



**J.P. Morgan SMid Cap Conference  
December 2009**

# **Investment Highlights, Business Overview and Transformative Changes**

**Steve Holmes, CEO**



# Wyndham Worldwide

## Forward Looking Statements

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Certain statements in this presentation constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Any statements that refer to expectations or other characterizations of future events, circumstances or results are forward-looking statements. Such forward-looking statements include projections. Such projections were not prepared in accordance with public guidelines of the American Institute of Certified Public Accountants regarding projections and forecasts, nor have such projections been audited, examined or otherwise reviewed by independent auditors of Wyndham Worldwide Corporation (“WYN”).

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The information in this presentation should be read in conjunction with the consolidated financial statements and accompanying notes, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Wyndham Worldwide’s 2008 Form 10-K and Form 10-Q for the quarterly period ending September 30, 2009 filed with the Securities and Exchange Commission.



# Wyndham Worldwide Key Investment Highlights

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## ■ **Market leading businesses with established track record of superior execution**

- Leadership position in every business
- Outstanding execution during recent economic turmoil
- Strong management team

## ■ **Company focused on maximizing cash flow**

- Free Cash Flow turnaround of approximately \$600 million in 2009
- Sustainable free cash flow of \$500 - \$600 million going forward
- Business practices being refocused to achieve cash flow objectives

## ■ **Company embarked on transformative changes**

- Rebalancing portfolio to focus on fee-for-service businesses
- Asset-light vacation ownership model
- Migration to web in exchange and rentals business
- Enabled by strong balance sheet and cash flow generation

## ■ **Valuation upside**



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## Market Leading Businesses with Established Track Record of Superior Execution

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### ■ **Leadership position in every business**

- Lodging - World's largest franchisor with approximately 590,900 rooms and 7,040 hotels
- Vacation ownership - Over 830,000 members and over 150 resorts
- Timeshare exchange - 65% market share with 3.8 million members
- Vacation rental - Largest EU rental business with access to over 60,000 properties

### ■ **Excellent execution during recent economic turmoil**

- Successful restructuring in vacation ownership and exchange & rentals
- 2009 adjusted EPS in middle of original guidance range
- Successful capital markets execution

### ■ **Strong management team**

- Eric Danziger - Lodging
- Geoff Ballotti - Exchange and Rentals
- Franz Hanning - Vacation Ownership



# A Dynamic Collection of Market Leading Hospitality Businesses



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# Wyndham Hotel Group Business Unit Overview

## ■ Business Characteristics

- World's largest hotel franchisor
- High cash earnings
- Resilient “fee-for-service” business model
- Low capital intensity

## ■ Strategic Initiatives

- Increase system size by growing new rooms and retaining every property we want to keep
  - Over 20% of the pipeline<sup>(1)</sup> is branded Wyndham
  - Total pipeline<sup>(1)</sup> included approximately 110,800 rooms
- Strengthen franchisee value proposition
- Improve appeal of each brand

Footnote:

(1) As of September 30, 2009



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# Wyndham Exchange and Rentals Business Unit Overview

## ■ Business Characteristics

- Vacation exchange
  - Operates worldwide exchange for timeshare intervals
  - Industry leader with 3.8 million members and over 4,000 affiliated resorts
  - High member retention rates
- Vacation rentals
  - Leading European rental property facilitator with over 60,000 rental accommodations
  - Commission based business
  - Over 20 European brands
- Generated year-over-year adjusted EBITDA growth of 11% (in constant currency) <sup>(1)</sup>



## ■ Strategic Initiatives

- Group RCI was rebranded Wyndham Exchange and Rentals
- Optimize online capabilities and efficiencies through RCI.com initiatives
- Expand rentals

Footnote:

(1) For the nine months ending September 30, 2009; adjusted for impairments, restructuring costs and currency conversion losses



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# Wyndham Vacation Ownership Business Unit Overview

## ■ Business Characteristics

- World's largest vacation ownership business
  - Leading provider of points-based vacation ownership
  - Flexible sales and marketing model
- Industry leading consumer finance organization
- Embedded property management business



## ■ Strategic Initiatives

- Maximize free cash flow in existing business model
  - Limit new development spend as business works through existing inventory
- Move to alternative, asset-light model
- Driving sales and marketing efficiency



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## Wyndham Worldwide's Transformative Changes

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- **Rebalancing portfolio to focus on fee-for-service businesses**
- **Asset-light vacation ownership model**
  - Affiliate with developers of unsold condominium or hotel properties to convert such properties into timeshare inventory
  - Act as the timeshare intermediary for these properties
  - May pursue hybrid models
- **Migration to web in exchange business**
  - RCI Q3 web share increased to 23%
  - Margin improvement of 200 – 300 bps over next few years



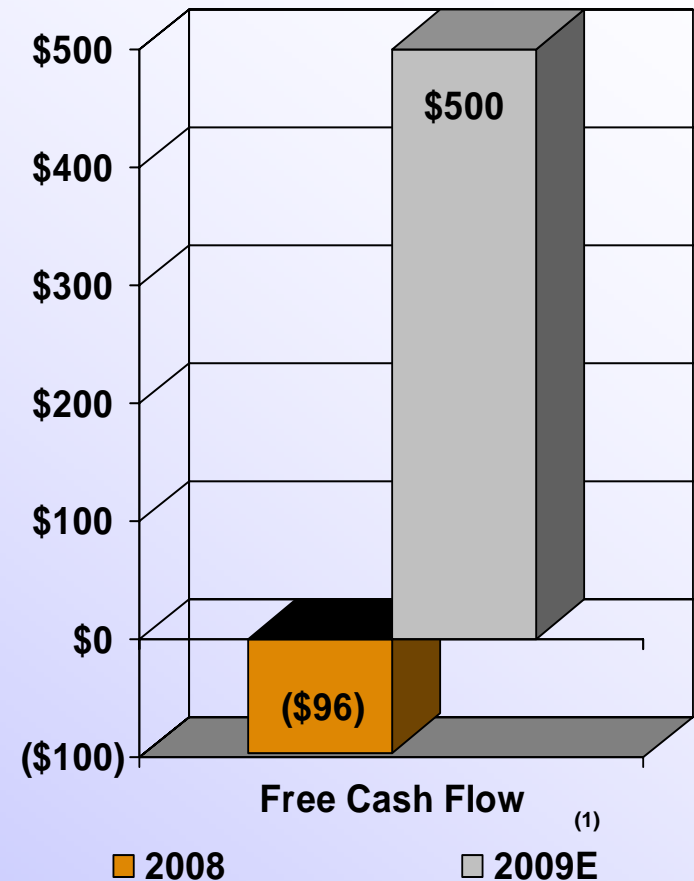
# **Maximizing Cash Flow and Financial Overview**

**Tom Conforti, CFO**



## Maximizing Free Cash Flow Generation

- **Free Cash Flow turnaround of approximately \$600 million in 2009**
  - Change driven by reduction in inventory spend and reduced growth in receivables in the vacation ownership business
    - Sales level reduced from \$2.0 billion in 2008 to approximately \$1.2 billion in 2009



Footnotes:

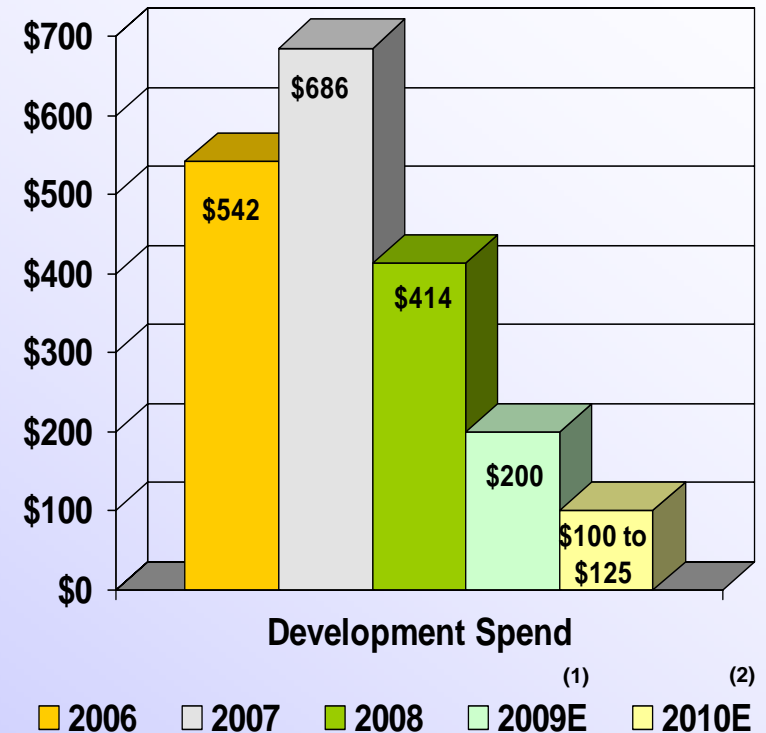
(1) 2009 company estimate



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# Vacation Ownership Being Managed to Maximize Cash Flow

- Dramatically reduced development spend – more than 3 years of inventory on balance sheet
- Targeting improved margins and marketing efficiency
- Developing alternative fee-for-service business structures



Footnotes:

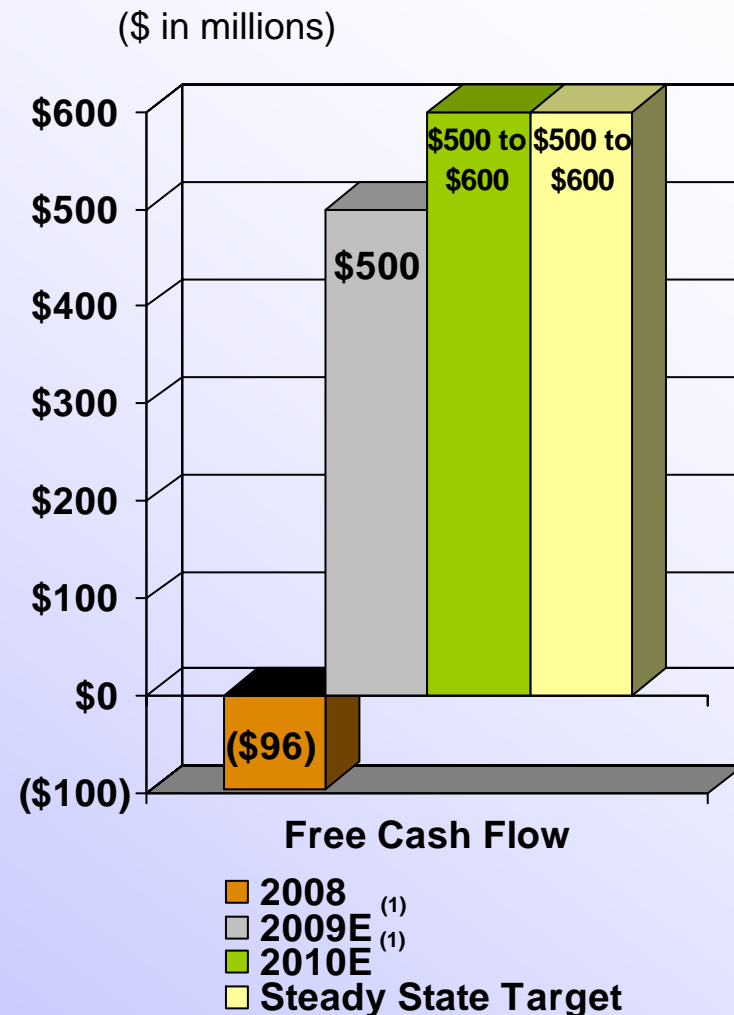
(1) 2009 assumes mid point of company estimate

(2) 2010 company estimate



## Sustainable Free Cash Flow

- Free Cash Flow targeted to be \$500 - \$600 million going forward reflecting EBITDA growth in outer years and working capital improvements
- Will limit investment spending in vacation ownership
- Success of asset-light vacation ownership model could yield higher levels of free cash flow



Footnotes:

(1) Company estimates



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## Business Practices Being Refocused to Achieve Cash Flow Objectives

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- **Balance sheet review process implemented**
  - Focus on optimizing working capital
- **Executive compensation modifier tied to balance sheet efficiency**
- **Greater internal and external emphasis on cash flow optimization**



# Wyndham Worldwide Financial Profile Guidance as of October 28, 2009

(Dollars in millions)	2009 (E)		
	Revenue	Adjusted EBITDA	Cap Ex <sup>(1)</sup>
<b>Lodging</b>	\$670 to \$710	\$190 to \$220	\$25 to \$30
<b>Exchange and Rentals</b>	\$1,050 to \$1,150	\$260 to \$290	\$55 to \$60
<b>Vacation Ownership</b>	\$1,750 to \$2,050	\$400	\$25 to \$30

(Dollars in millions except for EPS)	2009 (E)	
	Free Cash Flow	Adjusted EPS
<b>Wyndham Worldwide</b>	\$500	\$1.75 to \$1.78

- 2009 includes \$170 - \$190 million of deferred revenue with an EBITDA margin of approximately 50%
- 2010 revenue and adjusted EBITDA is expected to be consistent with 2009 revenue guidance of \$3.5 - \$3.9 billion and adjusted EBITDA guidance of \$775 - \$825 million
- 2010 free cash flow is expected to be \$500 - \$600 million

Footnote:

(1) The company anticipates spending approximately \$120 million to \$130 million of routine capital expenditures in 2009



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## Wyndham Worldwide Strong Balance Sheet

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- **No significant near-term maturities**
  - Very positive feedback from core bank group on renewal of July 2011 bank facility
- **Substantial capacity on revolver**
  - As of September 30, 2009: \$21 million outstanding (\$900 million total capacity)
- **Investment grade credit metrics**
- **Significant room under covenants**
  - Interest coverage ratio: 23.8x (must be >3.0x)
  - Leverage ratio: 2.4x (must be <3.5x)
- **Tremendous pricing and capacity improvement in ABS markets along with reduced dependence on such markets**

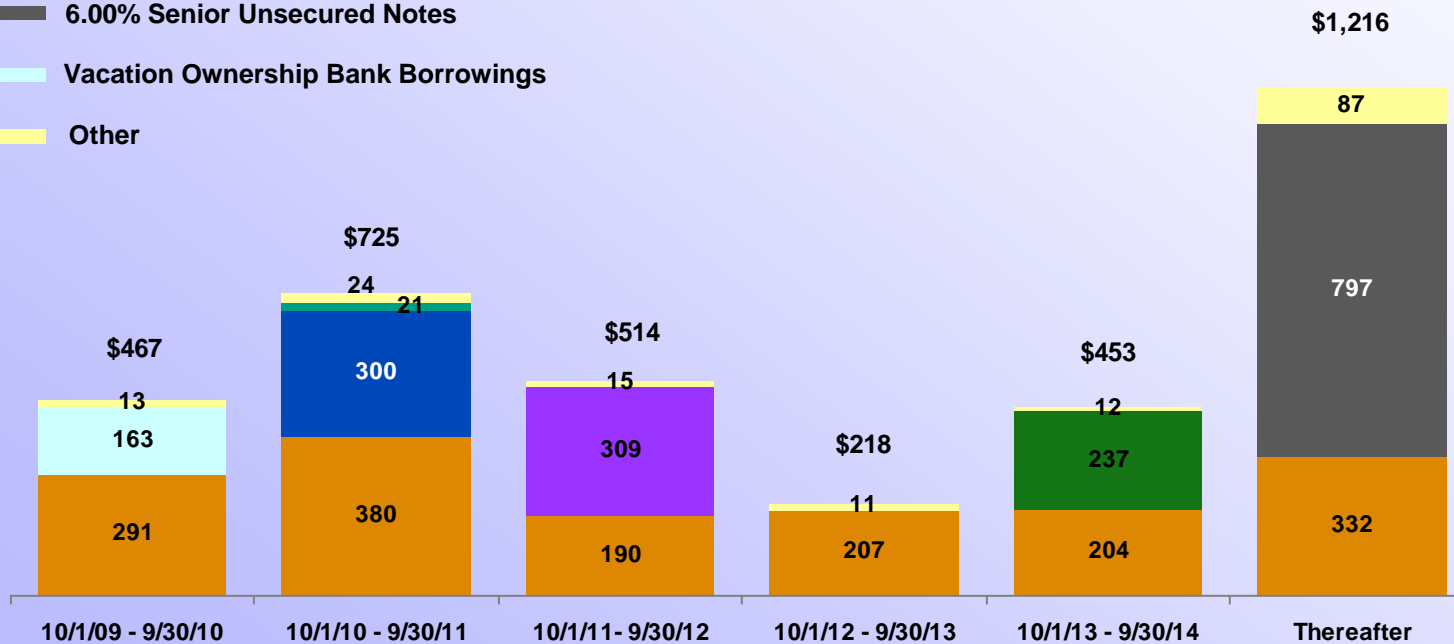




# Wyndham Worldwide

## Debt Maturity Profile – As of September 30, 2009

- Securitized Vacation Ownership Debt
- Term Loan
- Revolving Credit Facility
- 9.875% Senior Unsecured Notes
- 3.50% Convertible Notes
- 6.00% Senior Unsecured Notes
- Vacation Ownership Bank Borrowings
- Other



Values indicated for the senior notes and convertible notes reflect discount amortization and – in the case of the convert – equity derivative values.



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# Wyndham Worldwide Valuation Framework

## ■ WYN is undervalued compared to peer group <sup>(1,2)</sup>

	WYN	MAR	HOT	CHH	IHG	Avg
Enterprise Value / TTM Adjusted EBITDA	6.1x	13.9x	11.5x	12.2x	10.4x	12.0x
2009 P/E	10.5x	30.1x	45.1x	18.6x	16.3x	27.5x
2010 P/E	11.7x	29.0x	56.4x	18.6x	19.5x	30.9x

## ■ Currently trading at a 15% free cash flow yield <sup>(3)</sup>

## ■ Automated screening analyses do not capture differences in securitized debt accounting methods

- WYN's securitized debt is already on-balance sheet, while competitors are using off-balance accounting
- FAS 166 will require competitors to consolidate as of January 2010

Footnotes:

(1) Sources: WSJ – share price and shares outstanding as of EOB 11/27/09; First Call – EPS estimates as of 11/30/09

(2) Enterprise value calculated using market cap data as of 11/27/09, debt and cash from company's most recent Form 10-Q filings

(3) Calculated using the share price and shares outstanding (source: WSJ) as of 11/27/09 and the company's estimated 2009 free cash flow of \$500 million



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# Wyndham Worldwide Summary

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