WYNDHAM WORLDWIDE CORP
Form 10-Q
July 28, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 10-Q

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from to

Commission File No. 001-32876

Wyndham Worldwide Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	20-0052541 (I.R.S. Employer Identification No.)
22 Sylvan Way Parsippany, New Jersey (Address of principal executive offices)	07054 (Zip Code)

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

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

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

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

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

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

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

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

118,110,703 shares of common stock outstanding as of June 30, 2015.

Table of Contents

Table of Contents

		Page
PART I	FINANCIAL INFORMATION	
Item 1.	Consolidated Financial Statements (Unaudited)	1
	Report of Independent Registered Public Accounting Firm	1
	Consolidated Statements of Income for the Three and Six Months Ended June 30, 2015 and 2014	2
	Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2015 and 2014	3
	Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014	4
	Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2015 and 2014	5
	Consolidated Statements of Equity for the Six Months Ended June 30, 2015 and 2014	6
	Notes to Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	29
	Forward-Looking Statements	29
Item 3.	Quantitative and Qualitative Disclosures About Market Risks	43
Item 4.	Controls and Procedures	44
PART II	OTHER INFORMATION	
Item 1.	Legal Proceedings	45
Item 1A.	Risk Factors	45
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	45
Item 3.	Defaults Upon Senior Securities	45
Item 4.	Mine Safety Disclosures	45
Item 5.	Other Information	45
Item 6.	Exhibits	46
	Signatures	47

Table of Contents

PART I — FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (Unaudited).

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Stockholders of
Wyndham Worldwide Corporation
Parsippany, New Jersey 07054

We have reviewed the accompanying consolidated balance sheet of Wyndham Worldwide Corporation and subsidiaries (the "Company") as of June 30, 2015, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended June 30, 2015 and 2014, and the related consolidated statements of cash flows and equity for the six-month periods ended June 30, 2015 and 2014. These interim financial statements are the responsibility of the Company's management.

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

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2014, and the related consolidated statements of income, comprehensive income, equity and cash flows for the year then ended (not presented herein); and in our report dated February 13, 2015, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2014 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP
Parsippany, New Jersey
July 28, 2015

Table of Contents

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net revenues				
Service and membership fees	$623	$616	$1,223	$1,205
Vacation ownership interest sales	417	382	753	685
Franchise fees	178	166	325	293
Consumer financing	105	106	210	211
Other	75	73	150	142
Net revenues	1,398	1,343	2,661	2,536
Expenses				
Operating	610	572	1,177	1,106
Cost of vacation ownership interests	47	42	80	81
Consumer financing interest	19	17	36	35
Marketing and reservation	211	206	406	387
General and administrative	182	181	362	376
Restructuring	—	—	(1)	—
Depreciation and amortization	58	59	114	115
Total expenses	1,127	1,077	2,174	2,100
Operating income	271	266	487	436
Other income, net	(3)	(1)	(8)	(5)
Interest expense	30	29	56	56
Interest income	(2)	(3)	(5)	(5)
Income before income taxes	246	241	444	390
Provision for income taxes	87	88	162	146
Net income	159	153	282	244
Net income attributable to noncontrolling interest	—	—	—	(1)
Net income attributable to Wyndham shareholders	$159	$153	$282	$243
Earnings per share				
Basic	$1.34	$1.21	$2.35	$1.91
Diluted	1.33	1.20	2.33	1.89
Cash dividends declared per share	$0.42	$0.35	$0.84	$0.70

See Notes to Consolidated Financial Statements.

Table of Contents

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	$159	$153	$282	$244
Other comprehensive income/(loss), net of tax				
Foreign currency translation adjustments	24	11	(56)	23
Unrealized gains on cash flow hedges	4	—	—	—
Other comprehensive income/(loss), net of tax	28	11	(56)	23
Comprehensive income	187	164	226	267
Net income attributable to noncontrolling interest	—	—	—	(1)
Comprehensive income attributable to Wyndham shareholders	$187	$164	$226	$266

See Notes to Consolidated Financial Statements.

Table of Contents

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

	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$410	$183
Trade receivables, net	513	516
Vacation ownership contract receivables, net	278	285
Inventory	285	302
Prepaid expenses	172	147
Deferred income taxes	120	114
Other current assets	386	320
Total current assets	2,164	1,867
Long-term vacation ownership contract receivables, net	2,387	2,406
Non-current inventory	956	860
Property and equipment, net	1,427	1,500
Goodwill	1,585	1,551
Trademarks, net	729	717
Franchise agreements and other intangibles, net	415	397
Other non-current assets	361	381
Total assets	$10,024	$9,679
Liabilities and Equity		
Current liabilities:		
Securitized vacation ownership debt	$211	$214
Current portion of long-term debt	52	47
Accounts payable	552	385
Deferred income	550	464
Accrued expenses and other current liabilities	798	749
Total current liabilities	2,163	1,859
Long-term securitized vacation ownership debt	1,883	1,951
Long-term debt	3,100	2,841
Deferred income taxes	1,240	1,202
Deferred income	201	199
Other non-current liabilities	368	370
Total liabilities	8,955	8,422
Commitments and contingencies (Note 12)		
Stockholders’ equity:		
Preferred stock, $.01 par value, authorized 6,000,000 shares, none issued and outstanding	—	—
Common stock, $.01 par value, authorized 600,000,000 shares, issued 217,526,244 shares in 2015 and 216,862,509 shares in 2014	2	2
Treasury stock, at cost – 99,415,541 shares in 2015 and 95,806,076 shares in 2014	(4,158)	(3,843)
Additional paid-in capital	3,893	3,889
Retained earnings	1,361	1,183

Accumulated other comprehensive (loss)/income	(32)	24
Total stockholders’ equity	1,066	1,255
Noncontrolling interest	3	2
Total equity	1,069	1,257
Total liabilities and equity	$10,024	$9,679

See Notes to Consolidated Financial Statements.

4

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

	Six Months Ended June 30, 2015	2014
Operating Activities		
Net income	$282	$244
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	114	115
Provision for loan losses	106	130
Deferred income taxes	15	33
Stock-based compensation	29	31
Excess tax benefits from stock-based compensation	(17)	(19)
Non-cash interest	11	11
Net change in assets and liabilities, excluding the impact of acquisitions:		
Trade receivables	12	24
Vacation ownership contract receivables	(97)	(70)
Inventory	1	27
Prepaid expenses	(27)	(14)
Other current assets	(14)	(51)
Accounts payable, accrued expenses and other current liabilities	219	206
Deferred income	82	122
Other, net	21	4
Net cash provided by operating activities	737	793
Investing Activities		
Property and equipment additions	(112)	(98)
Net assets acquired, net of cash acquired	(89)	(17)
Development advances	(5)	(10)
Equity investments and loans	(8)	(1)
Proceeds from asset sales	21	5
Decrease in securitization restricted cash	—	1
Increase in escrow deposit restricted cash	(46)	(37)
Other, net	6	(3)
Net cash used in investing activities	(233)	(160)
Financing Activities		
Proceeds from securitized borrowings	700	824
Principal payments on securitized borrowings	(771)	(843)
Proceeds from long-term debt	56	44
Principal payments on long-term debt	(80)	(73)
Proceeds from/(repayments of) commercial paper, net	288	(103)
Dividends to shareholders	(104)	(93)
Repurchase of common stock	(323)	(309)
Excess tax benefits from stock-based compensation	17	19
Debt issuance costs	(10)	(7)
Net share settlement of incentive equity awards	(41)	(44)
Other, net	(1)	(1)

Net cash used in financing activities	(269)	(586)
Effect of changes in exchange rates on cash and cash equivalents	(8)	6
Net increase in cash and cash equivalents	227	53
Cash and cash equivalents, beginning of period	183	194
Cash and cash equivalents, end of period	$410	$247

See Notes to Consolidated Financial Statements.

5

Table of Contents

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

	Common Shares Outstanding	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)/ Income	Non-controlling Interest	Total Equity
Balance as of December 31, 2014	121	$2	$(3,843)	$3,889	$1,183	$ 24	$ 2	$1,257
Net income	—	—	—	—	282	—	—	282
Other comprehensive loss	—	—	—	—	—	(56)	—	(56)
Issuance of shares for RSU vesting	1	—	—	—	—	—	—	—
Net share settlement of incentive equity awards	—	—	—	(41)	—	—	—	(41)
Change in deferred compensation	—	—	—	29	—	—	—	29
Repurchase of common stock	(4)	—	(315)	—	—	—	—	(315)
Change in excess tax benefit on equity awards	—	—	—	17	—	—	—	17
Dividends	—	—	—	—	(104)	—	—	(104)
Other	—	—	—	(1)	—	—	1	—
Balance as of June 30, 2015	118	$2	$(4,158)	$3,893	$1,361	$ (32)	$ 3	$1,069

	Common Shares Outstanding	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-controlling Interest	Total Equity
Balance as of December 31, 2013	128	$2	$(3,191)	$3,858	$832	$ 122	$ 2	$1,625
Net income	—	—	—	—	243	—	1	244
Other comprehensive income	—	—	—	—	—	23	—	23
Issuance of shares for RSU vesting	1	—	—	—	—	—	—	—
Net share settlement of incentive equity awards	—	—	—	(44)	—	—	—	(44)
Change in deferred compensation	—	—	—	31	—	—	—	31

Repurchase of common stock	(4)	—	(320)	—	—	—	—	(320)
Change in excess tax benefit on equity awards	—	—	—	19	—	—	—	19
Dividends	—	—	—	—	(91)	—	—	(91)
Balance as of June 30, 2014	125	$2	$(3,511)	$3,864	$984	$ 145	$ 3	$1,487

See Notes to Consolidated Financial Statements.

Table of Contents

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

1. Basis of Presentation

Wyndham Worldwide Corporation ("Wyndham" or the "Company") is a global provider of hospitality services and products. The accompanying Consolidated Financial Statements include the accounts and transactions of Wyndham, as well as the entities in which Wyndham directly or indirectly has a controlling financial interest. The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America. All intercompany balances and transactions have been eliminated in the Consolidated Financial Statements.

In presenting the Consolidated Financial Statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates. In management's opinion, the Consolidated Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These financial statements should be read in conjunction with the Company's 2014 Consolidated Financial Statements included in its Annual Report filed on Form 10-K with the Securities and Exchange Commission on February 13, 2015.

Business Description

The Company operates in the following business segments:

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

Recently Issued Accounting Pronouncements

Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. In April 2015, the Financial Accounting Standards Board ("FASB") issued guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software. If a cloud computing arrangement does not contain a software license, it should be accounted for as a service contract. This guidance is effective for fiscal years beginning after December 15, 2015 and for interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on the Consolidated Financial Statements.

Simplifying the Presentation of Debt Issuance Costs. In April 2015, the FASB issued guidance on the presentation of debt issuance costs. The guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts. This guidance requires retrospective application and is effective for fiscal years beginning after December 15, 2015 and for interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on the Consolidated Financial Statements.

Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern. In August 2014, the FASB issued guidance on disclosure of uncertainties about an entity's ability to continue as a going concern. This guidance addresses management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. Management’s evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. This guidance is effective for fiscal years ending after December 15, 2016 and for interim periods within those fiscal years, with early adoption permitted. The Company early adopted the guidance on January 1, 2015. There was no impact on the Consolidated Financial Statements resulting from the adoption.

Table of Contents

Revenue from Contracts with Customers. In May 2014, the FASB issued guidance on revenue from contracts with customers. The guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The guidance was effective for fiscal years beginning after December 15, 2016 and for interim periods within those fiscal years. In recent re-deliberations, the FASB approved a one-year deferral of the effective date of this guidance, such that it will be effective on January 1, 2018. The Company is currently evaluating the impact of the adoption of this guidance on the Consolidated Financial Statements.

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. In April 2014, the FASB issued guidance on reporting discontinued operations and disclosures of disposals of components of an entity. This guidance changes the criteria for determining which disposals can be presented as discontinued operations and enhances the related disclosure requirements. This guidance is effective for fiscal years beginning after December 15, 2014 and for interim periods within those fiscal years, with early adoption permitted. The Company adopted the guidance on January 1, 2015, as required. There was no material impact on the Consolidated Financial Statements resulting from the adoption.

2. Earnings Per Share

The computation of basic and diluted earnings per share ("EPS") is based on net income attributable to Wyndham shareholders divided by the basic weighted average number of common shares and diluted weighted average number of common shares, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income attributable to Wyndham shareholders	$159	$153	$282	$243
Basic weighted average shares outstanding	119	127	120	127
SSARs, RSUs and PSUs [a] [b] [c]	1	1	1	2
Weighted average diluted shares outstanding	120	128	121	129
Earnings per share:				
Basic	$1.34	$1.21	$2.35	$1.91
Diluted	1.33	1.20	2.33	1.89
Dividends:				
Aggregate dividends paid to shareholders	$50	$45	$104	$93

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

[b] Excludes 0.6 million performance vested restricted stock units ("PSUs") for both the three and six months ended June 30, 2015 and 0.7 million for both the three and six months ended June 30, 2014, as the Company has not met the required performance metrics.

[c] Excludes stock-settled appreciation rights ("SSARs") as they would have been anti-dilutive to EPS.

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, 2014	71.3	$3,062	$42.94
For the six months ended June 30, 2015	3.6	315	87.28
As of June 30, 2015	74.9	$3,377	45.08

The Company had $701 million of remaining availability under its program as of June 30, 2015. The total capacity of the program was increased by proceeds received from stock option exercises.

Table of Contents

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

Dolce Hotels and Resorts. During January 2015, the Company completed the acquisition of Dolce Hotels and Resorts (“Dolce”), a manager of properties focused on group accommodations. This acquisition is consistent with the Company’s strategy to expand its managed portfolio within its lodging business. The net consideration of $57 million was comprised of $52 million, net of cash acquired, for the equity of Dolce and $5 million related to debt repaid at closing. The preliminary purchase price allocation resulted in the recognition of $32 million of goodwill, none of which is expected to be deductible for tax purposes, $28 million of definite-lived intangible assets with a weighted average life of 15 years, and $14 million of trademarks. In addition, the fair value of assets acquired and liabilities assumed resulted in $8 million of other assets and $25 million of liabilities, all of which were assigned to the Company’s Lodging segment. This acquisition was not material to the Company’s results of operations, financial position or cash flows.

Other. During the six months ended June 30, 2015, the Company completed four acquisitions for a total of $31 million in cash, net of cash acquired. The preliminary purchase price allocations resulted in the recognition of (i) $12 million of property, all of which was allocated to the Company’s Vacation Ownership segment and (ii) $12 million of goodwill, which is expected to be deductible for tax purposes, and $9 million of definite-lived intangible assets with a weighted average life of 11 years, both of which were allocated to the Company’s Vacation Exchange and Rentals segment. These acquisitions were not material to the Company’s results of operations, financial position or cash flows.

The Company also paid an additional $1 million related to acquisitions completed in prior years.

4. Intangible Assets

Intangible assets consisted of:

	As of June 30, 2015			As of December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Unamortized Intangible Assets:						
Goodwill	$1,585			$1,551		
Trademarks	$725			$713		
Amortized Intangible Assets:						
Franchise agreements	$594	$379	$215	$594	$371	$223
Management agreements	151	41	110	105	35	70
Trademarks	8	4	4	7	3	4
Other	155	65	90	167	63	104

$908	$489	$419	$873	$472	$401

9

Table of Contents

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

	Balance as of December 31, 2014	Goodwill Acquired During 2015	Foreign Exchange	Balance as of June 30, 2015
Lodging	$300	$32	$—	$332
Vacation Exchange and Rentals	1,224	12	(10)	1,226
Vacation Ownership	27	—	—	27
Total Company	$1,551	$44	$(10)	$1,585

Amortization expense relating to amortizable intangible assets was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Franchise agreements	$4	$4	$8	$8
Management agreements	1	2	3	4
Other	4	3	7	6
Total (*)	$9	$9	$18	$18

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

Based on the Company's amortizable intangible assets as of June 30, 2015, the Company expects related amortization expense as follows:

	Amount
Remainder of 2015	$19
2016	36
2017	35
2018	34
2019	33
2020	32

Table of Contents

5. Vacation Ownership Contract Receivables

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

	June 30, 2015	December 31, 2014
Current vacation ownership contract receivables:		
Securitized	$252	$256
Non-securitized	83	88
	335	344
Less: Allowance for loan losses	57	59
Current vacation ownership contract receivables, net	$278	$285
Long-term vacation ownership contract receivables:		
Securitized	$2,190	$2,256
Non-securitized	705	672
	2,895	2,928
Less: Allowance for loan losses	508	522
Long-term vacation ownership contract receivables, net	$2,387	$2,406

During the three and six months ended June 30, 2015, the Company’s securitized vacation ownership contract receivables generated interest income of $82 million and $165 million, respectively. During the three and six months ended June 30, 2014, such amounts were $73 million and $143 million, respectively. Such interest income is included in consumer financing revenues on the Consolidated Statements of Income.

Principal payments that are contractually due on the Company’s vacation ownership contract receivables during the next twelve months are classified as current on the Consolidated Balance Sheets. During the six months ended June 30, 2015 and 2014, the Company originated vacation ownership contract receivables of $506 million and $474 million, respectively, and received principal collections of $409 million and $404 million, respectively. The weighted average interest rate on outstanding vacation ownership contract receivables was 13.7% and 13.6% as of June 30, 2015 and December 31, 2014, respectively.

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

	Amount
Allowance for loan losses as of December 31, 2014	$581
Provision for loan losses	106
Contract receivables write-offs, net	(122)
Allowance for loan losses as of June 30, 2015	$565

	Amount
Allowance for loan losses as of December 31, 2013	$566
Provision for loan losses	130
Contract receivables write-offs, net	(124)
Allowance for loan losses as of June 30, 2014	$572

In accordance with the guidance for accounting for real estate time-sharing transactions, the Company recorded a provision for loan losses of $60 million and $106 million as a reduction of net revenues during the three months and six months ended June 30, 2015, respectively, and $70 million and $130 million for the three and six months ended June 30, 2014, respectively.

Table of Contents

Credit Quality for Financed Receivables and the Allowance for Credit Losses

The basis of the differentiation within the identified class of financed VOI contract receivables is the consumer's FICO score. A FICO score is a branded version of a consumer credit score widely used within the U.S. by the largest banks and lending institutions. FICO scores range from 300 – 850 and are calculated based on information obtained from one or more of the three major U.S. credit reporting agencies that compile and report on a consumer's credit history. The Company updates its records for all active VOI contract receivables with a balance due on a rolling monthly basis to ensure that all VOI contract receivables are scored at least every six months. The Company groups all VOI contract receivables into five different categories: FICO scores ranging from 700 to 850, 600 to 699, Below 600, No Score (primarily comprised of consumers for whom a score is not readily available, including consumers declining access to FICO scores and non U.S. residents) and Asia Pacific (comprised of receivables in the Company's Wyndham Vacation Resort Asia Pacific business for which scores are not readily available).

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

	As of June 30, 2015					
	700+	600-699	<600	No Score	Asia Pacific	Total
Current	$1,566	$1,021	$182	$114	$243	$3,126
31 - 60 days	10	19	15	4	2	50
61 - 90 days	6	11	10	3	1	31
91 - 120 days	4	7	9	2	1	23
Total	$1,586	$1,058	$216	$123	$247	$3,230

	As of December 31, 2014					
	700+	600-699	<600	No Score	Asia Pacific	Total
Current	$1,556	$1,028	$191	$115	$261	$3,151
31 - 60 days	12	23	16	4	3	58
61 - 90 days	7	13	11	2	1	34
91 - 120 days	5	10	11	2	1	29
Total	$1,580	$1,074	$229	$123	$266	$3,272

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

Table of Contents

6. Inventory

Inventory consisted of:

	June 30, 2015	December 31, 2014
Land held for VOI development	$136	$136
VOI construction in process	153	226
Inventory sold subject to conditional repurchase	73	73
Completed VOI inventory	587	431
Estimated recoveries	232	235
Exchange and rentals vacation credits and other	60	61
Total inventory	1,241	1,162
Less: Current portion (*)	285	302
Non-current inventory	$956	$860

(*) Represents inventory that the Company expects to sell within the next 12 months.

During the six months ended June 30, 2015 and 2014, the Company transferred $58 million and $18 million, respectively, from property and equipment to VOI inventory.

Inventory Sale Transactions

During 2013, the Company sold real property located in Las Vegas, Nevada and Avon, Colorado to a third-party developer, consisting of vacation ownership inventory and property and equipment. The Company recognized no gain or loss on these transactions. In accordance with the agreements with the third-party developer, the Company has conditional rights and a conditional obligation to repurchase the completed properties from the developer subject to the properties conforming to the Company's vacation ownership resort standards and provided that the third-party developer has not sold the properties to another party. Under the sale of real estate accounting guidance, the conditional rights and obligation of the Company constitute continuing involvement and thus the Company was unable to account for these transactions as a sale.

During the fourth quarter of 2014, the Company acquired the property located in Avon, Colorado from a third-party developer. In connection with this acquisition as of both June 30, 2015 and December 31, 2014, the Company had an outstanding obligation of $42 million, of which $10 million was included within accrued expenses and other current liabilities and $32 million was included within other non-current liabilities on the Consolidated Balance Sheets.

In connection with the Las Vegas, Nevada property, the Company had an outstanding obligation of $81 million as of June 30, 2015, of which $18 million was included within accrued expenses and other current liabilities and $63 million was included within other non-current liabilities on the Consolidated Balance Sheet. As of December 31, 2014, the Company had an outstanding obligation of $73 million, of which $5 million was included within accrued expenses and other current liabilities and $68 million was included within other non-current liabilities on the Consolidated Balance Sheet.

The Company has guaranteed to repurchase completed property located in Las Vegas, Nevada from a third-party developer subject to the property meeting the Company’s vacation ownership resort standards and provided that the third-party developer has not sold the property to another party. The maximum potential future payments that the Company could be required to make under this commitment was $181 million as of June 30, 2015.

Table of Contents

7. Long-Term Debt and Borrowing Arrangements

The Company's indebtedness consisted of:

	June 30, 2015	December 31, 2014
Securitized vacation ownership debt: [(a)]		
Term notes	$1,841	$1,962
Bank conduit facility (due August 2016)	253	203
Total securitized vacation ownership debt	2,094	2,165
Less: Current portion of securitized vacation ownership debt	211	214
Long-term securitized vacation ownership debt	$1,883	$1,951
Long-term debt: [(b)]		
Revolving credit facility (due July 2020)	$23	$25
Commercial paper	476	189
$315 million 6.00% senior unsecured notes (due December 2016) [(c)]	317	317
$300 million 2.95% senior unsecured notes (due March 2017)	299	299
$14 million 5.75% senior unsecured notes (due February 2018)	14	14
$450 million 2.50% senior unsecured notes (due March 2018)	448	448
$40 million 7.375% senior unsecured notes (due March 2020)	40	40
$250 million 5.625% senior unsecured notes (due March 2021)	247	247
$650 million 4.25% senior unsecured notes (due March 2022) [(d)]	648	648
$400 million 3.90% senior unsecured notes (due March 2023) [(e)]	409	410
Capital leases	161	170
Other	70	81
Total long-term debt	3,152	2,888
Less: Current portion of long-term debt	52	47
Long-term debt	$3,100	$2,841

(a) Represents non-recourse debt that is securitized through bankruptcy-remote special purpose entities ("SPEs"), the creditors of which have no recourse to the Company for principal and interest. These outstanding borrowings are collateralized by $2,558 million and $2,629 million of underlying gross vacation ownership contract receivables and related assets as of June 30, 2015 and December 31, 2014, respectively.

(b) The carrying amounts of the senior unsecured notes are net of unamortized discounts aggregating $13 million and $14 million as of June 30, 2015 and December 31, 2014, respectively.

(c) Includes $1 million and $2 million of unamortized gains from the settlement of a derivative as of June 30, 2015 and December 31, 2014, respectively.

(d) As of June 30, 2015, includes unamortized gains from the settlement of a derivative in the amount of $3 million. As of December 31, 2014, includes a $3 million increase in the carrying value resulting from a fair value hedge derivative.

(e) As of June 30, 2015, includes unamortized gains from the settlement of a derivative in the amount of $11 million. As of December 31, 2014, includes a $13 million increase in the carrying value resulting from a fair value hedge derivative.

Debt Issuances

Sierra Timeshare 2015-1 Receivables Funding, LLC. During March 2015, the Company closed a series of term notes payable, Sierra Timeshare 2015-1 Receivables Funding, LLC, with an initial principal amount of $350 million, which are secured by vacation ownership contract receivables and bear interest at a weighted average coupon rate of 2.54%. The advance rate for this transaction was 90%. As of June 30, 2015, the Company had $306 million of outstanding borrowings under these term notes.

Revolving Credit Facility. During March 2015, the Company replaced its $1.5 billion revolving credit facility expiring on July 15, 2018 with a $1.5 billion revolving credit facility that expires on July 15, 2020. This facility is subject to a facility fee of 20 basis points based on total capacity and bears interest at LIBOR plus 130 basis points. The facility fee and interest rate are dependent on the Company's credit ratings. The available capacity of the facility also supports the Company's commercial paper programs.

Table of Contents

Commercial Paper
The Company maintains U.S. and European commercial paper programs with a total capacity of $750 million and $500 million, respectively. As of June 30, 2015, the Company had outstanding borrowings of $476 million at a weighted average interest rate of 0.97%, all of which were under its U.S. commercial paper program. As of December 31, 2014, the Company had outstanding borrowings of $189 million at a weighted average interest rate of 0.89%, all of which were under its U.S. commercial paper program. The Company considers outstanding borrowings under its commercial paper programs to be a reduction of available capacity on its revolving credit facility.

Fair Value Hedges
During 2013, the Company entered into fixed to variable interest rate swap agreements (the "Swaps") on its 3.90% and 4.25% senior unsecured notes (the "Senior Notes") with notional amounts of $400 million and $100 million, respectively. The fixed interest rates on these notes were effectively modified to a variable LIBOR-based index. During May 2015, the Company terminated the Swaps and received $17 million of cash which was included within other, net in operating activities on the Consolidated Statement of Cash Flows. As of June 30, 2015, the Company had $14 million of deferred gains which were included within long-term debt on the Consolidated Balance Sheet and will be recognized within interest expense on the Consolidated Statement of Income over the remaining life of the Senior Notes. As of December 31, 2014, the aggregate fair value of these Swaps was $18 million of assets which were included in other non-current assets on the Consolidated Balance Sheet.

Maturities and Capacity
The Company's outstanding debt as of June 30, 2015 matures as follows:

	Securitized Vacation Ownership Debt	Long-Term Debt	Total
Within 1 year	$211	$52	$263
Between 1 and 2 years	272	660	932
Between 2 and 3 years	374	476	850
Between 3 and 4 years	201	14	215
Between 4 and 5 years	206	53	259
Thereafter	830	1,897	2,727
	$2,094	$3,152	$5,246

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

As of June 30, 2015, available capacity under the Company's borrowing arrangements was as follows:

	Securitized Bank Conduit Facility [(a)]	Revolving Credit Facility	
Total Capacity	$650	$1,500	
Less: Outstanding Borrowings	253	23	
Letters of credit	—	1	
Commercial paper borrowings	—	476	(b)
Available Capacity	$397	$1,000	

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

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

15

Table of Contents

Interest Expense

During the three and six months ended June 30, 2015, the Company incurred non-securitized interest expense of $30 million and $56 million, respectively, which primarily consisted of $32 million and $60 million of interest on long-term debt, partially offset by $2 million and $4 million of capitalized interest. Such amounts are included within interest expense on the Consolidated Statements of Income. Cash paid related to interest on the Company's non-securitized debt was $53 million during the six months ended June 30, 2015.

During the three and six months ended June 30, 2014, the Company incurred non-securitized interest expense of $29 million and $56 million, respectively, which primarily consisted of $30 million and $59 million of interest on long-term debt, partially offset by $1 million and $2 million of capitalized interest. In addition, the Company incurred $1 million of gains resulting from the ineffectiveness of fair value hedges during the six months ended June 30, 2014. Such amounts are included within interest expense on the Consolidated Statements of Income. Cash paid related to interest on the Company's non-securitized debt was $56 million during the six months ended June 30, 2014.

Interest expense incurred in connection with the Company's securitized vacation ownership debt during the three and six months ended June 30, 2015 was $19 million and $36 million, respectively, and $17 million and $35 million during the three and six months ended June 30, 2014, respectively, and is recorded within consumer financing interest on the Consolidated Statements of Income. Cash paid related to such interest was $28 million and $26 million during the six months ended June 30, 2015 and 2014, respectively.

8. Variable Interest Entities

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

Vacation Ownership Contract Receivables Securitizations

The Company pools qualifying vacation ownership contract receivables and sells them to bankruptcy-remote entities. Vacation ownership contract receivables qualify for securitization based primarily on the credit strength of the VOI purchaser to whom financing has been extended. Vacation ownership contract receivables are securitized through bankruptcy-remote SPEs that are consolidated within the Consolidated Financial Statements. As a result, the Company does not recognize gains or losses resulting from these securitizations at the time of sale to the SPEs. Interest income is recognized when earned over the contractual life of the vacation ownership contract receivables. The Company services the securitized vacation ownership contract receivables pursuant to servicing agreements negotiated on an arms-length basis based on market conditions. The activities of these SPEs are limited to (i) purchasing vacation ownership contract receivables from the Company's vacation ownership subsidiaries, (ii) issuing debt securities and/or borrowing under a conduit facility to fund such purchases and (iii) entering into derivatives to hedge interest rate exposure. The bankruptcy-remote SPEs are legally separate from the Company. The receivables held by the bankruptcy-remote SPEs are not available to creditors of the Company and legally are not assets of the Company. Additionally, the creditors of these SPEs have no recourse to the Company for principal and interest.

Table of Contents

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

	June 30, 2015	December 31, 2014
Securitized contract receivables, gross [(a)]	$2,442	$2,512
Securitized restricted cash [(b)]	96	96
Interest receivables on securitized contract receivables [(c)]	19	20
Other assets [(d)]	1	1
Total SPE assets [(e)]	2,558	2,629
Securitized term notes [(f)]	1,841	1,962
Securitized conduit facilities [(f)]	253	203
Other liabilities [(g)]	2	1
Total SPE liabilities	2,096	2,166
SPE assets in excess of SPE liabilities	$462	$463

(a) Included in current ($252 million and $256 million as of June 30, 2015 and December 31, 2014, respectively) and non-current ($2,190 million and $2,256 million as of June 30, 2015 and December 31, 2014, respectively) vacation ownership contract receivables on the Consolidated Balance Sheets.

(b) Included in other current assets ($76 million and $75 million as of June 30, 2015 and December 31, 2014, respectively) and other non-current assets ($20 million and $21 million as of June 30, 2015 and December 31, 2014, respectively) on the Consolidated Balance Sheets.

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

(d) Included in other non-current assets on the Consolidated Balance Sheets.

(e) Excludes deferred financing costs of $26 million and $30 million as of June 30, 2015 and December 31, 2014, respectively, related to securitized debt.

(f) Included in current ($211 million and $214 million as of June 30, 2015 and December 31, 2014, respectively) and long-term ($1,883 million and $1,951 million as of June 30, 2015 and December 31, 2014, respectively) securitized vacation ownership debt on the Consolidated Balance Sheets.

(g) Primarily includes accrued interest on securitized debt of $2 million and $1 million as of June 30, 2015 and December 31, 2014, respectively, which is included in accrued expenses and other current liabilities on the Consolidated Balance Sheets.

In addition, the Company has vacation ownership contract receivables that have not been securitized through bankruptcy-remote SPEs. Such gross receivables were $788 million and $760 million as of June 30, 2015 and December 31, 2014, respectively. A summary of total vacation ownership receivables and other securitized assets, net of securitized liabilities and the allowance for loan losses, is as follows:

	June 30, 2015	December 31, 2014
SPE assets in excess of SPE liabilities	$462	$463
Non-securitized contract receivables	788	760
Less: Allowance for loan losses	565	581
Total, net	$685	$642

In addition to restricted cash related to securitizations, the Company had $100 million and $51 million of restricted cash related to escrow deposits as of June 30, 2015 and December 31, 2014, respectively, which are recorded within other current assets on the Consolidated Balance Sheets.

Table of Contents

Midtown 45, NYC Property

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

The assets and liabilities of the SPE are as follows:

	June 30, 2015	December 31, 2014
Property and equipment, net	$53	$64
Total SPE assets	53	64
Accrued expenses and other current liabilities	1	1
Long-term debt (*)	64	77
Total SPE liabilities	65	78
SPE deficit	$(12)	$(14)

(*) As of June 30, 2015, included $59 million relating to a four-year mortgage note due in 2017 and $5 million of mandatorily redeemable equity, of which $34 million was included in current portion of long-term debt on the Consolidated Balance Sheet. As of December 31, 2014, included $71 million relating to a four-year mortgage note due in 2017 and $6 million of mandatorily redeemable equity, of which $31 million was included in current portion of long-term debt on the Consolidated Balance Sheet.

During 2015, the SPE conveyed $10 million of property and equipment to the Company.

9. Fair Value

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

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

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

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

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

18

Table of Contents

The following table summarizes information regarding assets and liabilities that are measured at fair value (all of which are Level 2) on a recurring basis:

	As of June 30, 2015		As of December 31, 2014	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Assets				
Derivatives: [(a)]				
Interest rate contracts	$—	$—	$18	$18
Foreign exchange contracts	1	1	1	1
Total assets	$1	$1	$19	$19
Liabilities				
Derivatives: [(b)]				
Interest rate contracts [(c)]	$4	$4	$4	$4
Foreign exchange contracts	4	4	3	3
Total liabilities	$8	$8	$7	$7

(a) Included in other current assets ($1 million as of both June 30, 2015 and December 31, 2014, respectively) and other non-current assets ($18 million as of December 31, 2014) on the Consolidated Balance Sheets.

(b) Included in accrued expenses and other current liabilities ($8 million and $7 million as of June 30, 2015 and December 31, 2014, respectively).

(c) Primarily represents interest rate swap locks for an anticipated 2015 transaction.

The Company's derivative instruments primarily consist of pay-fixed/receive-variable interest rate swaps, pay-variable/receive-fixed interest rate swaps, interest rate caps, foreign exchange forward contracts and foreign exchange average rate forward contracts. For assets and liabilities that are measured using quoted prices in active markets, the fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using other significant observable inputs are valued by reference to similar assets and liabilities. For these items, a significant portion of fair value is derived by reference to quoted prices of similar assets and liabilities in active markets. For assets and liabilities that are measured using significant unobservable inputs, fair value is primarily derived using a fair value model, such as a discounted cash flow model.

The fair value of financial instruments is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques, as appropriate. The carrying amounts of cash and cash equivalents, restricted cash, trade receivables, accounts payable and accrued expenses and other current liabilities approximate fair value due to the short-term maturities of these assets and liabilities. The carrying amounts and estimated fair values of all other financial instruments are as follows:

	June 30, 2015		December 31, 2014	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Vacation ownership contract receivables, net	$2,665	$3,273	$2,691	$3,284
Debt				
Total debt	5,246	5,299	5,053	5,140

The Company estimates the fair value of its vacation ownership contract receivables using a discounted cash flow model which it believes is comparable to the model that an independent third-party would use in the current market. The model uses Level 3 inputs consisting of default rates, prepayment rates, coupon rates and loan terms for the contract receivables portfolio as key drivers of risk and relative value that, when applied in combination with pricing parameters, determines the fair value of the underlying contract receivables.

Table of Contents

The Company estimates the fair value of its securitized vacation ownership debt by obtaining Level 2 inputs comprised of indicative bids from investment banks that actively issue and facilitate the secondary market for timeshare securities. The Company determines the fair value of its senior notes using quoted market prices as such senior notes are not actively traded and thus are considered Level 2 inputs. Additionally, the Company estimates the fair value of its other long-term debt, excluding capital leases, using Level 2 inputs based on indicative bids from investment banks.

10. Derivative Instruments and Hedging Activities

Foreign Currency Risk

The Company has foreign currency rate exposure to exchange rate fluctuations worldwide with particular exposure to the British pound, Euro, Canadian and Australian dollar. The Company uses freestanding foreign currency forward contracts to manage a portion of its exposure to changes in foreign currency exchange rates associated with its foreign currency denominated receivables, payables and forecasted earnings of foreign subsidiaries. Additionally, the Company uses foreign currency forward contracts designated as cash flow hedges to manage a portion of its exposure to changes in forecasted foreign currency denominated vendor payments. Gains and losses relating to freestanding foreign currency contracts are included in operating expenses on the Company’s Consolidated Statements of Income and are substantially offset by the earnings effect from the underlying items that were economically hedged. The freestanding foreign currency contracts resulted in gains of $6 million and $2 million during the three months ended June 30, 2015 and 2014, respectively. The freestanding foreign currency contracts resulted in losses of $6 million and gains of $1 million during the six months ended June 30, 2015 and 2014, respectively. The amount of gains or losses relating to contracts designated as cash flow hedges that the Company expects to reclassify from accumulated other comprehensive income (“AOCI”) to earnings over the next 12 months is not material.

Interest Rate Risk

A portion of the debt used to finance the Company’s operations is exposed to interest rate fluctuations. The Company uses various hedging strategies and derivative financial instruments to create a desired mix of fixed and floating rate assets and liabilities. Derivative instruments currently used in these hedging strategies include swaps and interest rate caps. The derivatives used to manage the risk associated with the Company’s floating rate debt include freestanding derivatives and derivatives designated as cash flow hedges. The Company also uses swaps to convert specific fixed-rate debt into variable-rate debt (i.e., fair value hedges) to manage the overall interest cost. For relationships designated as fair value hedges, changes in the fair value of the derivatives are recorded in income with offsetting adjustments to the carrying amount of the hedged debt. The amount of gains or losses that the Company expects to reclassify from AOCI to earnings during the next 12 months is not material.

Gains or losses recognized in AOCI for both the three and six months ended June 30, 2015 and 2014 were not material.

11. Income Taxes

The Company files income tax returns in the U.S. federal and state jurisdictions, as well as in foreign jurisdictions. The Company is no longer subject to U.S. federal income tax examinations for years prior to 2011. In addition, with few exceptions, the Company is no longer subject to state and local, or foreign income tax examinations for years prior to 2007.

The Company’s effective tax rate decreased from 36.5% during the three months ended June 30, 2014 to 35.4% during the three months ended June 30, 2015 primarily due to an income tax benefit related to additional deductions reflected in amended federal tax returns.

The Company’s effective tax rate decreased from 37.4% during the six months ended June 30, 2014 to 36.5% during the six months ended June 30, 2015 primarily due to the absence of the Venezuelan foreign exchange devaluation loss incurred during the first quarter of 2014, for which the Company received no tax benefit.

The Company made cash income tax payments, net of refunds, of $125 million and $127 million during the six months ended June 30, 2015 and 2014, respectively.

Table of Contents

12. Commitments and Contingencies

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

Wyndham Worldwide Corporation Litigation

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

On June 26, 2012, the U.S. Federal Trade Commission ("FTC") filed a lawsuit in Federal District Court for the District of Arizona against the Company and its subsidiaries, Wyndham Hotel Group, LLC ("WHG"), Wyndham Hotels & Resorts Inc. ("WHR") and Wyndham Hotel Management Inc. ("WHM"), alleging unfairness and deception-based violations of Section 5 of the FTC Act in connection with three prior data breach incidents involving a group of Wyndham brand hotels. The Company, WHG, WHR and WHM dispute the allegations in the lawsuit and are defending this lawsuit vigorously. The Company does not believe that the data breach incidents were material, nor does it expect that the outcome of the FTC litigation will have a material effect on the Company's results of operations, financial position or cash flows. On March 26, 2013, the Company's, WHG's, WHR's and WHM's motion to transfer venue of the lawsuit from Arizona to the Federal District Court for the District of New Jersey was granted. WHR's motion to dismiss the lawsuit was denied on April 7, 2014. The Court granted WHR's motion to certify its order denying WHR's motion to dismiss for interlocutory appeal on June 23, 2014. The motion to dismiss the lawsuit filed by the Company, WHG and WHM was denied on June 23, 2014. On July 29, 2014, the Third Circuit Court of Appeals granted WHR's request to file an interlocutory appeal of the District Court's denial of its motion to dismiss. WHR filed its brief in support of its interlocutory appeal on October 6, 2014. The FTC filed its opposition brief on November 5, 2014, and WHR filed its reply brief on December 8, 2014. The Third Circuit Court of Appeals held oral argument on the interlocutory appeal on March 3, 2015, and the parties submitted additional briefing on March 27, 2015. The Company is unable at this time to estimate any loss or range of reasonably possible loss.

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

Table of Contents

The Company believes that it has adequately accrued for such matters with reserves of $25 million and $24 million as of June 30, 2015 and December 31, 2014, respectively. Such reserves are exclusive of matters relating to the Company's separation from Cendant ("Separation"). For matters not requiring accrual, the Company believes that such matters will not have a material effect on its results of operations, financial position or cash flows based on information currently available. However, litigation is inherently unpredictable and, although the Company believes that its accruals are adequate and/or that it has valid defenses in these matters, unfavorable results could occur. As such, an adverse outcome from such proceedings for which claims are awarded in excess of the amounts accrued, if any, could be material to the Company with respect to earnings and/or cash flows in any given reporting period. As of June 30, 2015, the potential exposure resulting from adverse outcomes of such legal proceedings could, in the aggregate, range up to $46 million in excess of recorded accruals. However, the Company does not believe that the impact of such litigation should result in a material liability to the Company in relation to its consolidated financial position or liquidity.

Other Guarantees/Indemnifications

Lodging

From time to time, the Company may enter into a hotel management agreement that provides the hotel owner with a guarantee of a certain level of profitability based upon various metrics. Under such an agreement, the Company would be required to compensate such hotel owner for any profitability shortfall over the life of the management agreement up to a specified aggregate amount. For certain agreements, the Company may be able to recapture all or a portion of the shortfall payments in the event that future operating results exceed targets. The terms of the Company's existing guarantees range from 7 to 10 years and provide for early termination provisions under certain circumstances. As of June 30, 2015, the maximum potential amount of future payments that may be made under these guarantees was $175 million with a combined annual cap of $45 million. As of June 30, 2015, the Company also had a conditional guarantee with a hotel that will become effective when all the necessary conditions are satisfied by the hotel owner. At the effective date, the maximum potential amount of future payments that may be made under this conditional guarantee is $45 million with an annual cap of $10 million.

In connection with such performance guarantees, as of June 30, 2015, the Company maintained a liability of $30 million, of which $24 million was included in other non-current liabilities and $6 million was included in accrued expenses and other current liabilities on its Consolidated Balance Sheet. As of June 30, 2015, the Company also had a corresponding $37 million asset related to these guarantees, of which $33 million was included in other non-current assets and $4 million was included in other current assets on its Consolidated Balance Sheet. As of December 31, 2014, the Company maintained a liability of $32 million, of which $31 million was included in other non-current liabilities and $1 million was included in accrued expenses and other current liabilities on its Consolidated Balance Sheet. As of December 31, 2014, the Company also had a corresponding $39 million asset related to the guarantees, of which $35 million was included in other non-current assets and $4 million was included in other current assets on its Consolidated Balance Sheet. Such assets are being amortized on a straight-line basis over the life of the agreements. The amortization expense for the performance guarantees noted above was $1 million and $2 million for the three and six months ended June 30, 2015, respectively, and $1 million and $2 million for the three and six months ended June 30, 2014, respectively.

For guarantees subject to recapture provisions, the Company had a receivable of $37 million as of June 30, 2015, of which $9 million was included in other current assets and $28 million was included in other non-current assets on its Consolidated Balance Sheet. As of December 31, 2014, the Company had a receivable of $26 million which was included in other non-current assets on its Consolidated Balance Sheet. Such receivable was the result of payments made to date which are subject to recapture and which the Company believes will be recoverable from future operating performance.

Vacation Ownership

The Company has guaranteed to repurchase completed property located in Las Vegas, Nevada from a third-party developer subject to the property meeting the Company's vacation ownership resort standards and provided that the third-party developer has not sold the property to another party (see Note 6 - Inventory).

Cendant Litigation

Under the Separation agreement, the Company agreed to be responsible for 37.5% of certain of Cendant's contingent and other corporate liabilities and associated costs, including certain contingent litigation. Since the Separation, Cendant settled the majority of the lawsuits pending on the date of the Separation. See Note 17 - Separation Adjustments and Transactions with Former Parent and Subsidiaries regarding contingent litigation liabilities resulting from the Separation.

Table of Contents

13. Accumulated Other Comprehensive (Loss)/Income

The components of AOCI are as follows:

Pretax	Foreign Currency Translation Adjustments	Unrealized Gains/(Losses) on Cash Flow Hedges	Defined Benefit Pension Plans	AOCI
Balance, December 31, 2014	$(13)	$(8)	$(12)	$(33)
Period change	(56)	1	—	(55)
Balance, June 30, 2015	$(69)	$(7)	$(12)	$(88)

Tax	Foreign Currency Translation Adjustments	Unrealized Gains/(Losses) on Cash Flow Hedges	Defined Benefit Pension Plans	AOCI
Balance, December 31, 2014	$50	$4	$3	$57
Period change	—	(1)	—	(1)
Balance, June 30, 2015	$50	$3	$3	$56

Net of Tax	Foreign Currency Translation Adjustments	Unrealized Gains/(Losses) on Cash Flow Hedges	Defined Benefit Pension Plans	AOCI
Balance, December 31, 2014	$37	$(4)	$(9)	$24
Period change	(56)	—	—	(56)
Balance, June 30, 2015	$(19)	$(4)	$(9)	$(32)

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

Table of Contents

14. Stock-Based Compensation
The Company has a stock-based compensation plan available to grant RSUs, PSUs, SSARs and other stock or cash-based awards to key employees, non-employee directors, advisors and consultants. Under the Wyndham Worldwide Corporation 2006 Equity and Incentive Plan, as amended, a maximum of 36.7 million shares of common stock may be awarded. As of June 30, 2015, 16.3 million shares remained available.

Incentive Equity Awards Granted by the Company
The activity related to incentive equity awards granted by the Company for the six months ended June 30, 2015 consisted of the following:

	RSUs			PSUs			SSARs		
	Number of RSUs		Weighted Average Grant Price	Number of PSUs		Weighted Average Grant Price	Number of SSARs		Weighted Average Exercise Price
Balance as of December 31, 2014	2.0		$57.13	0.7		$57.99	0.7		$40.09
Granted [a]	0.6		91.74	0.2		91.81	0.1		91.81
Vested	(0.9	)	49.10	(0.3	)	44.57	—		—
Balance as of June 30, 2015	1.7	[b] [c]	73.58	0.6	[d]	73.57	0.8	[b] [e]	46.45

[a] Primarily represents awards granted by the Company on February 26, 2015.
[b] Aggregate unrecognized compensation expense related to RSUs and SSARs was $114 million as of June 30, 2015, which is expected to be recognized over a weighted average period of 2.9 years.
[c] Approximately 1.6 million RSUs outstanding as of June 30, 2015 are expected to vest over time.
[d] Maximum aggregate unrecognized compensation expense was $29 million as of June 30, 2015.
[e] Approximately 0.6 million SSARs are exercisable as of June 30, 2015. The Company assumes that all unvested SSARs are expected to vest over time. SSARs outstanding as of June 30, 2015 had an intrinsic value of $30 million and have a weighted average remaining contractual life of 2.5 years.

On February 26, 2015, the Company granted incentive equity awards totaling $59 million to key employees and senior officers of Wyndham in the form of RSUs and SSARs. These awards will vest ratably over a period of four years. In addition, on February 26, 2015, the Company approved a grant of incentive equity awards totaling $16 million to key employees and senior officers of Wyndham in the form of PSUs. These awards cliff vest on the third anniversary of the grant date, contingent upon the Company achieving certain performance metrics.

The fair value of SSARs granted by the Company on February 26, 2015 was estimated on the date of the grant using the Black-Scholes option-pricing model with the relevant weighted average assumptions outlined in the table below. Expected volatility is based on both historical and implied volatilities of the Company's stock over the estimated expected life of the SSARs. The expected life represents the period of time the SSARs are expected to be outstanding and is based on historical experience given consideration to the contractual terms and vesting periods of the SSARs. The risk free interest rate is based on yields on U.S. Treasury strips with a maturity similar to the estimated expected life of the SSARs. The projected dividend yield was based on the Company's anticipated annual dividend divided by the price of the Company's stock on the date of the grant.

	SSARs Issued on February 26, 2015	
Grant date fair value	$18.55	
Grant date strike price	$91.81	
Expected volatility	25.38	%
Expected life	5.1 years	
Risk free interest rate	1.64	%

Projected dividend yield	1.83	%

24

Table of Contents

Stock-Based Compensation Expense

The Company recorded stock-based compensation expense of $14 million and $29 million during the three and six months ended June 30, 2015, respectively, and $14 million and $30 million during the three and six months ended June 30, 2014, respectively, related to the incentive equity awards granted to key employees and senior officers by the Company. During the six months ended June 30, 2015, the Company increased its pool of excess tax benefits available to absorb tax deficiencies ("APIC Pool") by $17 million due to the vesting of RSUs and PSUs. As of June 30, 2015, the Company's APIC Pool balance was $129 million.

The Company paid $41 million and $44 million of taxes for the net share settlement of incentive equity awards during the six months ended June 30, 2015 and 2014, respectively. Such amounts are included within financing activities on the Consolidated Statements of Cash Flows.

15. Segment Information

The reportable segments presented below represent the Company's operating segments for which separate financial information is available and which is utilized on a regular basis by its chief operating decision maker to assess performance and to allocate resources. In identifying its reportable segments, the Company also considers the nature of services provided by its operating segments. Management evaluates the operating results of each of its reportable segments based upon net revenues and "EBITDA", which is defined as net income before depreciation and amortization, interest expense (excluding consumer financing interest), early extinguishment of debt, interest income (excluding consumer financing interest) and income taxes, each of which is presented on the Consolidated Statements of Income. The Company's presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

	Three Months Ended June 30,			
	2015		2014	
	Net Revenues	EBITDA	Net Revenues	EBITDA
Lodging [a]	$334	$96	$283 (c)	$87
Vacation Exchange and Rentals	383	84	402	89
Vacation Ownership	699	182	673	185
Total Reportable Segments	1,416	362	1,358	361
Corporate and Other [b]	(18)	(30)	(15)	(35)
Total Company	$1,398	$332	$1,343	$326

Reconciliation of EBITDA to Net income

	Three Months Ended June 30,	
	2015	2014
EBITDA	$332	$326
Depreciation and amortization	58	59
Interest expense	30	29
Interest income	(2)	(3)
Income before income taxes	246	241
Provision for income taxes	87	88
Net income	$159	$153

(a) Includes $15 million and $11 million of intersegment trademark fees during the three months ended June 30, 2015 and 2014, respectively, which are offset in expenses primarily at the Company's Vacation Ownership segment and are eliminated in Corporate and Other.

(b) Includes the elimination of transactions between segments.

(c)

Includes $2 million of hotel management reimbursable revenues, which was charged to the Company's Vacation Ownership segment and eliminated in Corporate and Other.

	Six Months Ended June 30,			
	2015		2014	
	Net Revenues	EBITDA	Net Revenues	EBITDA
Lodging [(a)]	$626	$172	$520 (c)	$151
Vacation Exchange and Rentals	752	189	781	174
Vacation Ownership	1,316	313	1,266	300
Total Reportable Segments	2,694	674	2,567	625
Corporate and Other [(b)]	(33)	(65)	(31)	(69)
Total Company	$2,661	$609	$2,536	$556

Reconciliation of EBITDA to Net income attributable to Wyndham shareholders

	Six Months Ended June 30,	
	2015	2014
EBITDA	$609	$556
Depreciation and amortization	114	115
Interest expense	56	56
Interest income	(5)	(5)
Income before income taxes	444	390
Provision for income taxes	162	146
Net income	282	244
Net income attributable to noncontrolling interest	—	(1)
Net income attributable to Wyndham shareholders	$282	$243

(a) Includes $27 million and $20 million of intersegment trademark fees during the six months ended June 30, 2015 and 2014, respectively, which are offset in expenses primarily at the Company's Vacation Ownership segment and are eliminated in Corporate and Other.

(b) Includes the elimination of transactions between segments.

(c) Includes $4 million of hotel management reimbursable revenues, which was charged to the Company's Vacation Ownership segment and eliminated in Corporate and Other.

Table of Contents

16. Restructuring

During 2014, the Company committed to restructuring initiatives at its vacation exchange and rentals and lodging businesses, primarily focused on improving the alignment of the organizational structure of each business with their strategic objectives. During the six months ended June 30, 2015, the Company reduced its liability with $4 million of cash payments and reversed $1 million related to previously recorded contract termination costs. The remaining liability of $2 million as of June 30, 2015 is expected to be paid in cash by the end of 2015.

The Company has additional restructuring plans which were implemented prior to 2014. During 2015, the Company reduced its liability for such plans with $1 million of cash payments. The remaining liability of $3 million as of June 30, 2015 is expected to be paid by 2020.

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

	Liability as of December 31, 2014	Cash Payments	Other(*)	Liability as of June 30, 2015
Personnel-related	$6	$(4)	$—	$2
Facility-related	4	(1)	—	3
Contract terminations	1	—	(1)	—
	$11	$(5)	$(1)	$5

(*) Represents a reversal of a portion of previously recorded expenses at the Company's vacation exchange and rentals business.

17. Separation Adjustments and Transactions with Former Parent and Subsidiaries

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

Pursuant to the Separation and Distribution Agreement, upon the distribution of the Company's common stock to Cendant shareholders, the Company entered into certain guarantee commitments with Cendant (pursuant to the assumption of certain liabilities and the obligation to indemnify Cendant and Realogy and travel distribution services ("Travelport") for such liabilities) and guarantee commitments related to deferred compensation arrangements with each of Cendant and Realogy. These guarantee arrangements primarily relate to certain contingent litigation liabilities, contingent tax liabilities, and Cendant contingent and other corporate liabilities, of which the Company assumed and is responsible for 37.5% while Realogy is responsible for the remaining 62.5%. The remaining amount of liabilities which were assumed by the Company in connection with the Separation was $34 million and $38 million as of June 30, 2015 and December 31, 2014, respectively. These amounts were comprised of certain Cendant corporate liabilities which were recorded on the books of Cendant as well as additional liabilities which were established for guarantees issued at the date of Separation, related to unresolved contingent matters and others that could arise during the guarantee period. Regarding the guarantees, if any of the companies responsible for all or a portion of such liabilities were to default in its payment of costs or expenses related to any such liability, the Company would be responsible for a portion of the defaulting party or parties' obligation(s). The Company also provided a default guarantee related to certain deferred compensation arrangements related to certain current and former senior officers and directors of Cendant, Realogy and Travelport. These arrangements were valued upon the Separation in accordance with the guidance for guarantees and recorded as liabilities on the Consolidated Balance Sheets. To the extent such recorded liabilities are not adequate to cover the ultimate payment amounts, such excess will be reflected as an expense to the results of operations in future periods.

As a result of the sale of Realogy on April 10, 2007, Realogy was required to post a letter of credit in an amount acceptable to the Company and Avis Budget Group (formerly known as Cendant) to satisfy its obligations for the Cendant legacy contingent liabilities. As of June 30, 2015, the letter of credit was $53 million.

27

Table of Contents

As of June 30, 2015, the $34 million of Separation related liabilities is comprised of $30 million for tax liabilities, $1 million for liabilities of previously sold businesses of Cendant, $1 million for other contingent and corporate liabilities and $2 million of liabilities where the calculated guarantee amount exceeded the contingent liability assumed at the Separation Date. In connection with these liabilities, as of June 30, 2015, $20 million is recorded in accrued expenses and other current liabilities and $14 million is recorded in other non-current liabilities on the Consolidated Balance Sheet. The Company will indemnify Cendant for these contingent liabilities and therefore any payments made to the third-party would be through the former Parent. The actual timing of payments relating to these liabilities is dependent on a variety of factors beyond the Company's control. In addition, the Company had $1 million of receivables due from former Parent and subsidiaries primarily relating to income taxes, as of both June 30, 2015 and December 31, 2014, respectively, which is included within other current assets on the Consolidated Balance Sheets.

18. Subsequent Event

Securitization Term Transaction

On July 15, 2015, the Company closed a series of term notes payable, Sierra Timeshare 2015-2 Receivables Funding, LLC, with an initial principal amount of $275 million, which are secured by vacation ownership contract receivables and bear interest at a weighted average coupon rate of 2.56%. The advance rate for this transaction was 90%.

Table of Contents

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

FORWARD-LOOKING STATEMENTS

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

BUSINESS AND OVERVIEW

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

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

RESULTS OF OPERATIONS

Discussed below are our key operating statistics, consolidated results of operations and the results of operations for each of our reportable segments. The reportable segments presented below represent our operating segments for which discrete financial information is available and which is utilized on a regular basis by our chief operating decision maker to assess performance and to allocate resources. In identifying our reportable segments, we also consider the nature of services provided by our operating segments. Management evaluates the operating results of each of our reportable segments based upon net revenues and "EBITDA" (a non-GAAP measure), which is defined as net income before depreciation and amortization, interest expense (excluding consumer financing interest), early extinguishment of debt, interest income (excluding consumer financing interest) and income taxes. Our presentation of EBITDA may not be comparable to similarly-titled measures used by other companies.

Table of Contents

OPERATING STATISTICS

The table below presents our operating statistics for the three months ended June 30, 2015 and 2014. These operating statistics are the drivers of our revenues and therefore provide an enhanced understanding of our businesses. Refer to the Results of Operations section for a discussion as to how these operating statistics affected our business for the periods presented.

	Three Months Ended June 30,		
	2015	2014	% Change
Lodging [a]			
Number of rooms[b]	668,500	650,200	2.8
RevPAR[c]	$39.82	$40.11	(0.7)
Vacation Exchange and Rentals			
Average number of members (in 000s) [d]	3,831	3,748	2.2
Exchange revenue per member [e]	$167.81	$179.17	(6.3)
Vacation rental transactions (in 000s) [a] [f]	390	376	3.7
Average net price per vacation rental [a] [g]	$513.14	$577.13	(11.1)
Vacation Ownership			
Gross VOI sales (in 000s) [h] [i]	$502,000	$496,000	1.2
Tours (in 000s) [j]	206	208	(1.0)
Volume Per Guest (“VPG”)[k]	$2,353	$2,280	3.2

(a) Includes the impact from acquisitions/dispositions from the acquisition/disposition dates forward. Therefore, such operating statistics for 2015 are not presented on a comparable basis to the 2014 operating statistics.

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

(c) Represents revenue per available room and is calculated by multiplying the percentage of available rooms occupied during the period by the average rate charged for renting a lodging room for one day.

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

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

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

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

(h) Represents total sales of VOIs, including sales under the Wyndham Asset Affiliation Model (“WAAM”) Fee-for-Service, before the net effect of percentage-of-completion (“POC”) accounting and loan loss provisions. We believe that Gross VOI sales provide an enhanced understanding of the performance of our vacation ownership business because it directly measures the sales volume of this business during a given reporting period.

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

	2015	2014
Gross VOI sales	$502	$496
Less: WAAM Fee-for-Service sales [1]	(26)	(40)
Gross VOI sales, net of WAAM Fee-for-Service sales [2]	477	456
Less: Loan loss provision	(60)	(70)
Less: Impact of POC accounting	—	(4)
Vacation ownership interest sales	$417	$382

(1) Represents total sales of VOIs through our WAAM Fee-for-Service sales model designed to offer turn-key solutions for developers or banks in possession of newly developed inventory, which we will sell for a commission fee through our extensive sales and marketing channels. WAAM Fee-for-Service commission revenues were $19 million and $30 million for the three months ended June 30, 2015 and 2014, respectively.

(2) Amounts may not foot due to rounding.

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

30

Table of Contents

(k) VPG is calculated by dividing Gross VOI sales (excluding tele-sales upgrades, which are non-tour upgrade sales) by the number of tours. Tele-sales upgrades were $17 million and $21 million during the three months ended June 30, 2015 and 2014, respectively. We have excluded tele-sales upgrades in the calculation of VPG because tele-sales upgrades are generated by a different marketing channel. We believe that VPG provides an enhanced understanding of the performance of our vacation ownership business because it directly measures the efficiency of this business's tour selling efforts during a given reporting period.

THREE MONTHS ENDED JUNE 30, 2015 VS. THREE MONTHS ENDED JUNE 30, 2014

Our consolidated results are as follows:

	Three Months Ended June 30,		
	2015	2014	Favorable/(Unfavorable)
Net revenues	$1,398	$1,343	$ 55
Expenses	1,127	1,077	(50)
Operating income	271	266	5
Other income, net	(3)	(1)	2
Interest expense	30	29	(1)
Interest income	(2)	(3)	(1)
Income before income taxes	246	241	5
Provision for income taxes	87	88	1
Net income	$159	$153	$ 6

Net revenues increased $55 million (4.1%) for the three months ended June 30, 2015 compared with the same period last year primarily resulting from:

- $35 million of higher revenues at our vacation ownership business primarily resulting from higher net VOI sales;
- $34 million of incremental revenues from acquisitions primarily related to reimbursable revenues at our lodging business;
- a $19 million increase (excluding intersegment revenues) at our lodging business primarily from higher royalty, marketing and reservation revenues (inclusive of Wyndham Rewards) and other franchise fees and ancillary services; and
- $15 million of higher revenues at our vacation exchange and rentals business primarily from stronger volume and yield on rental transactions.

Such revenue increases were partially offset by a $48 million unfavorable impact from foreign currency.

Expenses increased $50 million (4.6%) for the three months ended June 30, 2015 compared with the same period last year due to (i) $53 million of higher expenses from operations primarily related to the revenue increases and (ii) $33 million of incremental expenses from acquisitions primarily related to reimbursable revenues at our lodging business. Such expense increases were partially offset by a $36 million favorable impact from foreign currency.

Our effective tax rate decreased from 36.5% during the second quarter of 2014 to 35.4% during the second quarter of 2015 primarily due to an income tax benefit related to additional deductions reflected in amended federal tax returns.

As a result of these items, net income increased $6 million (3.9%) as compared to the second quarter of 2014.

Table of Contents

Following is a discussion of the results of each of our segments and Corporate and Other for the three months ended June 30, 2015 compared to June 30, 2014:

	Net Revenues			EBITDA		
	2015	2014	% Change	2015	2014	% Change
Lodging	$334	$283	18.0	$96	$87	10.3
Vacation Exchange and Rentals	383	402	(4.7)	84	89	(5.6)
Vacation Ownership	699	673	3.9	182	185	(1.6)
Total Reportable Segments	1,416	1,358	4.3	362	361	0.3
Corporate and Other [a]	(18)	(15)	(20.0)	(30) [b]	(35) [b]	14.3
Total Company	$1,398	$1,343	4.1	$332	$326	1.8

Reconciliation of EBITDA to Net income

	2015	2014
EBITDA	$332	$326
Depreciation and amortization	58	59
Interest expense	30	29
Interest income	(2)	(3)
Income before income taxes	246	241
Provision for income taxes	87	88
Net income	$159	$153

(a) Includes the elimination of transactions between segments.

(b) Includes $30 million and $35 million of corporate costs during the three months ended June 30, 2015 and 2014, respectively.

Lodging

Net revenues and EBITDA increased $51 million (18.0%) and $9 million (10.3%), respectively, during the three months ended June 30, 2015 compared with the same period during 2014.

Net revenues increased $8 million from royalty, marketing and reservation fees (inclusive of Wyndham Rewards). Excluding the impact of $3 million of incremental revenues from the Dolce Hotels and Resorts (“Dolce”) acquisition and a $3 million unfavorable impact from foreign currency translation, royalty, marketing and reservations fees (inclusive of Wyndham Rewards) increased $8 million. The increase was principally due to a 3.6% increase in domestic RevPAR and a 2.0% increase in system size. The increase in domestic RevPAR was driven by a 4.4% increase in average daily rates. Domestic RevPAR was offset by an 11.8% decrease in international RevPAR principally due to unfavorable currency translation and the impact of room growth in lower RevPAR markets, specifically China.

Reimbursable revenues increased $32 million primarily resulting from $29 million of incremental revenues from the Dolce acquisition. Such increases in revenues had no impact on EBITDA.

Net revenues and EBITDA were favorably impacted by $4 million of higher intersegment licensing fees primarily charged to our vacation ownership business for the use of the Wyndham trade name. Additionally, revenues were favorably impacted by $3 million of fees charged for our global conference which were fully offset by conference expenses.

Other franchise fees and ancillary services contributed an additional $4 million of revenues and EBITDA primarily from higher termination fees and growth in our co-branded credit card program.

EBITDA also reflects (i) $4 million of higher marketing, reservation and Wyndham Rewards expenses resulting from the impact of the marketing and reservation revenue increases as we are obligated to spend such revenues on behalf of our franchisees and (ii) $3 million of incremental expenses from Dolce.

As of June 30, 2015, we had approximately 7,700 properties and over 668,500 rooms in our system. Additionally, our hotel development pipeline included 895 hotels and approximately 116,800 rooms, of which 61% were international and 66% were new construction.

Vacation Exchange and Rentals
Net revenues and EBITDA decreased $19 million (4.7%) and $5 million (5.6%), respectively, during the three months ended June 30, 2015 compared with the same period during 2014. Foreign currency translation unfavorably impacted net revenues and EBITDA by $36 million and $5 million, respectively. Our previously owned U.K.-based camping business, which was sold during the fourth quarter of 2014, contributed $5 million of revenues and $3 million of EBITDA losses during the second quarter of 2014.

Net revenues generated from rental transactions and related services decreased $17 million. Excluding an unfavorable foreign currency translation impact of $30 million and the impact from the divestiture, net revenues generated from rental transactions and related services increased $18 million principally due to (i) a 6.5% increase in rental transaction volume primarily driven by favorability at our Denmark-based Novasol business and our Wyndham Vacation Rentals U.K. cottage and parks business and (ii) 2.0% increase in average net price per vacation rental primarily driven by an increase in our Netherlands-based Landal GreenParks business.

Exchange and related service revenues, which principally consist of fees generated from memberships, exchange transactions, member-related rentals and other member servicing decreased $7 million. Excluding an unfavorable foreign currency translation impact of $6 million, exchange and related service revenues decreased $1 million primarily due to a 2.7% decline in exchange revenue per member primarily resulting from the impact of growth in club memberships in North America, where there is a lower propensity to transact. Such decline was partially offset by a 2.2% increase in the average number of members principally resulting from new member growth in North America and Latin America.

Additionally, ancillary revenues increased $5 million, which includes a $3 million change in the classification of third-party sales commission fees to operating expenses, which were previously reported as contra revenue in prior periods.

EBITDA further reflects (i) $11 million of higher costs resulting from revenue increases across our businesses, (ii) an unfavorable impact of $3 million from foreign exchange transactions and foreign exchange contracts and (iii) the absence of a $2 million benefit recorded during the second quarter of 2014 resulting from the reversal of a reserve for value-added taxes established during 2011.

Vacation Ownership
Net revenues increased $26 million (3.9%) and EBITDA decreased $3 million (1.6%) during the three months ended June 30, 2015 compared with the same period of 2014. Foreign currency translation unfavorably impacted net revenues and EBITDA by $9 million and $3 million, respectively.

Gross VOI sales increased $6 million (1.2%) compared to the same period last year principally due to a 3.2% increase in VPG primarily attributable to a higher average transaction size. Tour flow decreased by 1.0% resulting from lower tours to existing owners.
Net VOI revenue increased $35 million compared to the same period last year. Excluding an unfavorable foreign currency translation impact of $6 million, net VOI revenues increased $41 million primarily due to higher gross VOI sales, net of WAAM sales and a $10 million decrease in our provision for loan losses due to a lower provision rate resulting from a continuation of favorable default trends experienced over the last two years.
Commission revenues and EBITDA generated by WAAM Fee-for-Service decreased by $11 million and $5 million, respectively, compared to the prior year, primarily resulting from $14 million of lower VOI sales under WAAM

Fee-for-Service. The decline in WAAM Fee-for-Service is consistent with our continued plan to shift our focus to our WAAM Just-in-Time model which allows us to offer financing to the timeshare purchaser.
Consumer financing revenues and EBITDA decreased $1 million and $2 million, respectively, compared to the same period last year. Excluding an unfavorable foreign currency translation impact of $2 million, revenue increased $1 million and EBITDA was flat. The revenue growth was due to a higher average portfolio balance and a higher weighted average interest rate earned on contract receivables. EBITDA was unfavorably impacted by higher interest expense as a result of an increase in the average securitized debt balance partially offset by a reduction in the weighted average interest rate on our securitized debt to 3.5% from 3.7%. Our net interest income margin decreased to 82.4% compared to 83.5% during 2014.

Table of Contents

Property management revenues increased by $4 million compared to the prior year due to higher reimbursable revenues. EBITDA increased $2 million due to lower operating expenses.

In addition, EBITDA was unfavorably impacted by:

- $16 million of higher sales expenses primarily resulting from enhancements to our sales force commission programs;
- $7 million of higher marketing costs principally due to an increase in the number of tours and related costs associated with targeting new owner generation;
- a $5 million increase in the cost of VOI sales primarily due to higher gross VOI sales, net of WAAM; and
- a $4 million increase in intersegment licensing fees charged from the lodging business for the use of the Wyndham tradename.

Corporate and Other

Corporate and Other revenues, which represents the elimination of intersegment revenues primarily charged between our vacation ownership and lodging businesses, decreased $3 million during the three months ended June 30, 2015 compared to 2014.

Corporate expenses (excluding intercompany expense eliminations) decreased $5 million during the three months ended June 30, 2015 compared to the prior year primarily due to lower professional fees, a benefit related to the resolution of and adjustment to certain liabilities and assets resulting from our separation from Cendant (“Separation”) and lower employee related costs, partially offset by an increase in information technology expenses.

SIX MONTHS ENDED JUNE 30, 2015 VS. SIX MONTHS ENDED JUNE 30, 2014

Our consolidated results are as follows:

	Six Months Ended June 30,		
	2015	2014	Favorable/(Unfavorable)
Net revenues	$2,661	$2,536	$ 125
Expenses	2,174	2,100	(74)
Operating income	487	436	51
Other income, net	(8)	(5)	3
Interest expense	56	56	—
Interest income	(5)	(5)	—
Income before income taxes	444	390	54
Provision for income taxes	162	146	(16)
Net income	282	244	38
Net income attributable to noncontrolling interest	—	(1)	1
Net income attributable to Wyndham shareholders	$282	$243	$ 39

Net revenues increased $125 million (4.9%) for the six months ended June 30, 2015 compared with the same period last year primarily resulting from:

- $64 million of higher revenues at our vacation ownership business primarily resulting from an increase in net VOI sales;
- $56 million of incremental revenues from acquisitions primarily related to reimbursable revenues at our lodging business;
- a $53 million increase (excluding intersegment revenues) at our lodging business primarily from higher royalty, marketing and reservation revenues (inclusive of Wyndham Rewards) and higher other franchise fees and ancillary services; and
- $35 million of higher revenues at our vacation exchange and rentals business primarily from stronger volume and yield on rental transactions.

Such revenue increases were partially offset by an $85 million unfavorable impact from foreign currency.

Table of Contents

Expenses increased $74 million (3.5%) for the six months ended June 30, 2015 compared with the same period last year due to (i) $91 million of higher expenses from operations primarily related to the revenue increases and (ii) $58 million of incremental expenses from acquisitions primarily related to reimbursable revenues at our lodging business. Such increases were partially offset by a $65 million favorable impact from foreign currency and $10 million of lower expenses resulting from the absence of a foreign exchange loss related to the devaluation of the official exchange rate of Venezuela.

Our effective tax rate decreased from 37.4% during the six months ended June 30, 2014 to 36.5% during the six months ended June 30, 2015 primarily due to the absence of the Venezuelan foreign exchange devaluation loss incurred during the first quarter of 2014, for which we received no tax benefit.

As a result of these items, net income attributable to Wyndham shareholders increased $39 million (16.0%) as compared to the six months ended June 30, 2014.

Following is a discussion of the results of each of our segments and Corporate and Other for the six months ended June 30, 2015 compared to June 30, 2014:

	Net Revenues			EBITDA		
	2015	2014	% Change	2015	2014	% Change
Lodging	$626	$520	20.4	$172 [b]	$151 [e]	13.9
Vacation Exchange and Rentals	752	781	(3.7)	189 [c]	174 [f]	8.6
Vacation Ownership	1,316	1,266	3.9	313	300	4.3
Total Reportable Segments	2,694	2,567	4.9	674	625	7.8
Corporate and Other [a]	(33)	(31)	(6.5)	(65) [d]	(69) [d]	5.8
Total Company	$2,661	$2,536	4.9	$609	$556	9.5

Reconciliation of EBITDA to Net income attributable to Wyndham shareholders

	2015	2014
EBITDA	$609	$556
Depreciation and amortization	114	115
Interest expense	56	56
Interest income	(5)	(5)
Income before income taxes	444	390
Provision for income taxes	162	146
Net income	282	244
Net income attributable to noncontrolling interest	—	(1)
Net income attributable to Wyndham shareholders	$282	$243

(a) Includes the elimination of transactions between segments.
(b) Includes $3 million of costs incurred in connection with the Dolce acquisition.
(c) Includes a $1 million reversal of a portion of the restructuring reserve established during the fourth quarter of 2014.
(d) Includes $65 million and $69 million of corporate costs during the six months ended June 30, 2015 and 2014, respectively.
(e) Includes $4 million of costs associated with an executive’s departure.
(f) Includes $10 million of foreign currency loss related to the devaluation of the official exchange rate of Venezuela.

Table of Contents

Lodging
Net revenues and EBITDA increased $106 million (20.4%) and $21 million (13.9%), respectively, during the six months ended June 30, 2015 compared with the same period during 2014.

Net revenues increased $26 million from royalty, marketing and reservation fees (inclusive of Wyndham Rewards). Excluding the impact of $5 million of incremental revenues from the Dolce acquisition and a $5 million unfavorable impact from foreign currency translation, royalty, marketing and reservations fees (inclusive of Wyndham Rewards) increased $26 million. The increase was principally due to a 5.0% increase in domestic RevPAR and a 2.0% increase in system size. The increase in domestic RevPAR was driven by a 4.1% increase in average daily rates. Domestic RevPAR was offset by an 11.1% decrease in international RevPAR principally due to unfavorable currency translation and the impact of room growth in lower RevPAR markets, specifically China.

Reimbursable revenues increased $56 million primarily resulting from $49 million of incremental revenues from the Dolce acquisition. Such increases in revenues had no impact on EBITDA.

Net revenues and EBITDA were favorably impacted by $7 million of higher intersegment licensing fees primarily charged to our vacation ownership business for the use of the Wyndham trade name. Additionally, revenues were favorably impacted by $12 million of fees charged for our global conference which were fully offset by conference expenses.

Other franchise fees and ancillary services contributed an additional $5 million of revenues and EBITDA primarily from higher termination fees and growth in our co-branded credit card program.

EBITDA also reflects (i) $14 million of higher marketing, reservation and Wyndham Rewards expenses resulting from the impact of the marketing and reservation increases as we are obligated to spend such revenues on behalf of our franchisees and (ii) $8 million of incremental expenses from Dolce of which $3 million were related to integration and deal costs.

Such increases in expenses were partially offset by the absence of $4 million of expenses associated with the departure of an executive during the first quarter of 2014.

Vacation Exchange and Rentals
Net revenues decreased $29 million (3.7%) and EBITDA increased $15 million (8.6%) during the six months ended June 30, 2015 compared with the same period during 2014. Foreign currency translation unfavorably impacted net revenues and EBITDA by $66 million and $12 million, respectively. Our previously owned U.K.-based camping business, which was sold during the fourth quarter of 2014, contributed $5 million of revenues and $10 million of EBITDA losses during the six months ended June 30, 2014. EBITDA also reflects the absence of a $10 million foreign exchange loss related to the devaluation of the official exchange rate of Venezuela during the first quarter of 2014.

Net revenues generated from rental transactions and related services decreased $27 million. Excluding an unfavorable foreign currency translation impact of $54 million and the impact from the divestiture, net revenues generated from rental transactions and related services increased $32 million principally due to a 6.8% increase in rental transaction volume and a 1.4% increase in average net price per vacation rental. The increase in volume is primarily at our Denmark-based Novasol business, our Wyndham Vacation Rentals U.K. cottage and parks business and our Netherlands-based Landal GreenParks business. The increase in average net price per vacation rental was driven by increases in Landal GreenParks and our Wyndham Vacation Rentals North America business, partially offset by the mix impact of growth of lower priced accommodations at our Wyndham Vacation Rental U.K. cottage and parks business.

Exchange and related service revenues, which principally consist of fees generated from memberships, exchange transactions, member-related rentals and other member servicing decreased $9 million. Excluding an unfavorable foreign currency translation impact of $12 million, exchange and related service revenues increased $3 million primarily due to a 2.4% increase in the average number of members principally resulting from new member growth in North America and Latin America. Such increase was partially offset by a 1.4% decline in exchange revenue per member primarily due to the impact of growth in club memberships in North America where there is a lower propensity to transact.

Additionally, ancillary revenues increased $7 million, which includes a $5 million change in the classification of third-party sales commission fees to operating expenses, which were previously reported as contra revenue in prior periods.

Table of Contents

In addition, EBITDA further reflects:
- $20 million of higher costs resulting from revenue increases across our businesses;
- an unfavorable impact to legal costs of $4 million; and
- the unfavorable impact of $2 million from foreign exchange transactions and foreign exchange contracts.

Such expense increases were partially offset by (i) a $4 million benefit resulting from a reserve reversal for value-added taxes resulting from a favorable ruling and (ii) a $3 million settlement of a business disruption claim received related to the Gulf of Mexico oil spill in 2010.

Vacation Ownership
Net revenues and EBITDA increased $50 million (3.9%) and $13 million (4.3%), respectively, during the six months ended June 30, 2015 compared with the same period of 2014. Foreign currency translation unfavorably impacted net revenues and EBITDA by $14 million and $2 million, respectively.
Gross VOI sales decreased $14 million (1.5%) compared to the same period last year, primarily due to an $11 million unfavorable impact from foreign currency translation and a 1.1% decrease in tours. VPG remained flat compared to the same period of 2014.
Net VOI revenue increased $68 million compared to the same period last year. Excluding an unfavorable foreign currency translation impact of $11 million, net VOI revenues increased $79 million primarily due to (i) higher gross VOI sales, net of WAAM sales, (ii) a $24 million decrease in our provision for loan losses due to a lower provision rate resulting from a continuation of favorable default trends experienced over the last two years and (iii) a $20 million impact from deferred revenues comprised of $13 million from the recognition of previously deferred VOI sales under POC accounting during the current year and a $7 million deferral of VOI sales in the prior year.
Commission revenues and EBITDA generated by WAAM Fee-for-Service decreased by $32 million and $17 million, respectively, compared to the prior year, primarily resulting from $37 million of lower VOI sales under WAAM Fee-for-Service.
Consumer financing revenues and EBITDA decreased $2 million and $3 million, respectively, compared to the same period last year. Excluding an unfavorable foreign currency translation impact of $3 million, revenue increased $1 million and EBITDA was flat. The revenue growth was due to a higher average interest rate partially offset by a lower average portfolio balance. EBITDA was also impacted by higher interest expense resulting from an increase in the average securitized debt balance partially offset by a reduction in the weighted average interest rate on our securitized debt to 3.5% from 3.8%. Our net interest income margin decreased to 82.6% compared to 83.5% during 2014.
Property management revenues and EBITDA increased $14 million and $4 million, respectively compared to the prior year due primarily to higher reimbursable revenues and lower operating expenses.
In addition, EBITDA was unfavorably impacted by (i) $31 million of higher sales expenses resulting primarily from enhancements to our sales force commission programs, (ii) $14 million of higher marketing costs principally due to an increase in the number of tours and related costs associated with targeting new owner generation and (iii) a $7 million increase in intersegment licensing fees charged from the lodging business for the use of the Wyndham tradename.
Such decreases in EBITDA were partially offset by (i) the absence of a $6 million reserve recorded during 2014 on an indemnification receivable established as a result of the Shell acquisition and (ii) lower legal settlement expenses.
Corporate and Other
Corporate and Other revenues, which represents the elimination of intersegment revenues primarily charged between our vacation ownership and lodging businesses, decreased $2 million during the six months ended June 30, 2015 compared to 2014.
Corporate expenses (excluding intercompany expense eliminations) decreased $4 million during the six months ended June 30, 2015 compared to the prior year primarily due to lower professional fees and a benefit related to the resolution of and adjustment to certain liabilities and assets resulting from our Separation, partially offset by an increase in information technology expenses.

Table of Contents

RESTRUCTURING PLANS

During 2014, we committed to restructuring initiatives at our vacation exchange and rentals and lodging businesses, primarily focused on improving the alignment of the organizational structure of each business with their strategic objectives. During the six months ended June 30, 2015, we reduced our liability with $4 million of cash payments and reversed $1 million related to previously recorded contract termination costs. The remaining liability of $2 million as of June 30, 2015 is expected to be paid in cash by the end of 2015.

We have additional restructuring plans which were implemented prior to 2014. During 2015, we reduced such liability for such plans with $1 million of cash payments. The remaining liability of $3 million as of June 30, 2015 is expected to be paid by 2020.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

FINANCIAL CONDITION

	June 30, 2015	December 31, 2014	Change
Total assets	$10,024	$9,679	$345
Total liabilities	8,955	8,422	533
Total equity	1,069	1,257	(188)

Total assets increased $345 million from December 31, 2014 to June 30, 2015 primarily due to:

- a $227 million increase in cash and cash equivalents principally due to the seasonality of deposits on advanced bookings received on vacation rental transactions;
- a $91 million increase in prepaid expenses and other current assets primarily due to increased escrow deposits and deferred costs primarily related to the seasonality of advanced bookings received on vacation rental transactions;
- a $79 million increase in inventory primarily resulting from (i) current year spend on vacation ownership development projects and (ii) the transfer of property and equipment to inventory, partially offset by VOI sales; and
- a $34 million increase in goodwill resulting from acquisitions, partially offset by foreign currency translation.

Such increases in assets were partially offset by a $73 million reduction in net property and equipment resulting from (i) $96 million of current year depreciation, (ii) $58 million of transfers from property and equipment to VOI inventory and (iii) a $30 million decrease from foreign currency translation, partially offset by $112 million of property and equipment additions.

Total liabilities increased $533 million from December 31, 2014 to June 30, 2015 primarily due to:

- a $264 million increase in long term debt;
- a $167 million increase in accounts payable primarily due to higher homeowner liabilities resulting from seasonality at our vacation rentals businesses; and
- an $88 million increase in deferred income primarily resulting from seasonality of advanced arrival-based bookings within our vacation rentals businesses.

Such increases in liabilities were partially offset by a $71 million reduction in securitized long term debt.

Total equity decreased $188 million from December 31, 2014 to June 30, 2015 primarily due to:

- $315 million of stock repurchases;
- $104 million of dividends; and
- $56 million of foreign currency translation adjustments.

Such decreases in equity were partially offset by $282 million of net income attributable to Wyndham shareholders.

LIQUIDITY AND CAPITAL RESOURCES

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

Table of Contents

Our five-year revolving credit facility, which expires in July 2020, has a total capacity of $1.5 billion. As of June 30, 2015, we had $1.0 billion of available capacity, net of letters of credit and commercial paper borrowings. We consider outstanding borrowings under our commercial paper programs to be a reduction of the available capacity on our revolving credit facility.

We maintain U.S. and European commercial paper programs under which we may issue unsecured commercial paper notes up to a maximum amount of $750 million and $500 million, respectively. As of June 30, 2015, we had $476 million of outstanding commercial paper borrowings, all under the U.S. program.

Our two-year securitized vacation ownership bank conduit facility, which expires in August 2016, has a total capacity of $650 million and available capacity of $397 million as of June 30, 2015.

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

CASH FLOW

The following table summarizes the changes in cash and cash equivalents during the six months ended June 30, 2015 and 2014:

	Six Months Ended June 30,		
	2015	2014	Change
Cash provided by/(used in)			
Operating activities	$737	$793	$(56)
Investing activities	(233)	(160)	(73)
Financing activities	(269)	(586)	317
Effects of changes in exchange rates on cash and cash equivalents	(8)	6	(14)
Net change in cash and cash equivalents	$227	$53	$174

Operating Activities

Net cash provided by operating activities decreased $56 million principally reflecting $51 million of lower cash generated from working capital (net change in assets and liabilities) primarily due to (i) a decrease in deferred income, (ii) an increase in vacation ownership contract receivables resulting from higher originations and (iii) increased inventory spending offset by an increase in accounts payable and accrued expenses resulting from timing of payments.

Investing Activities

Net cash used in investing activities increased by $73 million principally due to higher acquisition payments primarily related to Dolce.

Financing Activities

Net cash used in financing activities decreased by $317 million primarily due to $396 million of higher net borrowings on non-securitized debt, partially offset by $52 million of lower net borrowings on securitized vacation ownership debt.

Capital Deployment

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

Table of Contents

We expect to generate annual net cash provided by operating activities less property and equipment additions (which we also refer to as capital expenditures) of approximately $800 million in 2015. During 2015, we anticipate net cash provided by operating activities of $1,040 million to $1,050 million and net cash used on capital expenditures of $240 million to $250 million. Net cash provided by operating activities less capital expenditures amounted to approximately $750 million during 2014, which was comprised of net cash provided by operating activities of approximately $985 million less capital expenditures of $235 million. We expect net cash provided by operating activities less capital expenditures to increase by approximately $50 million, primarily due to better working capital utilization. We believe net cash provided by operating activities less capital expenditures is a useful operating performance measure to evaluate the ability of our operations to generate cash for uses other than capital expenditures and, after debt service and other obligations, our ability to grow our business through acquisitions, development advances, and equity investments, as well as our ability to return cash to shareholders through dividends and share repurchases.

During the six months ended June 30, 2015, we spent $80 million on vacation ownership development projects (inventory). We believe that our vacation ownership business currently has adequate finished inventory on our balance sheet to support vacation ownership sales for at least the next year. During 2015, we anticipate spending $195 million to $205 million on vacation ownership development projects. The average inventory spend on vacation ownership development projects for the five year period 2014 through 2018 is expected to be approximately $215 million annually. After factoring in the anticipated additional average annual spending, we expect to have adequate inventory to support vacation ownership sales through at least the next four to five years.

We spent $112 million on capital expenditures during the six months ended June 30, 2015, primarily on: (i) $19 million for the purchase of properties that we are operating for rental purposes as we convert them to vacation ownership inventory; (ii) information technology enhancement projects and (iii) renovations of chalets at our Landal GreenParks business.

In an effort to support growth in our lodging business, we will continue to provide development advances which may include agreements with multi-unit owners. We will also continue to provide other forms of financial support.

In connection with our focus on optimizing cash flow, we are expanding our approach to our asset-light efforts in vacation ownership by seeking opportunities with financial partners whereby they make strategic investments to develop assets on our behalf. We refer to this as WAAM Just-in-Time. The partner may invest in new ground-up development projects or purchase from us, for cash, existing in-process inventory which currently resides on our balance sheet. The partner will complete the development of the project and we may purchase finished inventory at a future date as needed or as obligated under the agreement.
We expect that the majority of the expenditures that will be required to pursue our capital spending programs, strategic investments and vacation ownership development projects will be financed with cash flow generated through operations. Additional expenditures are financed with general unsecured corporate borrowings, including through the use of available capacity under our revolving credit facility and commercial paper programs.

Stock Repurchase Program

On August 20, 2007, our Board of Directors (the “Board”) authorized a stock repurchase program that enables us to purchase our common stock. The Board has since authorized six increases to the repurchase program, most recently on October 22, 2014 for $1.0 billion, bringing the total authorization under our current program to $4.0 billion.

Under our current stock repurchase program, we repurchased 3.6 million shares at an average price of $87.28 for a cost of $315 million during the six months ended June 30, 2015. From August 20, 2007 through June 30, 2015, we repurchased 74.9 million shares at an average price of $45.08 for a cost of $3.4 billion and repurchase capacity increased $78 million from proceeds received from stock option exercises.

As of June 30, 2015, we have repurchased under our current and prior stock repurchase programs, a total of 100 million shares at an average price of $41.87 for a cost of $4.2 billion since our Separation.

During the period July 1, 2015 through July 27, 2015, we repurchased an additional 0.8 million shares at an average price of $84.23 for a cost of $66 million. We currently have $635 million of remaining availability in our program. The amount and timing of specific repurchases are subject to market conditions, applicable legal requirements and other factors. Repurchases may be conducted in the open market or in privately negotiated transactions.

Table of Contents

Dividend Policy

During both the quarterly periods ended March 31 and June 30, 2015, we paid cash dividends of $0.42 per share ($104 million in aggregate). During both the quarterly periods ended March 31 and June 30, 2014, we paid cash dividends of $0.35 per share ($93 million in aggregate).

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

Financial Obligations

Long-Term Debt Covenants

The revolving credit facility is subject to covenants including the maintenance of specific financial ratios. The financial ratio covenants consist of a minimum consolidated interest coverage ratio of at least 2.5 to 1.0 as of the measurement date and a maximum consolidated leverage ratio not to exceed 4.25 to 1.0 as of the measurement date (provided that the consolidated leverage ratio may be increased for a limited period to 5.0 to 1.0 in connection with a material acquisition). The consolidated interest coverage ratio is calculated by dividing consolidated EBITDA (as defined in the credit agreement) by consolidated interest expense (as defined in the credit agreement), both as measured on a trailing 12 month basis preceding the measurement date. As of June 30, 2015, our consolidated interest coverage ratio was 12.4 times. Consolidated interest expense excludes, among other things, interest expense on any securitization indebtedness (as defined in the credit agreement). The consolidated leverage ratio is calculated by dividing consolidated total indebtedness (as defined in the credit agreement and which excludes, among other things, securitization indebtedness) as of the measurement date by consolidated EBITDA as measured on a trailing 12 month basis preceding the measurement date. As of June 30, 2015, our consolidated leverage ratio was 2.2 times. Covenants in this credit facility also include limitations on indebtedness of material subsidiaries; liens; mergers, consolidations, liquidations and dissolutions; and the sale of all or substantially all of our assets. Events of default in this credit facility include failure to pay interest, principal and fees when due; breach of a covenant or warranty; acceleration of or failure to pay other debt in excess of $50 million (excluding securitization indebtedness); insolvency matters; and a change of control.

All of our senior unsecured notes contain various covenants including limitations on liens, limitations on potential sale and leaseback transactions and change of control restrictions. In addition, there are limitations on mergers, consolidations and potential sale of all or substantially all of our assets. Events of default in the notes include failure to pay interest and principal when due, breach of a covenant or warranty, acceleration of other debt in excess of $50 million and insolvency matters.

As of June 30, 2015, we were in compliance with all of the financial covenants described above.

Each of our non-recourse, securitized term notes and the bank conduit facility contain various triggers relating to the performance of the applicable loan pools. If the vacation ownership contract receivables pool that collateralizes one of our securitization notes fails to perform within the parameters established by the contractual triggers (such as higher default or delinquency rates), there are provisions pursuant to which the cash flows for that pool will be maintained in the securitization as extra collateral for the note holders or applied to accelerate the repayment of outstanding principal to the note holders. As of June 30, 2015, all of our securitized loan pools were in compliance with applicable contractual triggers.

LIQUIDITY

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

We believe that our bank conduit facility, with a term through August 2016 and capacity of $650 million, combined with our ability to issue term asset-backed securities, should provide sufficient liquidity for our expected sales pace and we expect to have available liquidity to finance the sale of VOIs.

As of June 30, 2015, we had $397 million of availability under our asset-backed bank conduit facility. Any disruption to the asset-backed market could adversely impact our ability to obtain such financings.

Table of Contents

We maintain commercial paper programs under which we may issue unsecured commercial paper notes up to a maximum amount of $1.25 billion. We allocate a portion of our available capacity under our revolving credit facility to repay outstanding commercial paper borrowings in the event that the commercial paper market is not available to us for any reason when outstanding borrowings mature. As of June 30, 2015, we had $476 million of outstanding borrowings and the total available capacity was $774 million under these programs.

We primarily utilize surety bonds at our vacation ownership business for sales and development transactions in order to meet regulatory requirements of certain states. In the ordinary course of our business, we have assembled commitments from thirteen surety providers in the amount of $1.3 billion, of which we had $436 million outstanding as of June 30, 2015. The availability, terms and conditions and pricing of such bonding capacity are dependent on, among other things, continued financial strength and stability of the insurance company affiliates providing the bonding capacity, general availability of such capacity and our corporate credit rating. If bonding capacity is unavailable, or alternatively, if the terms and conditions and pricing of such bonding capacity are unacceptable to us, our vacation ownership business could be negatively impacted.

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

Our senior unsecured debt is rated Baa3 with a “stable outlook” by Moody’s Investors Service and BBB- with a “stable outlook” by both Standard and Poor’s and Fitch Rating Agency. A security rating is not a recommendation to buy, sell or hold securities and is subject to revision or withdrawal by the assigning rating organization. Reference in this report to any such credit rating is intended for the limited purpose of discussing or referring to aspects of our liquidity and of our costs of funds. Any reference to a credit rating is not intended to be any guarantee or assurance of, nor should there be any undue reliance upon, any credit rating or change in credit rating, nor is any such reference intended as any inference concerning future performance, future liquidity or any future credit rating.

SEASONALITY

We experience seasonal fluctuations in our net revenues and net income from our franchise and management fees, commission income earned from renting vacation properties, annual membership fees, exchange and member-related transaction fees and sales of VOIs. Revenues from franchise and management fees are generally higher in the second and third quarters than in the first or fourth quarters due to increased leisure travel during the spring and summer months. Revenues from vacation rentals are generally highest in the third quarter, when vacation arrivals are highest, combined with a compressed booking window. Revenues from vacation exchange fees are generally highest in the first quarter, which is generally when members of our vacation exchange business plan and book their vacations for the year. Revenues from sales of VOIs are generally higher in the third quarter than in other quarters due to increased leisure travel. The seasonality of our business may cause fluctuations in our quarterly operating results. As we expand into new markets and geographical locations, we may experience increased or different seasonality dynamics that create fluctuations in operating results different from the fluctuations we have experienced in the past.

COMMITMENTS AND CONTINGENCIES

We are involved in claims, legal and regulatory proceedings and governmental inquiries related to our business. Litigation is inherently unpredictable and, although we believe that our accruals are adequate and/or that we have valid defenses in these matters, unfavorable results could occur. As such, an adverse outcome from such proceedings for which claims are awarded in excess of the amounts accrued, if any, could be material to us with respect to earnings or cash flows in any given reporting period. As of June 30, 2015, the potential exposure resulting from adverse outcomes of such legal proceedings could, in the aggregate, range up to $46 million in excess of recorded accruals. However, we do not believe that the impact of such litigation should result in a material liability to us in relation to our consolidated financial position or liquidity.

Table of Contents

CONTRACTUAL OBLIGATIONS

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

	7/1/15 - 6/30/16	7/1/16 - 6/30/17	7/1/17 - 6/30/18	7/1/18 - 6/30/19	7/1/19 - 6/30/20	Thereafter	Total
Securitized debt (a)	$211	$272	$374	$201	$206	$830	$2,094
Long-term debt	52	660	476	14	53	1,897	3,152
Interest on debt (b)	171	150	124	112	106	132	795
Operating leases	94	69	58	47	39	201	508
Purchase commitments (c)	206	117	89	54	20	84	570
Inventory sold subject to conditional repurchase (d)	26	28	31	34	37	106	262
Separation liabilities (e)	20	14	—	—	—	—	34
Total (f) (g)	$780	$1,310	$1,152	$462	$461	$3,250	$7,415

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

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

(c) Includes (i) $161 million relating to the development of vacation ownership properties, of which $71 million is included within total liabilities on the Consolidated Balance Sheet and (ii) $98 million of commitments relating to information technology.

(d) Represents obligations to repurchase completed vacation ownership property from a third-party developer (See Note 6 – Inventory for further detail) of which $81 million is included within total liabilities on the Consolidated Balance Sheet.

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

(f) Excludes a $41 million liability for unrecognized tax benefits associated with the guidance for uncertainty in income taxes since it is not reasonably estimable to determine the periods in which such liability would be settled with the respective tax authorities.

(g) Excludes other guarantees at our lodging business as it is not reasonably estimable to determine the periods in which such commitments would be settled (See Note 12 – Commitments and Contingencies for further details).

CRITICAL ACCOUNTING POLICIES

In presenting our financial statements in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events. However, events that are outside of our control cannot be predicted and, as such, they cannot be contemplated in evaluating such estimates and assumptions. If there is a significant unfavorable change to current conditions, it could result in a material impact to our consolidated results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time. These Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements included in the Annual Report filed on Form 10-K with the SEC on February 13, 2015, which includes a description of our critical accounting policies that involve subjective and complex judgments that could potentially affect reported results. While there have been no material changes to our critical accounting policies as to the methodologies or assumptions we apply under them, we continue to monitor such methodologies and assumptions.

Item 3. Quantitative and Qualitative Disclosures About Market Risks.

We assess our market risks based on changes in interest and foreign currency exchange rates utilizing a sensitivity analysis that measures the potential impact in earnings, fair values and cash flows based on a hypothetical 10% change (increase and decrease) in interest and foreign currency exchange rates. We used June 30, 2015 market rates to perform a sensitivity analysis separately for each of our market risk exposures. The estimates assume instantaneous, parallel shifts in interest rate yield curves and exchange rates. We have determined, through such analyses, that the impact of a 10% change in interest and foreign currency exchange rates and its effect on our prices, earnings, fair values and cash flows would not be material.

Table of Contents

Item 4. Controls and Procedures.

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

(b) Internal Control Over Financial Reporting. There have been no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As of June 30, 2015, we utilized the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Table of Contents

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.
We are involved in various claims and lawsuits, none of which, in the opinion of management, is expected to have a material adverse effect on our results of operations or financial condition. See Note 12 to the Consolidated Financial Statements for a description of claims and legal actions applicable to our business.

Item 1A. Risk Factors.
The discussion of our business and operations should be read together with the risk factors contained in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, 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. As of June 30, 2015, there have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.
(c) Below is a summary of our Wyndham common stock repurchases by month for the quarter ended June 30, 2015:
ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet Be Purchased Under Plan
April 1-30, 2015	741,900	$89.25	741,900	$799,558,440
May 1-31, 2015	674,200	$85.91	674,200	$741,636,604
June 1-30, 2015	482,960	$84.57	482,960	$700,793,019
Total	1,899,060	$86.88	1,899,060	$700,793,019

On August 20, 2007, our Board of Directors authorized a stock repurchase program that enables us to purchase our common stock. The Board has since increased the program six times, most recently on October 22, 2014 for $1.0 billion, bringing the total authorization under the program to $4.0 billion.
During the period July 1, 2015 through July 27, 2015, we repurchased an additional 0.8 million shares at an average price of $84.23. We currently have $635 million of remaining availability in our program. The amount and timing of specific repurchases are subject to market conditions, applicable legal requirements and other factors. Repurchases may be conducted in the open market or in privately negotiated transactions.

Item 3. Defaults Upon Senior Securities.
None.

Item 4. Mine Safety Disclosures.
Not applicable.

Item 5. Other Information.
None.

Table of Contents

Item 6. Exhibits.

The agreement included as exhibit to this report contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate, (ii) may have been qualified in such agreement by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, (iii) may apply contract standards of “materiality” that are different from “materiality” under the applicable securities laws and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement. We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this report not misleading.

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

Table of Contents

SIGNATURES

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

		WYNDHAM WORLDWIDE CORPORATION
Date: July 28, 2015	By:	/s/ Thomas G. Conforti Thomas G. Conforti Chief Financial Officer
Date: July 28, 2015	By:	/s/ Nicola Rossi Nicola Rossi Chief Accounting Officer

Table of Contents

Exhibit Index

Exhibit No.	Description
10.1*	Amendment No. 5 to Employment Agreement with Stephen P. Holmes, dated May 14, 2015
12*	Computation of Ratio of Earnings to Fixed Charges
15*	Letter re: Unaudited Interim Financial Information
31.1*	Certification of Chairman and Chief Executive Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934
32**	Certification of Chairman and Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

*Filed with this report
** Furnished with this report