually redeem. The recorded liability related to the program totals \$90 million and \$89 million as of December 31, 2019 and 2018, respectively, of which \$56 million and \$54 million, respectively, are included in accrued expenses and other current liabilities, and \$34 million and \$35 million, respectively, are included in other non-current liabilities on the Company’s Consolidated Balance Sheets.

Cash and cash equivalents

The Company considers highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Valuation of accounts receivable

The Company provides for estimated bad debts based on its assessment of the ultimate realizability of receivables, considering historical collection experience, the economic environment and specific customer information. When the Company determines that an account is not collectible, the account is written-off to the allowance for doubtful accounts. The following table illustrates the Company's allowance for doubtful accounts activity for the years ended December 31:

	2019	2018	2017
Beginning Balance	\$ 52	\$ 61	\$ 77
Bad debt expense	16	8	7
Write-offs	(21)	(17)	(23)
Ending Balance	\$ 47	\$ 52	\$ 61

Advertising expense

Advertising costs are generally expensed in the period incurred. Advertising expenses, which are primarily recorded within marketing and reservation expenses on the Consolidated and Combined Statements of Income, were \$115 million, \$92 million and \$61 million in 2019, 2018 and 2017, respectively.

Property and equipment

Property and equipment (including leasehold improvements) are recorded at cost, and presented net of accumulated depreciation and amortization. Depreciation, recorded as a component of depreciation and amortization on the Consolidated and Combined Statements of Income, is computed utilizing the straight-line method over the lesser of the lease terms or estimated useful lives of the related assets. Amortization of leasehold improvements, also recorded as a component of depreciation and amortization, is computed utilizing the straight-line method over the lesser of the estimated benefit period of the related assets or the lease terms. Useful lives are generally 30 years for buildings, up to 20 years for building and leasehold improvements and from three to seven years for furniture, fixtures and equipment.

The Company capitalizes the costs of software developed for internal use in accordance with the guidance for accounting for costs of computer software developed or obtained for internal use. Capitalization of software developed for internal use commences during the development phase of the project. Wyndham Hotels amortizes software developed or obtained for internal use on a straight-line basis over its estimated useful life, which is generally three to five years. Such amortization commences when the software is substantially ready for its intended use.

The net carrying value of software developed or obtained for internal use was \$63 million and \$69 million as of December 31, 2019 and 2018, respectively.

Impairment of long-lived assets

Goodwill and other indefinite-lived intangible assets that were recorded in connection with business combinations, are reviewed annually (during the fourth quarter of each year subsequent to completing our annual forecasting process), or more frequently if circumstances indicate that the value of goodwill may be impaired, to the reporting units' carrying values as required by the guidance. This is done either by performing a qualitative assessment or utilizing the two-step process, with an impairment being recognized only where the fair value is less than carrying value. In any given year, the Company can elect to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is in excess of its carrying value. If it is not more likely than not that the fair value is in excess of the carrying value, or the Company elects to bypass the qualitative assessment, the Company would use the two-step process. The qualitative factors evaluated include macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, its historical share price as well as other industry-specific considerations. The Company performed a quantitative assessment for impairment on each reporting unit's goodwill for 2019. Based on the results of the Company's quantitative assessments performed during the fourth quarter of 2019, the Company determined that no impairment existed, nor does the Company believe there is a material risk of it being impaired in the near term at its (i) hotel franchising, (ii) hotel management and (iii) owned hotel reporting units. To the extent estimated market-based valuation multiples and/or discounted cash flows are revised downward, the Company may be required to write-down all or a portion of goodwill, which would adversely impact earnings.

The Company also determines whether the carrying values of other indefinite-lived intangible assets are impaired on an annual basis or more frequently if indicators of potential impairment exist. Application of the other indefinite-lived intangible assets impairment test requires judgment in the assumptions underlying the approach used to determine fair value. The fair

value of each other indefinite-lived intangible asset is estimated using a discounted cash flow methodology. This analysis requires significant judgments, including anticipated market conditions, operating expense trends, estimation of future cash flows, which are dependent on internal forecasts, discount rates and estimation of long-term rates of growth. The estimates used to calculate the fair value of other indefinite-lived intangible asset change from year to year based on operating results and market conditions. Changes in these estimates and assumptions could materially affect the determination of fair value and the other indefinite-lived intangible assets' impairment.

The Company also evaluates the recoverability of its other long-lived assets, including property and equipment and amortizable intangible assets, if circumstances indicate impairment may have occurred, pursuant to guidance for impairment or disposal of long-lived assets. This analysis is performed by comparing the respective carrying values of the assets to the current and expected future cash flows, on an undiscounted basis, to be generated from such assets. Property and equipment are evaluated separately within each segment. If such analysis indicates that the carrying value of these assets is not recoverable, the carrying value of such assets is reduced to fair value.

Business combinations

A component of the Company's growth strategy has been to acquire and integrate businesses that complement its existing operations. The Company accounts for business combinations in accordance with the guidance for business combinations and related literature. Accordingly, the Company allocates the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values at the date of purchase. The difference between the purchase price and the fair value of the net assets acquired is recorded as goodwill.

In determining the fair values of assets acquired and liabilities assumed in a business combination, the Company uses various recognized valuation methods including present value modeling and referenced market values, where available. Further, the Company makes assumptions within certain valuation techniques including discount rates and timing of future cash flows. Valuations are performed by management or external valuation specialists under management's supervision, where appropriate. The Company believes that the estimated fair values assigned to the assets acquired and liabilities assumed are based on reasonable assumptions that marketplace participants would use. However, such assumptions are inherently uncertain and actual results could differ from those estimates.

Income taxes

Prior to the Company's spin-off, current and deferred income taxes and related tax expense have been determined based on Wyndham Hotels' stand-alone results by applying a separate return methodology, as if the Wyndham Hotels entities were separate taxpayers in the respective jurisdictions. The Company recognizes deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities using currently enacted tax rates. The Company regularly reviews its deferred tax assets to assess their potential realization and establish a valuation allowance for portions of such assets that the Company believes will not be ultimately realized. In performing this review, the Company makes estimates and assumptions regarding projected future taxable income, the expected timing of the reversals of existing temporary differences and the implementation of tax planning strategies. A change in these assumptions may increase or decrease the Company's valuation allowance resulting in an increase or decrease in its effective tax rate, which could materially impact the Company's results of operations.

For tax positions the Company has taken or expects to take in a tax return, it applies a more likely than not threshold, under which the Company must conclude a tax position is more likely than not to be sustained, assuming that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information, in order to recognize or continue to recognize the benefit. In determining the Company's provision for income taxes, the Company uses judgment, reflecting its estimates and assumptions, in applying the more likely than not threshold.

In January 2018, the Financial Accounting Standards Board ("FASB") issued guidance on the accounting for tax on the global intangible low-taxed income provisions of the recently enacted tax law. These provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. The guidance indicates that the Company is allowed to make an accounting policy choice of either: (1) treating taxes due on future inclusions in taxable income as a current-period expense when incurred or (2) factoring such amounts into the Company's measurement of its deferred taxes. The Company has elected to account for any inclusions under the period cost method.

Stock-based compensation

In accordance with the guidance for stock-based compensation, Wyndham Hotels measures all employee stock-based compensation awards using a fair value method and records the related expense in its Consolidated and Combined Statements of Income.

Wyndham Hotels recognizes the cost of stock-based compensation awards to employees as they provide services and the expense is recognized ratably over the requisite service period. The requisite service period is the period during which an employee is required to provide services in exchange for an award. Forfeitures are recorded upon the actual employee termination for each outstanding grant.

Derivative instruments

The Company uses derivative instruments as part of its overall strategy to manage its exposure to market risks primarily associated with fluctuations in interest rates and currency exchange rates. As a matter of policy, the Company does not use derivatives for trading or speculative purposes. All derivatives are recorded at fair value as either assets or liabilities. Changes in fair value of derivatives not designated as hedging instruments and of derivatives designated as fair value hedging instruments are recognized currently in operating income and interest expense, net in the Consolidated and Combined Statements of Income, based upon the nature of the hedged item. The effective portion of changes in fair value of derivatives designated as cash flow hedging instruments is recorded as a component of other comprehensive income. The ineffective portion is reported immediately in earnings as a component of operating or interest expense, based upon the nature of the hedged item. Amounts included in other comprehensive income are reclassified into earnings in the same period during which the hedged item affects earnings.

Accumulated other comprehensive income/(loss)

Accumulated other comprehensive income/(loss) ("AOCI") consists of accumulated foreign currency translation adjustments and unrealized gains or losses on the Company's cash flow hedges. Foreign currency translation adjustments exclude income taxes related to indefinite investments in foreign subsidiaries. Assets and liabilities of foreign subsidiaries having non-U.S.-dollar functional currencies are translated at exchange rates at the balance sheet dates. Revenues and expenses are translated at average exchange rates during the periods presented. The gains or losses resulting from translating foreign currency financial statements into U.S. dollars, net of hedging gains or losses and taxes, are included in AOCI on the Consolidated Balance Sheets.

Former Parent's net investment

Parent's net investment in the Consolidated and Combined Statements of Equity represents Wyndham Worldwide's historical net investment in Wyndham Hotels resulting from various transactions with and allocations from the former Parent. Balances due to and due from the former Parent and accumulated earnings attributable to Wyndham Hotels operations have been presented as components of former Parent's net investment.

Recently issued accounting pronouncements

Measurement of Credit Losses on Financial Instruments. In June 2016, the FASB issued guidance to replace the existing methodology for estimating credit losses with a methodology that reflects lifetime expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Upon adoption, the Company will be required to use a forward-looking expected credit loss model for accounts receivables, loans and other financial instruments. Credit losses relating to available-for-sale debt securities, of which the Company currently has none, will also be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. This guidance is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. Adoption of the guidance will be applied using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the effective date to align the Company's current processes for establishing an allowance for credit losses with the new guidance. The Company will adopt the guidance on January 1, 2020, as required, and it currently estimates such adoption will result in a pre-tax cumulative-effect adjustment to retained earnings between \$8 million and \$12 million.

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 the interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company believes the adoption of this guidance will not have a material effect on its financial statements and related disclosures.

Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. In August 2018, the FASB issued guidance to address a customer's accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. The guidance aligns the requirements for capitalizing implementation costs incurred in such arrangements with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This guidance is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years, with early adoption permitted. This guidance should be applied on either a retrospective or prospective basis. The Company believes the prospective adoption of this guidance will not have a material effect on its financial statements and related disclosures.

Recently adopted accounting pronouncements

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 adopted the guidance using the modified retrospective approach as of January 1, 2019. See Note 18 - Leases for further details.

Revenue from Contracts with Customers. In May 2014, the 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 had 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 adopted the guidance on January 1, 2018 utilizing the full retrospective transition method.

This adoption primarily affected the accounting for initial franchise fees, upfront costs, marketing and reservation expenses and loyalty revenues. Specifically, under the new guidance, initial fees are recognized ratably over the life of the noncancelable period of the franchise agreement, and incremental upfront contract costs are deferred and expensed over the life of the noncancelable period of the franchise agreement. Loyalty revenues are deferred and primarily recognized over the loyalty points' redemption pattern. Additionally, the Company no longer accrues a liability for future marketing and reservation costs when marketing and reservation revenues earned exceed costs incurred. Marketing and reservation costs incurred in excess of revenues earned continue to be expensed as incurred.

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. The Company adopted the guidance on January 1, 2018, as required, which resulted in a cumulative-effect benefit to retained earnings of \$15 million.

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. The Company adopted the guidance on January 1, 2018, as required. The impact of this new guidance resulted in payments of, and proceeds from, development advance notes being recorded within operating activities on its Consolidated and Combined Statements of Cash Flows. Such amounts were previously reported within investing activities.

3. REVENUE RECOGNITION

The principal source of revenues from franchising hotels is ongoing royalty fees, which are typically a percentage of gross room revenues of each franchised hotel. The Company recognizes royalty fee revenues as and when the underlying

sales occur. The Company also receives non-refundable initial franchise fees, which are recognized as revenues over the initial non-cancellable period of the franchise agreement, commencing when all material services or conditions have been substantially performed. This occurs when a hotel opens for business in our system or when a franchise agreement is terminated after it has been determined that the hotel will not open.

The Company's franchise agreements also require the payment of marketing and reservation fees, which are intended to reimburse the Company for expenses associated with operating an international, centralized reservation system, e-commerce channels such as the Company's brand.com websites, as well as access to third-party distribution channels, such as online travel agents, advertising and marketing programs, global sales efforts, operations support, training and other related services. Marketing and reservation fees are recognized as revenue when the underlying sales occur. Although the Company is generally contractually obligated to spend the marketing and reservation fees it collects from franchisees, in accordance with the franchise agreements, marketing and reservations costs are expensed as incurred.

The Company earns revenues from its Wyndham Rewards loyalty program when a member stays at a participating hotel, club resort or vacation rental. These revenues are derived from a fee the Company charges a franchised or managed hotel based upon a percentage of room revenues generated from a Wyndham Rewards member's stay. These fees are to reimburse the Company for expenses associated with member redemptions and activities that are related to the administering and marketing of the program. Revenues related to the loyalty program represent variable consideration and are recognized net of redemptions over time based upon loyalty point redemption patterns, which include an estimate of loyalty points that will expire or will never be redeemed.

The Company earns revenue from its Wyndham Rewards co-branded credit card program, which is primarily generated by cardholder spending and the enrollment of new cardholders. The advance payments received under the program are recognized as a contract liability. The program primarily contains two performance obligations: (i) brand performance services, for which revenue is recognized over the contract term on a straight-line basis, and (ii) issuance and redemption of loyalty points, for which revenue is recognized over time based upon the redemption patterns of the loyalty points earned under the program, including an estimate of loyalty points that will expire or will never be redeemed.

The Company provides management services for hotels under management contracts, which offer hotel owners all the benefits of a global brand and a full range of management, marketing and reservation services. In addition to the standard franchise services described above, the Company's hotel management business provides hotel owners with professional oversight and comprehensive operations support services. The Company's standard management agreement typically has a term of 10 to 20 years. The Company's management fees are comprised of base fees, which are typically a specified percentage of gross revenues from hotel operations, and, in some cases, incentive fees, which are typically a specified percentage of a hotel's gross operating profit. The base fees are recognized when the underlying sales occur and the management services are performed. Incentive fees are recognized when determinable, which is when the Company has met hotel operating performance metrics and the Company has determined that a significant reversal of revenues recognized will not occur.

The Company also recognizes reimbursable payroll costs for operational employees and other reimbursable costs at certain of the Company's managed hotels as revenue. Although these costs are funded by hotel owners, accounting guidance requires the Company to report these fees on a gross basis as both revenues and expenses. Additionally, the Company recognizes occupancy taxes on a net basis.

The Company recognizes license and other revenues from Wyndham Destinations for use of the "Wyndham" trademark and certain other trademarks.

In addition, the Company earns revenues from its two owned hotels, which consist primarily of (i) gross room rentals, (ii) food and beverage services and (iii) on-site spa, casino, golf and shop revenues. These revenues are recognized upon the completion of services.

[Table of Contents](#)**Deferred revenues**

Deferred revenues, or contract liabilities, generally represents payments or consideration received in advance for goods or services that the Company has not yet provided to the customer. Deferred revenues as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Deferred initial franchise fee revenues	\$ 136	\$ 127
Deferred loyalty program revenues	86	74
Deferred co-branded credit card program revenues	34	30
Deferred hotel management fee revenues	—	21
Deferred other revenues	27	21
Total	<u>\$ 283</u>	<u>\$ 273</u>

Deferred initial franchise fees represent payments received in advance from prospective franchisees upon the signing of a franchise agreement and are generally recognized to revenue within 12 years. Deferred loyalty revenues represent the portion of loyalty program fees charged to franchisees, net of redemption costs, that have been deferred and will be recognized over time based upon loyalty point redemption patterns. Deferred co-branded credit card program revenue represents payments received in advance from the Company's co-branded credit card partners, primarily for card member activity, which is typically recognized within one year.

Practical expedients

The Company has not adjusted the consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when the Company satisfied the performance obligation and when the customer paid for that good or service was one year or less.

For contracts with customers that were modified before the beginning of the earliest reporting period presented, the Company did not retrospectively restate the revenue associated with the contract for those modifications. Instead, it reflected the aggregate effect of all prior modifications in determining (i) the performance obligations and transaction prices and (ii) the allocation of such transaction prices to the performance obligations.

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to a customer. The consideration received from a customer is allocated to each distinct performance obligation and recognized as revenue when, or as, each performance obligation is satisfied. The following table summarizes the Company's remaining performance obligations for the twelve-month periods set forth below:

	2020	2021	2022	Thereafter	Total
Initial franchise fee revenue	\$ 29	\$ 15	\$ 14	\$ 78	\$ 136
Loyalty program revenue	53	21	9	3	86
Co-branded credit card program revenue	34	—	—	—	34
Other revenue	16	3	2	6	27
Total	<u>\$ 132</u>	<u>\$ 39</u>	<u>\$ 25</u>	<u>\$ 87</u>	<u>\$ 283</u>

Disaggregation of net revenues

The table below presents a disaggregation of the Company's net revenues from contracts with customers by major services and products for each of the Company's segments:

	Year Ended December 31,		
	2019	2018	2017
Hotel Franchising			
Royalties and franchise fees	\$ 465	\$ 432	\$ 355
Marketing, reservation and loyalty	559	489	369
License and other revenues from former Parent	131	111	75
Other	124	103	98
Total Hotel Franchising	1,279	1,135	897
Hotel Management			
Royalties and franchise fees	15	9	9
Marketing, reservation and loyalty	3	2	2
Hotel management - owned properties	89	75	78
Hotel management - managed properties	36	49	30
Cost reimbursements	623	586	264
Other	2	5	—
Total Hotel Management	768	726	383
Corporate and Other	6	7	—
Net revenues	\$ 2,053	\$ 1,868	\$ 1,280

Capitalized contract costs

The Company incurs certain direct and incremental sales commissions costs in order to obtain hotel franchise and management contracts. Such costs are capitalized and subsequently amortized beginning upon hotel opening over the first non-cancellable period of the agreement. In the event an agreement is terminated prior to the end of the first non-cancellable period, any unamortized cost is immediately expensed. In addition, the Company also capitalizes costs associated with the sale and installation of property management systems to the Company's franchisees, which are amortized over the remaining non-cancellable period of the franchise agreement. As of December 31, 2019 and December 31, 2018, capitalized contract costs were \$33 million and \$24 million, respectively, of which \$8 million in both years, were included in other current assets, and \$25 million and \$16 million, respectively, were included in other non-current assets on the Company's Consolidated Balance Sheets.

4. 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. On June 1, 2018, the Company's separation from Wyndham Worldwide was effected through a tax-free distribution to Wyndham Worldwide's stockholders of one share of the Company's common stock for every one share of Wyndham Worldwide common stock held as of the close of business on May 18, 2018. As a result, on June 1, 2018, the Company had 99.8 million shares of common stock outstanding (inclusive of deferred shares and shares that vested upon separation). This share amount is being utilized for the calculation of basic and diluted earnings per share for all periods presented prior to the date of separation.

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The following table sets forth the computation of basic and diluted EPS (in millions, except per-share data) for the years ended December 31:

	2019	2018	2017
Net income	\$ 157	\$ 162	\$ 230
Basic weighted average shares outstanding	96.5	99.5	99.8
Stock options and restricted stock units ("RSUs")	0.1	0.3	—
Diluted weighted average shares outstanding	96.6	99.8	99.8
<i>Earnings per share:</i>			
Basic	\$ 1.63	\$ 1.62	\$ 2.31
Diluted	1.62	1.62	2.31
<i>Dividends:</i>			
Cash dividends declared per share	\$ 1.16	\$ 0.75	\$ —
Aggregate dividends paid to shareholders	\$ 112	\$ 77	\$ —

Stock repurchase program

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

	Shares	Cost	Average Price Per Share
As of January 1, 2019	2.3	\$ 119	\$ 52.51
For the twelve months ended December 31, 2019	4.5	244	54.25
As of December 31, 2019	6.8	\$ 363	\$ 53.67

The Company had \$237 million of remaining availability under its program as of December 31, 2019.

5. ACQUISITIONS

Assets acquired and liabilities assumed in business combinations were recorded on the 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 Consolidated and Combined Statements of Income since their respective dates of acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed was allocated to goodwill. In certain circumstances, the allocations of the excess purchase price are based upon preliminary estimates and assumptions. Accordingly, the allocations may be subject to revision when the Company receives final information, including appraisals and other analyses. Any revisions to the fair values 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 Consolidated and Combined Statements of Income as expenses.

The Company did not complete any business combinations in 2019.

The La Quinta acquisition

On May 30, 2018, the Company completed its acquisition of La Quinta Holdings Inc.'s hotel franchising and hotel management business ("La Quinta") for \$1.95 billion in cash, which includes \$8 million of purchase price that the Company withheld to pay La Quinta employee-related equity award liabilities and \$240 million of purchase price that the Company withheld to pay La Quinta tax liabilities, as discussed below. The addition of La Quinta's over 900 franchised hotels and nearly 89,000 rooms increased Wyndham Hotels' midscale presence and expanded its reach further into the upper-midscale segment of the lodging industry. In addition, this transaction expanded the Company's number of managed hotel properties from 116 to 440 at the time of acquisition. This acquisition strengthened the Company's position in the midscale and upper-midscale segments of the hotel industry, which has been and continues to be one of the Company's strategic priorities.

In conjunction with the acquisition, stockholders of La Quinta Holdings received \$16.80 per share in cash (approximately \$1.0 billion in aggregate), and Wyndham Hotels repaid approximately \$715 million of La Quinta Holdings' debt and withheld cash of \$240 million for estimated taxes assumed and expected to be incurred in connection with the taxable spin-off of La Quinta Holdings' owned real estate assets into CorePoint Lodging, Inc. ("CorePoint"), which occurred immediately prior to the acquisition of La Quinta. Wyndham Hotels financed the \$1.95 billion acquisition with proceeds from its \$500 million offering of 5.375% senior notes due 2026 completed in April 2018 and a \$1.6 billion term loan due 2025 that closed in connection with the acquisition.

The allocation of the purchase price is summarized as follows:

	Amount
Total consideration ^(a)	\$ 1,951
Cash withheld to repay La Quinta Holdings Inc.'s estimated tax liability ^(b)	(240)
Cash withheld to pay employee-related equity award liabilities	(8)
Net cash consideration	<u>1,703</u>
Cash escrowed from CorePoint ^(c)	\$ 985
Payment of La Quinta Holdings Inc.'s long-term debt ^(c)	(985)
	<u>—</u>
Cash utilized to repay La Quinta Holdings Inc.'s long-term debt ^(d)	(715)
Net cash consideration (to shareholders of La Quinta Holdings Inc.)	<u>\$ 988</u>
Total current assets ^(e)	\$ 67
Property and equipment	17
Trademarks ^(f)	710
Franchise agreements ^(f)	260
Management contracts ^(f)	119
Other assets	5
Total assets acquired	<u>\$ 1,178</u>
Total current liabilities ^(e)	\$ 89
Deferred income taxes ^(g)	254
Long-term debt repaid at acquisition ^(c)	715
Assumed tax liability ^(b)	240
Other liabilities	11
Total liabilities assumed	<u>1,309</u>
Net identifiable liabilities acquired	<u>(131)</u>
Goodwill ^(h)	1,119
Total consideration transferred	<u>\$ 988</u>

(a) Includes additional consideration of \$1 million related to a net debt adjustment paid to CorePoint during the third quarter of 2018.

(b) Reflects a portion of the purchase price in which \$195 million and \$35 million was paid in 2019 and 2018, respectively, related to the tax liability assumed in the La Quinta acquisition. Additionally, \$10 million was paid directly to CorePoint in 2019 which was reported in other, net within financing activities in the Consolidated and Combined Statements of Cash Flows.

(c) As a result of a change in control provision within La Quinta's long-term indebtedness, CorePoint deposited \$985 million into an escrow account which was utilized to repay a portion of La Quinta Holdings Inc.'s existing indebtedness.

(d) Reflects the portion of La Quinta Holdings Inc.'s long-term debt that was required to be paid by the Company upon a change in control.

(e) The fair values of total current assets and total current liabilities are estimated to approximate their current carrying values.

(f) The identifiable intangible assets consist of trademarks with an indefinite life, franchise agreements which have a weighted average life of 25 years and management agreements which have a weighted average life of 15 years. The fair valuation was performed with the assistance of a third-party valuation firm, which included the consideration of various valuation techniques that the Company deems appropriate for the measurement of fair value of the assets acquired and liabilities assumed.

The valuations of the franchise agreements and management agreements are based on a discounted cash flow method utilizing forecasted cash flows from La Quinta's existing franchise agreements and CorePoint franchise agreements and management agreements (the "CorePoint agreements") that are estimated to be generated over the estimated terms of such contracts. The expected cash flow projections were based on the terms of the agreements, and adjusted for inflation and the costs and expenses required to generate the revenues under such agreements.

The significant assumptions that were utilized for La Quinta's franchise agreements were: (i) forecasted gross room revenues, (ii) a franchise fee of 4.5%, tax affected, and (iii) a discount rate of 9.5%.

The significant assumptions that were utilized for the CorePoint agreements were: (i) forecasted gross room revenues, (ii) franchise and management fee rates of 5.0% each, which were tax affected, and (iii) a discount rate of 9.5% and 10.5% for CorePoint franchise and management agreements, respectively.

(g) The deferred tax liability primarily results from the fair value adjustments for the identifiable intangible assets. This estimate of deferred tax liabilities was determined based on the book and tax basis differences attributable to the identifiable intangible assets acquired at a combined federal and state effective tax rate.

(h) The goodwill recognized in the La Quinta acquisition is not expected to be deductible for income tax purposes.

La Quinta's incremental contributions to net revenues and operating income for the three months ended December 31, 2018 were \$198 million and \$29 million, respectively. Pro forma net revenues and operating income would have been \$2,221 million and \$294 million, respectively, during the year ended December 31, 2018, if La Quinta's historical results had been included in the Company's Consolidated and Combined Statements of Income since January 1, 2018. For 2017, pro forma net revenues and net income would have been \$2,041 million and \$263 million, respectively. This acquisition was assigned to the Company's Hotel Franchising and Hotel Management segments.

The AmericInn acquisition

During October 2017, the Company completed the acquisition of the AmericInn hotel brand and franchise system for a total purchase price of \$140 million, net of cash acquired, which included a simultaneous sale of 10 owned hotels to an unrelated third party for \$28 million. AmericInn's portfolio consisted of 200 franchised hotels predominantly in the Midwestern United States. This acquisition is consistent with the Company's strategy to expand its brand portfolio and total system size.

The following table summarizes the fair value of the assets acquired and liabilities assumed in connection with Wyndham Hotels' acquisition of AmericInn:

	Amount
Trade receivables	\$ 3
Goodwill ^(a)	44
Franchise agreements ^(b)	46
Trademarks	51
Total assets acquired	144
Other current liabilities	4
Total liabilities acquired	4
Net assets acquired	\$ 140

(a) Goodwill is expected to be deductible for tax purposes.

(b) Franchise agreements have a weighted average life of 25 years.

This acquisition was assigned to the Company's Hotel Franchising segment and was not material to Wyndham Hotels' results of operations, financial position or cash flows. In connection with the acquisition of AmericInn, Wyndham Hotels incurred \$2 million of acquisition-related costs, which are reported within transaction-related costs on the Consolidated and Combined Statements of Income.

6. INTANGIBLE ASSETS

Intangible assets as of December 31, 2019 and December 31, 2018 consisted of the following:

	December 31, 2019			December 31, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>Unamortized intangible assets:</i>						
Goodwill	\$ 1,539			\$ 1,547		
Trademarks (a)	\$ 1,393			\$ 1,393		
<i>Amortized intangible assets:</i>						
Franchise agreements (b)	\$ 895	\$ 460	\$ 435	\$ 895	\$ 434	\$ 461
Management agreements (c)	137	23	114	140	13	127
Trademarks (d)	3	1	2	5	1	4
Other (e)	3	1	2	6	4	2
	\$ 1,038	\$ 485	\$ 553	\$ 1,046	\$ 452	\$ 594

(a) Comprised of various trademarks that the Company has acquired. These trademarks are expected to generate future cash flows for an indefinite period of time.

(b) Amortized over a period ranging from 20 to 40 years with a weighted average life of 32 years.

(c) Amortized over a period ranging from 7 to 20 with a weighted average life of 14 years.

(d) Amortized over a period of 20 years.

(e) Amortized over a period ranging from 1 to 8 years with a weighted average life of 5 years.

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

	Balance as of January 1, 2018	Goodwill Acquired During 2018	2018 Adjustments to Goodwill (a)	Balance as of December 31, 2018	2019 Adjustments to Goodwill (b)	Balance as of December 31, 2019
Hotel Franchising	\$ 385	\$ 1,067	\$ (3)	\$ 1,449	\$ (8)	\$ 1,441
Hotel Management	38	60	—	98	—	98
Total	\$ 423	\$ 1,127	\$ (3)	\$ 1,547	\$ (8)	\$ 1,539

(a) Includes \$2 million related to the sale of Knights Inn brand in May 2018.

(b) Includes \$8 million related to purchase price adjustments for the La Quinta acquisition in 2018.

Amortization expense relating to amortizable intangible assets was as follows for the years ended December 31:

	2019	2018	2017
Franchise agreements	\$ 27	\$ 22	\$ 16
Management agreements	10	7	3
Trademarks	—	1	1
Other	1	1	—
Total (a)	\$ 38	\$ 31	\$ 20

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

Based on Wyndham Hotels' amortizable intangible assets as of December 31, 2019, the Company expects related amortization expense as follows:

	Amount
2020	\$ 37
2021	37
2022	35
2023	35
2024	34

7. FRANCHISING, MARKETING AND RESERVATION ACTIVITIES

Royalties and franchise fee revenues on the Consolidated and Combined Statements of Income include initial franchise fees of \$18 million, \$20 million and \$14 million in 2019, 2018 and 2017, respectively.

In accordance with its franchise agreements, generally Wyndham Hotels is contractually obligated to expend the marketing and reservation fees it collects from franchisees for the operation of an international, centralized, brand-specific reservation system and for marketing purposes such as advertising, promotional and co-marketing programs, and training for the respective franchisees. Additionally, the Company is required to provide certain services to its franchisees, including technology and purchasing programs.

Development advance notes

The Company may, at its discretion, provide development advance notes to certain franchisees or hotel owners in order to assist them in converting to one of Wyndham Hotels' brands, in building a new hotel to be flagged under one of Wyndham Hotels' brands or in assisting in other franchisee expansion efforts. Provided the franchisee/hotel owner is in compliance with the terms of the franchise/management agreement, all or a portion of the development advance notes may be forgiven by Wyndham Hotels over the period of the franchise/management agreement, which typically ranges from 10 to 20 years. Otherwise, the related principal is due and payable to Wyndham Hotels. In certain instances, Wyndham Hotels may earn interest on unpaid franchisee development advance notes.

The Company recorded the following related to development advance notes on the Consolidated and Combined Financial Statements:

Consolidated Balance Sheets:

	As of December 31,	
	2019	2018
Development advance notes ^(a)	\$ 84	\$ 78

(a) Included within other non-current assets.

Consolidated and Combined Statements of Income:

	Year Ended December 31,		
	2019	2018	2017
Forgiveness of notes ^(a)	\$ 8	\$ 7	\$ 6
Bad debt expense related to notes	2	1	—
Interest earned on unpaid notes	1	1	—

(a) Amounts are recorded as a reduction of royalties and franchise fees and marketing, reservation and loyalty revenues.

8. INCOME TAXES

In December 2017, the United States enacted the Tax Cuts and Jobs Act ("U.S. tax reform") and significantly changed U.S. corporate income tax laws by reducing the U.S. corporate income tax rate from 35% to 21% starting in 2018, and imposing a one-time mandatory deemed repatriation tax on undistributed historical earnings of foreign subsidiaries. Other provisions of the law were not effective until January 1, 2018 and include, but are not limited to, creating a territorial tax system which generally eliminates U.S. federal income taxes on dividends from foreign subsidiaries, eliminating or limiting the deduction of certain expenses, and imposing a minimum tax on earnings generated by foreign subsidiaries.

As of December 31, 2017, the Company had made a reasonable estimate for (i) the remeasurement of its net deferred income tax and uncertain tax liabilities based on the new reduced U.S. corporate income tax rate and (ii) the one-time deemed repatriation tax on the Company's undistributed historical earnings of foreign subsidiaries. With respect to certain other items, the Company had not yet been able to make a reasonable estimate and continued to account for those items based on its existing accounting under GAAP and the provisions of the tax laws that were in effect prior to enactment of the U.S. tax reform. One such case was the Company's intent regarding whether to continue to assert indefinite reinvestment on a part or all the undistributed foreign earnings. During the fourth quarter of 2018, the Company completed its accounting for the tax effects of the U.S. tax reform recorded for 2017. The following table presents the impact of the accounting for the enactment of U.S. tax reform on the Company's provision for (benefit from) income taxes:

	Year Ended December 31,	
	2018	2017
Remeasurement of net deferred income tax and uncertain tax liabilities	\$ (2)	\$ (87)
One-time deemed repatriation tax on undistributed historical earnings of foreign subsidiaries	(2)	2
Total provision for (benefit from) income taxes impact	<u>\$ (4)</u>	<u>\$ (85)</u>

Although the one-time mandatory deemed repatriation tax during 2017 and the territorial tax system created as a result of U.S. tax reform generally eliminate U.S. federal income taxes on dividends from foreign subsidiaries, the Company continues to assert that all of the undistributed foreign earnings of \$55 million will be reinvested indefinitely as of December 31, 2019. In the event the Company determines not to continue to assert that all or part of its undistributed foreign earnings are permanently reinvested, such a determination in the future could result in the accrual and payment of additional foreign withholding taxes and U.S. taxes on currency transaction gains and losses, the determination of which is not practicable.

The income tax provision consists of the following:

	Year Ended December 31,		
	2019	2018	2017
Current			
Federal	\$ 40	\$ 34	\$ 84
State	3	13	13
Foreign	21	14	7
	<u>64</u>	<u>61</u>	<u>104</u>
Deferred			
Federal	(3)	2	(89)
State	(10)	(2)	(1)
Foreign	(1)	—	(1)
	<u>(14)</u>	<u>—</u>	<u>(91)</u>
Provision for income taxes	<u>\$ 50</u>	<u>\$ 61</u>	<u>\$ 13</u>

Pretax income for domestic and foreign operations consisted of the following:

	Year Ended December 31,		
	2019	2018	2017
Domestic	\$ 175	\$ 190	\$ 234
Foreign	32	33	9
Pretax income	<u>\$ 207</u>	<u>\$ 223</u>	<u>\$ 243</u>

Deferred taxes

Deferred income tax assets and liabilities are comprised of the following:

	As of December 31,	
	2019	2018
<i>Deferred income tax assets:</i>		
Accrued liabilities and deferred revenues	\$ 97	\$ 87
Tax credits ^(a)	6	12
Provision for doubtful accounts	17	20
Net operating loss carryforward ^(b)	18	14
Other	20	14
Valuation allowance ^(c)	(19)	(15)
Deferred income tax assets	139	132
<i>Deferred income tax liabilities:</i>		
Depreciation and amortization	508	517
Other	15	12
Deferred income tax liabilities	523	529
Net deferred income tax liabilities	\$ 384	\$ 397
<i>Reported in:</i>		
Other non-current assets	\$ 3	\$ 2
Deferred income taxes	387	399
Net deferred income tax liabilities	\$ 384	\$ 397

(a) As of December 31, 2019, the Company had \$6 million of foreign tax credits. The foreign tax credits expire no later than 2029.

(b) As of December 31, 2019, the Company's net operating loss carryforwards primarily relate to state net operating losses, which are due to expire at various dates, but no later than 2039.

(c) The valuation allowance of \$19 million at December 31, 2019 relates to net operating loss carryforwards, certain deferred tax assets and foreign tax credits of \$14 million, \$3 million and \$2 million, respectively. The valuation allowance of \$15 million at December 31, 2018 relates to net operating loss carryforwards, certain deferred tax assets and foreign tax credits of \$11 million, \$3 million, and \$1 million, respectively. The valuation allowance will be reduced when and if the Company determines it is more likely than not that the related deferred income tax assets will be realized.

The Company's effective income tax rate differs from the U.S. federal statutory rate as follows for the years ended December 31:

	2019	2018	2017
Federal statutory rate	21.0 %	21.0 %	35.0 %
State and local income taxes, net of federal tax benefits	(3.8)	2.9	3.6
Taxes on foreign operations at rates different than U.S. federal statutory rates	5.0	1.9	0.8
Taxes on foreign income, net of tax credits	(0.5)	0.3	0.4
Valuation allowances	1.9	1.4	(0.1)
Impact of U.S. tax reform	—	(1.8)	(34.9)
Other	0.6	1.7	0.5
	24.2 %	27.4 %	5.3 %

The effective income tax rate for 2019 and 2018 differs from the U.S. Federal income tax rate of 21% primarily due to U.S. and foreign taxes on the Company's international operations and state taxes. During 2019, the tax effect was partially offset by one-time state tax benefits resulting from a settlement with state taxing authorities and from a change in the Company's state income tax filing position due to its spin-off from Wyndham Worldwide. The effective income tax rate for 2017 differs from the U.S. Federal income tax rate of 35% primarily due to state taxes and the net tax benefit from the impact of U.S. tax reform.

The following table summarizes the activity related to the Company's unrecognized tax benefits as of December 31:

	2019	2018	2017
Beginning Balance	\$ 13	\$ 12	\$ 13
Increases related to tax positions taken during a prior period	2	2	—
Increases related to tax positions taken during the current period	—	1	2
Decreases related to settlements with taxing authorities	(3)	—	—
Decreases as a result of a lapse of the applicable statute of limitations	(1)	(2)	(2)
Decreases related to tax positions taken during a prior period	—	—	(1)
Ending Balance	<u>\$ 11</u>	<u>\$ 13</u>	<u>\$ 12</u>

The gross amount of the unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate was \$11 million, \$13 million and \$12 million as of December 31, 2019, 2018 and 2017, respectively. The Company recorded both accrued interest and penalties related to unrecognized tax benefits as a component of provision for income taxes on the Consolidated and Combined Statements of Income. The amount of potential penalties and interest related to these unrecognized tax benefits recorded in the provision for income taxes was a benefit of \$1 million during 2019, an expense of \$1 million during 2018, and an expense of less than \$1 million during 2017. The Company had a liability for potential penalties of \$2 million as of December 31, 2019, 2018 and 2017 and potential interest of \$2 million as of December 31, 2019 and \$3 million as of both December 31, 2018 and 2017. Such liabilities are reported as a component of accrued expenses and other current liabilities and other non-current liabilities on the Consolidated Balance Sheets. The Company does not expect the unrecognized tax benefits to change significantly over the next 12 months.

The Company files income tax returns in the U.S. federal and state jurisdictions, as well as in foreign jurisdictions. Prior to our spin-off, the Company was part of a consolidated U.S. federal income tax return and consolidated and combined state returns with its former Parent and other subsidiaries that are not included in its Consolidated and Combined Financial Statements. Income taxes as presented in the Company's Consolidated and Combined Financial Statements prior to our spin-off presented current and deferred income taxes of the consolidated federal tax filing attributed to the Company using the separate return method. The separate return method applies the accounting guidance for income taxes to the financial statements as if the Company was a separate taxpayer. The 2015 through 2019 tax years generally remain subject to examination by federal tax authorities, the years 2015 through pre-spin off 2018 tax years as part of the Company's former Parent filing. The 2010 through 2019 tax years generally remain subject to examination by many state tax authorities. In significant foreign jurisdictions, the 2012 through the 2019 tax years generally remain subject to examination by their respective tax authorities. The statute of limitations is scheduled to expire within 12 months of the reporting date in certain taxing jurisdictions, and the Company therefore believes that it is reasonably possible that the total amount of its unrecognized tax benefits could decrease by \$4 million to \$5 million.

The Company made federal and state income tax payments, net of refunds, in the amount of \$43 million for the twelve months ended December 31, 2019. These payments exclude \$195 million of tax payments related to assumed liabilities in connection with the La Quinta acquisition. During the years 2018 and 2017, the former Parent paid \$27 million and \$93 million, respectively, of federal and state income tax liabilities related to the Company, which is reflected in its Consolidated and Combined Financial Statements as an increase in former Parent's net investment. Following the Company's spin-off in 2018, the Company made federal and state income tax payments, net of refunds, in the amount of \$39 million. Additionally, the Company made foreign income tax payments, net of refunds, in the amount of \$16 million in 2019 and \$12 million in 2018 and 2017.

9. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of:

	As of December 31,	
	2019	2018
Land	\$ 19	\$ 17
Buildings and leasehold improvements	214	212
Capitalized software	311	292
Furniture, fixtures and equipment	92	86
Finance leases	72	72
Construction in progress	21	22
	<u>729</u>	<u>701</u>
Less: Accumulated depreciation	422	375
	<u>\$ 307</u>	<u>\$ 326</u>

Wyndham Hotels recorded depreciation expense of \$71 million, \$68 million, and \$55 million during 2019, 2018 and 2017, respectively, related to property and equipment.

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of:

	As of December 31,	
	2019	2018
Accrued payroll and related expenses	\$ 83	\$ 109
Accrued loyalty program liabilities	56	54
Accrued self-insurance liabilities	29	15
Accrued taxes payable	17	15
Accrued professional expenses	12	7
Due to former Parent	10	11
Performance guarantee liability (Note 13)	10	9
Accrued restructuring (Note 16)	8	—
Accrued legal settlements (Note 13)	7	25
Accrued interest	6	6
Accrued separation expenses	5	19
Accrued marketing expenses	5	8
Operating lease liabilities (Note 18)	5	—
La Quinta tax liability (Note 5)	—	205
Other	26	19
	<u>\$ 279</u>	<u>\$ 502</u>

11. LONG-TERM DEBT AND BORROWING ARRANGEMENTS

The Company's indebtedness consisted of:

	As of December 31,			
	2019		2018	
	Amount	Weighted Average Rate ^(b)	Amount	Weighted Average Rate ^(b)
Long-term debt: ^(a)				
\$750 million revolving credit facility (due May 2023)	\$ —		\$ —	
Term loan (due May 2025)	1,568	4.00%	1,582	4.25%
Senior unsecured notes (due April 2026)	494	5.38%	494	5.38%
Finance leases	60	4.50%	65	4.50%
Total long-term debt	2,122		2,141	
Less: Current portion of long-term debt	21		21	
Long-term debt	\$ 2,101		\$ 2,120	

(a) The carrying amount of the term loan and senior unsecured notes are net of deferred debt issuance costs of \$18 million and \$21 million as of December 31, 2019 and 2018, respectively.

(b) Weighted average interest rate based on year-end balances, including the effects from hedging.

Maturities and capacity

The Company's outstanding debt as of December 31, 2019 matures as follows:

	Long-Term Debt
Within 1 year	\$ 21
Between 1 and 2 years	21
Between 2 and 3 years	21
Between 3 and 4 years	21
Between 4 and 5 years	22
Thereafter	2,016
Total	\$ 2,122

As of December 31, 2019, the available capacity under the Company's revolving credit facility was as follows:

	Revolving Credit Facility
Total capacity	\$ 750
Less: Letters of credit	15
Available capacity	\$ 735

Long-term debt

\$750 million Revolving Credit Facility. During May 2018, the Company entered into an agreement for a \$750 million revolving credit facility expiring in May 2023. This facility is subject to an interest rate per annum equal to, at Wyndham Hotels' option, either a base rate plus a margin ranging from 0.50% to 1.00% or LIBOR plus a margin ranging from 1.50% to 2.00%, in either case based upon the total leverage ratio of the Company and its restricted subsidiaries. In addition, Wyndham Hotels will pay a commitment fee on the unused portion of the revolving credit facility of 0.20% per annum.

\$1.6 billion Term Loan Agreement. During May 2018, the Company entered a credit agreement for a \$1.6 billion term loan (the "Term Loan") expiring in May 2025. The interest rate per annum applicable to the Term Loan is equal to, at the Company's option, either a base rate plus a margin of 0.75% or LIBOR plus a margin of 1.75%. The LIBOR rate with respect to the Term Loan is subject to a "floor" of 0.00%. The Term Loan began amortizing in equal quarterly installments beginning in the fourth quarter of 2018 in aggregate annual amounts equal to 1.00% of the original principal amount thereof. The Term Loan is subject to standard mandatory prepayment provisions including (i) 100% of the net cash proceeds from issuances or

incurrence of debt by Wyndham Hotels or any of its restricted subsidiaries (other than with respect to certain permitted indebtedness); (ii) 100% (with step-downs to 50% and 0% based upon achievement of specified first-lien leverage ratios) of the net cash proceeds from certain sales or other dispositions of assets by Wyndham Hotels or any of its restricted subsidiaries in excess of a certain amount and subject to customary reinvestment provisions and certain other exceptions; and (iii) 50% (with step-downs to 25% and 0% based upon achievement of specified first-lien leverage ratios) of annual (commencing with the 2019 fiscal year) excess cash flow of Wyndham Hotels and its restricted subsidiaries, subject to customary exceptions and limitations.

The revolving credit facility and term loan (the “Credit Facilities”) are guaranteed, jointly and severally, by certain of Wyndham Hotels’ wholly-owned domestic subsidiaries and secured by a first-priority security interest in substantially all of the assets of Wyndham Hotels and those subsidiaries. The Credit Facilities were initially guaranteed by Wyndham Worldwide, which guarantee was released immediately prior to the consummation of the spin-off. The Credit Facilities contain customary covenants that, among other things, restrict, subject to certain exceptions, Wyndham Hotels, Inc. and its restricted subsidiaries’ ability to grant liens on Wyndham Hotels and its restricted subsidiaries’ assets, incur indebtedness, sell assets, make investments, engage in acquisitions, mergers or consolidations and pay certain dividends and other restricted payments. The Credit Facilities require Wyndham Hotels to comply with financial maintenance covenants to be tested quarterly, consisting of a maximum first-lien leverage ratio.

Subject to customary conditions and restrictions, Wyndham Hotels may obtain incremental term loans and/or revolving loans in an aggregate amount not to exceed (i) the greater of \$550 million and 100% of EBITDA, plus (ii) the amount of all voluntary prepayments and commitment reductions under the Credit Facilities, plus (iii) additional amounts subject to certain leverage-based ratio tests.

The Credit Facilities also contain certain customary events of default, including, but not limited to: (i) failure to pay principal, interest, fees or other amounts under the Credit Facilities when due, taking into account any applicable grace period; (ii) any representation or warranty proving to have been incorrect in any material respect when made; (iii) failure to perform or observe covenants or other terms of the Credit Facilities subject to certain grace periods; (iv) a cross-default and cross-acceleration with certain other material debt; (v) bankruptcy events; (vi) certain defaults under ERISA; and (vii) the invalidity or impairment of security interests.

5.375% Senior Unsecured Notes. In April 2018, the Company issued \$500 million of senior unsecured notes, which mature in 2026 and bear interest at a rate of 5.375% per year, for net proceeds of \$493 million. Interest is payable semi-annually in arrears on October 15 and April 15 of each year, commencing on October 15, 2018. The Company used the net cash proceeds from the notes to reduce debt due to former Parent.

Finance Lease. In connection with the Company’s separation from Wyndham Worldwide, Wyndham Hotels was assigned the lease for its corporate headquarters located in Parsippany, New Jersey from its former Parent, which resulted in the Company recording a finance lease obligation and asset of \$66 million and \$43 million, respectively.

Deferred debt issuance costs

The Company classifies deferred debt issuance costs related to its revolving credit facility within other non-current assets on the Consolidated Balance Sheets. Such deferred debt issuance costs were \$4 million and \$5 million as of December 31, 2019 and 2018, respectively.

Cash flow hedge

In 2018, the Company hedged a portion of its \$1.6 billion term loan. As of December 31, 2019, the pay-fixed/receive-variable interest rate swaps hedge \$1.1 billion of the Company’s term loan interest rate exposure, of which \$600 million expires in June 2024 and has a weighted average fixed rate of 2.54% and \$500 million expires in December 2021 and has a weighted average fixed rate of 2.40%. The variable rates of the swap agreements are based on one-month LIBOR. The aggregate fair value of these interest rate swaps was a \$34 million and \$5 million liability as of December 31, 2019 and 2018, respectively, which was included within other non-current liabilities on the Consolidated Balance Sheets. The effect of interest rate swaps on interest expense, net on the Consolidated and Combined Statements of Income were \$3 million and \$2 million of expense during 2019 and 2018, respectively. There was no hedging ineffectiveness recognized in 2019 or 2018. The Company expects to reclassify approximately \$10 million from AOCI to interest expense during the next 12 months.

Interest expense, net

Wyndham Hotels incurred interest expense of \$104 million, \$67 million and \$7 million in 2019, 2018 and 2017, respectively. Cash paid related to such interest was \$100 million and \$56 million for 2019 and 2018, respectively. Interest income was \$4 million, \$7 million and \$1 million for 2019, 2018 and 2017, respectively.

12. FAIR VALUE

Wyndham Hotels 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. Wyndham Hotels' 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.

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, 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:

	December 31, 2019	
	Carrying Amount	Estimated Fair Value
Debt		
Total debt	\$ 2,122	\$ 2,179

The Company estimates the fair value of its debt using Level 2 inputs based on indicative bids from investment banks or quoted market prices with the exception of finance leases, which are estimated at carrying value.

Financial instruments

Changes in interest rates and foreign exchange rates expose Wyndham Hotels to market risk. The Company uses cash flow hedges as part of its overall strategy to manage its exposure to market risks associated with fluctuations in interest rates and foreign currency exchange rates. As a matter of policy, the Company only enters into transactions that it believes will be highly effective at offsetting the underlying risk, and it does not use derivatives for trading or speculative purposes. The Company estimates the fair value of its derivatives using Level 2 inputs.

Interest rate risk

A portion of 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 interest rate swaps. The derivatives used to manage the risk associated with the Company's floating rate debt are derivatives designated as cash flow hedges.

Foreign currency risk

The Company has currency rate exposure to exchange rate fluctuations worldwide particularly with respect to the Canadian Dollar, the Chinese Yuan, the Euro, the British Pound and the Argentine Peso. The Company uses foreign currency

forward contracts at various times to manage and reduce the currency exchange rate risk associated with its foreign currency denominated receivables and payables, forecasted royalties and forecasted earnings and cash flows of foreign subsidiaries and other transactions. Losses recognized in income from freestanding foreign currency exchange contracts were \$1 million for 2019 and \$2 million for 2018 and 2017.

As required, the Company began accounting for Argentina as a highly inflationary economy as of July 1, 2018. The Company incurred foreign currency exchange losses related to Argentina of \$5 million and \$3 million during 2019 and 2018, respectively. Such losses are included in operating expenses in the Consolidated and Combined Statements of Income.

Credit risk and exposure

The Company is exposed to counterparty credit risk in the event of nonperformance by counterparties to various agreements and sales transactions. The Company manages such risk by evaluating the financial position and creditworthiness of such counterparties and often by requiring collateral in instances in which financing is provided. The Company mitigates counterparty credit risk associated with its derivative contracts by monitoring the amounts at risk with each counterparty to such contracts, periodically evaluating counterparty creditworthiness and financial position, and where possible, dispersing its risk among multiple counterparties.

Market risk

The Company is subject to risks relating to the geographic concentration of its hotel properties, which may result in the Company's results of operations being more sensitive to local and regional economic conditions and other factors, including competition, natural disasters and economic downturns, than the Company's results of operations would be, absent such geographic concentrations. Local and regional economic conditions and other factors may differ materially from prevailing conditions in other parts of the world. Excluding cost reimbursement revenues, which are offset by cost reimbursement expense, revenues from transactions in the states of Texas and Florida as a percent of U.S. revenues were approximately 10% and 20%, respectively, during 2019 and 10% and 18%, respectively, during 2018. Revenues in the state of Florida include license and other fees from the Company's former Parent. Excluding these revenues, revenues in the state of Florida as a percent of U.S. revenues were 10% during 2019 and 2018.

During 2019 and 2018, the Company had one customer which accounted for 26% and 22%, respectively, of revenues. Excluding cost reimbursement revenues, which are offset by cost reimbursement expenses, such customer accounted for 10% and 6% of the Company's revenues during 2019 and 2018, respectively.

13. COMMITMENTS AND CONTINGENCIES

Litigation

Wyndham Hotels is involved, at times, in claims, legal and regulatory proceedings and governmental inquiries arising in the ordinary course of its business, including but not limited to: breach of contract, fraud and bad faith claims with franchisees in connection with franchise agreements and with owners in connection with management contracts, as well as 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. The Company may also at times be involved in claims, legal and regulatory proceedings and governmental inquiries relating to bankruptcy proceedings involving efforts to collect receivables from a debtor in bankruptcy, employment matters, 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. Along with many of its competitors, the Company and/or certain of its subsidiaries have been named as defendants in litigation matters filed in state and federal courts, alleging statutory and common law claims related to purported incidents of sex trafficking at certain franchised and managed hotel facilities. These matters are in the pleading or discovery stages at this time. As of December 31, 2019, the Company is aware of approximately 30 cases filed naming the Company and/or subsidiaries. Based upon the status of these matters, the Company has not made a determination as to the likelihood of loss of any one of these matters and is unable to estimate a range of losses at this time.

The Company assumed one-third of certain contingent and other corporate liabilities of Wyndham Worldwide incurred prior to the spin-off, including liabilities of Wyndham Worldwide related to, arising out of or resulting from certain terminated or divested businesses, certain general corporate matters of Wyndham Worldwide and any actions with respect to the separation plan or the distribution made or brought by any third party.

Wyndham Hotels 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, Wyndham Hotels evaluates, among other things, the degree of probability of an unfavorable outcome, and when it is probable that a liability has been incurred, its ability to make a reasonable estimate of loss. Wyndham Hotels 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.

Wyndham Hotels believes that it has adequately accrued for such matters with reserves of \$7 million and \$25 million as of December 31, 2019 and December 31, 2018. The Company also had receivables of \$2 million and \$21 million as of December 31, 2019 and 2018, respectively, for certain matters which are covered by insurance and were included in other current assets on its Consolidated Balance Sheets. Litigation is inherently unpredictable and, although Wyndham Hotels 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 Wyndham Hotels with respect to earnings and/or cash flows in any given reporting period. As of December 31, 2019, the potential exposure resulting from adverse outcomes of such legal proceedings could, in the aggregate, range up to approximately \$10 million in excess of recorded accruals. However, Wyndham Hotels does not believe that the impact of such litigation will result in a material liability to Wyndham Hotels in relation to its combined financial position or liquidity.

Guarantees

Hotel-management guarantees

The Company had previously entered into hotel-management agreements that provide the hotel owner with a guarantee of a certain level of profitability based upon various metrics. Under such agreements, the Company was required to compensate the hotel owner for any profitability shortfall over 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.

During 2019, the Company determined it would exit two unprofitable hotel-management agreements initiated in 2012 and 2013. One such agreement covered eight hotel properties. The Company paid \$35 million in the fourth quarter of 2019 to terminate this agreement effective January 1, 2020. Upon the effective date of this agreement, the Company will no longer be required to fund any operating shortfalls under the guarantee agreement. In connection with such hotel-management agreement, the Company had a \$10 million liability as of December 31, 2019, which was included in accrued expenses and other current liabilities on the Consolidated Balance Sheet that is expected to be paid in the first quarter of 2020.

The other agreement was initiated in 2013 and covered 22 hotel properties. In conjunction with this management agreement, which was subject to recapture provisions, the Company's guarantee obligations have been exhausted, and in the third quarter of 2019, the Company elected not to support further out-of-pocket payments by its subsidiary to the hotels' owner. The Company expected that this will result in the hotel-management agreement, including the Company's ability to recapture out-of-pocket payments it had made to the hotels' owner, being terminated. As a result of the decision to no longer support out-of-pocket payments and other factors during the third quarter of 2019, \$48 million of receivables became fully impaired and were written off. The Company also wrote off a \$10 million guarantee asset and derecognized a \$13 million guarantee liability related to such management agreement. As such, the Company recorded a total net non-cash charge of \$45 million which is reported within impairment, net on the Consolidated Statement of Income. The Company entered into an agreement effective October 31, 2019, which terminated the operating performance guarantees.

As of December 31, 2019, the Company only had one remaining performance guarantee. The maximum potential amount of future payments that may be made under this guarantee was \$20 million with an annual cap of \$5 million. This guarantee has a remaining life of approximately four years and is subject to recapture provisions in the event that future operating results exceed targets. To reflect these recapture provisions, the Company had a receivable of \$5 million as of December 31, 2019, of which \$1 million was included in other current assets and \$4 million was included in other non-current assets on its Consolidated Balance Sheet. Such receivable was the result of payments made to date that were subject to recapture and which the Company believes will be recoverable from future operating performance.

As of December 31, 2018, in connection with all three of the then-existing performance guarantees, the Company maintained a liability of \$24 million, of which \$15 million was included in other non-current liabilities and \$9 million was included in accrued expenses and other current liabilities on its Consolidated Balance Sheet. As of December 31, 2018, the Company also had a corresponding \$11 million asset related to the guarantees, of which \$1 million was included in other current assets and \$10 million was included in other non-current assets on its Consolidated Balance Sheet. Such assets were

amortized on a straight-line basis over the life of the agreements. The amortization expense for the performance guarantees noted above was less than \$1 million, \$1 million and \$2 million for 2019, 2018 and 2017, respectively.

Additionally, as of December 31, 2018, the Company had receivables of \$46 million, of which \$45 million were included in other non-current assets and \$1 million was included in other current assets on its Consolidated Balance Sheet, for guarantees subject to recapture provisions. The Company also had receivables of \$21 million for deferred hotel management fees which were included within other non-current assets on the Consolidated Balance Sheets and were fully offset by \$21 million of deferred hotel management fees which were included within deferred revenues on the Consolidated Balance Sheets. These amounts were fully written off in 2019.

Credit support provided and other indemnifications relating to Wyndham Worldwide's sale of its European Vacation Rentals business

In May 2018, Wyndham Worldwide completed the sale of its European Vacation Rentals business to Compass IV Limited, an affiliate of Platinum Equity, LLC ("Buyer"). In connection with the sale of the European Vacation Rentals business, the Company provided certain post-closing credit support in the form of guarantees to help ensure that the business meets the requirements of certain credit card service providers, travel association and regulatory authorities. Such post-closing credit support may be enforced or called upon if the European vacation rentals business fails to meet its primary obligation to pay certain amounts when due. The European vacation rentals business has provided an indemnity to Wyndham Destinations in the event that the post-closing credit support is enforced or called upon.

Pursuant to the terms of the Separation and Distribution Agreement that was entered into in connection with the Company's spin-off, the Company will assume one-third and Wyndham Destinations will assume two-thirds of losses that may be incurred by Wyndham Destinations or the Company in the event that these credit support arrangements are enforced or called upon by any beneficiary in respect of any indemnification claims made.

The table below summarizes the post-closing credit support guarantees related to the sale of the European Vacation Rentals business, the fair values of such guarantees and the receivables from its former Parent representing two-thirds of such guarantees at December 31, 2019:

	Guarantees	Fair Value of Guarantees	Receivable from former Parent
Post-closing credit support at time of sale	\$ 81	\$ 39	\$ 26
Additional post-closing credit support	46	22	15
Total	\$ 127	\$ 61	\$ 41

The fair value of the guarantees were \$61 million and \$62 million as of December 31, 2019 and 2018, respectively, and were included in other non-current liabilities on the Consolidated Balance Sheets. In connection with these guarantees the Company had receivables from its former Parent of \$41 million as of December 31, 2019 and 2018, which were included in other non-current assets on its Consolidated Balance Sheets.

14. STOCK-BASED COMPENSATION

The Company has a stock-based compensation plan available to grant non-qualified stock options, incentive stock options, stock-settled appreciation rights ("SSARs"), RSUs, performance-vesting restricted stock units ("PSUs") and other stock-based awards to key employees, non-employee directors, advisors and consultants. Under the Wyndham Hotels & Resorts, Inc. 2018 Equity and Incentive Plan ("Stock Plan"), which became effective on May 14, 2018, a maximum of 10.0 million shares of common stock may be awarded. As of December 31, 2019, 6.8 million shares remained available.

Incentive equity awards granted by the Company

During 2019, Wyndham Hotels' Board approved incentive equity award grants to employees of Wyndham Hotels in the form of RSUs, stock options and PSUs.

The activity related to the Company's incentive equity awards for the year ended December 31, 2019 consisted of the following:

	RSUs		PSUs	
	Number of RSUs	Weighted Average Grant Price	Number of PSUs	Weighted Average Grant Price
Balance as of December 31, 2018	0.5	\$ 61.31	—	\$ —
Granted ^(a)	0.6	52.19	0.1	52.44
Vested	(0.1)	61.24	—	—
Canceled	(0.2)	57.37	—	—
Balance as of December 31, 2019	0.8 ^(b)	\$ 55.75	0.1 ^(c)	\$ 52.44

(a) Represents awards granted by the Company primarily in February 2019.

(b) RSUs outstanding as of December 31, 2019 are expected to vest over time and have an aggregate unrecognized compensation expense of \$34 million, which is expected to be recognized over a weighted average period of 2.9 years.

(c) PSUs outstanding as of December 31, 2019 are expected to vest over time and have an aggregate unrecognized compensation expense of \$2 million, which is expected to be recognized over a weighted average period of 2.3 years.

The activity related to stock options granted by the Company for the year ended December 31, 2019 consisted of the following:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in millions)
Outstanding as of December 31, 2018	0.5	\$ 61.40		
Granted	0.5	52.44		
Exercised	—	—		
Canceled	(0.1)	57.93		
Expired	—	—		
Outstanding as of December 31, 2019	0.9	\$ 56.96	6.8	\$ 5
Unvested as of December 31, 2019	0.8 ^(a)	\$ 56.22	7.0	\$ 5
Exercisable as of December 31, 2019	0.1	\$ 61.40	5.2	\$ —

(a) Unvested options as of December 31, 2019 are expected to vest over time and have an aggregate unrecognized compensation expense of \$6 million, which is expected to be recognized over a weighted average period of 2.8 years.

The fair value of stock options granted by Wyndham Hotels during 2019 and 2018 were estimated on the date of the grant using the Black-Scholes option-pricing model with the relevant assumptions outlined in the table below. Expected volatility is based on both historical and implied volatilities of the stock of comparable companies over the estimated expected life of the options. The expected life represents the period of time the options are expected to be outstanding. The risk-free interest rate is based on yields on U.S. Treasury strips with a maturity similar to the estimated expected life of the options. The projected dividend yield was based on the Company's anticipated annual dividend divided by the price of the Company's stock on the date of the grant.

	2019	2018
Grant date fair value	\$10.46	\$11.72
Grant date strike price	\$52.44	\$61.40
Expected volatility	22.24%	22.72%
Expected life	6.25 years	4.25 years
Risk-free interest rate	2.63%	2.73%
Projected dividend yield	2.21%	1.63%

Incentive equity award modification

In August 2017, in conjunction with the anticipated spin-off of Wyndham Hotels, the Wyndham Worldwide Board approved certain modifications to the incentive equity awards granted by Wyndham Worldwide. Such modifications were contingent upon the spin-off becoming probable. On May 9, 2018, Wyndham Worldwide's Board approved the spin-off of Wyndham Hotels, resulting in an accelerated vesting of 0.4 million RSUs and 0.1 million PSUs for all outstanding equity awards granted prior to 2018.

Stock-based compensation expense

Stock-based compensation expense was \$20 million, \$45 million and \$11 million for 2019, 2018 and 2017, respectively. For 2019 and 2018, \$4 million and \$36 million, respectively, was recorded within separation-related costs on the Consolidated and Combined Statements of Income. In 2018, separation-related costs included \$15 million of expense as a result of the modification of the Stock Plan. Further, in 2019, \$1 million was recorded within restructuring expense on the Consolidated and Combined Statements of Income.

15. SEGMENT INFORMATION

The reportable segments presented below represent Wyndham Hotels' operating segments for which separate financial information is available and is utilized on a regular basis by its chief operating decision maker to assess performance and allocate resources. In identifying its reportable segments, Wyndham Hotels 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 "adjusted EBITDA", which is defined as net income excluding interest expense, depreciation and amortization, impairment charges, restructuring and related charges, contract termination costs, transaction-related items (acquisition-, disposition- or separation-related), foreign currency impacts of highly inflationary countries, stock-based compensation expense and income taxes. Wyndham Hotels believes that adjusted EBITDA is a useful measure of performance for its segments which, when considered with U.S. GAAP measures, allows a more complete understanding of its operating performance. Wyndham Hotels uses these measures internally to assess operating performance, both absolutely and in comparison to other companies, and to make day to day operating decisions, including in the evaluation of selected compensation decisions. Wyndham Hotels' presentation of adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

	Hotel Franchising		Hotel Management		Corporate and Other ^(a)		Total
Year Ended or as of December 31, 2019							
Net revenues	\$	1,279	\$	768	\$	6	\$ 2,053
Adjusted EBITDA		622		66		(75)	613
Depreciation and amortization		72		26		11	109
Segment assets		3,817		500		216	4,533
Capital expenditures		35		8		7	50
Year Ended or as of December 31, 2018							
Net revenues	\$	1,135	\$	726	\$	7	\$ 1,868
Adjusted EBITDA		515		47		(55)	507
Depreciation and amortization		72		21		6	99
Segment assets		3,829		580		567	4,976
Capital expenditures		43		27		3	73
Year Ended or as of December 31, 2017							
Net revenues	\$	897	\$	383	\$	—	\$ 1,280
Adjusted EBITDA		402		21		(40)	383
Depreciation and amortization		59		16		—	75
Segment assets		1,727		400		10	2,137
Capital expenditures		35		11		—	46

(a) Includes the elimination of transactions between segments.

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Provided below is a reconciliation of net income to adjusted EBITDA.

	Year Ended December 31,		
	2019	2018	2017
Net income	\$ 157	\$ 162	\$ 230
Provision for income taxes	50	61	13
Depreciation and amortization	109	99	75
Interest expense, net	100	60	6
Stock-based compensation expense	15	9	11
Impairment, net	45	—	41
Contract termination costs	42	—	—
Transaction-related expenses, net	40	36	3
Separation-related expenses	22	77	3
Transaction-related item	20	—	—
Restructuring costs	8	—	1
Foreign currency impact of highly inflationary countries	5	3	—
Adjusted EBITDA	<u>\$ 613</u>	<u>\$ 507</u>	<u>\$ 383</u>

The geographic segment information provided below is classified based on the geographic location of Wyndham Hotels' subsidiaries.

	United States	All Other Countries ^(a)	Total
Year Ended or As of December 31, 2019			
Net revenues	\$ 1,805	\$ 248	\$ 2,053
Net long-lived assets	3,619	173	3,792
Year Ended or As of December 31, 2018			
Net revenues	\$ 1,641	\$ 227	\$ 1,868
Net long-lived assets	3,681	179	3,860
Year Ended or As of December 31, 2017			
Net revenues	\$ 1,066	\$ 214	\$ 1,280
Net long-lived assets	1,431	185	1,616

(a) Includes U.S. territories.

16. OTHER EXPENSES AND CHARGES

CorePoint agreement

In October 2019, the Company entered into an agreement with CorePoint, a franchisee with which the Company also has hotel-management agreements, to resolve open issues between the two companies. As part of the agreement, the Company recorded a \$20 million fee credit for past services in 2019, representing payments Wyndham is required to make to CorePoint pursuant to the agreement. Such charge is reflected as a reduction to hotel management revenues on the Consolidated and Combined Statements of Income. In addition, the two companies also agreed to finalize outstanding tax matters related to Wyndham's acquisition of La Quinta. As a result, Wyndham also recorded a \$7 million charge in 2019 related to the resolution of the tax matters, which is reflected in transaction-related costs on the Consolidated and Combined Statements of Income. The Company paid \$18 million to CorePoint in 2019 related to such charges; the remaining amounts are expected to be paid primarily in 2020.

Impairment, net

During 2019, the Company incurred a non-cash net impairment charge of \$45 million associated with the termination of a hotel-management arrangement which contained operating performance guarantees and covered 22 hotel properties. The charge is comprised of a \$48 million write-off of receivables, a \$10 million write-off of a guarantee asset and the derecognition of a \$13 million guarantee liability. See Note 13 - Commitments and Contingencies for further details.

During 2017, Wyndham Hotels recorded \$41 million of non-cash impairment charges, of which \$25 million was for a write-down of a guarantee asset and a development advance note receivable related to a hotel management agreement, and \$16 million was primarily related to a partial write-down of management agreement assets. Such amount was recorded within impairment expense on the Consolidated and Combined Statements of Income.

Contract termination

During 2019, the Company incurred contract termination charges of \$42 million. The Company entered into an agreement to terminate a hotel-management agreement which contained operating performance guarantees and covered eight hotel properties. In conjunction with this termination, the Company incurred a contract termination charge of \$34 million. In addition, the Company incurred a contract termination charge of \$8 million in connection with an indemnification obligation associated with the termination of a hotel-management agreement and an associated lease. As of December 31, 2019, the Company had an \$8 million liability related to such charge which was included in accrued expenses and other current liabilities on its Consolidated Balance Sheet. See Note 13 - Commitments and Contingencies for further details.

Separation-related

The Company incurred separation-related costs associated with its spin-off from Wyndham Worldwide of \$22 million and \$77 million for the years ended December 31, 2019 and 2018, respectively. These costs primarily consist of severance, stock-based compensation and other employee-related costs.

Transaction-related, net

The Company incurred \$40 million of transaction-related expenses during the year ended December 31, 2019, which were primarily related to integration activities for the acquisition of La Quinta and includes \$7 million associated with the resolution of certain tax matters discussed above.

During 2018, the Company incurred \$36 million of transaction-related expenses consisting of \$59 million primarily related to the Company's acquisition of La Quinta partially offset by a \$23 million gain on the sale of its Knights Inn brand in May 2018. This sale was not material to the Company's results of operations or financial position.

Restructuring

During 2019, Wyndham Hotels recorded \$8 million of charges related to restructuring initiatives, primarily focused on enhancing its organizational efficiency and rationalizing its operations. These initiatives resulted in a reduction of 58 employees and are comprised of employee separation costs. The charges are recorded primarily to the Corporate and Other segment. During 2019, Wyndham Hotels made no material cash payments related to this initiative. The remaining liability of \$8 million as of December 31, 2019 is expected to be paid by the end of 2020.

During 2017, Wyndham Hotels recorded \$1 million of charges related to restructuring initiatives, primarily focused on realigning its brand operations. These initiatives resulted in a reduction of 12 employees. During 2017, Wyndham Hotels made \$1 million of cash payments related to this initiative.

Other charges

During 2017, Wyndham Hotels recorded a \$20 million write-down of property and equipment related to damage sustained from Hurricane Maria at its owned Rio Mar hotel in Puerto Rico. The property damage was fully recoverable through insurance coverage, the proceeds of which were received in 2017 and 2018.

17. TRANSACTIONS WITH FORMER PARENT

Wyndham Hotels has a number of arrangements with its former Parent for services provided between both parties as described below.

License agreement and other agreements with former Parent

In connection with the Company's spin-off, Wyndham Hotels and Wyndham Worldwide entered into long-term exclusive license agreements to retain Wyndham Destinations' affiliations with one of the hospitality industry's top-rated loyalty programs, Wyndham Rewards, as well as to continue to collaborate on inventory-sharing and customer cross-sell initiatives.

Wyndham Hotels also entered into several agreements with Wyndham Destinations that govern the relationship of the parties following the spin-off, including a separation and distribution agreement, an employee matters agreement, a tax matters agreement and a transition services agreement. In connection with these agreements, the Company recorded \$6 million and \$7 million of revenues during 2019 and 2018, respectively, which are reported within other revenues on the Consolidated and Combined Statements of Income.

In addition, Wyndham Hotels recorded revenues from Wyndham Destinations in the amount of \$113 million, \$84 million and \$59 million for a license, development and non-competition agreement and \$18 million, \$21 million and \$16 million for activities associated with the Wyndham Rewards program during 2019, 2018 and 2017, respectively. Such fees are recorded within license and other revenues from former Parent on the Consolidated and Combined Statements of Income. Wyndham Hotels also incurred \$8 million of expense during 2019 as a result of an indemnification obligation to Wyndham Destinations related to the termination of a hotel-management agreement and an associated lease. Such expense is recorded within contract termination expenses on the Consolidated and Combined Statement of Income.

These agreements have either not existed historically, or may be on different terms than the terms of the arrangement or agreements that existed prior to the spin-off. The Consolidated and Combined Financial Statements do not reflect the effect of these new and/or revised agreements for periods prior to the spin-off.

Transfer of former Parent liabilities and issuances of guarantees to former Parent and affiliates

Upon the distribution of the Company's common stock to Wyndham Worldwide shareholders, the Company entered into certain guarantee commitments with its former Parent. These guarantee arrangements relate to certain former Parent contingent tax and other corporate liabilities. The Company assumed and is responsible for one-third of such contingent liabilities while its former Parent is responsible for the remaining two-thirds. The amount of liabilities assumed by the Company in connection with the spin-off was \$22 million and \$24 million as of December 31, 2019 and 2018, respectively, which were included within other non-current liabilities. The Company also had a \$2 million and \$11 million liability due to its former Parent which was included within current liabilities on its Consolidated Balance Sheets as of December 31, 2019 and 2018, respectively. In addition, the Company had \$4 million and \$44 million of tax-related receivables due from former Parent as of December 31, 2019 and 2018, respectively, which were included within current assets on its Consolidated Balance Sheets. During 2019, the Company received \$28 million from its former Parent related to net tax refunds, which was included within capital contribution from former Parent on its Consolidated and Combined Statement of Cash Flows.

Wyndham Worldwide's sale of its European Vacation Rentals business

In connection with the sale of the European Vacation Rentals business, the Company was entitled to one-third of the excess of net proceeds from the sale above a pre-set amount. Accordingly, the Company had a net receivable of \$40 million as of December 31, 2018, which it received from its former Parent during 2019. Such amount was included within capital contribution from former Parent on the Company's Consolidated and Combined Statement of Cash Flows.

During 2019, the Buyer notified Wyndham Destinations of certain proposed post-closing adjustments of approximately \$44 million which could serve to reduce the net consideration received from the sale of the European Vacation Rentals business. While Wyndham Destinations intends to vigorously dispute these proposed adjustments, at this time the Company cannot reasonably estimate the probability or amount of the potential liability owed to the Buyer, if any. Any actual liability would be split one-third and two-thirds between the Company and Wyndham Destinations, respectively. As such, the Company's exposure to this post-closing adjustment could be up to \$15 million.

Cash management

Former Parent used a centralized cash management process. Prior to Company's spin-off, the majority of Wyndham Hotels' daily cash receipts were transferred to former Parent and former Parent funded Wyndham Hotels' operating and investing activities as needed. Accordingly, the cash and cash equivalents held by former Parent were not allocated to Wyndham Hotels prior to the spin-off. During such periods, Wyndham Hotels reflected transfers of cash between the Company and former Parent as a component of Due to former Parent, net on its Consolidated Balance Sheets.

Net transfer to and net contribution from former Parent

The components of net transfers to and net contribution from former Parent in the Consolidated and Combined Statements of former Parent's Net Investment were as follows:

	Year Ended December 31,	
	2018	2017
Cash pooling and general financing activities	\$ (110)	\$ (227)
Indirect general corporate overhead allocations	12	35
Corporate allocations for shared services	13	29
Stock-based compensation allocations	20	11
Income taxes	27	93
Net transfers to former Parent	(38)	(59)
Contribution of subsidiary borrowings due to former Parent	197	—
Capital contribution from former Parent	106	—
Dividend to former Parent	(109)	—
Other contributions from former Parent, net	66	—
Net contributions from former Parent	260	\$ —
Net transfers to and net contribution from former Parent	<u>\$ 222</u>	<u>\$ (59)</u>

Services provided by former Parent

Prior to the Company's spin-off, Wyndham Hotels' Consolidated and Combined Financial Statements included costs for services that its former Parent provided to the Company, including, but not limited to, information technology support, financial services, human resources and other shared services. Historically, these costs were charged to Wyndham Hotels on a basis determined by its former Parent to reflect a reasonable allocation of actual costs incurred to perform the services. During 2018 and 2017, Wyndham Hotels was charged \$13 million and \$29 million, respectively, for such services, which were included in operating and general and administrative expenses in Wyndham Hotels' Consolidated and Combined Statements of Income.

Additionally, former Parent allocated indirect general corporate overhead costs to Wyndham Hotels for certain functions and services provided, including, but not limited to, executive facilities, shared service technology platforms, finance and other administrative support. Accordingly, the Company recorded \$12 million and \$35 million of expenses for indirect general corporate overhead from former Parent during 2018 and 2017, respectively, which are included in general and administrative expenses within its Consolidated and Combined Statements of Income.

These allocations may not, however, reflect the expense Wyndham Hotels would have incurred as an independent, publicly traded company for the periods presented. Actual costs that may have been incurred had Wyndham Hotels been a stand-alone company would depend on a number of factors, including the chosen organizational structure, the functions Wyndham Hotels might have performed itself or outsourced and strategic decisions Wyndham Hotels might have made in areas such as information technology and infrastructure. Following the Company's spin-off, Wyndham Hotels performed these functions using its own resources or purchased services from either former Parent or third parties.

Insurance

Prior to the Company's spin-off, former Parent provided the Company with insurance coverage for general liability, property, business interruption and other risks with respect to business operations and charged the Company a fee based on estimates of claims. Wyndham Hotels was charged \$1 million and \$3 million for insurance during 2018 and 2017, respectively, which was included in the Consolidated and Combined Statements of Income.

Defined contribution benefit plans

Prior to the Company's spin-off, former Parent administered and maintained defined contribution savings plans and a deferred compensation plan that provided eligible employees of Wyndham Hotels an opportunity to accumulate funds for retirement. Former Parent matched the contributions of participating employees on the basis specified by each plan. Wyndham Hotels' cost for these plans was \$2 million and \$6 million during 2018 and 2017, respectively.

Subsequent to the Company's spin-off, Wyndham Hotels administers and maintains its own defined contribution savings plans and deferred compensation plan. The Company's cost for these plans was \$10 million and \$4 million during 2019 and 2018, respectively.

18. LEASES

The Company adopted the new accounting guidance for leases using the modified retrospective approach as of January 1, 2019. Prior-year financial statements were not recast under the new standard, and therefore those amounts are not presented in the tables below. The Company elected the package of transition provisions available for expired or existing contracts, which allowed the Company to carry forward its historical assessments of (i) whether contracts are or contain leases, (ii) lease classification and (iii) initial direct costs. The adoption of the new accounting guidance for leases resulted in the recognition of a \$12 million operating right-of-use asset and a corresponding operating lease liability. Under the prior accounting standard for leases, the Company already had \$41 million of assets and \$59 million of liabilities related to finance leases reflected on the Company's Consolidated Balance Sheet as of December 31, 2018.

The Company leases property and equipment under finance and operating leases. For leases with terms greater than one year, the Company records the related asset and obligation at the present value of lease payments over the term. The Company does not separate lease and nonlease components of equipment leases.

The table below presents the lease-related assets and liabilities recorded on the Consolidated Balance Sheet.

	Classification on the Balance Sheet	December 31, 2019
Assets		
Operating lease assets	Other non-current assets	\$ 29
Finance lease assets	Property and equipment, net	37
Total lease assets		<u>\$ 66</u>
Liabilities		
Current		
Operating lease liabilities	Accrued expenses and other current liabilities	\$ 5
Finance lease liabilities	Current portion of long-term debt	5
Non-current		
Operating lease liabilities	Other non-current liabilities	24
Finance lease liabilities	Long-term debt	55
Total lease liabilities		<u>\$ 89</u>

During 2019, the Company entered into new leases related to its corporate headquarters and call center, which resulted in an increase of \$22 million in both operating lease assets and lease liabilities.

The table below presents the remaining lease term and discount rates for finance and operating leases.

	December 31, 2019
Weighted-average remaining lease term	
Operating leases	7.9 years
Finance leases	9.7 years
Weighted-average discount rate	
Operating leases	4.7%
Finance leases	4.5%

Undiscounted cash flows

The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the finance lease liabilities and operating lease liabilities recorded on the Company's Consolidated Balance Sheet as of December 31, 2019.

	Operating Leases	Finance Leases
2020	\$ 6	\$ 7
2021	5	7
2022	4	7
2023	3	7
2024	3	7
Thereafter	14	39
Total minimum lease payments	35	74
Less: amount of lease payments representing interest	6	14
Present value of future minimum lease payments	29	60
Less: current obligations under leases	5	5
Long-term lease obligations	\$ 24	\$ 55

Other information

During 2019, the Company made cash payments totaling \$9 million related to its operating and finance leases which was included within operating activities, and \$5 million of cash payments related to its finance leases which was included within financing activities on the Consolidated Statement of Cash Flows.

During 2019, the Company incurred finance lease expense of \$5 million and \$3 million for amortization of right-of-use assets and interest expense, respectively, and incurred \$6 million of expense related to its operating leases. Under the prior accounting standard for leases, the Company incurred total rent expense of \$8 million and \$5 million during 2018 and 2017, respectively.

19. ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)

The components of AOCI are as follows:

Net of Tax	Foreign Currency Translation Adjustments	Cash Flow Hedges	Accumulated Other Comprehensive Income/(Loss)
Balance as of December 31, 2016	\$ —	\$ —	\$ —
Period change	5	—	5
Balance as of December 31, 2017	5	—	5
Period change	(9)	(4)	(13)
Balance as of December 31, 2018	(4)	(4)	(8)
Period change	3	(22)	(19)
Balance as of December 31, 2019	\$ (1)	\$ (26)	\$ (27)

20. QUARTERLY FINANCIAL DATA (UNAUDITED)

Provided below are selected unaudited quarterly financial data for the periods ended:

	2019			
	March 31	June 30	September 30	December 31
Net revenues				
Hotel Franchising	\$ 269	\$ 331	\$ 379	\$ 300
Hotel Management	197	201	180	190
Corporate and Other	2	1	1	2
Total Company	468	533	560	492
Total expenses	418	471	469	389
Operating income	50	62	91	103
Interest expense, net	24	26	25	25
Income before income taxes	26	36	66	78
Provision for income taxes	5	10	21	14
Net income	\$ 21	\$ 26	\$ 45	\$ 64
Diluted earnings per share	\$ 0.22	\$ 0.27	\$ 0.47	\$ 0.68
Diluted weighted average shares outstanding	98.2	97.4	96.3	95.0
<i>Reconciliation of net income to adjusted EBITDA</i>				
Net income	\$ 21	\$ 26	\$ 45	\$ 64
Provision for income taxes	5	10	21	14
Depreciation and amortization	29	27	26	28
Interest expense, net	24	26	25	25
Stock-based compensation expense	3	4	4	4
Impairment, net	—	45	—	—
Contract termination costs	—	9	34	(1)
Transaction-related expenses, net	7	11	12	10
Separation-related expenses	21	1	—	—
Transaction-related item	—	—	20	—
Restructuring	—	—	—	8
Foreign currency impact of highly inflationary countries	1	—	3	1
Adjusted EBITDA	\$ 111	\$ 159	\$ 190	\$ 153
<i>Adjusted EBITDA by segment</i>				
Hotel Franchising	\$ 113	\$ 162	\$ 195	\$ 151
Hotel Management	16	16	13	21
Corporate and Other	(18)	(19)	(18)	(19)
Total adjusted EBITDA	\$ 111	\$ 159	\$ 190	\$ 153

	2018			
	March 31	June 30	September 30	December 31
Net revenues				
Hotel Franchising	\$ 203	\$ 289	\$ 348	\$ 295
Hotel Management	99	146	252	229
Corporate and Other	—	—	4	3
Total Company	302	435	604	527
Total expenses				
Operating income	56	39	105	82
Interest expense, net	1	10	24	25
Income before income taxes	55	29	81	57
Provision for income taxes	16	8	23	14
Net income	\$ 39	\$ 21	\$ 58	\$ 43
Diluted earnings per share	\$ 0.40	\$ 0.21	\$ 0.58	\$ 0.43
Diluted weighted average shares outstanding	99.8	100.0	100.1	99.2
<i>Reconciliation of net income to adjusted EBITDA</i>				
Net income	\$ 39	\$ 21	\$ 58	\$ 43
Provision for income taxes	16	8	23	14
Depreciation and amortization	19	22	30	29
Interest expense, net	1	10	24	25
Stock-based compensation expense	3	1	3	2
Transaction-related expenses, net	2	28	7	(1)
Separation-related expenses	12	35	17	14
Foreign currency impact of highly inflationary countries	—	—	4	(1)
Adjusted EBITDA	\$ 92	\$ 125	\$ 166	\$ 125
<i>Adjusted EBITDA by segment</i>				
Hotel Franchising	\$ 86	\$ 129	\$ 178	\$ 122
Hotel Management	16	8	5	18
Corporate and Other	(10)	(12)	(17)	(15)
Total adjusted EBITDA	\$ 92	\$ 125	\$ 166	\$ 125

EXHIBIT INDEX

Exhibit No.	Description
2.1	Separation and Distribution Agreement, dated as of May 31, 2018, between Wyndham Destinations, Inc. and Wyndham Hotels & Resorts, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Form 8-K filed June 4, 2018)
2.2	Agreement and Plan of Merger, dated January 17, 2018, among Wyndham Worldwide Corporation, WHG BB Sub, Inc. and La Quinta Holdings, Inc. (incorporated by reference to Exhibit 2.2 to the Registrant's Amendment No. 1 to Form 10 filed April 19, 2018)
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed June 4, 2018)
3.2	Amended and Restated By-Laws (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K filed June 4, 2018)
4.1	Indenture, dated April 13, 2018, among Wyndham Hotels & Resorts, Inc., Wyndham Worldwide Corporation, as guarantor, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Amendment No. 1 to Form 10 filed April 19, 2018)
4.2	First Supplemental Indenture, dated April 13, 2018, between Wyndham Hotels & Resorts, Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to Amendment No. 1 to Form 10 filed April 19, 2018)
4.3	Second Supplemental Indenture, dated May 30, 2018, among Wyndham Hotels & Resorts, Inc., the New Guarantors (as defined in the Second Supplemental Indenture) and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed May 31, 2018)
4.4	Third Supplemental Indenture, dated May 31, 2018, between Wyndham Hotels & Resorts, Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K filed June 4, 2018)
4.5*	Fourth Supplemental Indenture, dated January 22, 2020 between Wyndham Hotels & Resorts, Inc. and U.S. Bank National Association, as trustee
4.6	Form of Note (included within Exhibit 4.2)
4.7*	Description of Common Stock
10.1	Transition Services Agreement, dated as of May 31, 2018, between Wyndham Destinations, Inc. and Wyndham Hotels & Resorts, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed June 4, 2018)
10.2	Tax Matters Agreement, dated as of May 31, 2018, between Wyndham Hotels & Resorts, Inc. and Wyndham Destinations, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K filed June 4, 2018)
10.3	Employee Matters Agreement, dated as of May 31, 2018, between Wyndham Destinations, Inc. and Wyndham Hotels & Resorts, Inc. (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K filed June 4, 2018)
10.4	License, Development and Noncompetition Agreement, dated as of May 31, 2018, among Wyndham Destinations, Inc., Wyndham Hotels and Resorts, LLC, Wyndham Hotels & Resorts, Inc., Wyndham Hotel Group Europe Limited, Wyndham Hotel Hong Kong Co. Limited, and Wyndham Hotel Asia Pacific Co. Limited (incorporated by reference to Exhibit 10.4 to the Registrant's Form 8-K filed June 4, 2018)
10.5	Credit Agreement, dated as of May 30, 2018, among Wyndham Hotels & Resorts, Inc., the guarantors party thereto from time to time, Bank of America, N.A., as Administrative and Collateral Agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed May 31, 2018)
10.6	Wyndham Hotels & Resorts, Inc. 2018 Equity and Incentive Plan (incorporated by reference to Exhibit 10.11 to the Registrant's Form 8-K filed June 4, 2018)
10.7	Wyndham Hotels & Resorts, Inc. Officer Deferred Compensation Plan (incorporated by reference to Exhibit 10.12 to the Registrant's Form 8-K filed June 4, 2018)
10.8	Wyndham Hotels & Resorts, Inc. Non-Employee Directors Deferred Compensation Plan (incorporated by reference to Exhibit 10.13 to the Registrant's Form 8-K filed June 4, 2018)
10.9	Wyndham Hotels & Resorts, Inc. Savings Restoration Plan (incorporated by reference to Exhibit 10.14 to the Registrant's Form 8-K filed June 4, 2018)
10.10	Form of Award Agreement for Restricted Stock Units (incorporated by reference to Exhibit 10.11 to Amendment No. 1 to Form 10 filed April 19, 2018)
10.11	Form of Award Agreement for Stock-Settled Stock Appreciation Rights (incorporated by reference to Exhibit 10.14 to Amendment No. 1 to Form 10 filed April 19, 2018)

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10.12	Form of Award Agreement for Performance-Vested Restricted Stock Units (incorporated by reference to Exhibit 10.15 to Amendment No. 1 to Form 10 filed April 19, 2018)
10.13	Form of Award Agreement for Non-Qualified Stock Options (incorporated by reference to Exhibit 10.16 to Amendment No. 1 to Form 10 filed April 19, 2018)
10.14	Letter Agreement, dated as of June 1, 2018, between Wyndham Hotels & Resorts, Inc. and Stephen P. Holmes (incorporated by reference to Exhibit 10.5 to the Registrant's Form 8-K filed June 4, 2018)
10.15	Employment Agreement, dated as of June 1, 2018, between Wyndham Hotels & Resorts, Inc. and Geoffrey A. Ballotti (incorporated by reference to Exhibit 10.6 to the Registrant's Form 8-K filed June 4, 2018)
10.16	Employment Agreement, dated as of August 1, 2017, between Wyndham Worldwide Corporation and David B. Wyshner (incorporated by reference to Exhibit 10.17 to Amendment No. 1 to Form 10 filed April 19, 2018)
10.17	Assignment and Assumption Agreement of Employment Agreement of David B. Wyshner, dated as of May 31, 2018, between Wyndham Worldwide Corporation and Wyndham Hotels & Resorts, Inc. (incorporated by reference to Exhibit 10.9 to the Registrant's Form 8-K filed June 4, 2018)
10.18	Employment Letter, dated as of May 16, 2018, between Wyndham Hotels & Resorts, Inc. and Robert D. Loewen (incorporated by reference to Exhibit 10.7 to the Registrant's Form 8-K filed June 4, 2018)
10.19	Employment Letter, dated as of May 16, 2018, between Wyndham Hotels & Resorts, Inc. and Mary R. Falvey (incorporated by reference to Exhibit 10.19 to the Registrant's Form 10-K filed February 14, 2019)
10.20	Employment Letter, dated as of May 16, 2018, between Wyndham Hotels & Resorts, Inc. and Thomas H. Barber (incorporated by reference to Exhibit 10.20 to the Registrant's Form 10-K filed February 14, 2019)
10.21	Employment Letter, dated as of May 16, 2018, between Wyndham Hotels & Resorts, Inc. and Paul F. Cash (incorporated by reference to Exhibit 10.21 to the Registrant's Form 10-K filed February 14, 2019)
10.22*	Employment Agreement, dated as of December 3, 2019, between Wyndham Hotels & Resorts, Inc. and Michele Allen
10.23*	Separation and Release Agreement, dated as of December 3, 2019, by and between Wyndham Hotels & Resorts, Inc. and David B. Wyshner
21.1*	Subsidiaries of Registrant
23.1*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification of President 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 President and Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* Filed herewith.

** Furnished with this report.

FOURTH SUPPLEMENTAL INDENTURE

FOURTH SUPPLEMENTAL INDENTURE (this "Fourth Supplemental Indenture") dated as of January 22, 2020, among WHR Licensor, LLC (the "New Guarantor"), a subsidiary of Wyndham Hotels & Resorts, Inc. (or its successor), a Delaware corporation (the "Company"), the Company and U.S. Bank National Association, as trustee under the Indenture referred to below (the "Trustee").

WITNESSETH:

WHEREAS, the Company, the Trustee and certain guarantors are parties to that certain Indenture, dated as of April 13, 2018 (the "Base Indenture"), as amended and supplemented by the First Supplemental Indenture, dated as of April 13, 2018 (the "First Supplemental Indenture") and as further supplemented and together with the Base Indenture, the "Indenture"), by and between the Company and the Trustee;

WHEREAS Section 4.10 of the First Supplemental Indenture provides that under certain circumstances the Company is required to cause the New Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which the New Guarantor shall unconditionally guarantee all the Company's obligations under the Notes and the Indenture pursuant to a Guarantee on the terms and conditions set forth herein; and

WHEREAS pursuant to Section 9.01(2) of the First Supplemental Indenture, the Trustee and the Company are authorized to execute and deliver this Fourth Supplemental Indenture without the consent of Holders;

WHEREAS Section 10.06 of the Base Indenture provides that under certain circumstances the Company is required to cause the New Guarantor to execute and deliver to the Trustee a supplemental indenture pursuant to which the New Guarantor shall become Guarantor under Article X of the Indenture and shall Guarantee the Notes on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantor, the Company and the Trustee mutually covenant and agree for the equal and ratable benefit of Holders as follows:

1. Defined Terms. As used in this Fourth Supplemental Indenture, terms defined in the Indenture or in the preamble or recital hereto are used herein as therein defined, except that the term "holders" in this Fourth Supplemental Indenture shall refer to the term "holders" as defined in the Indenture and the Trustee acting on behalf of and for the benefit of such holders. The words "herein," "hereof" and "hereby" and other words of similar import used in this Fourth Supplemental Indenture refer to this Fourth Supplemental Indenture as a whole and not to any particular section hereof.

2. Agreement to Guarantee. The New Guarantor hereby agrees, jointly and severally with all existing guarantors (if any), to unconditionally guarantee the Company's obligations under the Notes and the Indenture on the terms and subject to the conditions set forth in Article X of the Indenture, including without limitation the release provisions thereof, and to be bound by all other applicable provisions of the Indenture and the Notes and to perform all of the obligations and agreements of a Guarantor under the Indenture.

3. Notices. All notices or other communications to the New Guarantor shall be given as provided in Section 11.02 of the Base Indenture.

4. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Fourth Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder heretofore or hereafter authenticated and delivered shall be bound hereby.

5. Governing Law. THIS FOURTH SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

6. Trustee Makes No Representation.

(a) The Trustee shall not be responsible for and makes no representation as to the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the other parties hereto.

(b) The rights, protections, indemnities and immunities of the Trustee and its agents as enumerated under the Indenture are incorporated by reference into this Supplemental Indenture.

7. Counterparts. The parties may sign any number of copies of this Fourth Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Fourth Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Fourth Supplemental Indenture as to the parties hereto and may be used in lieu of the original Fourth Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

8. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Indenture to be duly executed as of the date first above written.

WYNDHAM HOTELS & RESORTS, INC.

By: /s/ Barry Goldschmidt
Name: Barry Goldschmidt
Title: Treasurer

WHR LICENSOR, LLC,
as the New Guarantor

By: /s/ Barry Goldschmidt
Name: Barry Goldschmidt
Title: Treasurer

[Signature Page to Supplemental Indenture]

U.S. Bank National Association, as Trustee

By: /s/ Hazrat R. Haniff
Name: Hazrat R. Haniff
Title: Assistant Vice
President

[Signature Page to Supplemental Indenture]

WYNDHAM HOTELS & RESORTS, INC.

The following summary describes the common stock, par value \$0.01 per share, of Wyndham Hotels & Resorts, Inc. (“Wyndham Hotels,” “our company,” “we,” “us,” and “our”), which are the only securities of Wyndham Hotels registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

The following description is a summary and does not purport to be complete. It is subject to, and qualified in its entirety by reference to, our amended and restated certificate of incorporation (our “certificate of incorporation”) and our amended and restated by-laws (our “by-laws”), each of which is incorporated by reference as an exhibit to our Annual Report on Form 10-K of which this Exhibit 4.7 is a part. In addition, you should refer to the General Corporation Law of the State of Delaware (the “DGCL”), which may also affect the terms of our capital stock.

Authorized Capital Stock

We are authorized to issue a total of 606 million shares of capital stock consisting of 600 million shares of common stock, par value \$0.01 per share, and 6 million shares of preferred stock, par value \$0.01 per share.

Common Stock

Dividends. Subject to prior dividend rights of the holders of any preferred shares, holders of shares of our common stock are entitled to receive dividends when, and as if declared by our Board of Directors out of funds legally available for that purpose. We are incorporated in Delaware and are governed by Delaware law. Delaware law allows a corporation to pay dividends only out of surplus, as determined under Delaware law, or, if no such surplus exists, out of the corporation's net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year (provided that such payment will not reduce capital below the amount of capital represented by all classes of shares having a preference upon the distribution of assets).

Voting Rights. Each share of common stock is entitled to one vote on all matters submitted to a vote of stockholders. Holders of shares of our common stock do not have cumulative voting rights. In other words, a holder of a single share of common stock cannot cast more than one vote for each position to be filled on our Board of Directors. A consequence of not having cumulative voting rights is that the holders of a majority of the shares of common stock entitled to vote in the election of Directors can elect all Directors standing for election, which means that the holders of the remaining shares will not be able to elect any Directors.

Liquidation Rights. In the event of any liquidation, dissolution or winding up of our company, after the satisfaction in full of the liquidation preferences of holders of any preferred shares, holders of shares of our common stock are entitled to ratable distribution of the remaining assets available for distribution to stockholders. The shares of our common stock are not subject to redemption by operation of a sinking fund or otherwise. Holders of shares of our common stock are not currently entitled to pre-emptive rights.

Fully Paid. All of our outstanding shares of common stock are fully paid and nonassessable. The holders of our common stock have no preemptive rights and no rights to convert their common stock into any other securities, and our common stock is not subject to any redemption or sinking fund provisions.

Preferred Stock

We are authorized to issue up to 6 million shares of preferred stock, par value \$0.01 per share. No shares of our preferred stock were issued and outstanding as of December 31, 2019.

Our Board of Directors, without further action by the holders of our common stock, may issue shares of our preferred stock. Our Board of Directors is vested with the authority to fix by resolution the designations, preferences and relative, participating, optional or other special rights, and such qualifications, limitations or restrictions thereof, including, without limitation, redemption rights, dividend rights, liquidation preference and conversion or exchange rights of any class or series of preferred stock, and to fix the number of classes or series of preferred stock, the number of shares constituting any such class or series and the voting powers for each class or series.

The authority possessed by our Board of Directors to issue preferred stock could potentially be used to discourage attempts by third-parties to obtain control of our company through a merger, tender offer, proxy contest or otherwise

by making such attempts more difficult or more costly. Our Board of Directors may issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of common stock. There are no current agreements or understandings with respect to the issuance of preferred stock and our Board of Directors has no present intention to issue any shares of preferred stock.

Anti-Takeover Effects of Our Certificate of Incorporation, By-laws and Delaware Law

Our certificate of incorporation, our by-laws and Delaware statutory law contain provisions that may impact the prospect of an acquisition of our company by means of a tender offer or a proxy contest. These provisions may discourage coercive takeover practices and inadequate takeover bids. We believe that the benefits of such increased protection would give us the potential ability to negotiate with the proponent of an unsolicited proposal to acquire or restructure us and outweigh the disadvantages of discouraging those proposals because negotiation of the proposals could result in an improvement of their terms.

Election and Removal of Directors

Our Board of Directors is currently divided into three classes, with the classes as nearly equal in number as possible. At the time of our spin-off, the Directors designated as Class I Directors had terms expiring at the first annual meeting of stockholders following the effective date of our certificate of incorporation (the "Effective Date"), which was held in 2019. The Directors designated as Class II Directors have terms expiring at the following year's annual meeting of stockholders, which we expect to hold in 2020, and the Directors designated as Class III Directors have terms expiring at the following year's annual meeting of stockholders, which we expect to hold in 2021. Each Director elected at our 2019 annual meeting and our 2020 annual meeting will be elected for a term of office to expire at the 2021 annual meeting. Beginning at the third annual meeting of the stockholders following the Effective Date, which we expect to hold in 2021, all of our Directors will stand for election each year for one-year terms, and our Board of Directors will therefore no longer be divided into three classes.

In the case of an uncontested Director election at which a quorum is present, the election will be determined by a majority of the votes cast by the stockholders entitled to vote therein, with any Directors not receiving a majority of the votes cast required to tender their resignations following the certification of the stockholder vote. The Corporate Governance Committee will promptly consider the tendered resignation and will recommend to the Board of Directors whether to accept the tendered resignation or to take some other action, such as rejecting the tendered resignation and addressing the apparent underlying causes of the withheld votes. In making this recommendation, the Corporate Governance Committee will consider all factors deemed relevant by its members. In the case of a contested election, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election. Before the Board of Directors is fully declassified, it would take at least two elections of Directors for any individual or group to gain control of the Board of Directors. Furthermore, for so long as the Board of Directors is classified, our certificate of incorporation provides that our stockholders may remove our Directors only for cause, by an affirmative vote of holders of at least 80% of our outstanding common stock. Following the third annual meeting of the stockholders following the Effective Date, which we expect to hold in 2021, our stockholders may remove our Directors with or without cause by an affirmative vote of at least 80% of our outstanding common stock. Accordingly, while the classified Board of Directors is in effect, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of Wyndham Hotels.

Size of Board and Vacancies

Our certificate of incorporation and by-laws provide that our Board of Directors may consist of no less than three and no more than 15 Directors. The number of Directors on our Board of Directors will be fixed exclusively by our Board of Directors, subject to the minimum and maximum number permitted by our certificate of incorporation and by-laws. Newly created directorships resulting from any increase in our authorized number of Directors will be filled by a majority of our Board of Directors then in office, provided that a majority of our entire Board of Directors, or a quorum, is present, and any vacancies in our Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause will be filled generally by the majority vote of our remaining Directors in office, even if less than a quorum is present.

Elimination of Stockholder Action by Written Consent

Our certificate of incorporation and by-laws expressly eliminate the right of our stockholders to act by written consent. Stockholder action must take place at the annual or a special meeting of our stockholders.

Stockholder Meetings

Under our certificate of incorporation and by-laws, only the chairman of our Board of Directors or our chief executive officer will be able to call special meetings of our stockholders.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our by-laws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as Directors other than nominations made by or at the direction of our Board of Directors or a committee of our Board of Directors.

Delaware Anti-takeover Law

We are subject to Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date such person becomes an interested stockholder, unless the business combination or the transaction in which such person becomes an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person that, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by our Board of Directors and the anti-takeover effect includes discouraging attempts that might result in a premium over the market price for the shares of our common stock.

No Cumulative Voting

Our certificate of incorporation and by-laws do not provide for cumulative voting in the election of Directors.

Undesignated Preferred Stock

The authorization in our certificate of incorporation of undesignated preferred stock makes it possible for our Board of Directors to issue our preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. The provision in our certificate of incorporation authorizing such preferred stock may have the effect of deferring hostile takeovers or delaying changes of control of our management.

Amendments to Our Certificate of Incorporation, By-laws and Supermajority Voting

The DGCL provides generally that the affirmative vote of a majority of the outstanding stock entitled to vote on amendments to a corporation's certificate of incorporation or bylaws is required to approve such amendment, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our certificate of incorporation and by-laws provide that the by-laws may be amended, altered, changed or repealed by a majority vote of our Board of Directors, provided that, in addition to any other vote otherwise required by law, the affirmative vote of at least 80% of the voting power of our outstanding shares of capital stock will be required to amend, alter, change or repeal our amended and restated by-laws. Additionally, the affirmative vote of at least 80% of the voting power of the outstanding shares of capital stock will be required to amend or repeal or to adopt any provision of our certificate of incorporation inconsistent with certain specified provisions of our certificate of incorporation, relating to the general powers of our Board of Directors, the number, classes and tenure of Directors, filling vacancies on our Board of Directors, removal of Directors, limitation of liability of Directors, indemnification of Directors and officers, special meetings of stockholders, stockholder action by written consent, the supermajority amendment provision of the by-laws and the supermajority amendment provision of the certificate of incorporation. This requirement of a supermajority vote to approve amendments to our certificate of incorporation and by-laws could enable a minority of our stockholders to exercise veto power over any such amendments.

Exclusive Jurisdiction of Certain Actions

Our by-laws require, to the fullest extent permitted by law that derivative actions brought in the name of Wyndham Hotels, actions against Directors, officers and employees for breach of fiduciary duty and other similar actions may be brought only in the Court of Chancery in the State of Delaware. Although we believe this provision benefits Wyndham

Hotels by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our Directors and officers.

Limitations on Liability of Directors and Indemnification of Directors and Officers

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with any threatened, pending or completed actions, suit or proceeding, whether civil, criminal, administrative or investigative, in which such person is made a party by reason of the fact that the person is or was a director, officer, employee or agent of the corporation (other than an action by or in the right of the corporation—a "derivative action"), if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification extends only to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such action, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's by-laws, disinterested director vote, stockholder vote, agreement or otherwise.

Our certificate of incorporation provides that no Director shall be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation on liability is not permitted under the DGCL, as now in effect or as amended. Currently, Section 102(b)(7) of the DGCL requires that liability be imposed for the following:

- any breach of the Director's duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or which involved intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; and
- any transaction from which the Director derived an improper personal benefit.

Our certificate of incorporation and by-laws provide that, to the fullest extent authorized or permitted by the DGCL, as now in effect or as amended, we will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person is or was our Director or officer, or by reason of the fact that our Director or officer is or was serving, at our request, as a Director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by us. We will indemnify such persons against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding if such person acted in good faith and in a manner reasonably believed to be in or not opposed to our best interests and, with respect to any criminal proceeding, had no reason to believe such person's conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification extends only to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such actions, and court approval is required before there can be any indemnification where the person seeking indemnification has been found liable to us. Any amendment of this provision will not reduce our indemnification obligations relating to actions taken before an amendment.

We insure our Directors and officers and those of our subsidiaries against certain liabilities they may incur in their capacities as Directors and officers. Under these policies, the insurer, on our behalf, may also pay amounts for which we have granted indemnification to the Directors or officers.

Listing

Our shares of common stock are listed on the New York Stock Exchange and trade under the ticker symbol "WH."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Broadridge Corporate Issuer Solutions, Inc.

EMPLOYMENT AGREEMENT

This Employment Agreement (this “**Agreement**”), dated as of December 3, 2019 (the “**Effective Date**”), is hereby made by and between Wyndham Hotels & Resorts, Inc., a Delaware corporation (the “**Company**”), and Michele Allen (the “**Executive**”).

WHEREAS, the Company desires to employ the Executive, and the Executive desires to serve the Company, in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

SECTION I

EMPLOYMENT; POSITION AND RESPONSIBILITIES

During the Period of Employment (as defined in Section II below), the Company agrees to employ the Executive and the Executive agrees to be employed by the Company in accordance with the terms and conditions set forth in this Agreement.

During the Period of Employment, the Executive will serve as the Chief Financial Officer of the Company and will report to, and be subject to the direction of, the Chief Executive Officer of the Company (the “**Supervising Officer**”). The Executive will perform such duties and exercise such supervision with regard to the business of the Company as are associated with the Executive’s position, as well as such reasonable additional duties as may be prescribed from time to time by the Supervising Officer. The Executive will, during the Period of Employment, devote substantially all of the Executive’s time and attention during normal business hours to the performance of services for the Company, or as otherwise directed by the Supervising Officer from time to time. The Executive will maintain a primary office and generally conduct the Executive’s business in Parsippany, New Jersey, except for customary business travel in connection with the Executive’s duties hereunder.

SECTION II

PERIOD OF EMPLOYMENT

The period of the Executive’s employment under this Agreement (the “**Period of Employment**”) will begin on the Effective Date and will end on December 3, 2022, subject to earlier termination as provided in this Agreement. No later than 180 days prior to the expiration of the Period of Employment, the Company and the Executive will commence a good faith negotiation regarding extending the Period of Employment; provided, that neither party hereto will have any obligation hereunder or otherwise to consummate any such extension or enter into any new agreement relating to the Executive’s employment with the Company.

SECTION III

COMPENSATION AND BENEFITS

For all services rendered by the Executive pursuant to this Agreement during the Period of Employment, including services as an executive officer, director or committee member of the Company or any subsidiary or affiliate of the Company, the Executive will be compensated as follows:

A. Base Salary.

During the Period of Employment, the Company will pay the Executive a base salary at an annual rate equal to five hundred thousand dollars (\$500,000.00) effective on the Effective Date, subject to such annual increases as the Company's Board of Directors' Compensation Committee (the "**Committee**") deems appropriate in its sole discretion ("**Base Salary**"). Base Salary will be payable according to the customary payroll practices of the Company.

B. Annual Incentive Awards.

Effective as of the Effective Date, the Executive will be eligible to earn an annual incentive compensation award in respect of each fiscal year of the Company ending during the Period of Employment, subject to the Committee's discretion to grant such awards, based upon a target award opportunity equal to 75% of Base Salary ("**Target Award**") earned during each such year, and subject to the terms and conditions of the annual incentive plan covering employees of the Company, and further subject to attainment by the Company of such performance goals, criteria or targets established and certified by the Committee in its sole discretion in respect of each such fiscal year (each such annual incentive, an "**Incentive Compensation Award**"). The Executive's Incentive Compensation Award for the fiscal year in which the Effective Date occurs will be pro-rated based upon eligible earnings for the period from the Effective Date through the end of such fiscal year. Any earned Incentive Compensation Award will be paid to the Executive at such time as will be determined by the Committee, but in no event later than the last day of the calendar year following the calendar year with respect to which the performance targets relate.

C. Long Term Incentive Awards.

The Executive will be eligible for long term incentive awards as determined by the Committee, and the Executive will participate in such grants at a level commensurate with the Executive's position as a senior executive officer of the Company. For purposes of this Agreement, awards described in this paragraph are referred to as "**Long Term Incentive Awards**." Any Long Term Incentive Awards will vest as determined by the Committee, in its sole and absolute discretion (including with respect to any performance-based conditions applicable to vesting), and will be subject to the terms and conditions of the Company's 2018 Equity and Incentive Plan and any amended or successor plan thereto (the "**Equity Plan**") and the applicable agreement evidencing such award as determined by the Committee. Any Long Term Incentive Awards will be made in the Committee's sole discretion.

D. Employee Benefits.

During the Period of Employment, the Company will provide the Executive with employee benefits generally offered to all eligible full-time employees of the Company, and with perquisites generally offered to similarly-situated senior executive officers of the Company, subject to the terms of the applicable employee benefit plans or policies of the Company.

E. Expenses.

During the Period of Employment, the Company will reimburse the Executive for reasonable business expenses incurred by the Executive in connection with the performance of the Executive's duties and obligations under this Agreement, subject to the Executive's compliance with such limitations and reporting requirements with respect to expenses as may be established by the Company from time to time. The Company will reimburse all taxable business expenses to the Executive promptly following submission but in no event later than the last day of the Executive's taxable year following the taxable year in which the expenses are incurred.

SECTION IV

DEATH AND DISABILITY

The Period of Employment will end upon the Executive's death. If the Executive becomes Disabled (as defined below) during the Period of Employment, the Period of Employment may be terminated at the option of the Executive upon notice of resignation to the Company, or at the option of the Company upon notice of termination to the Executive. For purposes of this Agreement, "**Disability**" will have the meaning set forth in Section 409A of the Internal Revenue Code ("**Code**"), and the rules and regulations promulgated thereunder ("**Code Section 409A**"). The Company's obligation to make payments to the Executive under this Agreement will cease as of such date of termination due to death or Disability, except for (a) any Base Salary earned but unpaid, (b) any Incentive Compensation Awards earned but unpaid for a prior completed fiscal year, if any, and (c) any Long Term Incentive Awards earned and vested but unpaid for a prior completed fiscal year, if any, as of the date of such termination, which will be paid in accordance with the terms set forth in Sections III-A, III-B and III-C, respectively, unless otherwise prohibited by law. Notwithstanding the foregoing, the Company will not take any action with respect to the Executive's employment status pursuant to this Section V earlier than the date on which the Executive becomes eligible for long-term disability benefits under the terms of the Company's long-term disability plan in effect from time to time.

SECTION V

EFFECT OF TERMINATION OF EMPLOYMENT

A . Without Cause Termination and Constructive Discharge. If the Executive's employment terminates during the Period of Employment due to either a Without Cause Termination or a Constructive Discharge (each as defined below), the Company will pay or provide the Executive, as applicable (or the Executive's surviving spouse, estate or personal representative, as applicable), subject to Section XVIII:

i. a lump sum payment (the “Severance Payment”) equal to 200% multiplied by the sum of (x) the Executive’s then current Base Salary, plus (y) an amount equal to the highest Incentive Compensation Award paid to the Executive (disregarding voluntary deferrals) with respect to the three fiscal years of the Company immediately preceding the fiscal year in which Executive’s termination of employment occurs, but in no event will the amount set forth in this subsection (y) exceed Executive’s then target Incentive Compensation Award, provided that in the event of the Executive’s termination before completion of three fiscal years following the Effective Date, such amount in subsection (y) shall be the Executive’s then target Incentive Compensation Award and provided, further, that the Company shall have the right to offset against such Severance Payment any then-existing documented and bona fide monetary debts owed by the Executive to the Company or any of its subsidiaries;

ii. subject to Section V-D below, (x) all time-based Long Term Incentive Awards (including all stock options, stock appreciation rights and restricted stock units) granted on or after the Effective Date, which would have otherwise vested within one (1) year following the Executive’s termination of employment, will vest upon the Executive’s termination of employment; and (y) any performance-based Long Term Incentive Awards (including restricted stock units but excluding stock options and stock appreciation rights) granted on or after the Effective Date will vest and be paid on a pro rata basis (to the extent that the performance goals applicable to the Long Term Incentive Award are achieved), with such proration to be determined based upon the portion of the full performance period during which the Executive was employed by the Company plus twelve (12) months (or, if less, assuming the Executive was employed by the Company for the entire performance period), with the payment of any such vested performance-based Long Term Incentive Awards to occur at the time that such performance-based long term incentive awards are paid to actively-employed employees generally. The provisions relating to Long Term Incentive Awards set forth in this Section will not supersede or replace any provision or right of the Executive relating to the acceleration of the vesting of such awards in the event of a Change in Control (as defined in the Equity Plan) of the Company or the Executive’s death or Disability, whether pursuant to an applicable stock plan document or award agreement;

iii. the Executive will be entitled to a two (2)-year post-termination exercise period (but in no event beyond the original expiration date) for all vested and outstanding stock appreciation rights and options held by the Executive on the date of termination;

iv. the Executive shall be eligible to continue to participate in the Company health plans in which the Executive participates (medical, dental and vision) through the end of the month in which the Executive’s termination becomes effective. Following such time, the Executive may elect to continue health plan coverage in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act (“**COBRA**”), and if the Executive elects such coverage, the Company will reimburse the Executive for the costs associated with such continuing health coverage under COBRA until the earlier of (x) eighteen (18) months from the coverage commencement date or (y) the date on which the Executive becomes eligible for health and medical benefits from a subsequent employer; and

v. any of the following amounts that are earned but unpaid through the date of such termination: (x) Incentive Compensation Award for a prior completed fiscal year and (y) Base Salary. The Executive shall retain any Long Term Incentive Awards that have

vested and been paid to the Executive as of the date of such termination, unless otherwise prohibited by law.

B. Termination for Cause; Resignation. If the Executive's employment terminates due to a Termination for Cause or a Resignation, Base Salary earned but unpaid as of the date of such termination will be paid to the Executive in accordance with Section V-D below. Outstanding stock options and other equity awards held by the Executive as of the date of termination will be treated in accordance with their terms. Except as provided in this paragraph, the Company will have no further obligations to the Executive hereunder.

C. For purposes of this Agreement, the following terms have the following meanings:

i. "**Termination for Cause**" means a termination of the Executive's employment by the Company due to (a) the Executive's willful failure to substantially perform the Executive's duties as an employee of the Company or any of its subsidiaries (other than any such failure resulting from incapacity due to physical or mental illness) or material breach of the Company's Business Principles, policies or standards, (b) any act of fraud, misappropriation, dishonesty, embezzlement or similar conduct by the Executive against the Company or any of its subsidiaries, (c) the Executive's conviction or plea of nolo contendere for a felony (or its state law equivalent) or any crime involving moral turpitude or dishonesty (which conviction, due to the passage of time or otherwise, is not subject to further appeal), (d) the Executive's gross negligence in the performance of the Executive's duties, or (e) the Executive purposely or negligently making a false certification regarding the Company's financial statements. The Company will provide a detailed written notice to the Executive of its intention to terminate the Executive's employment and that such termination is a Termination for Cause, along with a description of the Executive's conduct that the Company believes gives rise to the Termination for Cause, and provide the Executive with a period of fifteen (15) days to cure such conduct (unless the Company reasonably determines in its discretion that the Executive's conduct is not subject to cure) and/or challenge the Company's determination that such termination is a Termination for Cause; provided, however, that (i) the determination of whether such conduct has been cured and/or gives rise to a Termination for Cause will be made by the Company, in its sole discretion, and (ii) the Company will be entitled to immediately and unilaterally restrict or suspend the Executive's duties during such fifteen (15)-day period pending its determination.

ii. "**Constructive Discharge**" means, without the consent of the Executive, (a) any material breach by the Company of the terms of this Agreement, (b) a material diminution in the Executive's Base Salary or Target Award, (c) a material diminution in the Executive's authority, duties or responsibilities, (d) a relocation of the Executive's primary office to a location more than fifty (50) miles from the Executive's then current primary business, or (e) the Company not offering to renew the Executive's employment agreement on substantially similar terms prior to the end of the Period of Employment (as may be extended from time to time). The Executive must provide the Company a detailed written notice that describes the circumstances being relied on for such termination with respect to this Agreement within thirty (30) days after the event, circumstance or condition first arose giving rise to the notice. The Company will have thirty (30) days after receipt of such notice to remedy the situation prior to the termination for Constructive Discharge. If no such cure

occurs, the Executive's employment will be terminated on the close of business on the thirtieth (30th) day after the Executive provided the required written notice.

iii. "**Without Cause Termination**" or "**Terminated Without Cause**" means termination of the Executive's employment by the Company other than due to (a) the Executive's death or Disability or (b) a Termination for Cause.

iv. "**Resignation**" means a termination of the Executive's employment by the Executive, other than in connection with a Constructive Discharge.

D. Conditions to Payment and Acceleration. In the event of a termination under this Section V, any earned but unpaid Base Salary as of the date of such termination will be paid in accordance with Section III-A, and in the event of a Termination Without Cause or a Constructive Discharge, any earned but unpaid Incentive Compensation Award for a prior completed fiscal year as of the date of such termination will be paid in accordance with Section III-B, and for the avoidance of doubt, the Executive shall retain any Long Term Incentive Awards that have vested and been paid to the Executive as of the date of such termination, unless otherwise prohibited by law. All payments due to the Executive under Sections V-A(i) will be made to the Executive in a lump sum no later than the sixtieth (60th) day following the date of termination; provided, however, that (i) all payments and benefits under Sections V-A(i) - (iii) will be subject to, and contingent upon, the execution by the Executive (or the Executive's beneficiary or estate) of a general release of claims in such reasonable form determined by the Company in its reasonable discretion, and (ii) in the event that the period during which the Executive is entitled to consider such release of claims (and to revoke the release, if applicable) spans two calendar years, then any payment that otherwise would have been payable during the first calendar year will be made on the later of (A) the end of the revocation period (assuming that the Executive does not revoke), or (B) the first business day of the second calendar year (regardless of whether the Executive used the full time period allowed for consideration), all as required for purposes of Code Section 409A. The payments due to the Executive under Section V-A will be in lieu of any other severance benefits otherwise payable to the Executive under any severance plan of the Company or its affiliates. The Company will provide the release to the Executive within ten (10) business days following the Executive's last day of employment.

SECTION VI

OTHER DUTIES OF THE EXECUTIVE

DURING AND AFTER THE PERIOD OF EMPLOYMENT

A. The Executive will, with reasonable notice during or after the Period of Employment, furnish information as may be in the Executive's possession and fully cooperate with the Company and its affiliates as may be requested in connection with any claims or legal action in which the Company or any of its affiliates is or may become a party. During the Period of Employment, the Executive will comply in all respects with the Company's Business Principles, policies and standards. After the Period of Employment, the Executive will cooperate as reasonably requested with the Company and its affiliates in connection with any claims or legal actions in which the Company or any of its affiliates is or may become a party. The Company agrees to reimburse the Executive for any reasonable out-of-pocket expenses incurred by the Executive by reason of such cooperation, including any loss of salary due, to

the extent permitted by law, and the Company will make reasonable efforts to minimize interruption of the Executive's life in connection with the Executive's cooperation in such matters as provided for in this Section VII-A.

B. The Executive recognizes and acknowledges that all information pertaining to this Agreement or to the affairs; business; results of operations; accounting methods, practices and procedures; members; acquisition candidates; financial condition; clients; customers or other relationships of the Company or any of its affiliates ("**Information**") is confidential and is a unique and valuable asset of the Company or any of its affiliates. Access to and knowledge of certain of the Information is essential to the performance of the Executive's duties under this Agreement. The Executive will not, during the Period of Employment or thereafter, except to the extent reasonably necessary in performance of the Executive's duties under this Agreement, give to any person, firm, association, corporation, or governmental agency any Information, except as may be required by law. The Executive will not make use of the Information for the Executive's own purposes or for the benefit of any person or organization other than the Company or any of its affiliates. The Executive will also use the Executive's best efforts to prevent the disclosure of this Information by others. All records, memoranda, etc. relating to the business of the Company or its affiliates, whether made by the Executive or otherwise coming into the Executive's possession, are confidential and will remain the property of the Company or its affiliates.

C.

i. During the Period of Employment (as may be extended from time to time) and the Post Employment Period (as defined below and, together with the Period of Employment, the "**Restricted Period**"), irrespective of the cause, manner or time of any termination, the Executive will not use the Executive's status with the Company or any of its affiliates to obtain loans, goods or services from another organization on terms that would not be available to the Executive in the absence of the Executive's relationship to the Company or any of its affiliates. Notwithstanding the provisions set forth herein, the Executive may disclose the Executive's employment relationship with the Company in connection with a personal loan application.

ii. During the Restricted Period, the Executive will not make any statements or perform any acts intended to advance or which reasonably could have the effect of advancing the interest of any competitors of the Company or any of its affiliates or in any way injuring or intending to injure the interests of the Company or any of its affiliates. During the Restricted Period, the Executive will not, without the express prior written consent of the Company which may be withheld in the Company's sole and absolute discretion, engage in, or directly or indirectly (whether for compensation or otherwise), own or hold any proprietary interest in, manage, operate, or control, or join or participate in the ownership, management, operation or control of, or furnish any capital to or be connected in any manner with, any party or business which competes with the business of the Company or any of its affiliates, as such business or businesses may be conducted from time to time, either as a general or limited partner, proprietor, common or preferred shareholder, officer, director, agent, employee, consultant, trustee, affiliate, or otherwise. The Executive acknowledges that the Company's and its affiliates' businesses are conducted nationally and internationally and agrees that the provisions in the foregoing sentence will operate throughout the United States and the world.

iii. During the Restricted Period, the Executive will not, without the express prior written consent of the Company which may be withheld in the Company's sole and absolute discretion, directly or indirectly, request or advise any then current client, customer or supplier of the Company to withdraw, curtail or cancel its business with the Company or any of its affiliates, or solicit or contact any such client, customer or supplier with a view to inducing or encouraging such client, customer or supplier to discontinue or curtail any business relationship with the Company or any of its affiliates. The Executive will not have discussions with any employee of the Company or any of its affiliates regarding information or plans for any business intended to compete with the Company or any of its affiliates.

iv. During the Restricted Period, the Executive will not, without the express prior written consent of the Company which may be withheld in the Company's sole and absolute discretion, directly or indirectly cause, solicit, entice or induce (or endeavor to cause, solicit, entice or induce) any present or future employee or independent contractor of the Company or any of its affiliates to leave the employ of, or otherwise terminate its relationship with, the Company or any of its affiliates or to accept employment with, provide services to or receive compensation from the Executive or any person, firm, company, association or other entity with which the Executive is now or may hereafter become associated. The Executive hereby represents and warrants that the Executive has not entered into any agreement, understanding or arrangement with any employee of the Company or any of its subsidiaries or affiliates pertaining to any business in which the Executive has participated or plans to participate, or to the employment, engagement or compensation of any such employee.

v. For the purposes of this Agreement, the term "**proprietary interest**" means legal or equitable ownership, whether through stock holding or otherwise, of an equity interest in a business, firm or entity, or ownership of any class of equity interest in a publicly-held company (unless such ownership of a publicly-held company is 5% or less); the term "**affiliate**" includes without limitation all subsidiaries, joint venturers and licensees of the Company (including, without limitation, any affiliated individuals or entities); and the term, "**Post Employment Period**" means either (1) if the Executive's employment terminates for any reason at such time following the expiration of the Period of Employment hereunder, a period of one year following the Executive's termination of employment; or (2) if the Executive's employment terminates during the Period of Employment hereunder, a period of two years following the Executive's termination of employment.

D. The Executive hereby acknowledges that damages at law may be an insufficient remedy to the Company if the Executive violates the terms of this Agreement and that the Company will be entitled, upon making the requisite showing, to preliminary and/or permanent injunctive relief in any court of competent jurisdiction to restrain the breach of or otherwise to specifically enforce any of the covenants contained in this Section VI without the necessity of posting any bond or showing any actual damage or that monetary damages would not provide an adequate remedy. Such right to an injunction will be in addition to, and not in limitation of, any other rights or remedies the Company may have. Without limiting the generality of the foregoing, neither party will oppose any motion the other party may make for any expedited discovery or hearing in connection with any alleged breach of this Section VI.

E. The period of time during which the provisions of this Section VI will be in effect will be extended by the length of time during which the Executive is in breach of the

terms hereof as determined by any court of competent jurisdiction on the Company's application for injunctive relief.

F. The Executive agrees that the restrictions contained in this Section VI are an essential element of the compensation the Executive is granted hereunder and but for the Executive's agreement to comply with such restrictions, the Company would not have entered into this Agreement.

G. Notwithstanding any provision in this Agreement to the contrary, nothing contained in this Agreement is intended to nor shall it limit or prohibit Executive, or waive any right on the Executive's part, to initiate or engage in communication with, respond to any inquiry from, or otherwise provide information to, 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.

SECTION VII

INDEMNIFICATION

The Company will indemnify the Executive to the fullest extent permitted by the laws of the state of the Company's incorporation in effect at that time, or the certificate of incorporation and by-laws of the Company, whichever affords the greater protection to the Executive (including payment of expenses in advance of final disposition of a proceeding as permitted by such laws, certificate of incorporation or by-laws).

SECTION VIII

MITIGATION

The Executive will not be required to mitigate the amount of any payment provided for hereunder by seeking other employment or otherwise, nor will the amount of any such payment be reduced by any compensation earned by the Executive as the result of employment by another employer after the date the Executive's employment hereunder terminates.

SECTION IX

WITHHOLDING TAXES

The Executive acknowledges and agrees that the Company may withhold from applicable payments under this Agreement all federal, state, city or other taxes that will be required pursuant to any law or governmental regulation.

SECTION X

EFFECT OF PRIOR AGREEMENTS

Upon the Effective Date, this Agreement will be deemed to have superseded and replaced each of any prior employment or consultant agreement between the Company (and/or its affiliates, including without limitation, its respective predecessors) and the Executive.

SECTION XI

CONSOLIDATION, MERGER OR SALE OF ASSETS; ASSIGNMENT

Nothing in this Agreement will preclude the Company from consolidating or merging into or with, or transferring all or a portion of its business and/or assets to, another corporation. The Company may assign this Agreement to any successor to all or a portion of the business and/or assets of the Company, provided, that in the event of such an assignment, the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, the failure of which shall constitute a Constructive Discharge pursuant to Section V-C(ii) herein.

SECTION XII

MODIFICATION

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

SECTION XIII

GOVERNING LAW

This Agreement has been executed and delivered in the State of New Jersey and its validity, interpretation, performance and enforcement will be governed by the internal laws of that state. In any action brought by the Company under Section VI-D above, Executive consents to exclusive jurisdiction and venue in the federal and state courts in, at the election of the Company, (a) the State of New Jersey; and/or (b) any state and county in which the Company contends that Executive has breached any agreement with or duty to the Company. In any action brought by Executive under Section VI-D above, the Company consents to the exclusive jurisdiction and venue in the federal and state courts of the State of New Jersey.

SECTION XIV

ARBITRATION

A. Executive and the Company mutually consent to the resolution by final and binding arbitration of any and all disputes, controversies, or claims related in any way to Executive's employment and/or relationship with the Company, including, without limitation, any dispute, controversy or claim of alleged discrimination, harassment, or retaliation (including, but not limited to, claims based on race, sex, sexual preference, religion, national origin, age, marital or family status, medical condition, or disability); any dispute, controversy, or claim arising out of or relating to any agreements between Executive and the Company, including this Agreement (other than with respect to the matters covered by Section VI for which the Company may, but will not be required to, seek injunctive relief in a court of competent jurisdiction); and any dispute as to the ability to arbitrate a matter under this Agreement (collectively, "**Claims**"); provided, however, that nothing in this Agreement shall

require arbitration of any Claims which, by law, cannot be the subject of a compulsory arbitration agreement, and nothing in this Agreement shall be interpreted to mean that Executive is precluded from filing complaints with the Equal Employment Opportunity Commission or the National Labor Relations Board.

B. Any party who is aggrieved will deliver a notice to the other party setting forth the specific points in dispute within the same statute of limitations period applicable to such Claims. Any points remaining in dispute twenty (20) days after the giving of such notice may be submitted to arbitration in New York, New York, in the Borough of Manhattan, to JAMS, before a single arbitrator appointed in accordance with the Employment Arbitration Rules and Procedures of JAMS (“**JAMS Rules**”) then in effect, modified only as herein expressly provided. The arbitrator shall be selected in accordance with the JAMS Rules; provided that the arbitrator shall be an attorney (i) with at least ten (10) years of significant experience in employment matters and/or (ii) a former federal or state court judge. After the aforesaid twenty (20) days, either party, 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. The arbitrator will be empowered to award either party any remedy, at law or in equity, that the party would otherwise have been entitled to, had the matter been litigated in court; provided, however, that the authority to award any remedy is subject to whatever limitations, if any, exist in the applicable law on such remedies. The arbitrator shall issue a decision or award in writing, stating the essential findings of fact and conclusions of law. Any judgment on or enforcement of any award, including an award providing for interim or permanent injunctive relief, rendered by the arbitrator may be entered, enforced, or appealed in any court having jurisdiction thereof. Any arbitration proceedings, decision, or award rendered hereunder, and the validity, effect, and interpretation of this arbitration provision, shall be governed by the Federal Arbitration Act, 9 U.S.C. § 1 et seq.

C. Each party to any dispute shall pay its own expenses, including attorneys’ fees; provided, however, that the Company shall pay all reasonable costs, fees, and expenses that Executive would not otherwise have been subject to paying if the Claim had been resolved in a court of competent jurisdiction.

D. The parties agree that this Section XIV has been included to rapidly, inexpensively and confidentially resolve any disputes between them, and that this Section XIV will be grounds for dismissal of any court action commenced by either party with respect to this Agreement, except as otherwise provided in Section XIV-A herein, other than (i) any action seeking a restraining order or other injunctive or equitable relief or order in aid of arbitration or to compel arbitration from a court of competent jurisdiction, or (ii) post-arbitration actions seeking to enforce an arbitration award from a court of competent jurisdiction. 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 RIGHT TO A TRIAL BY JURY IN OR WITH RESPECT TO SUCH LITIGATION.

E. The parties will keep confidential, and will not disclose to any person, except to counsel, accountants and/or auditors for either of the parties and/or as may be required by law, the existence of any controversy hereunder, the referral of any such controversy to arbitration or the status or resolution thereof. Accordingly, Executive and the Company agree that all proceedings in any arbitration shall be conducted under seal and kept strictly confidential. In that regard, no party shall use, disclose, or permit the disclosure of any information, evidence, or documents produced by any other party in the arbitration proceedings or about the existence, contents, or results of the proceedings, except as necessary and appropriate for the preparation and conduct of the arbitration proceedings, or as may be required by any legal process, or as required in an action in aid of arbitration, or for enforcement of or appeal from an arbitral award. Before making any disclosure permitted by the preceding sentence, the party intending to make such disclosure shall give the other party reasonable written notice of the intended disclosure and afford such other party a reasonable opportunity to protect its interests (e.g., by application for a protective order and/or to file under seal).

SECTION XV

SURVIVAL

Sections VI, VII, VIII, X, XI, XII, XIII, XIV, and XV will continue in full force in accordance with their respective terms notwithstanding any termination of the Period of Employment.

SECTION XVI

SEVERABILITY

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 will 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 will be deemed modified so that it will be enforced to the greatest extent permissible under law, and to the extent that any court of competent jurisdiction determines any restriction herein to be unreasonable in any respect, such court may limit this Agreement to render it reasonable in the light of the circumstances in which it was entered into and specifically enforce this Agreement as limited.

SECTION XVII

NO CONFLICTS

The Executive represents and warrants to the Company that the Executive is not a party to or otherwise bound by any agreement or arrangement (including, without limitation, any license, covenant, or commitment of any nature), or subject to any judgment, decree, or order of any court or administrative agency, that would conflict with or will be in conflict with or in any way preclude, limit or inhibit the Executive's ability to execute this Agreement or to carry out the Executive's duties and responsibilities hereunder.

SECTION XVIII

SECTION 409A OF THE CODE

A. Section 409A. Although the Company does not guarantee to the Executive any particular tax treatment relating to the payments and benefits under this Agreement, it is intended that such payments and benefits be exempt from, or comply with, Code Section 409A and this Agreement will be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Code Section 409A.

B. Separation From Service. A termination of employment will not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits subject to Code Section 409A upon or following a termination of employment unless such termination is also a "Separation from Service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "resignation," "termination," "termination of employment" or like terms will mean Separation from Service.

C. Reimbursement. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Code Section 409A, (i) the right to reimbursement or in-kind benefits will not be subject to liquidation or exchange for another benefit and (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year will not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, and such reimbursement will be made no later than the end of the calendar year following the calendar year in which the expense is incurred, provided that the foregoing clause will not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

D. Specified Employee. If the Executive is deemed on the date of termination of employment to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code and using the identification methodology selected by the Company from time to time, or if none, the default methodology, then:

i. With regard to any payment, the providing of any benefit or any distribution of equity that constitutes "deferred compensation" subject to Code Section 409A, payable upon separation from service, such payment, benefit or distribution will not be made or provided prior to the earlier of (x) the expiration of the six-month period measured from the date of the Executive's Separation from Service or (y) the date of the Executive's death, to the extent required to comply with Code Section 409A; and

ii. On the first day of the seventh (7th) month following the date of the Executive's Separation from Service or, if earlier, on the date of death, (x) all payments delayed pursuant to this Section XVIII will be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement will be paid or provided in accordance with the normal dates specified for them herein and (y) all distributions of equity delayed pursuant to this Section XVIII will be made to the Executive.

E. Company Discretion. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., “payment will be made within 60 days following the date of termination”), the actual date of payment within the specified period will be within the sole discretion of the Company and the number of days referenced will refer to the number of calendar days.

F. Compliance. Notwithstanding anything herein to the contrary, in no event whatsoever will the Company or any of its affiliates be liable for any additional tax, interest or penalties that may be imposed on the Executive by Code Section 409A or any damages for failing to comply with Code Section 409A.

[Signature Page Follows]

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

WYNDHAM HOTELS & RESORTS, INC.

By: /s/ Mary Falvey

Name: Mary Falvey

Title: Chief Administrative Officer

/s/ Michele Allen

Michele Allen

SEPARATION AND RELEASE AGREEMENT

THIS SEPARATION AND RELEASE AGREEMENT (the “Agreement”) is made as of this 3rd day of December, 2019, by Wyndham Hotels & Resorts, Inc., a Delaware corporation (the “Company”), and David B. Wyshner (the “Executive”).

WHEREAS, the Executive has served as the Chief Financial Officer of the Company;

WHEREAS, the Executive and the Company are signatories to an employment agreement dated August 1, 2017 (“Employment Agreement”); and

WHEREAS, the Company and the Executive have mutually agreed to end their employment relationship under the terms and conditions set forth exclusively in 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 Executive ceased to serve as Chief Financial Officer and as an officer of the Company, effective December 3, 2019 (“Transition Date”). During the period (the “Transition Period”) from the Transition Date until the earlier to occur of i) March 1, 2020 and ii) any earlier termination of his employment due to a “Termination for Cause” or “Resignation” (as each such term is defined in the Employment Agreement) (such date herein defined as the “Separation Date”), the Executive will be employed on the terms and conditions set forth herein as a Senior Advisor to the Company. Effective on the Separation Date, the Executive’s employment with the Company and its affiliates will automatically terminate without the need for any further action by the Company, the Executive or any other party.

Effective as of the Transition Date, the Executive hereby resigns from all positions, offices and directorships with the Company and any affiliate and subsidiary of the Company (other than the position of Senior Advisor), as well as from any positions, offices and directorships on the Company’s and its affiliates’ and subsidiaries’ foundations, benefits plans and programs. During the Transition Period, notwithstanding any other obligations upon the Executive as set forth herein, the Executive shall make himself available without restriction for business purposes by telephone and electronic mail to the Company’s CEO (“Company CEO”), any executive directly reporting to the Company CEO (“Company SLT Member”), and any employee or officer as requested by the Company CEO or Company SLT Member. The Company’s CEO may further request that the Executive make himself physically available for business purposes at reasonable hours during the Transition Period.

Section 2 Payment
 Obligations.

2.1 Payment for Accrued Salary, Benefits, Etc. Until the Transition Date, the Executive shall continue to be compensated in the amount of his current annual Base Salary (as defined in Section IV(a) of the Employment Agreement) of six hundred fifty thousand dollars (\$650,000.00), which, along with applicable benefits, shall continue to be paid pro rata on a bi-weekly basis. During the Transition Period, the Executive shall be paid one thousand nine hundred and twenty-five dollars (\$1,925.00) per week (“Advisor Compensation”). The Advisor Compensation will be paid pro rata on a bi-weekly basis commencing on the first pay date for the first full pay period of the Company following the first day of the Transition Period through the Separation Date. All payments shall be made to Executive less all applicable taxes, deductions and other withholdings. To the extent not previously paid to Executive, Executive is eligible to receive a 2019 Global Annual Incentive Plan Payment (“2019 Incentive Payment”), equivalent to the amount of the incentive payment Executive would have received if he had remained employed with the Company in his role as CFO through the date of payout of the 2019 Incentive Payment, in the form of an additional lump sum payment, subject to applicable taxes, withholding and deductions, made payable, to the extent made payable and in the percentage made payable to actively employed team members of the Company, at the same time that incentive compensation awards, if any, for calendar year 2019 are paid. The 2019 Incentive Payment will be made subject to and determined based on the Company’s attainment of applicable performance goals, as certified, and in accordance with the terms and conditions of the Wyndham Hotels & Resorts 2019 Global Annual Incentive Plan. At the end of the Transition Period, the Executive shall be entitled to receive from the Company a cash payment equal to any accrued and unpaid Advisor Compensation for his period of employment during the Transition Period.

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

2.2 Severance. The Company and the Executive agree that the Executive’s separation from employment with the Company will be treated as a “Without Cause Termination” pursuant to the Employment Agreement, provided that the Executive’s employment is not terminated due to a “Termination for Cause” (as defined in the Employment Agreement) prior to the Separation Date. Accordingly,

- (a) the Company shall pay the Executive an aggregate cash severance amount equal to two million six hundred thousand dollars (\$2,600,000.00), payable in a lump sum within 60 days after the Separation Date, subject to Sections 2.4, 2.5 and 4.6 below;

- (b) effective as of the Separation Date, and subject to Sections 2.4, 2.5 and 4.6 below, the Executive's outstanding incentive equity awards shall be treated as set forth below:
1. all of the Executive's outstanding time-based restricted stock units ("RSUs") which would have otherwise vested within one year following the Separation Date will be accelerated and net vested as of the Separation Date and net settled in shares of Company common stock, to be provided to the Executive within 60 days after the Separation Date; and
 2. all of the Executive's outstanding time-based stock options ("SOs") which would have otherwise vested within one year following the Separation Date will be i) made available to the Executive within 60 days after the Separation Date and ii) accelerated and remain exercisable for the earlier of y) two-years from the Separation Date or z) the original expiration date of the vested SOs and
 3. with respect to the Executive's outstanding performance-based RSUs ("PVRsUs") for the performance period from January 1, 2019 through December 31, 2021 to the extent that the performance goals applicable to such PVRsUs are achieved, in each case as certified by the Compensation Committee of the Company's Board of Directors following the completion of each such performance period and determined for Executive on the same basis as other PVRsU holders, 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 Separation Date plus 12 months (or, if less, assuming employment for the entire performance period). Any such vested PVRsUs shall be net settled 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)(i)(3) or otherwise provided upon a change of control under the PVRsU plan to the extent applicable to Executive, the Executive's outstanding PVRsUs shall not otherwise vest or accelerate and to the extent not so vested pursuant to this subsection (b)(i)(3), such PVRsUs shall terminate and be forfeited;

The Executive has no other outstanding Company incentive awards, equity awards or equity rights except as set forth above in subsection (b) 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 effective date of this Agreement (December 4, 2019). For the avoidance of doubt, Executive will continue to vest in all his outstanding equity that is scheduled to vest between his Transition Date and Separation Date. Furthermore, in the event the Separation Date occurs prior to the regularly scheduled vesting of any outstanding equity pursuant to the terms of such equity award grants, the provisions set forth in Section 2.2 (b) herein shall continue to apply in connection with unvested equity as of the Separation Date, provided the Executive's employment has not otherwise been terminated due to a "Termination for Cause."

- (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 Separation Date, in accordance with the terms thereof.
- (d) The Executive shall continue to participate in the health plans in which he currently participates through the end of the month in which the Separation Date occurs. Following the Separation Date, (i) the Executive may elect to continue medical, dental and vision plan coverage in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA") at his own expense, provided, however, that the Company will reimburse the Executive the COBRA premiums expected to be incurred by the Executive for continuation of medical coverage after the Separation Date until the earlier of (A) the 18-month anniversary of the Separation Date, or (B) the date on which the Executive becomes eligible for substantially similar coverage from a subsequent employer.

Notwithstanding any other provision of this Agreement or the Employment Agreement, 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 has a commercially reasonable belief that the Executive is in breach of any of the covenants contained in the Employment Agreement, including but not limited to Section VII therein, 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 and agrees 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, or of any of the Released Parties as defined in the Executive Release attached hereto as Exhibit A.

2.3 Other Benefits. Following the Separation 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. Executive will also be able to participate in the Executive Medical Program for calendar year 2020 at the Company's expense. Finally, the Executive will continue to use AYCO services at the Company's expense, including and until the completion of the preparation of his 2020 tax returns. The Company shall

provide the Executive with outplacement services with a vendor selected by the Company for a period equal to the earlier of i) twelve (12) months from the Separation Date and ii) Executive assuming full time employment with another company.

2.4 Code Section 409A. On the Separation 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 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 Separation Date (or, if later, his “separation from service” as referred to in Code Section 409A) (as applicable, “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 409A 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) 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. Notwithstanding any other provisions of this Agreement or the Employment Agreement to the contrary, this Agreement shall not become effective, and neither the Company nor the Executive shall have any rights or obligations under this Agreement, unless and until the Executive General Release attached as Exhibit A hereto and made a part hereof (the “Executive Release”) becomes effective pursuant to its terms. Furthermore, the payments, benefits, vesting and other rights provided to the Executive under Section 2.2 of this Agreement are subject to, and contingent upon, the occurrence of the “Second Release Effective Date” (as defined in the Executive Release). If the Second Release Effective Date does not occur, the Executive shall have no right to any payments, benefits, vesting or other rights provided pursuant to Section 2.2 hereof.

2.6 Indemnification. From and after the Separation Date, the Company will indemnify the Executive and advance and/or reimburse related expenses, to the fullest extent permitted by the laws of the state of incorporation of the Company (Delaware) and with the limitations set forth under the Certificate of Incorporation and By-Laws of the Company. In addition, nothing in this

Agreement or Exhibit A shall affect the Executive's rights, if any, to indemnification, advancement, defense or related reimbursement pursuant to, and subject to the terms and conditions of, Executive's Employment Agreement, any applicable D&O policies, any applicable insurance policies or applicable law.

2.7 Payment to Executive's Estate. In the event of the Executive's death prior to the payment and/or provision of any of the severance payments and/or benefits set forth under Section 2.2 herein (collectively, the "Severance"), provided the Executive or the Executive's estate has complied with Section 2.5 hereof, the Executive's estate will receive the Severance in accordance with the payment terms set forth in this Agreement.

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 Employment Agreement, including but not limited to Section VII therein, which are hereby incorporated into this Agreement by reference as if fully set forth in this Agreement ("Post-Separation Covenants"). For the avoidance of doubt, unless otherwise stated in the Employment Agreement or in this Agreement, such Post-Separation Covenants shall remain in effect for two years after the Separation Date. Notwithstanding the Post-Separation Covenants, during the period in which such Post-Separation Covenants are in effect, the Executive may seek written consent from the Company's CEO to assume a position with another company or entity that otherwise would be in violation of one or more of the Post-Separation Covenants. Such written consent by Mr. Ballotti shall be provided or not provided at his sole discretion. For the avoidance of doubt, if such written consent is not provided, the Executive will remain bound by all of the Post-Separation Covenants in accordance with their terms.

The Executive agrees that all of the Post-Separation Covenants are fair and reasonable and are an essential element of the payments, rights and benefits provided to the Executive pursuant to this Agreement and Employment Agreement, and but for the Executive's agreement to comply therewith and herewith, the Company would not have entered into this Agreement or executed the Employment Agreement.

This Section 3.1 shall in all respects be subject to Paragraph 10 of the Executive Release.

3.2 Confidential and Proprietary Information. The Executive also 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 and any of the Released Parties' (defined in the Executive Release attached hereto as Exhibit A) (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 (or Released Party, as applicable). 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 the Executive receives a court order, subpoena, or notice of other legal process requiring the disclosure of any information concerning the Company or any of the Released Parties, 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 (or Released Party, as applicable) 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 end of his employment. The Executive also acknowledges his continuing obligations under the Company’s Business Principles. This Section 3.2 shall in all respects be subject to Paragraph 10 of the Executive Release.

Executive shall be entitled to keep his Company-issued iPhone (including the telephone number associated with the iPhone) (“Phone”), iPad (“iPad”), and laptop computer (“Laptop”). Executive will provide the Company’s Information Security and Information Technology Departments with his Phone, iPad and Laptop and the Company shall be permitted to image the Phone, iPad and Laptop, remove and replace the hard drive associated with the Laptop and otherwise erase all information from the Phone, iPad and Laptop and then return the Phone, iPad and Laptop to Executive for his personal use. Executive shall assume all financial responsibility associated with the Phone, iPad and Laptop as of the Separation Date. The Company will provide reasonable transitional IT assistance.

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 covenants, restrictions, and obligations of Executive under the Employment Agreement, 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, the 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 covenants, restrictions, and obligations of Executive under the Employment Agreement 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 to counsel, financial advisors or auditors for either of the parties and/or as may be required by law, 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. Section VI through and including Section XIX of the Employment Agreement shall continue in full force and effect in accordance with their respective terms (except as modified by this Agreement), notwithstanding the execution and delivery by the parties of this Agreement. All of the Executive's obligations, covenants and restrictions under the Employment Agreement, 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 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 Hotels & Resorts, Inc.
22 Sylvan Way
Parsippany, NJ 07054
Attn: Geoffrey Ballotti, Chief Executive Officer, and Paul Cash, General Counsel

If to the Executive:

David B. Wyshner
[]

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.

4.9 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. The Company may assign this Agreement to any successor to all or a portion of the business and/or assets of the Company, provided that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

4.10 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 4.8 of this Agreement, shall be deemed effective service of process on such party in any such suit, action or proceeding. **The Executive and Company agree to waive any right to a jury in connection with any judicial proceeding.**

4.11 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.

4.12 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.

4.13 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 Employment Agreement (unless, as set forth herein, certain provisions of the Employment Agreement are incorporated by reference in this Agreement). 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.

4.14 Non-Disclosure. Unless otherwise required by law, the Executive agrees not to disclose, either directly or indirectly, any information regarding the existence or substance of this Agreement, including specifically any of the terms of payment hereunder, which are not made public by the Company as required by law. This nondisclosure includes, but is not limited to, members of the media, present or former members of the Company (or any Released Party), and other members of the public, but does not include an attorney, an accountant, an immediate family member or a representative whom the Executive chooses to consult or seek advice regarding his consideration of and decision to execute this Agreement.

[SIGNATURE PAGE FOLLOWS]

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

WYNDHAM HOTELS & RESORTS, INC.

By: /s/ Mary Falvey

Name: Mary Falvey

Title: Chief Administrative Officer

/s/ David B. Wyshner

Executive: David B. Wyshner

EXHIBIT A

EXECUTIVE GENERAL RELEASE

I, David B. Wyshner (“I” or “Executive”), on behalf of myself and my heirs, executors, administrators, successors and assigns, in consideration of my Separation and Release Agreement with Wyndham Hotels & Resorts, Inc., a Delaware corporation (the “Company”), dated December 4, 2019 (the “Agreement”), to which this Executive General Release (this “Executive Release”) is attached, do hereby knowingly and voluntarily release and forever discharge the Company, Wyndham Worldwide Corporation, Wyndham Destinations, Inc., and each of its and their parent entities, affiliates and subsidiaries, and each of its and their past, present and future subsidiaries, affiliates, parent entities, divisions, joint ventures, directors, members, officers, executives, employees, agents, representatives, attorneys and stockholders, 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” and each a “Released Party”), from any and all actions, causes of action, covenants, contracts, claims, cross-claims, counter-claims, charges, demands, suits, debts, controversies, losses 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 date upon which I execute and/or re-execute (as applicable) this Executive Release (“Claims”), including any Claims arising out of or relating in any way to my employment with the Company and any of the Released Parties and any of its or their affiliates through the date upon which I execute and/or re-execute (as applicable) this Executive Release or end my employment from the Company and its affiliates.

1. By signing and/or re-executing this Executive Release, I am providing a complete waiver of all Claims that may have arisen (with the exception of (x) Excluded Claims as defined herein and (y) the exceptions as expressly set forth in (i) Section 2, (ii) Section 4, and (iii) Section 10 herein), whether known or unknown, up until and including the date upon which I execute and/or re-execute (as applicable) 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 through the date upon which I execute and/or re-execute (as applicable) this Executive Release 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 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 express 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 or any of the Released Parties, 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 but not limited to physical injury, mental anguish, emotional distress, pain and suffering, embarrassment, humiliation, damage to name or reputation, interest, liquidated damages, compensatory, exemplary, 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 (or knows or believes upon such re-execution)

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.

Executive represents that Executive has made no assignment or transfer of any right or Claim released herein and further agrees that he is not aware of any such right or Claim.

This Executive Release shall not, however, apply to any obligations of the Company under the terms and subject to the conditions expressly set forth in the Agreement (claims with respect thereto, 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 the Company or any of the Released Parties through the date upon which Executive executes and/or re-executes (as applicable) this Executive Release and the cessation 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 Section 2.2 of the Agreement, except for his execution and re-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. Nothing in this Executive Release shall release or impair (a) any right that cannot be waived by private agreement under the law, including but not limited to, any claim for workers' compensation or unemployment insurance benefits; (b) any vested rights under any pension or 401(k) plan; and/or (c) any right to enforce the Agreement or this Executive Release.

3. As of the date upon which Executive executes and/or re-executes (as applicable) this Executive Release, Executive acknowledges that he does not have any current charge, complaint, grievance or other proceeding against the Company or 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 herein to the fullest extent permitted by law.

5. As of the date upon which Executive executes and/or re-executes (as applicable) this Executive Release, 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 Company or any of 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 and re-executed, 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 Company or any of 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. As of the date upon which Executive executes and/or re-executes (as applicable) this Executive Release, 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 (including any past or future subsidiary of the Company), 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. As of the date upon which Executive re-executes this Executive Release, 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, as of the date upon which Executive re-executes this Executive Release, 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 Separation Date (as defined in the Agreement). Finally, as of the date upon which Executive re-executes this Executive Release, 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 or any of the Released Parties of any liability or unlawful conduct of any kind, which the Company and Released Parties deny.

12. Executive acknowledges and agrees that all Released Parties are third-party beneficiaries of this Release and have the right to enforce this Release.

13. No amendment to or waiver of this Executive Release or any of its terms will be binding unless consented to in writing by the Executive and an authorized representative of the Company. No waiver by any Released Party of a breach of any provision of this Executive Release, or of compliance with any condition or provision of this Executive Release to be performed by the Executive, will operate or be construed as a waiver of any subsequent breach with respect to any other Released Party or any similar or dissimilar provision or condition at the same time or any subsequent time. The failure of any Released Party to take any action by reason of any breach will not deprive any other Released Party of the right to take action at any time.

14. If any term or provision of this Executive Release is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Release or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision of this Executive Release is invalid, illegal or unenforceable, this Executive Release shall be enforceable as closely as possible to its intent of providing the Released Parties with a full release of all legally releasable claims through the date upon which the Executive executes and re-executes (as applicable) this Executive Release.

15. Executive understands that he has forty-five (45) calendar days within which to consider this Executive Release before signing it. The forty-five (45) calendar day period shall begin on December 3, 2019, 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 either Geoffrey Ballotti, Chief Executive Officer or Paul Cash, General Counsel, Wyndham Hotels & Resorts Corporation, 22 Sylvan Way, Parsippany, NJ 07054. Notice of such revocation must be received within the seven (7) calendar days referenced. 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 other terms and conditions of this Executive Release and the Agreement have been met by Executive to the Company’s satisfaction.

16. The Company’s obligations set forth in Section 2.2 of the Agreement are expressly contingent upon Executive’s re-execution and non-revocation of this Executive Release within forty-five (45) days following the Separation Date. Upon Executive’s re-execution of this Agreement (the “Re-Execution Date”), Executive advances to the Re-Execution Date his release of all Claims. Executive has seven (7) calendar days from the Re-Execution Date to revoke his re-execution of this Agreement. In order to revoke his signature, Executive must deliver written notification of that revocation marked “personal and confidential” to either Geoffrey Ballotti, Chief Executive Officer or Paul Cash, General Counsel, Wyndham Hotels & Resorts Corporation, 22 Sylvan Way, Parsippany, NJ 07054. Notice of such revocation must be received within the seven (7) calendar days referenced above. If Executive does not re-execute this Agreement or if Executive revokes such re-execution, the Agreement and this Executive Release shall remain in full force and effect, but neither Company nor Executive shall have any rights or obligations under Section 2.2 of the Agreement. Provided that Executive does not revoke his re-execution within such seven (7) day period, the “Second Release Effective Date” shall occur on the eighth (8th) calendar day after the date on which Executive re-executes the signature page of this Executive Release.

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 RE-EXECUTING, AS APPLICABLE) 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 OR ANY OF THE RELEASED PARTIES AND THEIR AFFILIATES UNLESS EXCLUDED HEREIN; 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 (AND RE-EXECUTE, AS APPLICABLE) 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 RE-EXECUTES, AS APPLICABLE) AND DELIVERS THIS EXECUTIVE RELEASE.

EXECUTIVE HAS BEEN ADVISED OF EXECUTIVE'S RIGHT TO CONSULT WITH HIS LEGAL COUNSEL PRIOR TO EXECUTING (AND RE-EXECUTING, AS APPLICABLE) THIS EXECUTIVE RELEASE AND THE AGREEMENT.

IF THIS DOCUMENT IS RETURNED EARLIER THAN 45 DAYS, THEN EXECUTIVE ADDITIONALLY ACKNOWLEDGES AND WARRANTS THAT HE HAS VOLUNTARILY AND KNOWINGLY WAIVED THE 45 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 45 DAYS, OR BY PROVIDING DIFFERENT TERMS TO EXECUTIVE IF HE SIGNS (OR RE-EXECUTES, AS APPLICABLE) THIS EXECUTIVE RELEASE PRIOR TO THE EXPIRATION OF SUCH TIME PERIOD.

THEREFORE, the Executive voluntarily and knowingly executes and/or re-executes this Executive Release as of the dates set forth below.

/s/ David B. Wyshner
David B. Wyshner
Date Signed: January 10, 2020

**NOT TO BE RE-EXECUTED
PRIOR TO THE SEPARATION DATE**

David B. Wyshner
Date Signed: _____

**WYNDHAM HOTELS & RESORTS, INC.
SUBSIDIARIES OF THE REGISTRANT**

The following is a list of the subsidiaries of Wyndham Hotels & Resorts, Inc. as of December 31, 2019:

Name	Jurisdiction of Organization
Wyndham Hotel Group, LLC	Delaware
La Quinta Holdings Inc.	Delaware
La Quinta Intermediate Holdings L.L.C.	Delaware
Lodge Holdco II L.L.C.	Delaware
La Quinta Franchising LLC	Nevada
Ramada International, Inc.	Delaware
La Quinta Worldwide, LLC	Nevada
WHG Caribbean Holdings, Inc.	Delaware
Wyndham Asia Caribbean Holdings Ltd.	Jersey
Days Inns Worldwide, Inc.	Delaware
Wyndham Properties S.a.r.l.	Luxembourg
LQ Management L.L.C.	Delaware
U.S. Franchise Systems, Inc.	Delaware
AmericInn International, LLC	Minnesota
Super 8 Worldwide, Inc.	South Dakota
Rio Mar Resort - WHG Hotel Property, LLC	Delaware
Wyndham Bonnet Creek Hotel, LLC	Delaware
Baymont Franchise Systems, Inc.	Delaware
WHG (Jersey) Limited	Jersey
	United Kingdom
Wyndham Hotel Group Europe Limited	
Wyndham Hotel Management, Inc.	Delaware
Microtel Inns and Suites Franchising, Inc.	Georgia
Wyndham Hotel Asia Pacific Co. Limited	Hong Kong
Dolce International Holdings, Inc.	Delaware
WHG (Jersey) II Limited	Jersey
Wingate Inns International, Inc.	Delaware

Omitted from the list are the names of subsidiaries that, if considered in the aggregate as a single subsidiary, would not constitute a "significant subsidiary" as defined in SEC Regulation S-X.

WYNDHAM HOTELS & RESORTS, INC.
CORPORATION ASSUMED NAMES REPORT

Entity Name	Assumed Name
Microtel Inns and Suites Franchising, Inc.	Microtel Inn by Wyndham
Microtel Inns and Suites Franchising, Inc.	Microtel Inn & Suites by Wyndham
Microtel Inns and Suites Franchising, Inc.	MISF
Wingate Inns International, Inc.	Wingate by Wyndham
Wyndham Bonnet Creek Hotel, LLC	Wyndham Grand Orlando Resort Bonnet Creek
Wyndham Bonnet Creek Hotel, LLC	Blue Harmony Spa
Wyndham Hotel Management, Inc.	Wyndham Management Company

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-224923 on Form S-8 and in Registration Statement No. 333-232421 on Form S-8 of our report dated February 13, 2020, relating to the consolidated and combined financial statements of Wyndham Hotels & Resorts, Inc. and subsidiaries and the effectiveness of the Wyndham Hotels & Resorts, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Wyndham Hotels & Resorts, Inc. for the year ended December 31, 2019.

/s/ Deloitte & Touche LLP
New York, New York
February 13, 2020

CERTIFICATION

I, Geoffrey A. Ballotti, certify that:

1. I have reviewed this annual report on Form 10-K of Wyndham Hotels & Resorts, Inc.;
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: February 13, 2020

/S/ GEOFFREY A. BALLOTTI

PRESIDENT AND CHIEF EXECUTIVE OFFICER

CERTIFICATION

I, Michele Allen, certify that:

1. I have reviewed this annual report on Form 10-K of Wyndham Hotels & Resorts, Inc.;
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: February 13, 2020

/S/ MICHELE ALLEN

CHIEF FINANCIAL OFFICER

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

In connection with the Annual Report of Wyndham Hotels & Resorts, Inc. (the "Company") on Form 10-K for the period ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Geoffrey A. Ballotti, as President and Chief Executive Officer of the Company, and Michele Allen, as Chief Financial Officer of the Company (each, the "Reporting Person"), 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 the Reporting Person's 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/ GEOFFREY A. BALLOTTI

GEOFFREY A. BALLOTTI
PRESIDENT AND CHIEF EXECUTIVE OFFICER
February 13, 2020

/s/ MICHELE ALLEN

MICHELE ALLEN
CHIEF FINANCIAL OFFICER
February 13, 2020