

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

FORM 10-Q

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

For the quarterly period ended March 31, 2021

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)

None

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class

Common Stock

Trading Symbol(s)

WH

Name of each exchange on which registered

New York Stock Exchange

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

Large accelerated filer

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 Exchange Act.

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

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

93,398,800 shares of common stock outstanding as of March 31, 2021.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of Wyndham Hotels & Resorts, Inc. and subsidiaries (the “Company”) as of March 31, 2021, the related condensed consolidated statements of income, comprehensive income (loss), cash flows, and equity for the three-month periods ended March 31, 2021 and 2020, and the related notes (collectively referred to as the “interim financial statements”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2020, and the related consolidated and combined statements of income (loss), comprehensive income (loss), cash flows, and equity for the year then ended (not presented herein); and in our report dated February 12, 2021, we expressed an unqualified opinion (which included an emphasis of a matter paragraph relating to expense allocations for certain corporate functions and services historically provided by Wyndham Worldwide Corporation) on those consolidated and combined financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2020, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

The interim financial statements are the responsibility of the Company’s management. We are a public accounting firm registered with the 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 reviews in accordance with standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Deloitte & Touche LLP
New York, New York
April 29, 2021

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

	Three Months Ended March	
	2021	2020
Net revenues		
Royalties and franchise fees	\$ 78	\$ 92
Marketing, reservation and loyalty	85	106
Management and other fees	19	32
License and other fees	20	21
Cost reimbursements	71	126
Other	30	33
Net revenues	<u>303</u>	<u>410</u>
Expenses		
Marketing, reservation and loyalty	92	118
Operating	27	35
General and administrative	24	28
Cost reimbursements	71	126
Depreciation and amortization	24	25
Separation-related	2	1
Restructuring	—	13
Transaction-related, net	—	8
Total expenses	<u>240</u>	<u>354</u>
Operating income	63	56
Interest expense, net	28	25
Income before income taxes	35	31
Provision for income taxes	11	9
Net income	<u>\$ 24</u>	<u>\$ 22</u>
Earnings per share		
Basic	\$ 0.26	\$ 0.23
Diluted	0.26	0.23

See Notes to Condensed Consolidated Financial Statements.

WYNDHAM HOTELS & RESORTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)
(Unaudited)

	Three Months Ended March	
	31,	
	2021	2020
Net income	\$ 24	\$ 22
Other comprehensive income/(loss), net of tax		
Foreign currency translation adjustments	—	(3)
Unrealized gains/(losses) on cash flow hedges	14	(36)
Other comprehensive income/(loss), net of tax	14	(39)
Comprehensive income/(loss)	<u>\$ 38</u>	<u>\$ (17)</u>

See Notes to Condensed Consolidated Financial Statements.

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 531	\$ 493
Trade receivables, net	274	295
Prepaid expenses	52	45
Other current assets	54	67
Total current assets	<u>911</u>	<u>900</u>
Property and equipment, net	268	278
Goodwill	1,525	1,525
Trademarks, net	1,202	1,203
Franchise agreements and other intangibles, net	503	512
Other non-current assets	231	226
Total assets	<u>\$ 4,640</u>	<u>\$ 4,644</u>
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 516	\$ 21
Accounts payable	27	28
Deferred revenues	78	71
Accrued expenses and other current liabilities	203	226
Total current liabilities	<u>824</u>	<u>346</u>
Long-term debt	2,076	2,576
Deferred income taxes	364	359
Deferred revenues	160	158
Other non-current liabilities	225	242
Total liabilities	<u>3,649</u>	<u>3,681</u>
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 6.0 shares, none issued and outstanding	—	—
Common stock, \$0.01 par value, authorized 600.0 shares, 101.1 and 100.8 issued and outstanding at March 31, 2021 and December 31, 2020	1	1
Treasury stock, at cost – 7.7 shares at March 31, 2021 and December 31, 2020	(408)	(408)
Additional paid-in capital	1,508	1,504
Accumulated deficit	(72)	(82)
Accumulated other comprehensive loss	(38)	(52)
Total stockholders' equity	<u>991</u>	<u>963</u>
Total liabilities and stockholders' equity	<u>\$ 4,640</u>	<u>\$ 4,644</u>

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2021	2020
Operating activities		
Net income	\$ 24	\$ 22
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	24	25
Provision for doubtful accounts	11	12
Deferred income taxes	1	2
Stock-based compensation	5	4
Net change in assets and liabilities:		
Trade receivables	10	(17)
Prepaid expenses	(7)	(6)
Other current assets	13	(8)
Accounts payable, accrued expenses and other current liabilities	(24)	(14)
Deferred revenues	9	(2)
Payments of development advance notes	(8)	(3)
Other, net	6	2
Net cash provided by operating activities	<u>64</u>	<u>17</u>
Investing activities		
Property and equipment additions	(5)	(7)
Net cash used in investing activities	<u>(5)</u>	<u>(7)</u>
Financing activities		
Proceeds from borrowings	—	744
Principal payments on long-term debt	(4)	(14)
Dividends to shareholders	(15)	(30)
Repurchases of common stock	—	(50)
Net share settlement of incentive equity awards	(5)	(2)
Other, net	3	(1)
Net cash (used in)/provided by financing activities	<u>(21)</u>	<u>647</u>
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	—	(2)
Net increase in cash, cash equivalents and restricted cash	38	655
Cash, cash equivalents and restricted cash, beginning of period	493	94
Cash, cash equivalents and restricted cash, end of period	<u>\$ 531</u>	<u>\$ 749</u>

See Notes to Condensed Consolidated Financial Statements.

WYNDHAM HOTELS & RESORTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(In millions)
(Unaudited)

	Common Shares Outstanding	Common Stock	Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
Balance as of December 31, 2020	93	\$ 1	\$ (408)	\$ 1,504	\$ (82)	\$ (52)	\$ 963
Net income	—	—	—	—	24	—	24
Other comprehensive income	—	—	—	—	—	14	14
Dividends	—	—	—	—	(15)	—	(15)
Net share settlement of incentive equity awards	—	—	—	(5)	—	—	(5)
Change in deferred compensation	—	—	—	5	—	—	5
Exercise of stock options	—	—	—	4	—	—	4
Other	—	—	—	—	1	—	1
Balance as of March 31, 2021	<u>93</u>	<u>\$ 1</u>	<u>\$ (408)</u>	<u>\$ 1,508</u>	<u>\$ (72)</u>	<u>\$ (38)</u>	<u>\$ 991</u>

	Common Shares Outstanding	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance as of December 31, 2019	94	\$ 1	\$ (363)	\$ 1,488	\$ 113	\$ (27)	\$ 1,212
Net income	—	—	—	—	22	—	22
Other comprehensive loss	—	—	—	—	—	(39)	(39)
Dividends	—	—	—	—	(30)	—	(30)
Repurchase of common stock	(1)	—	(45)	—	—	—	(45)
Net share settlement of incentive equity awards	—	—	—	(2)	—	—	(2)
Change in deferred compensation	—	—	—	4	—	—	4
Cumulative effect of change in accounting standard	—	—	—	—	(10)	—	(10)
Balance as of March 31, 2020	<u>93</u>	<u>\$ 1</u>	<u>\$ (408)</u>	<u>\$ 1,490</u>	<u>\$ 95</u>	<u>\$ (66)</u>	<u>\$ 1,112</u>

See Notes to Condensed Consolidated Financial Statements.

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

1. BASIS OF PRESENTATION

Wyndham 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 nearly 95 countries around the world.

The Condensed Consolidated Financial Statements have been prepared on a stand-alone basis. The Condensed Consolidated 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 Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All intercompany balances and transactions have been eliminated in the Condensed Consolidated Financial Statements.

In presenting the Condensed Consolidated Financial Statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates. In management’s opinion, the Condensed Consolidated Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These Condensed Consolidated Financial Statements should be read in conjunction with the Company’s 2020 Consolidated and Combined Financial Statements included in its most recent Annual Report on [Form 10-K](#) filed with the U.S. Securities and Exchange Commission (the “SEC”) and any subsequent reports filed with the SEC.

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. NEW ACCOUNTING PRONOUNCEMENTS

Recently adopted accounting pronouncements

Simplifying the Accounting for Income Taxes. On December 18, 2019, the Financial Accounting Standards Board (“FASB”) issued guidance which simplifies the accounting standards for income taxes. The amendment clarifies and simplifies aspects of the accounting for income taxes to help promote consistent application of U.S. GAAP by eliminating certain exceptions to the general principles of ASC 740, *Income Taxes*. This guidance is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years, with early adoption permitted. The Company adopted the guidance on January 1, 2021, as required. There was no material impact on the Company’s Condensed Consolidated Financial Statements and related disclosures as a result of adopting this new standard.

3. REVENUE RECOGNITION*Deferred revenues*

Deferred revenues, or contract liabilities, generally represent payments or consideration received in advance for goods or services that the Company has not yet provided to the customer. Deferred revenues as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021	December 31, 2020
Deferred initial franchise fee revenues	\$ 140	\$ 136
Deferred loyalty program revenues	75	75
Deferred co-branded credit card program revenues	5	—
Deferred other revenues	18	18
Total	\$ 238	\$ 229

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.

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:

	4/1/2021 - 3/31/2022	4/1/2022 - 3/31/2023	4/1/2023 - 3/31/2024	Thereafter	Total
Initial franchise fee revenues	\$ 22	\$ 9	\$ 8	\$ 101	\$ 140
Loyalty program revenues	41	23	9	2	75
Co-branded credit card program revenues	5	—	—	—	5
Other revenues	10	1	1	6	18
Total	\$ 78	\$ 33	\$ 18	\$ 109	\$ 238

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:

	Three Months Ended March 31,	
	2021	2020
Hotel Franchising		
Royalties and franchise fees	\$ 75	\$ 84
Marketing, reservation and loyalty	85	106
License and other fees	20	21
Other	29	32
Total Hotel Franchising	209	243
Hotel Management		
Royalties and franchise fees	3	8
Owned hotel revenues	13	22
Management fees	6	10
Cost reimbursements	71	126
Other	1	1
Total Hotel Management	94	167
Net revenues	\$ 303	\$ 410

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 its franchisees, which are amortized over the remaining non-cancellable period of the franchise agreement. As of March 31, 2021 and December 31, 2020, capitalized contract costs were \$33 million, of which \$7 million for both periods, was included in other current assets and \$26 million for both periods, was included in other non-current assets on its Condensed 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.

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

	Three Months Ended March 31,	
	2021	2020
Net income	\$ 24	\$ 22
Basic weighted average shares outstanding	93.4	93.7
Stock options and restricted stock units (“RSUs”)	0.4	0.2
Diluted weighted average shares outstanding	93.8	93.9
Earnings per share:		
Basic	\$ 0.26	\$ 0.23
Diluted	0.26	0.23
<i>Dividends:</i>		
Cash dividends declared per share	\$ 0.16	\$ 0.32
Aggregate dividends paid to shareholders	\$ 15	\$ 30

Stock repurchase program

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

	Shares	Cost	Average Price Per Share
As of December 31, 2020	7.7	\$ 408	\$ 53.43
For the three months ended March 31, 2021	—	—	—
As of March 31, 2021	7.7	\$ 408	\$ 53.43

The Company had \$191 million of remaining availability under its program as of March 31, 2021. On March 17, 2020, the Company suspended its share repurchase activity and as a condition of the April 2020 amendment to its revolving credit agreement, the Company was restricted from repurchasing shares of its stock until the waiver amendment expired on April 1, 2021 unless the Company elected to terminate the amendment earlier, which it did not.

5. ACCOUNTS RECEIVABLE

Allowance for doubtful accounts

The Company generates trade receivables in the ordinary course of its business and provides for estimated bad debts on such receivables. The Company adopted the new accounting guidance, *ASU 2016-13, Measurement of Credit Losses on Financial Instruments* on January 1, 2020. As a result of adopting the new guidance, the Company recorded a \$10 million (net of a \$2 million income tax benefit) cumulative effect adjustment to retained earnings at January 1, 2020.

The following table sets forth the activity in the Company's allowance for doubtful accounts on trade accounts receivables for the three months ended:

	2021	2020
Balance as of January 1,	\$ 72	\$ 47
Cumulative effect of change in accounting standard	—	12
Provision for doubtful accounts	11	12
Bad debt write-offs	(4)	(13)
Balance as of March 31,	<u>\$ 79</u>	<u>\$ 58</u>

6. LONG-LIVED ASSETS

Property, plant and equipment

As a result of the continuing impact of COVID-19 on the Company's results, the Company evaluated the recoverability of its net property, plant and equipment associated with its two owned hotels for impairment in the first quarter of 2021 and believes that it is more likely than not that the carrying value of those assets are recoverable from future expected cash flows, on an undiscounted basis, from such assets.

Although the Company believes that it is more likely than not that the carrying values of its net property, plant and equipment for its two owned hotels are not impaired, the impact of COVID-19 and the ultimate duration remains highly uncertain. Should the current effects of COVID-19 persist for a prolonged duration, the Company's results of operations may continue to be negatively impacted and the property, plant and equipment associated with its owned hotels may be exposed to impairment.

Property, plant and equipment, net as of March 31, 2021 and December 31, 2020 was \$68 million and \$278 million, respectively.

Intangible assets

Goodwill

The Company evaluates the carrying value of its goodwill in each of its reporting units (i) hotel franchising, (ii) hotel management and (iii) owned hotels, compared to their respective estimated fair values on an annual basis during the fourth quarter of every year, or more frequently if circumstances indicate that the fair value of goodwill may be impaired, to the reporting units' carrying values as required by guidance. The Company performed its annual impairment assessment of its goodwill as of October 1, 2020 and determined that no impairments existed and that the fair value of its hotel franchising and hotel management reporting units substantially exceeded its carrying value. During 2020, the Company incurred a charge to fully write-down the goodwill balance for its owned hotel reporting unit.

As a result of the continuing impact which COVID-19 is having on the hospitality industry, the Company performed a qualitative assessment of its remaining goodwill for its hotel franchising and hotel management reporting units as of March 31, 2021. Through such assessments, the Company determined that it is more likely than not that the fair value of its hotel franchising and hotel management reporting units continues to significantly exceed their carrying values.

Other Intangibles

As a result of the continuing impact of COVID-19 on the Company's results, the Company evaluated the carrying value of each of its other indefinite-lived intangible assets compared to their respective estimated fair values in 2020 and the first quarter of 2021. The Company performed its annual impairment assessment of its other indefinite-lived intangible assets as of October 1, 2020 and determined that no impairments exist. Additionally, the Company performed a qualitative assessment of its other indefinite-lived intangible assets as of March 31, 2021 and determined through such assessments, that it was more likely than not that the fair value of such indefinite-lived intangible assets were in excess of their carrying values.

The Company also evaluates the recoverability of each of its definite-lived intangible assets by performing a qualitative assessment to determine if circumstances indicate that impairment may have occurred in 2020 and the first quarter of 2021. The Company performed a quantitative impairment assessment for a management contract and certain franchise agreements during the fourth quarter of 2020. As a result of these assessments, the Company determined these assets were not impaired.

Additionally, the Company also performed a qualitative assessment of all its definite-lived intangible assets as of March 31, 2021 and determined through such assessments, that it was more likely than not that the future expected cash flows on an undiscounted basis were in excess of the carrying value of such assets.

Should the current effects of COVID-19 persist for a prolonged duration, the Company's results of operations may continue to be negatively impacted and its intangible assets within its hotel franchising and hotel management reporting units may be exposed to future impairments. 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 its remaining goodwill, trademarks, franchise agreements and management contracts, which would adversely impact earnings.

Intangible assets as of March 31, 2021 and December 31, 2020 consisted of the following:

	March 31, 2021			December 31, 2020		
	Gross Carrying Amount	Accumulated Impairment	Net Carrying Amount	Gross Carrying Amount	Accumulated Impairment	Net Carrying Amount
Goodwill	\$ 1,539	\$ 14	\$ 1,525	\$ 1,539	\$ 14	\$ 1,525
	March 31, 2021			December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>Unamortized intangible assets:</i>						
Trademarks			\$ 1,201			\$ 1,202
<i>Amortized intangible assets:</i>						
Franchise agreements	\$ 895	\$ 493	\$ 402	\$ 895	\$ 487	\$ 408
Management agreements	136	35	101	136	33	103
Trademarks	2	1	1	2	1	1
Other	1	1	—	1	—	1
	<u>\$ 1,034</u>	<u>\$ 530</u>	<u>\$ 504</u>	<u>\$ 1,034</u>	<u>\$ 521</u>	<u>\$ 513</u>

7. FRANCHISING, MARKETING AND RESERVATION ACTIVITIES

Royalties and franchise fee revenues on the Condensed Consolidated Statements of Income include initial franchise fees of \$3 million for the three months ended March 31, 2021 and 2020.

In accordance with its franchise agreements, generally the Company 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.

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 its brands, in building a new hotel to be flagged under one of its 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 the Company 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 the Company. In certain instances, the Company may earn interest on unpaid franchisee development advance notes.

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

<i>Condensed Consolidated Balance Sheets:</i>	March 31, 2021	December 31, 2020
Development advance notes ^(a)	\$ 95	\$ 92

(a) Included within other non-current assets.

<i>Condensed Consolidated Statements of Income:</i>	Three Months Ended March 31,	
	2021	2020
Forgiveness of notes ^(a)	\$ 2	\$ 2
Bad debt expense related to notes	—	1

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

8. INCOME TAXES

The Company files income tax returns in the U.S. federal and state jurisdictions, as well as in foreign jurisdictions. Through May 31, 2018, the Company was part of a consolidated U.S. federal income tax return and consolidated and combined state returns with Wyndham Worldwide (“former Parent”). The Company is no longer subject to U.S. federal income tax examinations for years prior to 2015. The Company is no longer subject to state and local, or foreign, income tax examinations for years prior to 2010.

The Company received income tax refunds, net of payments, of \$1 million and made cash income tax payments, net of refunds, of \$3 million for the three months ended March 31, 2021 and 2020, respectively.

The Company’s effective tax rates were 31.4% and 29.0% during the three months ended March 31, 2021 and 2020, respectively. The increase was primarily related to remeasurement of net deferred tax liabilities as a result of changes in certain state tax rates and non-deductible separation costs, partially offset by a reduction in foreign taxes.

La Quinta Holdings, Inc. (“LQ”) and then affiliated entities in existence prior to their acquisition by the Company are currently under audit by the Internal Revenue Service (“IRS”) for tax years ended December 31, 2010 to December 31, 2016. The IRS has proposed adjustments for tax years 2010 to 2013 relating to entities that remain with CorePoint Lodging, Inc. (“CorePoint”). CorePoint has responded to the IRS, disagreeing with their proposed adjustments, and the matter was transferred to the IRS Appeals office. These proposed adjustments to the tax returns filed for these CorePoint entities, if the IRS prevails, could result in a material impact on the Company as a result of a reduction to tax attributes utilized in tax years 2014 to 2016. As part of the LQ acquisition, CorePoint has agreed to indemnify the Company for any obligations and expenses arising from any adjustments made in connection with tax years 2010 to 2013 IRS audits, including any amounts owed by LQ with respect to subsequent taxable years as a result of the disallowance of net operating losses or other tax attributes and any legal and accounting defense expenses that arise. The Company currently has not recorded a liability for tax, penalty, or interest related to the proposed adjustments as CorePoint has concluded that the positions reported on their tax returns under audit by the IRS are more-likely-than-not to be sustained based on their technical merits.

9. LONG-TERM DEBT AND BORROWING ARRANGEMENTS

The Company's indebtedness consisted of:

	March 31, 2021		December 31, 2020	
	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)	1,550	3.16%	1,554	3.18%
5.375% senior unsecured notes (due April 2026) ^(c)	496	5.38%	496	5.38%
4.375% senior unsecured notes (due August 2028)	492	4.38%	492	4.38%
Finance leases	54	4.50%	55	4.50%
Total long-term debt	2,592		2,597	
Less: Current portion of long-term debt	516		21	
Long-term debt	\$ 2,076		\$ 2,576	

(a) The carrying amount of the term loan and senior unsecured notes are net of deferred debt issuance costs of \$ 21 million and \$ 22 million as of March 31, 2021 and December 31, 2020, respectively.

(b) Weighted average interest rates are based on period-end balances, including the effects from hedging.

(c) These notes were redeemed by the Company on April 15, 2021 and therefore are classified as current debt as of March 31, 2021. See Note 17 - Subsequent Event for more information.

Maturities and capacity

The Company's outstanding debt as of March 31, 2021 matures as follows:

	Long-Term Debt
Within 1 year ^(a)	\$ 516
Between 1 and 2 years	21
Between 2 and 3 years	22
Between 3 and 4 years	22
Between 4 and 5 years	1,493
Thereafter	518
Total	\$ 2,592

(a) Includes the 5.375% senior unsecured notes due 2026, which the Company redeemed on April 15, 2021.

As of March 31, 2021, 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

Deferred debt issuance costs

The Company classifies deferred debt issuance costs related to its revolving credit facility within other non-current assets on the Condensed Consolidated Balance Sheets. Such deferred debt issuance costs were \$4 million as of March 31, 2021 and December 31, 2020.

Cash flow hedge

In 2018, the Company hedged a portion of its \$1.6 billion term loan. As of March 31, 2021, 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 the second quarter of 2024 and has a weighted average fixed rate of 2.53% and \$500 million expires in the fourth quarter of 2024.

and has a weighted average fixed rate of 1.25%. The variable rates of the swap agreements are based on one-month LIBOR. The aggregate fair value of these interest rate swaps was a liability of \$52 million and \$71 million as of March 31, 2021 and December 31, 2020, respectively, which was included within other non-current liabilities on the Condensed Consolidated Balance Sheets. The effect of interest rate swaps on interest expense, net on the Condensed Consolidated Statements of Income was \$6 million and \$2 million of expense for the three months ended March 31, 2021 and 2020, respectively. There was no hedging ineffectiveness recognized in the three months ended March 31, 2021 and 2020. The Company expects to reclassify approximately \$26 million of losses from accumulated other comprehensive income (“AOCI”) (loss) to interest expense during the next 12 months.

Interest expense, net

The Company incurred net interest expense of \$28 million and \$25 million for the three months ended March 31, 2021 and 2020, respectively. Cash paid related to such interest was \$26 million and \$17 million for the three months ended March 31, 2021 and 2020, respectively.

10. FAIR VALUE

The Company measures its financial assets and liabilities at fair value on a recurring basis and utilizes the fair value hierarchy to determine such fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

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

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

Level 3: Unobservable inputs used when little or no market data is available. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement falls has been determined based on the lowest level input (closest to Level 3) that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

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:

	March 31, 2021	
	Carrying Amount	Estimated Fair Value
Debt	\$ 2,592	\$ 2,618

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 the Company 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. See Note 9 - Long-Term Debt and Borrowing Arrangements for the impact of such cash flow hedges.

Foreign currency risk

The Company has foreign currency rate exposure to exchange rate fluctuations worldwide, particularly with respect to the Canadian Dollar, the Chinese Yuan, the Euro, the British Pound, the Brazilian Real and the Argentine Peso. The Company uses foreign currency forward contracts at various times to manage and reduce the foreign 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. The Company recognized gains of \$2 million and losses of \$2 million in income from freestanding foreign currency exchange contracts during the three months ended March 31, 2021 and 2020, respectively. Such gains or losses are included in operating expenses in the Condensed Consolidated Statements of Income.

The Company accounts for Argentina as a highly inflationary economy. Foreign currency exchange losses related to Argentina were \$ million during the three months ended March 31, 2021 and were not material during the three months ended March 31, 2020. Such losses are included in operating expenses in the Condensed Consolidated 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.

11. COMMITMENTS AND CONTINGENCIES

Litigation

The Company 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 generally are in the discovery stages at this time. As of March 31, 2021, the Company is aware of approximately 40 pending 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 records an accrual for legal contingencies when it determines, after consultation with outside counsel, that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In making such determinations, the Company evaluates, among other things, the degree of probability of an unfavorable outcome, and when it is probable that a liability has been incurred, its ability to make a reasonable estimate of loss. The Company reviews these accruals each reporting period and makes revisions based on changes in facts and circumstances, including changes to its strategy in dealing with these matters.

The Company believes that it has adequately accrued for such matters with reserves of \$ million as of March 31, 2021 and December 31, 2020. The Company also had receivables of \$1 million as of March 31, 2021 and immaterial receivables as of December 31, 2020, for certain matters which are covered by insurance and were included in other current assets on its Condensed Consolidated Balance Sheets. Litigation is inherently unpredictable and, although the Company believes that its accruals are adequate and/or that it has valid defenses in these matters, unfavorable results could occur. As such, an adverse outcome from such proceedings for which claims are awarded in excess of the amounts accrued, if any, could be material to the

Company with respect to earnings and/or cash flows in any given reporting period. As of March 31, 2021, the potential exposure resulting from adverse outcomes of such legal proceedings could, in the aggregate, range up to approximately \$6 million in excess of recorded accruals. However, the Company does not believe that the impact of such litigation will result in a material liability to the Company in relation to its combined financial position or liquidity.

Guarantees

Separation-related guarantees

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

12. 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 March 31, 2021, 5.3 million shares remained available.

Incentive equity awards granted by the Company

The Company's Board of Directors approved incentive equity award grants to the Company's employees in the form of RSUs, stock options and PSUs.

The activity related to the Company's incentive equity awards for the three months ended March 31, 2021 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, 2020	0.9	\$ 54.15	0.2	\$ 52.93
Granted ^(a)	0.6	65.21	0.1	65.21
Vested	(0.2)	53.23	—	—
Canceled	(0.1)	56.08	—	—
Balance as of March 31, 2021	1.2 ^(b)	\$ 59.74	0.3 ^(c)	\$ 57.51

(a) Represents awards granted by the Company primarily in February 2021.

(b) RSUs outstanding as of March 31, 2021 are expected to vest over time and have an aggregate unrecognized compensation expense of \$ 68 million, which is expected to be recognized over a weighted average period of 3.1 years.

(c) PSUs outstanding as of March 31, 2021 are expected to vest over time and have an aggregate unrecognized compensation expense of \$ 16 million, which may be recognized over a weighted average period of 2.0 years based on attainment of targets.

The activity related to stock options granted by the Company for the three months ended March 31, 2021 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, 2020	1.4	\$ 55.57		
Granted	0.1	65.21		
Exercised	(0.1)	54.76		
Canceled	—	—		
Expired	—	—		
Outstanding as of March 31, 2021	1.4	\$ 56.18	5.3	\$ 18
Unvested as of March 31, 2021	0.8 ^(a)	\$ 56.05	5.3	\$ 10
Exercisable as of March 31, 2021	0.6	\$ 56.35	5.2	\$ 8

(a) Unvested options as of March 31, 2021 are expected to vest over time and have an aggregate unrecognized compensation expense of \$ 19 million, which is expected to be recognized over a weighted average period of 2.5 years.

The fair value of stock options granted by the Company during 2021 and 2020 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 for both Wyndham Hotels and 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.

	2021	2020
Grant date fair value	\$19.58	\$8.59
Grant date strike price	\$65.21	\$53.40
Expected volatility	40.18%	24.30%
Expected life	4.25 years	4.25 years
Risk-free interest rate	0.40%	1.21%
Projected dividend yield	0.98%	2.40%

Stock-based compensation expense

Stock-based compensation expense was \$5 million and \$4 million for the three months ended March 31, 2021 and 2020, respectively.

13. SEGMENT INFORMATION

The reportable segments presented below represent the Company's 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, the Company also considers the nature of services provided by its operating segments. Management evaluates the operating results of each of its reportable segments based upon net revenues and "adjusted EBITDA", which is defined as net income excluding net 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, income taxes and development advance notes amortization. The Company 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. The Company uses this measure 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. The Company's presentation of adjusted EBITDA may not be comparable to similarly-titled measures used by other companies. During the first quarter of 2021, the Company modified the definition of adjusted EBITDA to exclude the amortization of

development advance notes to reflect how the Company's chief operating decision maker reviews operating performance beginning in 2021. The Company has applied the modified definition of adjusted EBITDA to all periods presented.

	Three Months Ended March 31,			
	2021		2020	
	Net Revenues	Adjusted EBITDA	Net Revenues	Adjusted EBITDA ^(a)
Hotel Franchising	\$ 209	\$ 105	\$ 243	\$ 110
Hotel Management	94	5	167	17
Total Reportable Segments	303	110	410	127
Corporate and Other	—	(13)	—	(18)
Total Company	\$ 303	\$ 97	\$ 410	\$ 109

^(a) Adjusted EBITDA for 2020 has been recasted to conform with the current year presentation.

The table below is a reconciliation of net income to adjusted EBITDA.

	Three Months Ended March 31,	
	2021	2020 ^(a)
Net income	\$ 24	\$ 22
Provision for income taxes	11	9
Depreciation and amortization	24	25
Interest expense, net	28	25
Stock-based compensation expense	5	4
Development advance notes amortization	2	2
Separation-related expenses	2	1
Restructuring costs	—	13
Transaction-related expenses, net	—	8
Foreign currency impact of highly inflationary countries	1	—
Adjusted EBITDA	\$ 97	\$ 109

^(a) Adjusted EBITDA for 2020 has been recasted to conform with the current year presentation.

14. OTHER EXPENSES AND CHARGES

Restructuring

The Company did not incur any restructuring charges during the three months ended March 31, 2021. The Company incurred \$13 million of charges during the three months ended March 31, 2020, related to restructuring initiatives implemented in response to COVID-19. These initiatives resulted in a reduction of 262 employees and were comprised of employee separation costs. As a result, the Company recorded charges of \$7 million to its Hotel Franchising segment, \$5 million to its Corporate and Other segment and the remainder to its Hotel Management segment. Below is the activity for the three months ended March 31, 2021 relating to all of the 2020 restructuring plans:

	2021 Activity		Liability as of March 31, 2021
	Liability as of December 31, 2020	Cash Payments	
Personnel-related	\$ 7	\$ (4)	\$ 3
Facility-related	3	(1)	2
Total accrued restructuring	\$ 10	\$ (5)	\$ 5

The remaining liability of \$5 million as of March 31, 2020 is expected to be primarily paid by the end of 2021.

Transaction-related, net

Transaction-related expenses incurred by the Company were not material during the three months ended March 31, 2021 and \$8 million during the three months ended March 31, 2020. These expenses were primarily related to integration activities for the acquisition of La Quinta.

Separation-related

The Company incurred separation-related costs associated with its spin-off from former Parent of \$2 million and \$1 million during the three months ended March 31, 2021 and 2020, respectively.

15. TRANSACTIONS WITH FORMER PARENT

The Company has a number of arrangements with 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, the Company and former Parent entered into long-term exclusive license agreements to retain former Parents' 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.

The Company recorded revenues from former Parent in the amount of \$6 million and \$17 million for a license, development and non-competition agreement and \$2 million and \$3 million for activities associated with the Wyndham Rewards program for the three months ended March 31, 2021 and 2020, respectively. The Company also recorded revenues from a former affiliate for license fees of \$2 million and \$1 million for the three months ended March 31, 2021 and 2020, respectively. Such fees are recorded within license and other fees on the Condensed Consolidated Statements of Income.

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

Upon the distribution of the Company's common stock to former Parent shareholders, the Company entered into certain guarantee commitments with 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 former Parent is responsible for the remaining two-thirds. The amount of liabilities assumed by the Company in connection with the spin-off was \$18 million as of March 31, 2021 and December 31, 2020, which were included within other non-current liabilities on its Condensed Consolidated Balance Sheets. The Company also had a \$3 million liability due to former Parent which was included within accrued expenses and other current liabilities on its Condensed Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020. In addition, the Company had \$2 million and \$4 million of receivables due from former Parent as of March 31, 2021 and December 31, 2020, respectively, which were included within current assets on its Condensed Consolidated Balance Sheets.

16. 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, 2020	\$ 2	\$ (54)	\$ (52)
Period change	—	14	14
Balance as of March 31, 2021	<u>\$ 2</u>	<u>\$ (40)</u>	<u>\$ (38)</u>
Net of Tax			
Balance as of December 31, 2019	\$ (1)	\$ (26)	\$ (27)
Period change	(3)	(36)	(39)
Balance as of March 31, 2020	<u>\$ (4)</u>	<u>\$ (62)</u>	<u>\$ (66)</u>

17. SUBSEQUENT EVENT

On April 15, 2021, the Company redeemed all of its \$500 million 5.375% senior unsecured notes due 2026, which was primarily funded through cash on hand. Due to this redemption, the Company incurred an \$18 million charge to interest expense in the second quarter of 2021, including \$13 million of call premiums and \$5 million from the acceleration of deferred financing fees. These notes were classified as current portion of long-term debt on its Condensed Consolidated Balance Sheet as of March 31, 2021.

Item 2. 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)**

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”), 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 at the time we make the statements and may be identified by words such as “will,” “expect,” “believe,” “plan,” “anticipate,” “intend,” “goal,” “future,” “outlook,” “guidance,” “target,” “objective,” “estimate,” “projection” and similar words or expressions, including the negative version of such words and expressions. 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 continuation or worsening of the effects from the coronavirus pandemic, (“COVID-19”); its scope and duration and impact on our business operations, financial results, cash flows and liquidity, as well as the impact on our franchisees and property owners, guests and team members, the hospitality industry and overall demand for travel; the success of our mitigation efforts in response to COVID-19; our performance in any recovery from COVID-19, 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; our relationships with franchisees and property owners; the impact of war, terrorist activity, political instability or political strife; concerns with or threats of pandemics, contagious diseases or health epidemics, including the effects of COVID-19 and any resurgence or mutations of the virus and actions governments, businesses and individuals take in response to the pandemic, including stay-in-place directives and other travel restrictions; risks related to restructuring or strategic initiatives; risks related to our relationship with CorePoint Lodging; our spin-off as a newly independent company; the Company’s ability to satisfy obligations and agreements under its outstanding indebtedness, including the payment of principal and interest and compliance with the covenants thereunder; risks related to our ability to obtain financing and the terms of such financing, including access to liquidity and capital as a result of COVID-19; and the Company’s ability to make or pay dividends, plans for and timing and amount of any future share repurchases and/or dividends, as well as the risks described in our most recent Annual Report on [Form 10-K](#) filed with the U.S. Securities and Exchange Commission (the “SEC”) and subsequent reports filed with the SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, subsequent events or otherwise.

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.

References herein to “Wyndham Hotels,” the “Company,” “we,” “our” and “us” refer to Wyndham Hotels & Resorts, Inc. 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 nearly 95 countries around the world.

We operate 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 us.

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. Adjusted EBITDA is defined as net income excluding net 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, income taxes and development advance notes amortization. We believe that adjusted EBITDA is a useful measure of performance for our segments and, when considered with U.S. Generally Accepted Accounting Principles (“GAAP”) measures, gives a more complete understanding of our operating performance. We use this measure 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. During the first quarter of 2021, we modified the definition of adjusted EBITDA to exclude the amortization of development advance notes to reflect how our chief operating decision maker reviews operating performance beginning in 2021. We have applied the modified definition of adjusted EBITDA to all periods presented.

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.

COVID-19

During 2020, the hotel industry experienced a sharp decline in travel demand due to the coronavirus pandemic, (“COVID-19”) and the related government preventative and protective actions to slow the spread of the virus, including travel restrictions. We and the entire industry experienced significant revenue losses in 2020 as a result of steep RevPAR declines, which may continue for some time.

Over 99% of our domestic and approximately 98% of our global portfolio remain open today. We are optimistic about what lies ahead and are encouraged by medical community indications that the vaccines are working and believe they will help deliver a multi-year resurgence in leisure travel providing an opportunity to grow our brands globally. We believe we are uniquely positioned to continue to drive results for our owners and significant value for our shareholders.

Nearly 90% of hotels within our U.S. system are located along highways and in suburban and small metro areas. Our portfolio generates approximately 70% of bookings from leisure customers and 30% from business travel. Our business customers are substantially comprised of truckers, contractors, construction workers, healthcare workers, emergency crews and others who must travel for work and do not have the ability to conduct their work remotely. These travelers are looking for well-known and high quality brands they can depend on for quality and enhanced safety measures. Less than 5% of our bookings come from corporate business travel or group business. As a result of the strength of leisure demand, these traveling everyday workers and our continued investment in sales and marketing efforts, our economy and midscale brands have outperformed the industry's higher-end chain scales throughout the pandemic. While we believe our hotels will be able to quickly recover once the pandemic abates, the ultimate timing of any recovery remains uncertain. In the meantime, our results of operations may continue to be negatively impacted and certain intangible assets, such as our trademarks, and our franchised and managed goodwill may be exposed to additional impairments. For further discussion on the effect of COVID-19 on our financial condition and liquidity, see the section below Financial Condition, Liquidity and Capital Resources.

OPERATING STATISTICS

The table below presents our operating statistics for the three months ended March 31, 2021 and 2020. “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 revenue per available room and is calculated by multiplying average occupancy rate by average daily rate. 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.

	As of March 31,		% Change
	2021	2020	
Rooms			
United States	486,000	506,800	(4%)
International	311,200	321,500	(3%)
Total rooms	797,200	828,300	(4%)
	Three Months Ended March 31,		% Change
	2021	2020	
RevPAR			
United States	\$ 30.62	\$ 33.45	(8%)
International ^(a)	15.83	18.45	(14%)
Global RevPAR ^(a)	24.90	27.68	(10%)

(a) Excluding currency effects, international RevPAR decreased 10% and global RevPAR decreased 9%.

Rooms as of March 31, 2021 decreased 4% compared to the prior year primarily reflecting our 2020 strategic termination plan, which resulted in the removal of approximately 26,700 rooms during the second, third and fourth quarters of 2020.

Global RevPAR for the three months ended March 31, 2021 decreased 10% to \$24.90 compared to the prior year due to COVID-19. Global and international RevPAR began to lap the onset of the COVID-19 pandemic in January 2021 while the U.S. began to lap its onset in March 2021. As such, comparisons to 2019 may be more meaningful when evaluating trends as such highlight the impact of COVID-19 from pre-pandemic levels. On this basis, global RevPAR declined 31% from the comparable 2019 period reflecting a 25% decline in the U.S. and a 45% decline internationally.

THREE MONTHS ENDED MARCH 31, 2021 VS. THREE MONTHS ENDED MARCH 31, 2020

	Three Months Ended March 31,		Change	% Change
	2021	2020		
Net revenues	\$ 303	\$ 410	\$ (107)	(26 %)
Expenses	240	354	(114)	(32 %)
Operating income	63	56	7	13 %
Interest expense, net	28	25	3	12 %
Income before income taxes	35	31	4	13 %
Provision for income taxes	11	9	2	22 %
Net income	\$ 24	\$ 22	\$ 2	9 %

Net revenues for the three months ended March 31, 2021 decreased \$107 million, or 26%, compared to the prior-year period, primarily driven by:

- \$55 million of lower cost-reimbursement revenues in our hotel management business primarily due to lower travel demand from COVID-19 and CorePoint Lodging asset sales in 2020;
- \$21 million of lower marketing, reservation and loyalty fees, reflecting a 10% decline in RevPAR due to lower travel demand as a result of COVID-19;
- \$14 million of lower royalty and franchise fees due to the decline in RevPAR;
- \$13 million of lower management and other fees primarily due to the decline in RevPAR.

Total expenses for the three months ended March 31, 2021 decreased \$114 million, or 32%, compared to the prior-year period, primarily driven by:

- \$55 million of lower cost reimbursement expenses as discussed above;
- \$26 million of lower marketing, reservation and loyalty expenses primarily due to cost reductions in response to COVID-19;
- \$13 million of lower restructuring costs;
- \$12 million of lower operating expenses and general and administrative costs, primarily due to cost containment initiatives enacted in 2020 in response to COVID-19; and
- \$8 million of lower transaction-related expenses.

Our effective tax rate increased to 31.4% from 29.0% during the three months ended March 31, 2021 and 2020, respectively, primarily related to remeasurement of net deferred tax liabilities as a result of changes in certain state tax rates and non-deductible separation costs, partially offset by a reduction in foreign taxes.

As a result of these items, net income for the three months ended March 31, 2021, increased \$2 million compared to the prior-year period.

The table below is a reconciliation of net income to adjusted EBITDA.

	Three Months Ended March 31,	
	2021	2020 ^(a)
Net income	\$ 24	\$ 22
Provision for income taxes	11	9
Depreciation and amortization	24	25
Interest expense, net	28	25
Stock-based compensation expense	5	4
Development advance notes amortization	2	2
Separation-related expenses	2	1
Restructuring costs	—	13
Transaction-related expenses, net	—	8
Foreign currency impact of highly inflationary countries	1	—
Adjusted EBITDA	<u>\$ 97</u>	<u>\$ 109</u>

^(a) Adjusted EBITDA for 2020 has been recasted to conform with the current year presentation.

Following is a discussion of the results of each of our segments and Corporate and Other for the three months ended March 31, 2021 compared to the three months ended March 31, 2020:

	Net Revenues			% Change	Adjusted EBITDA			% Change
	2021	2020			2021	2020 ^(a)		
Hotel Franchising	\$ 209	\$ 243	(14%)	\$ 105	\$ 110	(5%)		
Hotel Management	94	167	(44%)	5	17	(71%)		
Corporate and Other	—	—	n/a	(13)	(18)	n/a		
Total Company	<u>\$ 303</u>	<u>\$ 410</u>	<u>(26%)</u>	<u>\$ 97</u>	<u>\$ 109</u>	<u>(11%)</u>		

^(a) Adjusted EBITDA for 2020 has been recasted to conform with the current year presentation.

Hotel Franchising

	Three Months Ended March 31,		% Change
	2021	2020	
Total rooms	748,700	769,000	(3%)
Global RevPAR ^(a)	\$ 24.02	\$ 25.90	(7%)

^(a) Excluding currency effects, global RevPAR decreased 6%.

Net revenues decreased \$34 million, or 14%, compared to the first quarter of 2020, primarily driven by the global RevPAR decline which resulted in:

- \$21 million of lower marketing, reservation and loyalty revenues; and
- \$9 million of lower royalty and franchise fees.

Adjusted EBITDA decreased \$5 million, or 5%, compared to the first quarter of 2020, primarily driven by the changes in net revenues discussed above, partially offset by cost reductions in connection with COVID-19.

Hotel Management

	Three Months Ended March 31,		% Change
	2021	2020	
Total rooms	48,500	59,300	(18%)
Global RevPAR ^(a)	\$ 38.17	\$ 50.00	(24%)

(a) Excluding currency effects, global RevPAR decreased 22%.

Net revenues decreased \$73 million, or 44%, compared to the prior-year period, primarily driven by:

- \$55 million of lower cost-reimbursement revenues as discussed above, which have no impact on adjusted EBITDA;
- \$9 million of lower owned hotel revenues due to lower travel demand as a result of COVID-19;
- \$4 million of lower termination fees related to CorePoint Lodging asset sales in 2020; and
- \$4 million of lower management fees primarily due to the global RevPAR decline.

Adjusted EBITDA decreased \$12 million, or 71%, compared to the prior-year period, primarily driven by the revenue decreases discussed above, partially offset by \$6 million of lower variable expenses.

Corporate and Other

Adjusted EBITDA increased \$5 million compared to the prior-year period, due to lower general and administrative expenses resulting from cost containment initiatives enacted in 2020 in response to COVID-19.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Financial condition

	March 31, 2021	December 31, 2020	Change
Total assets	\$ 4,640	\$ 4,644	\$ (4)
Total liabilities	3,649	3,681	(32)
Total stockholders' equity	991	963	28

Total assets were consistent at March 31, 2021 and December 31, 2020. Total liabilities decreased \$32 million from December 31, 2020 to March 31, 2021 primarily due to a decrease in accrued expenses and other current liabilities, resulting primarily from the timing of payments for incentive compensation. Total equity increased \$28 million from December 31, 2020 to March 31, 2021 primarily due to our net income for the period.

Liquidity and capital resources

Historically, our business generates sufficient cash flow to not only support our current operations as well as our future growth needs and dividend payments to our shareholders, but also to create additional value for our stockholders in the form of share repurchases. However, due to the negative impact that COVID-19 was having on the travel industry, in 2020 we took a number of preventative steps to conserve our liquidity and strengthen our balance sheet:

- In March 2020, we suspended share repurchase activity;
- In April 2020, we amended our revolving credit facility agreement to waive the quarterly-tested leverage covenant until April 1, 2021. The covenant was also modified for the second, third and potentially fourth quarters of 2021 to use a form of annualized EBITDA, as defined in the credit agreement, rather than the last twelve months EBITDA, as previously required;

- In May 2020, we decreased our quarterly cash dividend to \$0.08 per share; and
- In August 2020, we issued \$500 million of senior unsecured notes, which mature in 2028 and bear interest at a rate of 4.375% per year, for net proceeds of \$492 million, which were used to repay a portion of the then outstanding borrowings under our revolving credit facility.

As a result of our confidence in the continued recovery we are seeing in the hospitality industry from the pandemic, which is being aided by the rollout of vaccination plans throughout the world, we have taken the following actions in 2021:

- In the first quarter of 2021, we increased our quarterly cash dividend to \$0.16 per share which was the maximum allowed under our amended revolving credit agreement; and
- On April 15, 2021, we redeemed all \$500 million of our outstanding 5.375% senior notes due in 2026, primarily from cash on hand. We expect this redemption to reduce our annual cash interest expense by approximately \$27 million. Coupled with the issuance of 4.375% senior notes in August 2020, this redemption effectively returns our balance sheet to pre-pandemic debt and liquidity levels while extending \$500 million of maturity by approximately 2.5 years at a 100 basis point or 19% lower interest rate.

After giving effect to the April 2021 redemption, our current liquidity approximates \$750 million. Given the minimal capital needs of our business, the flexible cost infrastructure and the mitigation measures taken, 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. As of March 31, 2021, we were in compliance with the financial covenants of our credit agreement and expect to remain in such compliance with no additional waivers or amendments required. As of March 31, 2021, 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, of which none was outstanding and \$15 million was allocated to outstanding letters of credit. 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. During the amendment period as discussed above, the revolving credit facility was subject to an interest rate per annum equal to, at our option, either a base rate plus a margin of 1.25% or LIBOR plus a margin of 2.25% with the LIBOR rate subject to a 0.50% floor. The amendment period expired on April 1, 2021.

As of March 31, 2021, \$1.1 billion of our \$1.6 billion term loan is hedged with pay-fixed/receive-variable interest rate swaps hedging of our term loan interest rate exposure. The aggregate fair value of these interest rate swaps was a \$52 million liability as of March 31, 2021.

The Federal Reserve has established the Alternative Reference Rates Committee to identify alternative reference rates in the event that U.S. dollar LIBOR ceases to exist after June 2023. Our credit facility, which includes our revolving credit facility and term loan, gives us 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 right of the majority of the lenders to object thereto. The International Swaps and Derivatives Association issued protocols to allow swap parties to amend their existing contracts, though the Company's existing swaps will continue to reference LIBOR for the foreseeable future.

As of March 2021, our credit rating was Ba1 from Moody's Investors Service and BB from Standard and Poor's Rating Agency. A credit rating is not a recommendation to buy, sell or hold securities and is subject to revision or withdrawal by the assigning rating organization. Reference in this report to any such credit rating is intended for the limited purpose of discussing or referring to aspects of our liquidity and of our costs of funds. Any reference to a credit rating is not intended to be any guarantee or assurance of, nor should there be any undue reliance upon, any credit rating or change in credit rating, nor is any such reference intended as any inference concerning future performance, future liquidity or any future credit rating.

Our liquidity and access to capital may be impacted by our credit ratings, financial performance and global credit market conditions. Our industry has seen a significant decline in travel demand due to COVID-19 and if the effects of COVID-19 persist for a prolonged duration, our credit ratings, financial performance and access to credit markets may be negatively impacted. We may not be able to obtain future borrowings on terms as favorable as our existing terms or at all. 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 three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,		
	2021	2020	Change
Cash provided by/(used in)			
Operating activities	\$ 64	\$ 17	\$ 47
Investing activities	(5)	(7)	2
Financing activities	(21)	647	(668)
Effects of changes in exchange rates on cash, cash equivalents and restricted cash	—	(2)	2
Net change in cash, cash equivalents and restricted cash	<u>\$ 38</u>	<u>\$ 655</u>	<u>\$ (617)</u>

Net cash provided by operating activities increased \$47 million compared to the prior-year period primarily due to favorable collections and timing of accounts payable payments.

Net cash used in investing activities decreased \$2 million compared to the prior-year period, primarily due to lower capital expenditures.

In the first quarter 2021, we used \$21 million of net cash in financing activities compared to generating \$647 million source of net cash in the first quarter of 2020, resulting in a reduction of \$668 million in cash generated year-over-year. The largest contributor to this variance is the \$734 million of revolving credit facility borrowings in March 2020 at the onset of the pandemic out of an abundance of caution. Apart from this borrowing, cash used in financing activities was favorable year-over-year due to of the absence of stock repurchases in 2021 and \$15 million of lower dividend payments.

Capital deployment

Our first priority is to invest in the business. This includes investing in select technology improvements across our business that further our strategic objectives, deploying capital to increase our system size, business acquisitions that are accretive and strategically enhancing to our business, and/or other strategic initiatives. We also expect to maintain a regular dividend payment. Excess cash generated beyond these needs would be available for enhanced shareholder return in the form of stock repurchases.

During the three months ended March 31, 2021, we spent \$5 million on capital expenditures, primarily related to information technology. During 2021, we anticipate spending approximately \$40 million on capital expenditures.

In addition, during the three months ended March 31, 2021, we spent \$8 million on development advance notes. During 2021, we anticipate spending approximately \$40 million on development advances. We may also provide other forms of financial support.

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

Stock repurchase program

In May 2018, our 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.

During the first quarter of 2021, we did not repurchase any stock. As of March 31, 2021, we had \$191 million of remaining availability under our program.

Dividend policy

We declared cash dividends of \$0.16 per share in the first quarter of 2021 (\$15 million in aggregate), which reflects an increase of 100% when compared to the payments made during the second, third and fourth quarters of 2020 (post onset of the pandemic.)

Due to the adverse impact on the global economy and travel demand resulting from COVID-19, our Board approved a reduction in the quarterly cash dividend from \$0.32 per share to \$0.08 per share, beginning with the dividend that was declared by the Board during the second quarter of 2020. On February 10, 2021, the Company announced the Board's approval of an increase in the quarterly cash dividend to \$0.16 per share. The declaration and payment of future dividends to holders of our common stock is at the discretion of our Board and depends upon many factors, including the impact of COVID-19 on travel demand, 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.

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.

In April 2020, we completed an amendment to our revolving credit facility agreement to waive the quarterly-tested leverage covenant until April 1, 2021. The covenant was also modified for the second, third and potentially fourth quarters of 2021 to use a form of annualized EBITDA, as defined in the credit agreement, rather than the last twelve months EBITDA, as previously required.

The indenture, as supplemented, under which the senior notes due 2026 and senior notes due 2028 were issued, contains covenants that limit, among other things, our ability and that of certain of our 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 our assets. These covenants are subject to a number of important exceptions and qualifications.

As of March 31, 2021, 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, prior to 2020 and the impacts of COVID-19, 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 in the second half of the year. However, given the impact of COVID-19, the historical seasonality of our business is not relevant to 2020 operating results. Our second quarter was the most severely impacted and as such, we had higher revenues and cash flows in the third and fourth quarters. While we believe in many cases our select service hotels have performed more favorably than hotels in other chain scales, and we believe we will be among the first to recover once the pandemic abates, the ultimate timing of any recovery remains uncertain. In the meantime, our results of operations may continue to be negatively impacted and we are unable to predict when our operations will resume the normal hotel industry seasonality.

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 March 31, 2021, the potential exposure resulting from adverse outcomes of such legal proceedings could, in the aggregate, range up to approximately \$6 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 11 - Commitments and Contingencies to the Condensed Consolidated Financial Statements contained in Part I, Item 1 of this report.

CRITICAL ACCOUNTING 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 results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time. These Condensed Consolidated Financial Statements should be read in conjunction with our 2020 Consolidated and Combined Financial Statements included in our most recent Annual Report on [Form 10-K](#) filed with the U.S. Securities and Exchange Commission (the "SEC") and any subsequent reports filed with the SEC, which includes a description of our critical accounting policies that involve subjective and complex judgments that could potentially affect reported results.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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 10 - Fair Value to the Condensed Consolidated Financial Statements. Our principal market exposures are interest rate 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 \$460 million as of March 31, 2021. A hypothetical 10% change in our effective weighted average interest rate on our variable-rate borrowings would result in an immaterial 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.

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, the Brazilian Real 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 March 31, 2021. 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 March 31, 2021, the absolute notional amount of our outstanding foreign exchange hedging instruments was \$92 million. We have determined through such analyses that a hypothetical 10% change in foreign currency exchange rates would have resulted in approximately a \$7 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 March 31, 2021, we had total net assets of \$5 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 4. Controls and Procedures.

- (a) *Disclosure Controls and Procedures.* As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive and principal financial officers, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13(a)-15(e) of the Exchange Act). Based on such evaluation, our principal executive and principal financial officers concluded that our disclosure controls and procedures were effective and operating to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.
- (b) *Internal Control Over Financial Reporting.* There have been no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As of March 31, 2021, we utilized the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

PART II – OTHER INFORMATION

Item 1. 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 11 - Commitments and Contingencies to the Condensed Consolidated Financial Statements for a description of claims and legal actions arising in the ordinary course of our business.

Item 1A. Risk Factors.

The discussion of our business and operations should be read together with the risk factors contained in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (“Annual Report”), filed with the Securities and Exchange Commission, which describe various risks and uncertainties to which we are or may become subject. These risks and uncertainties have the potential to affect our business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner.

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

In May 2018, our Board of Directors (“Board”) authorized a stock repurchase program that enables us to repurchase up to \$300 million of our common stock. In August 2019, our Board increased the capacity of the program by \$300 million. On March 17, 2020, the Company suspended its share repurchase activity and as a condition of the April 2020 amendment to its revolving credit agreement, the Company was restricted from repurchasing shares of its stock until the waiver amendment expired on April 1, 2021 unless the Company elected to terminate the amendment earlier, which it did not. There were no stock repurchases during the three months ended March 31, 2021.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

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

SIGNATURES

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

WYNDHAM HOTELS & RESORTS, INC.

Date: April 29, 2021

By: _____
/s/ Michele Allen
Michele Allen
Chief Financial Officer

Date: April 29, 2021

By: _____
/s/ Nicola Rossi
Nicola Rossi
Chief Accounting Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	Second Amended & Restated Certificate of Incorporation of Wyndham Hotels & Resorts, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed May 13, 2020)
3.2	Second Amended and Restated By-Laws of Wyndham Hotels & Resorts, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K filed May 13, 2020)
10.1*	Amended & Restated Employment Agreement, dated as of February 23, 2021, between Wyndham Hotels & Resorts, Inc. and Geoffrey A. Ballotti
15.1*	Letter re: Unaudited Interim Financial Information
31.1*	Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32**	Certification of President and Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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.

AMENDED & RESTATED
EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (this “**Agreement**”), dated as of February 23, 2021 (the “**Effective Date**”), is hereby made by and between Wyndham Hotels & Resorts, Inc., a Delaware corporation (the “**Company**”), and Geoffrey Ballotti (the “**Executive**”).

WHEREAS, the Executive and the Company are parties to an Employment Agreement dated as of June 1, 2018 (the “**Original Effective Date**”) that expires May 31, 2021 (the “**Prior Agreement**”);

WHEREAS, the Company desires to continue to employ the Executive, and the Executive desires to continue 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 Executive Officer of the Company and will report to, and be subject to the direction of, the Board of Directors of the Company (the “**Board**”). 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 Board. 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 Board 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 May 31, 2024, 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 one million thirty thousand dollars (\$1,030,000.00) 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.

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 150% 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**"). 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. In addition, the Company will permit the Executive up to 20 hours per calendar year of personal use of an aircraft made available by 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 IV 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 299% 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 the Executive's then target Incentive Compensation Award, provided 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 Original 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 Original 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 the Executive was employed by the Company plus twelve (12) months (but not to exceed 100%), 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, if applicable, 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 and (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 (including Section XI), (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 (other than a temporary relocation due to the COVID-19 pandemic) 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 (30) 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 release of claims substantially in the form attached hereto as Exhibit A, and (ii) in the event that the period during which the Executive is entitled to consider the general release (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 general 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 VI-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. 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.

i. 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.

ii. 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.

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 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.

iv. 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.

H. Nothing in this Agreement or any other agreement between Executive and the Company or any other policies of the Company or its affiliates shall prohibit or restrict Executive, Executive’s attorneys or any other individual from: (a) making any disclosure of relevant and necessary information or documents in any action, investigation, or proceeding relating to this Agreement, or as required by law or legal process, including with respect to possible violations of law; (b) participating, cooperating, or testifying in any action, investigation,

or proceeding with, or providing information to, any governmental agency or legislative body, any self-regulatory organization, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General; (c) accepting any U.S. Securities and Exchange Commission awards; and/or (d) making any other disclosures under the whistleblower provisions of federal law or regulation, including pursuant to the Sarbanes-Oxley Act. In addition, nothing in this Agreement or any other agreement between Executive and the Company or any other policies of the Company or its affiliates prohibits or restricts Executive from initiating communications with, or responding to any inquiry from, any administrative, governmental, regulatory or supervisory authority regarding any good faith concerns about possible violations of law or regulation. Executive does not need the prior authorization of the Company to make any such reports or disclosures and Executive will not be not required to notify the Company that such reports or disclosures have been made. Pursuant to 18 U.S.C. § 1833(b), Executive will not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret of the Company or its affiliates that (i) is made (x) in confidence to a Federal, state, or local government official, either directly or indirectly, or to Executive's attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement or any other agreement between the Company and Executive or any other policies of the Company or its affiliates is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section.

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

WITHHOLDINGS

The Executive acknowledges and agrees that the Company may withhold from applicable payments under this Agreement all federal, state, city or other taxes and other applicable withholdings 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, including, without limitation, the Prior Agreement.

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, (ii) any action seeking interim injunctive or equitable relief from the arbitrator pursuant to the JAMS Rules or (iii) 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, UNLESS OTHERWISE PROHIBITED BY LAW, 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 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, IX, 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/ Paul Cash

Name: Paul Cash

Title: EVP, General Counsel and Secretary

/s/ Geoff Ballotti

Geoffrey Ballotti

EXHIBIT A

RELEASE

As a condition precedent to Wyndham Hotels & Resorts, Inc. (the “**Company**”) providing the consideration set forth in [Section V of the employment letter agreement]/[Section V(A)(i)-(iii) of the Amended & Restated Employment Agreement], dated as of February __, 2021 (the “**Employment Agreement**”), to which this Release is attached as Exhibit A (this “**Release**”), on or following the “ADEA Release Effective Date” (as defined below) to the undersigned executive (“**Executive**”), Executive hereby agrees to the terms of this Release as follows:

1. **Release**.⁽¹⁾

(a) Subject to Section 1(c) below, Executive, on behalf of Executive and Executive’s heirs, executors, administrators, successors and assigns, hereby voluntarily, unconditionally, irrevocably and absolutely releases and discharges the Company, Travel + Leisure Co. (formerly known as Wyndham Worldwide Corporation and Wyndham Destinations, Inc.), each of their parents, subsidiaries, affiliates and joint venture partners, and all of their past and present employees, officers, directors, agents, owners, shareholders, representatives, members, attorneys, partners, insurers and benefit plans, and all of their predecessors, successors and assigns (collectively, the “**Released Parties**” and each a “**Released Party**”) from any and all claims, demands, causes of action, suits, controversies, actions, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, any other damages, claims for costs and attorneys’ fees, losses or liabilities of any nature whatsoever in law and in equity and any other liabilities, known or unknown, suspected or unsuspected of any nature whatsoever (hereinafter, “**Claims**”) that Executive has or may have against the Released Parties: (i) from the beginning of time through the date upon which Executive signs this Release; (ii) arising from or in any way related to Executive’s employment or termination of employment with any of the Released Parties; (iii) arising from or in any way related to any agreement with any of the Released Parties, including but not limited to the Employment Agreement; and/or (iv) arising from or in any way related to awards, policies, plans, programs or practices of any of the Released Parties that may apply to Executive or in which Executive may participate, in each case, including, but not limited to, under any federal, state or local law, act, statute, code, order, judgment, injunction, ruling, decree, writ, ordinance or regulation, including, but not limited to, any Claims under the Age Discrimination in Employment Act, as amended (the “**ADEA**”).

(b) Executive understands that Executive may later discover claims or facts that may be different than, or in addition to, those which Executive now knows or believes to exist with regards to the subject matter of this Release and the releases in this Section 1, and which, if known at the time of executing this Release, may have materially affected this Release

⁽¹⁾ **Note to Draft:** The Company reserves the right to edit the Release to provide as full a release of claims as is possible under applicable law at the time of the termination of employment.

or Executive's decision to enter into it. Executive hereby waives any right or claim that might arise as a result of such different or additional claims or facts.

(c) This Release is not intended to bar or affect (i) any Claims that may not be waived by private agreement under applicable law, such as claims for workers' compensation or unemployment insurance benefits, (ii) vested rights under the Company's 401(k) or pension plan, [(iii) rights to indemnification under Section VII of the Employment Agreement,] (iv) any right to the payments and benefits set forth in [Paragraph V]/[Section V(A)(i)-(iii)] of the Employment Agreement, and/or (v) any earned, but unpaid, wages or paid-time-off payable upon a termination of employment that may be owed pursuant to Company policy and applicable law or any unreimbursed expenses payable in accordance with Company policy.

(d) Nothing in this Release is intended to prohibit or restrict Executive's right to file a charge with, or participate in a charge by, the Equal Employment Opportunity Commission or any other local, state, or federal administrative body or government agency; provided, however, that Executive hereby waives the right to recover any monetary damages or other relief against any Released Parties to the fullest extent permitted by law, excepting any benefit or remedy to which Executive is or becomes entitled to pursuant to Section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

(e) Notwithstanding anything in this Release to the contrary, Executive's release of Claims under the ADEA (the "**ADEA Release**") shall only become effective upon: (i) Executive's separate signature set forth on the signature page of this Release reflecting his assent to his release of Claims under the ADEA and (ii) the occurrence of the ADEA Release Effective Date.

(f) Executive represents that Executive has made no assignment or transfer of any right or Claim covered by this Section 1 and that Executive further agrees that he is not aware of any such right or Claim covered by this Section 1.

(g) Executive acknowledges that, as of the date upon which Executive signs this Release, Executive has not (i) filed a Claim with any local, state, or federal administrative body or government agency or (ii) furnished information or assistance to any non-governmental person or entity, who or which is taking or considering whether to take legal action against any of the Released Parties.

2. **Return of Company Property**. Executive represents that he has returned to the Company all Company property and confidential and proprietary information in his possession or control, in any form whatsoever, including without limitation, equipment, telephones, smart phones, PDAs, laptops, credit cards, keys, access cards, identification cards, security devices, network access devices, pagers, documents, manuals, reports, books, compilations, work product, e-mail messages, recordings, tapes, removable storage devices, hard drives, computers and computer discs, files and data, which Executive prepared or obtained during the course of his employment with the Company. Executive has also provided the Company with the passcodes to any lock devices or password protected work-related accounts. If Executive discovers any

property of the Company or confidential or proprietary information in his possession after the date upon which he signs this Agreement, Executive shall immediately return such property.

3. **Nondisparagement.** Subject to Section 6 below, Executive agrees not to (a) make any statement, written or oral, directly or indirectly, which in any way disparages the Released Parties or their business, products or services in any manner whatsoever, or portrays the Released Parties or their business, products or services in a negative light or would in any way place the Released Parties in disrepute; and/or (b) encourage anyone else to disparage or criticize the Released Parties or their business, products or services, or put them in a bad light.

4. **Consultation/Voluntary Agreement.** Executive acknowledges that the Company has advised Executive to consult with an attorney prior to executing this Release. Executive has carefully read and fully understands all of the provisions of this Release. Executive is entering into this Release, knowingly, freely and voluntarily in exchange for good and valuable consideration to which Executive would not be entitled in the absence of executing and not revoking this Release.

5. **Review and Revocation Period.** Executive has been given twenty-one (21) calendar days to consider the terms of this Release, although Executive may sign it at any time sooner. Executive has seven (7) calendar days after the date on which Executive executes this Release for purposes of the ADEA Release to revoke Executive's consent to the ADEA Release. Such revocation must be in writing and must be e-mailed to [] at []. Notice of such revocation of the ADEA Release must be received within the seven (7) calendar days referenced above. In the event of such revocation of the ADEA Release by Executive, with the exception of the ADEA Release (which shall become null and void), this Release shall otherwise remain fully effective. Provided that Executive does not revoke his execution of the ADEA Release within such seven (7) day revocation period, the "ADEA Release Effective Date" shall occur on the eighth calendar day after the date on which he signs the signature page of this Release reflecting Executive's assent to the ADEA Release. If Executive does not sign this Release (including the ADEA Release) within twenty-one (21) days after the Company presents it to him, or if Executive timely revokes the ADEA Release within the above-referenced seven day period, Executive shall have no right to the payments and benefits set forth in [Paragraph V]/[Section V(A)(i)-(iii)] of the Employment Agreement.

6. **Permitted Disclosures.** Nothing in this Release or any other agreement between Executive and the Company or any other policies of the Company or its affiliates shall prohibit or restrict Executive, Executive's attorneys or any other individual from: (a) making any disclosure of relevant and necessary information or documents in any action, investigation, or proceeding relating to this Release, or as required by law or legal process, including with respect to possible violations of law; (b) participating, cooperating, or testifying in any action, investigation, or proceeding with, or providing information to, any governmental agency or legislative body, any self-regulatory organization, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General; (c) accepting any U.S. Securities and Exchange Commission awards; and/or (d) making any other disclosures under the whistleblower provisions of federal law or

regulation, including pursuant to the Sarbanes-Oxley Act. In addition, nothing in this Release or any other agreement between Executive and the Company or any other policies of the Company or its affiliates prohibits or restricts Executive from initiating communications with, or responding to any inquiry from, any administrative, governmental, regulatory or supervisory authority regarding any good faith concerns about possible violations of law or regulation. Executive does not need the prior authorization of the Company to make any such reports or disclosures and Executive will not be not required to notify the Company that such reports or disclosures have been made. Pursuant to 18 U.S.C. § 1833(b), Executive will not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret of the Company or its affiliates that (i) is made (x) in confidence to a Federal, state, or local government official, either directly or indirectly, or to Executive's attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Nothing in this Release or any other agreement between the Company and Executive or any other policies of the Company or its affiliates is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section.

7. **No Admission of Wrongdoing.** Neither this Release, nor the furnishing of the consideration for this Release, shall be deemed or construed at any time to be an admission by the parties of any improper or unlawful conduct, and all of the parties expressly deny any improper or unlawful conduct.

8. **Third-Party Beneficiaries.** Executive acknowledges and agrees that all Released Parties are third-party beneficiaries of this Release and have the right to enforce this Release.

9. **Amendments and Waivers.** No amendment to or waiver of this Release or any of its terms will be binding unless consented to in writing by Executive and an authorized representative of the Company. No waiver by any Released Party of a breach of any provision of this Release, or of compliance with any condition or provision of this Release to be performed by 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 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.

10. **Governing Law; Jury Waiver.** This Release shall be governed by, and construed in accordance with, the laws of the State of New Jersey, without regard to the application of any choice-of-law rules that would result in the application of another state's laws. Subject to Section 13 below, Executive irrevocably consents to the jurisdiction of, and exclusive venue in, the state and federal courts in New Jersey with respect to any matters pertaining to, or arising from, this Release. EXECUTIVE EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY

IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS RELEASE OR THE MATTERS CONTEMPLATED HEREBY.

11. **Savings Clause.** If any term or provision of this 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 Release is invalid, illegal or unenforceable, this 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 Executive signs this Release.

12. **Continuing Obligations.** Sections VI, VII, VIII, IX and XI of the Employment Agreement are incorporated herein by reference (the “Continuing Obligations”). If Executive breaches the Continuing Obligations, all amounts and benefits payable under this Release shall cease and, upon request, Executive shall immediately repay to the Company any and all amounts already paid pursuant to this Release. If any one or more of the Continuing Obligations shall be held by an arbitrator or a court of competent jurisdiction to be excessively broad as to duration, geography, scope, activity or subject, such provisions shall be construed by limiting and reducing them so as to be enforceable to the maximum extent allowed by applicable law.

13. **Arbitration.** [Appendix A]/[Section XIV] of the Employment Agreement is incorporated herein by reference and such terms and conditions shall apply to any disputes under this Agreement.

14. **Entire Agreement.** Except as expressly set forth herein, Executive acknowledges and agrees that this Release constitutes the complete and entire agreement and understanding between the Company and Executive with respect to the subject matter hereof, and supersedes in its entirety any and all prior understandings, commitments, obligations and/or agreements, whether written or oral, with respect thereto; it being understood and agreed that this Release, including the mutual covenants, agreements, acknowledgments and affirmations contained herein, is intended to constitute a complete settlement and resolution of all matters set forth in Section 1 hereof. Executive represents that, in executing this Release, Executive has not relied upon any representation or statement made by any of the Released Parties, other than those set forth in this Release, with regard to the subject matter, basis, or effect of this Release.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, Executive has executed this Release as of the below-indicated date(s).

EXECUTIVE

(Signature)

Print Name: ____

Date: ____

**ACKNOWLEDGED AND AGREED
WITH RESPECT TO ADEA RELEASE**

EXECUTIVE

(Signature)

Print Name: ____

Date: ____

April 29, 2021

To the Board of Directors and Stockholders of
Wyndham Hotels & Resorts, Inc.
22 Sylvan Way
Parsippany, New Jersey 07054

We are aware that our report dated April 29, 2021, on our review of the interim financial statements of Wyndham Hotels & Resorts, Inc. appearing in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, is incorporated by reference in Registration Statement No. 333-224923 on Form S-8 and Registration Statement No. 333-232421 on Form S-8.

/s/ Deloitte & Touche LLP
New York, New York

CERTIFICATION

I, Geoffrey A. Ballotti, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 29, 2021

/s/ GEOFFREY A. BALLOTTI

PRESIDENT AND CHIEF EXECUTIVE OFFICER

CERTIFICATION

I, Michele Allen, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: April 29, 2021

/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 Quarterly Report of Wyndham Hotels & Resorts, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2021, 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
April 29, 2021

/s/ MICHELE ALLEN

MICHELE ALLEN
CHIEF FINANCIAL OFFICER
April 29, 2021