Choice Hotels International, Inc. disseminated the following communication to its franchisees on October 31, 2023.
You may have heard about our recent proposal to combine our business with Wyndham. I’d like to share why I believe this combination makes so much sense for you — and why now is the right time to join Choice and Wyndham.

It’s simple: together we can create a company that would significantly improve the value of your business. Here’s how:

1. **We can lower your costs.** Running your hotel is becoming more expensive. Wages, interest rates, insurance premiums and taxes are rising - not to mention the costs of attracting guests through third-party channels like Google or OTAs.

   Together with Wyndham, the combined $1.2 billion of marketing and reservation spend can help reduce your reliance on more expensive customer delivery channels. And we can help reduce your costs by accelerating development of our award-winning technology and maximizing opportunities from AI, cloud computing, and mobile.

2. **We can grow your direct revenue.** Your hotel would be part of a premier hotel company focused on value-driven leisure and business guests. With up to 160 million members, our rewards program would be on par with the top two players in the industry. Rewards members book direct, pay you higher rates, and return more often than non-members.

   Throughout my 18 years at Choice Hotels, it’s been clear that hotel owners want their brand to continue to bring them more guests and lower their costs. We’ve demonstrated our proven formula for improving hotel profitability by reducing reliance on third-party distribution channels and increasing rewards member guests. In fact, over the past decade, Choice has tripled the number of rewards program members and raised the direct booking contribution to your hotels by 50%. This isn’t just a promise, it’s a reality as shown through increases in digital direct bookings since our acquisition of Radisson.

   My leadership team and I enjoyed speaking about this combination with so many of you over the past two weeks and are looking forward to meeting with many more of you directly as we continue our usual fall travels over the next few months.

   Detailed information on Choice’s proposal for Wyndham is available at [CreateValueWithChoice.com](http://CreateValueWithChoice.com). We appreciate you and your partnership with us as we work to make this combination with Wyndham a reality.

   Sincerely,
Forward-Looking Statements

Information set forth herein includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as “expect,” “estimate,” “believe,” “anticipate,” “should,” “will,” “forecast,” “plan,” ”project,” “assume,” or similar words of futurity. All statements other than historical facts are forward-looking statements. These forward-looking statements are based on management’s current beliefs, assumptions and expectations regarding future events, which, in turn, are based on information currently available to management. Such statements include, but are not limited to, the ultimate outcome of any possible transaction between Choice and Wyndham (including the possibility that the parties will not agree to pursue a business combination transaction or that the terms of any definitive agreement will be materially different from those described herein); uncertainties as to whether Wyndham will cooperate with Choice regarding the proposed transaction; Choice’s ability to consummate the proposed transaction with Wyndham; the conditions to the consummation of the proposed transaction, including the receipt of any required shareholder approvals and any required regulatory approvals; Choice’s ability to finance the proposed transaction with Wyndham; Choice’s indebtedness, including the substantial indebtedness Choice expects to incur in connection with the proposed transaction with Wyndham and the need to generate sufficient cash flows to service and repay such debt; the possibility that Choice may be unable to achieve expected synergies and operating efficiencies within the expected timeframes or at all and to successfully integrate Wyndham’s operations with those of Choice, including the Choice loyalty program; the possibility that Choice may be unable to achieve the benefits of the proposed transaction for its franchisees, associates, investors and guests within the expected timeframes or at all, including that such integration may be more difficult or time consuming or costly than expected; that operating costs and business disruption (without limitation, difficulties in maintaining relationships with associates, guests or franchisees) may be greater than expected following the proposed transaction or the public announcement of the proposed transaction; and that the retention of certain key employees may be difficult. Such statements may relate to projections of the company’s future revenue, expenses, adjusted EBITDA, earnings, debt levels, ability to repay outstanding indebtedness, payment of dividends, repurchases of common stock and other financial and operating measures, including occupancy and open hotels, RevPAR, the company’s ability to benefit from any rebound in travel demand, and the company’s liquidity, among other matters. We caution you not to place undue reliance on any such forward-looking statements. Forward-looking statements do not guarantee future performance and involve known and unknown risks, uncertainties and other factors.

These and other risk factors that may affect Choice’s operations are discussed in detail in the company’s filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and, as applicable, our Quarterly Reports on Form 10-Q. Choice undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP Financial Measurements and Other Definitions

The company evaluates its operations utilizing, among others, the performance metric adjusted EBITDA, which is non-GAAP financial measurement. This measure should not be considered as an alternative to any measure of performance or liquidity as promulgated under or authorized by GAAP, such as net income. The company’s calculation of this measurement may be different from the calculations used by other companies, including Wyndham, and comparability may therefore be limited. We discuss management’s reasons for reporting this non-GAAP measure and how it is calculated below.

In addition to the specific adjustments noted below with respect to adjusted EBITDA, thenon-GAAP measures presented herein also exclude restructuring of the company’s operations including employee severance benefit, income taxes and legal costs, acquisition related due diligence, transition and transaction costs, losses on sale of assets primarily related to hotel owning/management and development activities to allow for a period-over-period comparison of ongoing core operations before the impact of these discrete and infrequent charges.

Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization: Adjusted EBITDA reflects net income excluding the impact of interest expense, interest income, provision for income taxes, depreciation and amortization, franchise-agreement acquisition cost amortization, other (gains) and losses, equity in net income (loss) of unconsolidated affiliates, markto-market adjustments on non-qualified retirement plan investments, share based compensation expense (benefit) and surpluses or deficits generated by reimbursable revenue from franchised and managed properties. We consider adjusted EBITDA and adjusted EBITDA margins to be an indicator of operating performance because it measures our ability to service debt, fund capital expenditures, and expand our business. We also use these measures, as do analysts, lenders, investors, and others, to evaluate companies because it excludes certain items that can vary widely across industries or among companies within the same industry. For example, interest expense can be dependent on a company’s capital structure, debt levels, and credit ratings, and share based compensation expense (benefit) is dependent on the design of compensation plans in place and the usage of them. Accordingly, the impact of interest expense and share based compensation expense (benefit) on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and provision for income taxes can vary considerably among companies. These measures also exclude depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets or amortizing franchise-agreement acquisition costs. These differences can result in considerable variability in the relative asset costs and estimated lives and, therefore, the depreciation and amortization expense among companies. Management and analysts evaluate non-GAAP measures, including EBITDA and the company’s adjusted EBITDA margin, to understand the performance of the company’s operations in a manner consistent with management’s internal reporting. Free cash flow is a measure of the company’s ability to generate cash flows from its operations after deducting capital expenditures for property, plant and equipment and is calculated by subtracting capital expenditures for property, plant and equipment from cash provided by operating activities. Management considers free cash flow to be an indicator of the company’s ability to: (i) service and repay debt; (ii) finance acquisitions and other strategic investments; and (iii) return capital to shareholders. Free cash flow is not a measure of performance or liquidity as promulgated under or authorized by GAAP. Free cash flow should not be considered as an alternative to any measure of performance or liquidity as promulgated under or authorized by GAAP.

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Additional Information

This communication does not constitute an offer to buy or solicitation of an offer to sell any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Non-GAAP financial measurements and other definitions are calculated in a manner consistent with management’s internal reporting and are not prepared in accordance with generally accepted accounting principles. Non-GAAP financial measurements and other definitions are measures which may not be comparable to similarly titled measures used by other companies. Management and investors should consider non-GAAP financial measurements and other definitions in conjunction with the company’s financial statements prepared in accordance with generally accepted accounting principles.

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available) and other documents filed with the SEC by Choice through the web site maintained by the SEC at www.sec.gov, and by visiting Choice’s investor relations site at www.investor.choicehotels.com.

This communication is neither a solicitation of a proxy nor a substitute for any proxy statement or other filings that may be made with the SEC. Nonetheless, Choice and its directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. You can find information about Choice’s executive officers and directors in the Annual Report on Form 10-K for the year ended December 31, 2022 filed by Choice with the SEC on March 1, 2023. Additional information regarding the interests of such potential participants will be included in one or more registration statements, proxy statements, tender or exchange offer documents or other documents filed with the SEC if and when they become available. These documents (if and when available) may be obtained free of charge from the SEC’s website at www.sec.gov and by visiting Choice’s investor relations site at www.investor.choicehotels.com.