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

Form 10-Q

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

For the quarterly period ended June 30, 2020

OR

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

For the transition period from____ to____

Commission file number **001-38432**

Wyndham Hotels & Resorts, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**82-3356232**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
22 Sylvan Way	**07054**
Parsippany, New Jersey	*(Zip Code)*
(Address of Principal Executive Offices)	

(973) 753-6000

(Registrant's Telephone Number, Including Area Code)

None

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Title of each class	*Trading Symbol*	*Name of each exchange on which registered*
Common Stock	**WH**	**New York Stock Exchange**

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date:
93,161,047 shares of common stock outstanding as of June 30, 2020.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of Wyndham Hotels & Resorts, Inc. and subsidiaries (the "Company") as of June 30, 2020, the related condensed consolidated statements of income (loss), comprehensive income (loss), cash flows, and equity for the three-month and six-month periods ended June 30, 2020 and 2019, and the related notes (collectively referred to as the "interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2019, and the related consolidated and combined statements of income, comprehensive income, cash flows, and equity for the year then ended (not presented herein); and in our report dated February 13, 2020, we expressed an unqualified opinion (which included an emphasis of a matter paragraph relating to expense allocations for certain corporate functions and services historically provided by Wyndham Worldwide Corporation) on those consolidated and combined financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2019, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

The interim financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

/s/ Deloitte & Touche LLP
New York, New York
July 29, 2020

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Net revenues				
Royalties and franchise fees	$ 61	$ 126	$ 154	$ 228
Marketing, reservation and loyalty	82	140	188	254
Management and other fees	6	36	38	75
License and other fees	21	33	42	61
Cost reimbursements	66	160	192	315
Other	22	38	53	68
Net revenues	258	533	667	1,001
Expenses				
Marketing, reservation and loyalty	85	149	204	278
Operating	23	38	57	81
General and administrative	26	31	54	65
Cost reimbursements	66	160	192	315
Depreciation and amortization	25	27	49	56
Impairments, net	206	45	206	45
Restructuring	16	—	29	—
Transaction-related, net	5	11	13	18
Separation-related	—	1	1	22
Contract termination	—	9	—	9
Total expenses	452	471	805	889
Operating (loss)/income	(194)	62	(138)	112
Interest expense, net	28	26	54	50
(Loss)/income before income taxes	(222)	36	(192)	62
(Benefit)/provision for income taxes	(48)	10	(40)	15
Net (loss)/income	$ (174)	$ 26	$ (152)	$ 47
(Loss)/earnings per share				
Basic	$ (1.86)	$ 0.27	$ (1.63)	$ 0.49
Diluted	(1.86)	0.27	(1.63)	0.49

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net (loss)/income	$ (174)	$ 26	$ (152)	$ 47
Other comprehensive loss, net of tax				
Foreign currency translation adjustments	1	1	(2)	2
Unrealized losses on cash flow hedges	(2)	(16)	(38)	(24)
Other comprehensive loss, net of tax	(1)	(15)	(40)	(22)
Comprehensive (loss)/income	$ (175)	$ 11	$ (192)	$ 25

See Notes to Condensed Consolidated Financial Statements.

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

	June 30, 2020	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 664	$ 94
Trade receivables, net	314	304
Prepaid expenses	51	48
Other current assets	49	53
Total current assets	1,078	499
Property and equipment, net	294	307
Goodwill	1,525	1,539
Trademarks, net	1,203	1,395
Franchise agreements and other intangibles, net	532	551
Other non-current assets	216	242
Total assets	$ 4,848	$ 4,533
Liabilities and equity		
Current liabilities:		
Current portion of long-term debt	$ 21	$ 21
Accounts payable	40	30
Deferred revenues	99	132
Accrued expenses and other current liabilities	183	279
Total current liabilities	343	462
Long-term debt	2,826	2,101
Deferred income taxes	327	387
Deferred revenues	162	151
Other non-current liabilities	257	220
Total liabilities	3,915	3,321
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, $.01 par value, authorized 6.0 shares, none issued and outstanding	—	—
Common stock, $.01 par value, authorized 600.0 shares, 100.8 and 100.6 issued and outstanding at June 30, 2020 and December 31, 2019	1	1
Treasury stock, at cost – 7.7 and 6.8 shares at June 30, 2020 and December 31, 2019	(408)	(363)
Additional paid-in capital	1,493	1,488
Retained earnings/(accumulated deficit)	(86)	113
Accumulated other comprehensive loss	(67)	(27)
Total stockholders' equity	933	1,212
Total liabilities and equity	$ 4,848	$ 4,533

See Notes to Condensed Consolidated Financial Statements.

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

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Operating activities		
Net (loss)/income	$ (152)	$ 47
Adjustments to reconcile net (loss)/income to net cash used in operating activities:		
Depreciation and amortization	49	56
Impairments, net	209	45
Deferred income taxes	(47)	(6)
Stock-based compensation	10	11
Net change in assets and liabilities:		
Trade receivables	(23)	(55)
Prepaid expenses	(3)	(20)
Other current assets	(3)	(22)
Accounts payable, accrued expenses and other current liabilities	(51)	(12)
Payment of tax liability assumed in La Quinta acquisition	—	(188)
Deferred income	(22)	16
Payments of development advance notes, net	(6)	(8)
Other, net	(1)	(1)
Net cash used in operating activities	(40)	(137)
Investing activities		
Property and equipment additions	(18)	(25)
Issuance of loans, net	(1)	(2)
Net cash used in investing activities	(19)	(27)
Financing activities		
Proceeds from borrowings	744	—
Principal payments on long-term debt	(18)	(8)
Finance lease payments	(2)	(2)
Capital contribution from former Parent	—	68
Dividends to shareholders	(38)	(56)
Repurchases of common stock	(50)	(95)
Net share settlement of incentive equity awards	(4)	(4)
Other, net	(2)	1
Net cash provided by/(used in) financing activities	630	(96)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	(1)	1
Net increase/(decrease) in cash, cash equivalents and restricted cash	570	(259)
Cash, cash equivalents and restricted cash, beginning of period	94	366
Cash, cash equivalents and restricted cash, end of period	$ 664	$ 107

See Notes to Condensed Consolidated Financial Statements.

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

	Common Shares Outstanding	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings/(Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Equity
Balance as of December 31, 2019	94	$ 1	$ (363)	$ 1,488	$ 113	$ (27)	$ 1,212
Net income	—	—	—	—	22	—	22
Other comprehensive loss	—	—	—	—	—	(39)	(39)
Dividends	—	—	—	—	(30)	—	(30)
Repurchase of common stock	(1)	—	(45)	—	—	—	(45)
Net share settlement of incentive equity awards	—	—	—	(2)	—	—	(2)
Change in deferred compensation	—	—	—	4	—	—	4
Cumulative effect of change in accounting standard	—	—		—	(10)	—	(10)
Balance as of March 31, 2020	93	1	(408)	1,490	95	(66)	1,112
Net loss	—	—	—	—	(174)	—	(174)
Other comprehensive loss	—	—	—	—	—	(1)	(1)
Dividends	—	—	—	—	(8)	—	(8)
Net share settlement of incentive equity awards	—	—	—	(2)	—	—	(2)
Change in deferred compensation	—	—	—	6	—	—	6
Other	—	—	—	(1)	1	—	—
Balance as of June 30, 2020	93	$ 1	$ (408)	$ 1,493	$ (86)	$ (67)	$ 933

	Common Shares Outstanding	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance as of December 31, 2018	98	$ 1	$ (119)	$ 1,475	$ 69	$ (8)	$ 1,418
Net income	—	—	—	—	21	—	21
Other comprehensive loss	—	—	—	—	—	(7)	(7)
Dividends	—	—	—	—	(29)	—	(29)
Repurchase of common stock	(1)	—	(44)	—	—	—	(44)
Change in deferred compensation	—	—	—	5	—	—	5
Other	—	—	(1)	1	—	—	—
Balance as of March 31, 2019	97	1	(164)	1,481	61	(15)	1,364
Net income	—	—	—	—	26	—	26
Other comprehensive loss	—	—	—	—	—	(15)	(15)
Dividends	—	—	—	—	(28)	—	(28)
Repurchase of common stock	(1)	—	(50)	—	—	—	(50)
Net share settlement of incentive equity awards	—	—	—	(4)	—	—	(4)
Change in deferred compensation	—	—	—	6	—	—	6
Other	—	—	—	1	—	—	1
Balance as of June 30, 2019	96	$ 1	$ (214)	$ 1,484	$ 59	$ (30)	$ 1,300

See Notes to Condensed Consolidated Financial Statements.

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

1. BASIS OF PRESENTATION

Wyndham Hotels & Resorts, Inc. (collectively with its consolidated subsidiaries, "Wyndham Hotels" or the "Company") is a leading global hotel franchisor, licensing its renowned hotel brands to hotel owners in approximately 90 countries around the world.

The Condensed Consolidated Financial Statements have been prepared on a stand-alone basis. The Condensed Consolidated Financial Statements include Wyndham Hotels' assets, liabilities, revenues, expenses and cash flows and all entities in which Wyndham Hotels has a controlling financial interest. The accompanying Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America. All intercompany balances and transactions have been eliminated in the Condensed Consolidated Financial Statements.

In presenting the Condensed Consolidated Financial Statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates. In management's opinion, the Condensed Consolidated Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These Condensed Consolidated Financial Statements should be read in conjunction with the Company's 2019 Consolidated and Combined Financial Statements included in its most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") and any subsequent reports filed with the SEC.

Business description

Wyndham Hotels operates in the following segments:

- **Hotel Franchising —** licenses the Company's lodging brands and provides related services to third-party hotel owners and others.

- **Hotel Management —** provides hotel management services for full-service and limited-service hotels as well astwo hotels that are owned by the Company.

2. NEW ACCOUNTING PRONOUNCEMENTS

Recently adopted accounting pronouncements

Measurement of Credit Losses on Financial Instruments. In June 2016, the Financial Accounting Standards Board (the "FASB") issued guidance to replace the existing methodology for estimating credit losses with a methodology that reflects lifetime expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This guidance is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. The Company adopted the guidance on January 1, 2020, as required using the modified retrospective approach through a cumulative-effect adjustment to retained earnings as of the effective date to align the Company's current processes for establishing an allowance for credit losses with the new guidance. See Note 5 - Accounts Receivable for the impact of adoption.

Simplifying the Test for Goodwill Impairment. In January 2017, the FASB issued guidance which simplifies the current two-step goodwill impairment test by eliminating Step 2 of the test. The guidance requires a one-step impairment test in which an entity compares the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, if any. This guidance is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years, and should be applied on a prospective basis. The Company adopted the guidance on January 1, 2020, as required. There was no material impact on its Condensed Consolidated Financial Statements and related disclosures.

Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. In August 2018, the FASB issued guidance to address a customer's accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. The guidance aligns the requirements for capitalizing implementation costs incurred in such arrangements with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This guidance is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years. This guidance should be applied on either a retrospective or prospective basis. The Company adopted the guidance on January 1, 2020, as required. There was no material impact on its Condensed Consolidated Financial Statements and related disclosures.

Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In March 2020, the FASB issued optional guidance for a limited time to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying U.S. Generally Accepted Accounting Principles ("GAAP") to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company adopted the guidance upon issuance, as required. There was no material impact on its Condensed Consolidated Financial Statements and related disclosures.

3. REVENUE RECOGNITION

Deferred revenues

Deferred revenues, or contract liabilities, generally represent payments or consideration received in advance for goods or services that the Company has not yet provided to the customer. Deferred revenues as of June 30, 2020 and December 31, 2019 are as follows:

	June 30, 2020	December 31, 2019
Deferred initial franchise fee revenues	$ 139	$ 136
Deferred loyalty program revenues	78	86
Deferred co-branded credit card program revenues	21	34
Deferred hotel management fee revenues	1	—
Deferred other revenues	22	27
Total	$ 261	$ 283

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

As a result of the negative impact that the coronavirus pandemic ("COVID-19") has had on travel demand, the Company's assumptions related to redemptions, including estimated member redemption rate, member redemption pattern, and the estimated cost to satisfy such redemptions, have changed. Accordingly, the Company recognized a $16 million cumulative adjustment, which resulted in an increase to loyalty revenues during the second quarter of 2020. Such increase is included within marketing, reservation and loyalty and other revenues on the Condensed Consolidated Statement of Income during the three and six months ended June 30, 2020.

Performance obligations

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

	7/1/2020-6/30/2021	7/1/2021-6/30/2022	7/1/2022-6/30/2023	Thereafter	Total
Initial franchise fee revenues	$ 24	$ 9	$ 9	$ 97	$ 139
Loyalty program revenues	40	25	11	2	78
Co-branded credit card program revenues	21	—	—	—	21
Hotel management fee revenues	1	—	—	—	1
Other revenues	13	2	1	6	22
Total	$ 99	$ 36	$ 21	$ 105	$ 261

Disaggregation of net revenues

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Hotel Franchising				
Royalties and franchise fees	$ 59	$ 124	$ 144	$ 223
Marketing, reservation and loyalty	82	139	187	252
License and other fees	21	33	42	61
Other	20	35	52	64
Total Hotel Franchising	182	331	425	600
Hotel Management				
Royalties and franchise fees	2	2	10	5
Marketing, reservation and loyalty	—	1	1	2
Owned hotel revenues	2	23	23	49
Management fees	4	13	15	26
Cost reimbursements	66	160	192	315
Other	2	2	1	1
Total Hotel Management	76	201	242	398
Corporate and Other	—	1	—	3
Net revenues	$ 258	$ 533	$ 667	$ 1,001

Capitalized contract costs

The Company incurs certain direct and incremental sales commissions costs in order to obtain hotel franchise and management contracts. Such costs are capitalized and subsequently amortized beginning upon hotel opening over the first non-cancellable period of the agreement. In the event an agreement is terminated prior to the end of the first non-cancellable period, any unamortized cost is immediately expensed. In addition, the Company also capitalizes costs associated with the sale and installation of property management systems to its franchisees, which are amortized over the remaining non-cancellable period of the franchise agreement. As of June 30, 2020 and December 31, 2019, capitalized contract costs were $32 million and $33 million, respectively, of which $6 million and $8 million, respectively, were included in other current assets, and $26 million and $25 million, respectively, were included in other non-current assets on its Condensed Consolidated Balance Sheets.

4. EARNINGS PER SHARE

The computation of basic and diluted earnings (loss) per share ("EPS") is based on net income (loss) 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,	
	2020	2019	2020	2019
Net (loss)/income	$ (174)	$ 26	$ (152)	$ 47
Basic weighted average shares outstanding	93.3	97.1	93.5	97.5
Stock options and restricted stock units ("RSUs")[a]	—	0.3	—	0.3
Diluted weighted average shares outstanding	93.3	97.4	93.5	97.8
(Loss)/earnings per share:				
Basic	$ (1.86)	$ 0.27	$ (1.63)	$ 0.49
Diluted	(1.86)	0.27	(1.63)	0.49
Dividends:				
Cash dividends declared per share	$ 0.08	$ 0.29	$ 0.40	$ 0.58
Aggregate dividends paid to shareholders	$ 8	$ 28	$ 38	$ 56

(a) Due to the anti-dilutive effect resulting from the reported net loss for the three and six months ended June 30, 2020, 0.1 million of anti-dilutive shares were omitted from the calculation of weighted average shares outstanding for those periods.

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 January 1, 2020	6.8	$ 363	$ 53.67
For the six months ended June 30, 2020	0.9	45	51.57
As of June 30, 2020	7.7	$ 408	$ 53.43

The Company had $191 million of remaining availability under its program as of June 30, 2020. On March 17, 2020, the Company suspended its share repurchase activity and as a condition of the amendment to its revolving credit agreement, the Company is restricted from repurchasing shares of its stock until the waiver amendment expires at the beginning of the second quarter of 2021 unless the Company elects to terminate the amendment earlier.

5. ACCOUNTS RECEIVABLE

Allowance for doubtful accounts

The Company generates trade receivables in the ordinary course of its business and provides for estimated bad debts on such receivables. The Company adopted the new accounting guidance, *ASU 2016-13, Measurement of Credit Losses on Financial Instruments* on January 1, 2020. As a result of adopting the new guidance, the Company recorded a $10 million (net of $2 million of an income tax benefit) cumulative effect adjustment to retained earnings at January 1, 2020. Since adoption, the Company measures the expected credit losses of its receivables on a collective (pool) basis which aggregates receivables with similar risk characteristics and uses historical collection attrition rates for periods ranging from seven to ten years to estimate its expected credit losses. As such, the Company measures the expected credit losses of its receivables by segment and geographical area. Beginning January 1, 2020, the Company provides an estimate of expected credit losses for its receivables immediately upon origination or acquisition and may adjust this estimate in subsequent reporting periods as required. When the Company determines that an account is not collectible, the account is written-off to the allowance for doubtful accounts. The Company also considers whether the historical economic conditions are comparable to current economic conditions. If current or expected future conditions differ from the conditions in effect when the historical experience was generated, the Company would adjust the allowance for doubtful accounts to reflect the expected effects of the current environment on the collectability of the Company’s trade receivables which may be material.

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

	June 30, 2020
Beginning balance	$ 47
Cumulative effect of change in accounting standard	12
Provision for doubtful accounts	21
Bad debt write-offs	(13)
Ending balance	$ 67

Notes receivable

The Company had notes receivables of $15 million, net of a $2 million allowance as of June 30, 2020 and for a significant portion of such notes receivables, the Company has received personal guarantees from the owners of these hotels. In addition, the Company had $18 million of notes receivables which are fully offset in deferred revenues.

6. LONG-LIVED ASSETS

Property, plant and equipment

As a result of COVID-19 and the related governmental preventative and protective actions to slow the spread of the virus, the travel industry is experiencing a sharp decline in travel demand. As a result, the Company closed its two owned hotels temporarily for April and May 2020. Due to the temporary closure of such hotels and the continued decrease in travel demand, the Company has evaluated the recoverability of its net property plant and equipment associated with its two owned hotels for impairment in both the first and second quarters of 2020 and believes that it is more likely than not that the carrying value of those assets are recoverable from future expected cash flows, on an undiscounted basis, from such assets.

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

Property, plant and equipment, net as of June 30, 2020 and December 31, 2019 was $294 million and $307 million, respectively.

Intangible assets

As a result of COVID-19 and the significant negative impact it has had on travel demand, the Company performed an impairment analysis on all its intangible assets. The Company evaluated the carrying value of each of its indefinite-lived intangible assets compared to their respective estimated fair values. The fair value of each of its indefinite-lived intangible assets is estimated using a discounted cash flow methodology. The Company also evaluated the recoverability of its amortizable intangible assets by comparing the respective carrying values of the assets to the future expected cash flows on an undiscounted basis, to be generated from such assets. The Company has determined through such analyses that certain of its trademarks, as well as, goodwill associated with its owned hotel reporting unit were impaired. Accordingly, the Company recorded impairment charges totaling $205 million in the second quarter of 2020 to reduce the carrying value of those assets to their estimated fair values. Such charges were reported within impairments, net on the Condensed Consolidated Statement of

Income and $191 million and $14 million were charged to the hotel franchising segment and the hotel management segment, respectively.

The following is the breakout of the intangible impairment charges for the three months ended June 30, 2020:

Intangible Asset	Book Value	Impairment Charges	Adjusted Fair Value
Owned hotel reporting unit goodwill	$ 14	$ (14)	$ —
La Quinta trademark	710	(155)	555
Other trademarks [(a)]	103	(36)	67
Total	$ 827	$ (205)	$ 622

(a) Represents the impairments of three of the Company's trademarks.

Should the current effects of COVID-19 persist for a prolonged duration, the Company's results of operations may continue to be negatively impacted and its intangible assets within its hotel franchising and hotel management reporting units may be exposed to future impairments. To the extent estimated market-based valuation multiples and/or discounted cash flows are revised downward, the Company may be required to write-down all or a portion of its remaining goodwill, trademarks, franchise agreements and management contracts, which would adversely impact earnings.

Intangible assets as of June 30, 2020 and December 31, 2019 consisted of the following:

	June 30, 2020			December 31, 2019		
	Gross Carrying Amount	Accumulated Impairment	Net Carrying Amount	Gross Carrying Amount	Accumulated Impairment	Net Carrying Amount
Goodwill	$ 1,539	$ (14)	$ 1,525	$ 1,539	$ —	$ 1,539

	June 30, 2020			December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Unamortized intangible assets:						
Trademarks			$ 1,202			$ 1,393
Amortized intangible assets:						
Franchise agreements	$ 895	$ 473	$ 422	$ 895	$ 460	$ 435
Management agreements	136	27	109	137	23	114
Trademarks	2	1	1	3	1	2
Other	2	1	1	3	1	2
	$ 1,035	$ 502	$ 533	$ 1,038	$ 485	$ 553

7. FRANCHISING, MARKETING AND RESERVATION ACTIVITIES

Royalties and franchise fee revenues on the Condensed Consolidated Statements of Income include initial franchise fees of $5 million and $4 million for the three months ended June 30, 2020 and 2019, respectively, and $8 million for the six months ended June 30, 2020 and 2019.

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

Development advance notes

The Company may, at its discretion, provide development advance notes to certain franchisees or hotel owners in order to assist them in converting to one of Wyndham Hotels' brands, in building a new hotel to be flagged under one of Wyndham Hotels' brands or in assisting in other franchisee expansion efforts. Provided the franchisee/hotel owner is in compliance with the terms of the franchise/management agreement, all or a portion of the development advance notes may be forgiven by Wyndham Hotels over the period of the franchise/management agreement, which typically ranges from 10 to 20 years. Otherwise, the related principal is due and payable to Wyndham Hotels. In certain instances, Wyndham Hotels may earn interest on unpaid franchisee development advance notes. Such interest was immaterial for the three and six months ended June 30, 2020 and 2019.

As a result of COVID-19 and the significant negative impact it has had on travel demand, the Company performed a qualitative assessment on its development advance notes and determined that it is more likely than not that the carrying value of those assets are recoverable from future expected cash flows as of June 30, 2020.

The following tables set forth the amounts recorded on the Company's Condensed Consolidated Financial Statements related to development advance notes:

Condensed Consolidated Balance Sheets:	June 30, 2020	December 31, 2019
Development advance notes [(a)]	$ 85	$ 84

(a) Included within other non-current assets.

Condensed Consolidated Statements of Income:	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Forgiveness of notes [(a)]	$ 2	$ 2	$ 4	$ 4
Bad debt expense related to notes	—	1	1	2

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

Condensed Consolidated Statements of Cash Flows:	Six Months Ended June 30,	
	2020	2019
Payments of development advance notes	$ (6)	$ (9)
Proceeds from development advance notes	—	1
Payments of development advance notes, net	$ (6)	$ (8)

8. INCOME TAXES

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

The Company made cash income tax payments, net of refunds, of$2 million and $37 million for the six months ended June 30, 2020 and 2019, respectively. The 2019 payments exclude $188 million of tax payments related to assumed liabilities in connection with the La Quinta acquisition.

The Company's effective tax rates were 21.6% on pre-tax loss and 27.8% on pre-tax income during the three months ended June 30, 2020 and 2019, respectively. The decrease was primarily related to goodwill impairment charges that are nondeductible for tax purposes.

The Company's effective tax rates were 20.8% on pre-tax loss and 24.2% on pre-tax income during the six months ended June 30, 2020 and 2019, respectively. The decrease was primarily related to goodwill impairment charges that are nondeductible for tax purposes and the absence of the favorable tax impact from a settlement with state taxing authorities in the first quarter of 2019.

9. LONG-TERM DEBT AND BORROWING ARRANGEMENTS

The Company's indebtedness consisted of:

	June 30, 2020		December 31, 2019	
Long-term debt: [(a)]	**Amount**	**Weighted Average Rate** [(b)]	**Amount**	**Weighted Average Rate** [(b)]
$750 million revolving credit facility (due May 2023)	$ 734	2.44%	$ —	
Term loan (due May 2025)	1,561	3.23%	1,568	4.00%
5.375% senior unsecured notes (due April 2026)	495	5.38%	494	5.38%
Finance leases	57	4.50%	60	4.50%
Total long-term debt	2,847		2,122	
Less: Current portion of long-term debt	21		21	
Long-term debt	$ 2,826		$ 2,101	

(a) The carrying amount of the term loan and senior unsecured notes are net of deferred debt issuance costs of $16 million and $18 million as of June 30, 2020 and December 31, 2019, respectively.
(b) Weighted average interest rates are based on period-end balances, including the effects from hedging.

Maturities and capacity

The Company's outstanding debt as of June 30, 2020 matures as follows:

	Long-Term Debt
Within 1 year	$ 21
Between 1 and 2 years	21
Between 2 and 3 years	755
Between 3 and 4 years	22
Between 4 and 5 years	1,503
Thereafter	525
Total	$ 2,847

As of June 30, 2020, the available capacity under the Company's revolving credit facility was as follows:

	Revolving Credit Facility
Total capacity	$ 750
Less: Borrowings	734
Less: Letters of credit	15
Available capacity	$ 1

Deferred debt issuance costs

The Company classifies deferred debt issuance costs related to its revolving credit facility within other non-current assets on the Condensed Consolidated Balance Sheets. Such deferred debt issuance costs were $5 million and $4 million as of June 30, 2020 and December 31, 2019, respectively.

Cash flow hedge

In 2018, the Company hedged a portion of its $1.6 billion term loan. As of June 30, 2020, the pay-fixed/receive-variable interest rate swaps hedge$1.1 billion of the Company's term loan interest rate exposure, of which $600 million expires in the second quarter of 2024 and has a weighted average fixed rate of2.54% and $500 million expires in the fourth quarter of 2024 and has a weighted average fixed rate of 1.45%. The variable rates of the swap agreements are based on one-month LIBOR. The aggregate fair value of these interest rate swaps was a liability of $85 million and $34 million as of June 30, 2020 and December 31, 2019, respectively, which was included within other non-current liabilities on the Condensed Consolidated Balance Sheets. The effect of interest rate swaps on interest expense, net on the Condensed Consolidated Statements of Income was $6 million and $8 million of expense for the three and six months ended June 30, 2020, respectively, and not material for the three and six months ended June 30, 2019. There was no hedging ineffectiveness recognized in the six months ended June 30, 2020 and 2019. The Company expects to reclassify approximately $26 million of losses from accumulated other comprehensive income ("AOCI") (loss) to interest expense during the next 12 months.

Revolving credit facility

In April 2020, the Company completed an amendment to its revolving credit facility agreement to waive the quarterly-tested leverage covenant until the second quarter of 2021. The covenant was also modified for the second, third and potentially fourth quarters of 2021 to use a form of annualized EBITDA, as defined in the credit agreement, rather than the last twelve months EBITDA, as previously required. In return for this modification, the Company agreed to maintain minimum liquidity of $200 million, which is defined in the credit agreement as the total of unrestricted cash on hand and available capacity under the Company's revolving credit facility, pay 25 basis points of higher interest on outstanding borrowings, restrict share repurchases and reduce payment of dividends, or restrict dividends to $0.01 per share in the event the Company's liquidity is below $300 million.

Interest expense, net

Wyndham Hotels incurred net interest expense of $28 million and $26 million for the three months ended June 30, 2020 and 2019, respectively, and $54 million and $50 million for the six months ended June 30, 2020 and 2019, respectively. Cash paid related to such interest was $52 million and $50 million for the six months ended June 30, 2020 and 2019, respectively.

10. FAIR VALUE

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

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

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

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

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

	June 30, 2020	
	Carrying Amount	**Estimated Fair Value**
Debt	$ 2,847	$ 2,768

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

Financial instruments

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

Interest rate risk

A portion of debt used to finance the Company's operations is exposed to interest rate fluctuations. The Company uses various hedging strategies and derivative financial instruments to create a desired mix of fixed and floating rate assets and liabilities. Derivative instruments currently used in these hedging strategies include interest rate swaps. The derivatives used to manage the risk associated with the Company's floating rate debt are derivatives designated as cash flow hedges. See Note 9 - Long-Term Debt and Borrowing Arrangements for the impact of such cash flow hedges.

Foreign currency risk

The Company has foreign currency rate exposure to exchange rate fluctuations worldwide, particularly with respect to the Canadian Dollar, the Chinese Yuan, the Euro, the British Pound and the Argentine Peso. The Company uses foreign currency forward contracts at various times to manage and reduce the foreign currency exchange rate risk associated with its foreign currency denominated receivables and payables, forecasted royalties and forecasted earnings and cash flows of foreign subsidiaries and other transactions. Losses recognized in income from freestanding foreign currency exchange contracts were not material during the three months ended June 30, 2020 and $2 million during the six months ended June 30, 2020. Losses recognized in income from freestanding foreign currency exchange contracts were not material during the three and six months ended June 30, 2019. Such losses are included in operating expenses in the Condensed Consolidated Statements of Income.

The Company accounts for Argentina as a highly inflationary economy. Foreign currency exchange losses related to Argentina were not material during the three months ended June 30, 2020 and $1 million during the six months ended June 30, 2020. The Company incurred immaterial foreign currency exchange gains related to Argentina during the three months ended June 30, 2019 and $1 million of losses during the six months ended June 30, 2019. Such gains and losses are included in operating expenses in the Condensed Consolidated Statements of Income.

Credit risk and exposure

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

11. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is involved, at times, in claims, legal and regulatory proceedings and governmental inquiries arising in the ordinary course of its business, including but not limited to: breach of contract, fraud and bad faith claims with franchisees in connection with franchise agreements and with owners in connection with management contracts, as well as negligence, breach of contract, fraud, employment, consumer protection and other statutory claims asserted in connection with alleged acts or occurrences at owned, franchised or managed properties or in relation to guest reservations and bookings. The Company may also at times be involved in claims, legal and regulatory proceedings and governmental inquiries relating to bankruptcy proceedings involving efforts to collect receivables from a debtor in bankruptcy, employment matters, claims of infringement upon third parties' intellectual property rights, claims relating to information security, privacy and consumer protection, fiduciary duty/trust claims, tax claims, environmental claims and landlord/tenant disputes. Along with many of its competitors, the Company and/or certain of its subsidiaries have been named as defendants in litigation matters filed in state and federal courts, alleging statutory and common law claims related to purported incidents of sex trafficking at certain franchised and managed hotel facilities. These matters are in the pleading or discovery stages at this time. As of June 30, 2020, the Company is aware of approximately 30 cases filed naming the Company and/or subsidiaries. Based upon the status of these matters, the

Company has not made a determination as to the likelihood of loss of any one of these matters and is unable to estimate a range of losses at this time.

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

The Company believes that it has adequately accrued for such matters with reserves of $6 million and $7 million as of June 30, 2020 and December 31, 2019, respectively. The Company also had receivables of $1 million and $2 million as of June 30, 2020 and December 31, 2019, respectively, for certain matters which are covered by insurance and were included in other current assets on its Condensed Consolidated Balance Sheets. Litigation is inherently unpredictable and, although the Company believes that its accruals are adequate and/or that it has valid defenses in these matters, unfavorable results could occur. As such, an adverse outcome from such proceedings for which claims are awarded in excess of the amounts accrued, if any, could be material to the Company with respect to earnings and/or cash flows in any given reporting period. As of June 30, 2020, the potential exposure resulting from adverse outcomes of such legal proceedings could, in the aggregate, range up to approximately $5 million in excess of recorded accruals. However, the Company does not believe that the impact of such litigation will result in a material liability to the Company in relation to its combined financial position or liquidity.

Guarantees

Hotel-management guarantees

The Company had previously entered into hotel-management agreements that provided the hotel owner with a guarantee of a certain level of profitability based upon various metrics. Under such agreements, the Company was required to compensate the hotel owner for any profitability shortfall over the life of the management agreement up to a specified aggregate amount. For certain agreements, the Company may have been able to recapture all or a portion of the shortfall payments in the event that future operating results exceed targets.

As a result of the significant economic impacts of COVID-19, on June 30, 2020, the Company provided notice of termination of its remaining managed hotel performance guarantee pursuant to a force majeure provision in the hotel-management agreement. The notice provides for termination of the management agreement as of the 90th day following the notice date. As a result of the termination of the management agreement, the Company’s receivable of $4 million became fully impaired as of June 30, 2020 and the charge was recorded within impairments, net on the Condensed Consolidated Statements of Income. As of December 31, 2019, the Company had a total receivable of $5 million, of which $1 million was included in other current assets and $4 million was included in other non-current assets on its Condensed Consolidated Balance Sheet. Such receivable was the result of payments previously made under the guarantee that were subject to recapture and which the Company believed, pre COVID-19, were recoverable from future operating performance.

During 2019, the Company determined it would exit two unprofitable hotel-management agreements. In connection with such hotel-management agreements, the Company had a $10 million liability as of December 31, 2019, which was included in accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheet and was paid in the first quarter of 2020.

Separation-related guarantees

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

12. STOCK-BASED COMPENSATION

The Company has a stock-based compensation plan available to grant non-qualified stock options, incentive stock options, stock-settled appreciation rights (“SSARs”), RSUs, performance-vesting restricted stock units (“PSUs”) and other stock-based awards to key employees, non-employee directors, advisors and consultants. Under the Wyndham Hotels & Resorts, Inc. 2018

Equity and Incentive Plan ("Stock Plan"), which became effective on May 14, 2018, a maximum of10.0 million shares of common stock may be awarded. As ofJune 30, 2020, 5.8 million shares remained available.

Incentive equity awards granted by the Company

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

The activity related to the Company's incentive equity awards for thesix months ended June 30, 2020 consisted of the following:

	RSUs			PSUs		
	Number of RSUs		Weighted Average Grant Price	Number of PSUs		Weighted Average Grant Price
Balance as of December 31, 2019	0.8		$ 55.75	0.1		$ 52.44
Granted (a)	0.6		53.01	0.1		53.40
Vested	(0.3)		56.15	—		—
Canceled	(0.2)		54.81	—		—
Balance as of June 30, 2020	0.9	(b)	$ 54.15	0.2	(c)	$ 52.93

(a) Represents awards granted by the Company primarily in February 2020.
(b) RSUs outstanding as of June 30, 2020 are expected to vest over time and have an aggregate unrecognized compensation expense of $45 million, which is expected to be recognized over a weighted average period of 3.1 years.
(c) PSUs outstanding as of June 30, 2020 are expected to vest over time and have an aggregate unrecognized compensation expense of $9 million, which may be recognized over a weighted average period of 2.9 years.

The activity related to stock options granted by the Company for thesix months ended June 30, 2020 consisted of the following:

	Number of Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in millions)
Outstanding as of December 31, 2019	0.9		$ 56.96		
Granted	0.6		53.40		
Exercised	—		—		
Canceled	(0.1)		54.72		
Expired	—		—		
Outstanding as of June 30, 2020	1.4		$ 55.57	6.0	$ —
Unvested as of June 30, 2020	1.0	(a)	$ 54.54	6.2	$ —
Exercisable as of June 30, 2020	0.4		$ 57.94	5.6	$ —

(a) Unvested options as of June 30, 2020 are expected to vest over time and have an aggregate unrecognized compensation expense of $9 million, which is expected to be recognized over a weighted average period of 3.1 years.

The fair value of stock options granted by the Company during 2020 and 2019 were estimated on the date of the grant using the Black-Scholes option-pricing model with the relevant assumptions outlined in the table below. Expected volatility is based on both historical and implied volatilities of the stock of comparable companies over the estimated expected life of the options. The expected life represents the period of time the options are expected to be outstanding. The risk-free interest rate is based on yields on U.S. Treasury strips with a maturity similar to the estimated expected life of the options. The projected dividend yield was based on the Company's anticipated annual dividend divided by the price of the Company's stock on the date of the grant.

	2020	2019
Grant date fair value	$8.59	$10.46
Grant date strike price	$53.40	$52.44
Expected volatility	24.30%	22.24%
Expected life	4.25 years	6.25 years
Risk-free interest rate	1.21%	2.63%
Projected dividend yield	2.40%	2.21%

Stock-based compensation expense

Stock-based compensation expense was $6 million for the three months ended June 30, 2020 and 2019. For the three months ended June 30, 2020, $1 million was recorded within restructuring costs and for the three months ended June 30, 2019, $2 million was recorded within separation-related costs on the Condensed Consolidated Statements of Income. Further, stock-based compensation expense was $10 million and $11 million for the six months ended June 30, 2020 and 2019, respectively. For the six months ended June 30, 2020, $1 million was recorded within restructuring costs and for thesix months ended June 30, 2019, $4 million was recorded within separation-related costs on the Condensed Consolidated Statements of Income.

13. SEGMENT INFORMATION

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

	Three Months Ended June 30,			
	2020		2019	
	Net Revenues	Adjusted EBITDA	Net Revenues	Adjusted EBITDA
Hotel Franchising	$ 182	$ 83	$ 331	$ 162
Hotel Management	76	(4)	201	16
Total Reportable Segments	258	79	532	178
Corporate and Other	—	(16)	1	(19)
Total Company	$ 258	$ 63	$ 533	$ 159

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

	Three Months Ended June 30, 2020	2019
Net (loss)/income	$ (174)	$ 26
(Benefit)/provision for income taxes	(48)	10
Depreciation and amortization	25	27
Interest expense, net	28	26
Stock-based compensation expense	5	4
Impairments, net	206	45
Restructuring costs	16	—
Transaction-related expenses, net	5	11
Separation-related expenses	—	1
Contract termination costs	—	9
Adjusted EBITDA	$ 63	$ 159

	Six Months Ended June 30, 2020			
	2020		2019	
	Net Revenues	Adjusted EBITDA	Net Revenues	Adjusted EBITDA
Hotel Franchising	$ 425	$ 191	$ 600	$ 275
Hotel Management	242	13	398	31
Total Reportable Segments	667	204	998	306
Corporate and Other	—	(34)	3	(36)
Total Company	$ 667	$ 170	$ 1,001	$ 270

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

	Six Months Ended June 30, 2020	
	2020	2019
Net (loss)/income	$ (152)	$ 47
(Benefit)/provision for income taxes	(40)	15
Depreciation and amortization	49	56
Interest expense, net	54	50
Stock-based compensation expense	9	7
Impairments, net	206	45
Restructuring costs	29	—
Transaction-related expenses, net	13	18
Separation-related expenses	1	22
Contract termination costs	—	9
Foreign currency impact of highly inflationary countries	1	1
Adjusted EBITDA	$ 170	$ 270

14. OTHER EXPENSES AND CHARGES

Impairments, net

As a result of COVID-19 and the significant negative impact it has had on travel demand, the Company reviewed its intangible assets for potential impairment and determined that the carrying value of certain intangible assets were in excess of their fair values. Accordingly, the Company recorded impairment charges of $205 million, in the second quarter of 2020, primarily related to certain trademarks and goodwill associated with its owned hotel reporting unit. See Note 6 - Long-Lived Assets for more information. Additionally, in the second quarter of 2020, the Company incurred a $4 million non-cash impairment charge for the write-off of a receivable associated with the expected termination of an unprofitable hotel-management agreement. See Note 11 - Commitments and Contingencies for more information. The Company also recovered cash proceeds of $3 million of a previously impaired asset. These charges were all reported within impairments, net on the Condensed Consolidated Statement of Income.

During the second quarter of 2019, the Company incurred a non-cash net impairment charge associated with the planned termination of a hotel-management arrangement, which is comprised of a $48 million write-off of receivables, a $10 million write-off of a guarantee asset and the derecognition of a $13 million guarantee liability.

Restructuring

The Company incurred $16 million and $29 million of charges during the three and six months ended June 30, 2020, respectively, related to two restructuring initiatives implemented in response to COVID-19. The first quarter of 2020 plan resulted in a reduction of 262 employees for a charge of $13 million. The Company initiated another plan in the second quarter of 2020 to further reduce headcount by 180 employees and to consolidate its corporate facilities resulting in a charge of $16 million. In addition, during the fourth quarter of 2019, the Company had implemented restructuring initiatives, primarily focused on enhancing its organizational efficiency and rationalizing its operations. Below is the activity for the six months ended June 30, 2020 relating to restructuring activities by plan:

		2020 Activity			
	Liability as of December 31, 2019	Costs Recognized	Cash Payments	Other [a]	Liability as of June 30, 2020
2019 Plan					
Personnel-related	$ 8	$ —	$ (6)	$ (1)	$ 1
2020 Plans					
Personnel-related	—	23	(12)	(1)	10
Facility-related	—	5	—	—	5
Other	—	1	(1)	—	—
Total 2020 Plans	—	29	(13)	(1)	15
Total accrued restructuring	$ 8	$ 29	$ (19)	$ (2)	$ 16

(a) Represents non-cash payments in Company stock.

Restructuring charges by segment for the three and six months ended June 30, 2020 were as follows:

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Hotel Franchising	$ 8	$ 15
Hotel Management	1	2
Corporate and Other	7	12
Total	$ 16	$ 29

Transaction-related, net

The Company incurred transaction-related expenses of $5 million and $11 million during the three months ended June 30, 2020 and 2019, respectively, and $13 million and $18 million during the six months ended June 30, 2020 and 2019, respectively. These expenses were primarily related to integration activities for the acquisition of La Quinta.

Separation-related

Separation-related costs associated with the Company's spin-off from Wyndham Worldwide were not material for the three months ended June 30, 2020 and $1 million for the three months ended June 30, 2019. For the six months ended June 30, 2020 and 2019, the Company incurred separation-related costs associated with its spin-off of $1 million and $22 million, respectively. These costs primarily consist of severance, stock-based compensation and other employee-related costs.

Contract termination

During the second quarter of 2019, the Company incurred a contract termination charge of $9 million in connection with an obligation associated with the expected termination of a hotel-management agreement, which was paid in the second quarter of 2020.

15. TRANSACTIONS WITH FORMER PARENT

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

License agreement and other agreements with former Parent

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

The Company also entered into several agreements with Wyndham Destinations that govern the relationship of the parties following the spin-off, including a separation and distribution agreement, an employee matters agreement, a tax matters agreement and a transition services agreement. Revenues recorded in connection with these agreements were not material for the three and six months ended June 30, 2020 and were $1 million and $3 million for the three and six months ended June 30, 2019, respectively. Such revenues are reported within other revenues on the Condensed Consolidated Statements of Income.

In addition, Wyndham Hotels recorded revenues from Wyndham Destinations in the amount of $16 million and $27 million for the three months ended June 30, 2020 and 2019, respectively, and $32 million and $48 million for the six months ended June 30, 2020 and 2019, respectively, for a license, development and non-competition agreement. Further, the Company recorded revenues of $4 million and $5 million for the three months ended June 30, 2020 and 2019, respectively, and $7 million and $11 million for the six months ended June 30, 2020 and 2019, respectively, for activities associated with the Wyndham Rewards program. The Company also recorded revenues from a former affiliate for license fees of $1 million for the three months ended June 30, 2020 and 2019, and $3 million for the six months ended June 30, 2020 and 2019. Such fees are recorded within license and other fees on the Condensed Consolidated Statements of Income.

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

Upon the distribution of the Company's common stock to Wyndham Worldwide shareholders, the Company entered into certain guarantee commitments with its former Parent. These guarantee arrangements relate to certain former Parent contingent tax and other corporate liabilities. The Company assumed and is responsible for one-third of such contingent liabilities while its former Parent is responsible for the remaining two-thirds. The amount of liabilities assumed by the Company in connection with the spin-off was $21 million and $22 million as of June 30, 2020 and December 31, 2019, respectively, which were included within other non-current liabilities on its Condensed Consolidated Balance Sheets. The Company also had a $2 million liability due to its former Parent which was included within current liabilities on its Condensed Consolidated Balance Sheets as of June 30, 2020 and December 31, 2019. In addition, the Company had $4 million of receivables due from former Parent as of June 30, 2020 and December 31, 2019, which were included within current assets on its Condensed Consolidated Balance Sheets.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of AOCI are as follows:

Net of Tax	Foreign Currency Translation Adjustments	Cash Flow Hedges	Accumulated Other Comprehensive Income/(Loss)
Balance as of December 31, 2019	$ (1)	$ (26)	$ (27)
Period change	(3)	(36)	(39)
Balance as of March 31, 2020	(4)	(62)	(66)
Period change	1	(2)	(1)
Balance as of June 30, 2020	$ (3)	$ (64)	$ (67)
Net of Tax			
Balance as of December 31, 2018	$ (4)	$ (4)	$ (8)
Period change	1	(8)	(7)
Balance as of March 31, 2019	(3)	(12)	(15)
Period change	1	(16)	(15)
Balance as of June 30, 2019	$ (2)	$ (28)	$ (30)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Unless otherwise noted, all amounts are in millions, except share and per share amounts)

Forward-Looking Statements

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

Factors that could cause actual results to differ materially from those in the forward-looking statements include without limitation general economic conditions; the continuation or worsening of the effects from the coronavirus pandemic, ("COVID-19"); its scope and duration and impact on our business operations, financial results, cash flows and liquidity, as well as the impact on our franchisees and property owners, guests and team members, the hospitality industry and overall demand for travel; the success of our mitigation efforts in response to the COVID-19 pandemic; our performance in any recovery from the COVID-19 pandemic, the performance of the financial and credit markets; the economic environment for the hospitality industry; operating risks associated with the hotel franchising and management businesses; our relationships with franchisees and property owners; the impact of war, terrorist activity or political strife; concerns with or threats of pandemics, contagious diseases or health epidemics, including the effects of the COVID-19 pandemic and any resurgence of the virus and actions governments, businesses and individuals take in response to the pandemic, including stay-in-place directives and other travel restrictions; risks related to restructuring or strategic initiatives; risks related to our relationship with CorePoint Lodging; our spin-off as a newly independent company; the Company's ability to satisfy obligations and agreements under its outstanding indebtedness, including the payment of principal and interest and compliance with covenants thereunder; risks related to our ability to obtain financing, including access to liquidity and capital as a result of COVID-19; and the restrictions on share repurchases and the Company's ability or plans to pay dividends and to repurchase shares including the timing and amount of any future share repurchases and dividends, as well as the risks described in our most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") and subsequent reports filed with the SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, subsequent events or otherwise.

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

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

BUSINESS AND OVERVIEW

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

Wyndham Hotels operates in the following segments:

- **Hotel Franchising —** licenses our lodging brands and provides related services to third-party hotel owners and others.

- **Hotel Management —** provides hotel management services for full-service and limited-service hotels as well as two hotels that are owned by us.

The Condensed Consolidated Financial Statements presented herein have been prepared on a stand-alone basis. The Condensed Consolidated Financial Statements include Wyndham Hotels’ assets, liabilities, revenues, expenses and cash flows and all entities in which Wyndham Hotels has a controlling financial interest.

RESULTS OF OPERATIONS

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

We generate royalties and franchise fees, management fees and other revenues from hotel franchising and hotel management activities, as well as fees from licensing our “Wyndham” trademark, certain other trademarks and intellectual property. In addition, pursuant to our franchise and management contracts with third-party hotel owners, we generate marketing, reservation and loyalty fee revenues and cost reimbursement revenues that over time are offset, respectively, by the marketing, reservation and loyalty costs and property operating costs that we incur.

COVID-19

Our industry is experiencing a sharp decline in travel demand due to COVID-19 and the related government preventative and protective actions to slow the spread of the virus. We and the entire industry are experiencing significant revenue losses as a result of steep RevPAR declines, which may continue for some time.

As a result of the financial impact of COVID-19, we have taken the following preventative measures to conserve our liquidity, strengthen our balance sheet and support our franchisees through these unprecedented times:

- Suspended our share repurchase program as of March 17, 2020;
- Workforce reductions, including the elimination of 442 team members across the globe;
- Advertising reductions;
- Reduced our quarterly cash dividend per share to $0.08 per share from $0.32 per share in the first quarter of 2020;
- Capital expenditures reductions to focus on only the highest priority projects;
- Elimination of all discretionary spend;
- Temporary closure of our two owned hotels for April and May 2020; and
- Our Chief Executive Officer elected to forgo his base salary and our Board of Directors ("Board") elected to forgo the cash portion of their fees for a portion of the year.

Our franchisees' financial health and long-term success is a top priority for us, and we have taken the following proactive steps to help them preserve cash during this period:

- Suspended non-room revenue related fees, such as Wyndham Rewards retraining fees;
- Deferred property improvement plans and certain non-essential brand standards requiring cash outlays, such as hot breakfast requirements;
- Partnered with industry associations to advocate for government relief for our franchisees and their employees;
- Guided owners through the Coronavirus Aid, Relief, and Economic Security Act ("CARES") and its evolving guidance and urged the government to expand and clarify these loan programs, for which the majority of our owners qualify;
- Provided payment relief by deferring receivables and suspending interest charges and late fees through September 1, 2020; and
- Revised cleaning protocols and secured critical cleaning and disinfection supplies pursuant to new U.S. Centers for Disease Control and Prevention ("CDC") guidelines through our procurement network at reduced costs for our franchisees as well as funding and deferring repayment of these costs to help our franchisees conserve cash during this pandemic.

For our guests whose travel plans have changed, we have modified cancellation policies, paused Wyndham Rewards point expirations until September 30, 2020 and are maintaining loyalty member level status through the end of 2021.

Nearly 90% of our domestic hotels are located along highways and in suburban and small metro areas. Our brands in the economy and midscale segments are utilized by the truckers, contractors, construction workers, healthcare workers, emergency crews and others who still need overnight accommodations even in this COVID-19 crisis. These travelers are looking for well-known service providers they can depend on for quality and enhanced safety measures. Our recovery is less reliant on air travel or international travel demands which now factor in additional safety concerns for guests, or group business. While we believe our hotels will be able to quickly recover once the pandemic abates, the ultimate timing of any recovery remains uncertain. In the meantime, our results of operations may continue to be negatively impacted and certain additional intangible assets, such as our trademarks, and our franchised and managed goodwill may be exposed to additional impairments. For further discussion on the effect of COVID-19 on our financial condition and liquidity, see the section below Financial Condition, Liquidity and Capital Resources.

OPERATING STATISTICS

The table below presents our operating statistics for the three and six months ended June 30, 2020 and 2019. “Rooms” represent the number of hotel rooms at the end of the period which are either under franchise and/or management agreements, or are Company-owned, and properties under affiliation agreements for which we receive a fee for reservation and/or other services provided. “RevPAR” represents the room rental revenues generated by our franchisees divided by the number of available room-nights in the period. These operating statistics are drivers of our revenues and therefore provide an enhanced understanding of our business. Refer to the section below for a discussion as to how these operating statistics affected our business for the periods presented.

	As of June 30,		
	2020	2019	% Change
Rooms			
United States	502,000	508,300	(1 %)
International	310,900	308,300	1 %
Total rooms	812,900	816,600	— %

	Three Months Ended June 30,		
	2020	2019	% Change
RevPAR			
United States	$ 23.19	$ 50.98	(55 %)
International [(a)]	7.96	32.47	(75 %)
Total RevPAR [(a)]	17.31	44.06	(61 %)

	Six Months Ended June 30,		
	2020	2019	% Change
RevPAR			
United States	$ 28.33	$ 45.83	(38 %)
International [(b)]	13.20	30.71	(57 %)
Total RevPAR [(b)]	22.50	40.17	(44 %)

(a) Excluding currency effects, international RevPAR decreased 75% and total RevPAR decreased 60%.
(b) Excluding currency effects, international RevPAR decreased 55% and total RevPAR decreased 43%.

Rooms as of June 30, 2020 were unchanged compared to the prior year.

Total RevPAR for the three and six months ended June 30, 2020 decreased 61% to $17.31 and 44% to $22.50, respectively, compared to the prior-year periods due to COVID-19 and the related travel restrictions.

THREE MONTHS ENDED JUNE 30, 2020 VS. THREE MONTHS ENDED JUNE 30, 2019

	Three Months Ended June 30,		
	2020	2019	Change
Net revenues	$ 258	$ 533	$ (275)
Expenses	452	471	(19)
Operating (loss)/income	(194)	62	(256)
Interest expense, net	28	26	2
(Loss)/income before income taxes	(222)	36	(258)
(Benefit)/provision for income taxes	(48)	10	(58)
Net (loss)/income	$ (174)	$ 26	$ (200)

Net revenues for the three months ended June 30, 2020, decreased $275 million, or 52%, compared to the prior-year period, primarily driven by:

- $94 million of lower cost-reimbursement revenues in our hotel management business as a result of CorePoint Lodging asset sales and the termination of unprofitable hotel-management agreements during 2019;
- $65 million of lower royalty and franchise fees reflecting a 61% decline in RevPAR due to lower travel demand as a result of COVID-19;
- $58 million of lower marketing, reservation and loyalty fees (inclusive of a $13 million benefit in loyalty revenues from a change in our member redemption assumption), due to the RevPAR decline;
- $30 million of lower management and other fees primarily due to the temporary closure of our two owned hotels for April and May and due to the RevPAR decline; and

- $12 million of lower license and other fees due to lower travel demand resulting from COVID-19.

Total expenses for the three months ended June 30, 2020, decreased $19 million, or 4%, compared to the prior-year period, primarily driven by:

- $94 million of lower cost reimbursement expenses as discussed above;
- $64 million of lower marketing, reservation and loyalty expenses, primarily due to cost reductions in response to COVID-19;
- $20 million of lower operating expenses and general and administrative costs, primarily due to cost containment efforts in response to COVID-19;
- $9 million of lower contract termination costs;
- $6 million of lower transaction-related expenses; partially offset by
- $161 million of higher impairment charges, driven by the $206 million of impairment charges during the second quarter of 2020, primarily related to certain of our trademarks, principally La Quinta, as well as goodwill for our owned hotel reporting unit. Such trademark impairments were primarily due to a higher discount rate as a result of increased share price volatility, consistent with the lodging sector and broader equity markets; and
- $16 million of restructuring charges due to cost saving initiatives implemented in response to COVID-19.

Our effective tax rate decreased to 21.6% on pre-tax loss from 27.8% on pre-tax income during the three months ended June 30, 2020 and 2019, respectively, primarily due to goodwill impairment charges that are nondeductible for tax purposes.

As a result of these items, net income for the three months ended June 30, 2020, decreased $200 million compared to the prior-year period.

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

	Three Months Ended June 30,	
	2020	2019
Net (loss)/income	$ (174)	$ 26
(Benefit)/provision for income taxes	(48)	10
Depreciation and amortization	25	27
Interest expense, net	28	26
Stock-based compensation expense	5	4
Impairments, net	206	45
Restructuring costs	16	—
Transaction-related expenses, net	5	11
Separation-related expenses	—	1
Contract termination costs	—	9
Adjusted EBITDA	$ 63	$ 159

Following is a discussion of the results of each of our segments and Corporate and Other for the three months ended June 30, 2020 compared to the three months ended June 30, 2019:

	Net Revenues			Adjusted EBITDA		
	2020	2019	% Change	2020	2019	% Change
Hotel Franchising	$ 182	$ 331	(45%)	$ 83	$ 162	(49%)
Hotel Management	76	201	(62%)	(4)	16	(125%)
Corporate and Other	—	1	n/a	(16)	(19)	n/a
Total Company	$ 258	$ 533	(52%)	$ 63	$ 159	(60%)

Hotel Franchising

	Three Months Ended June 30,		
	2020	2019	% Change
Rooms			
United States	460,200	457,600	1 %
International	294,500	293,700	—%
Total rooms	754,700	751,300	—%
RevPAR			
United States	$ 23.19	$ 48.65	(52%)
International [(a)]	7.66	31.59	(76%)
Total RevPAR [(a)]	17.05	42.04	(59%)

(a) Excluding currency effects, international RevPAR decreased 75% and total RevPAR decreased 59%.

Net revenues decreased $149 million, or 45%, compared to the second quarter of 2019, primarily driven by:

- $65 million of lower royalty and franchise fees due to the 59% decline in RevPAR primarily as a result of COVID-19 on travel demand;
- $57 million of lower marketing, reservation and loyalty revenues (inclusive of a $13 million benefit in loyalty revenues from a change in our member redemption assumption), due primarily to lower RevPAR; and
- $12 million of lower license and other fees as a result of the travel demand.

Adjusted EBITDA decreased $79 million, or 49% compared to the second quarter of 2019, primarily driven by the changes in net revenues discussed above, partially offset by:

- $62 million of lower marketing, reservation and loyalty expenses primarily due to cost reductions in response to COVID-19; and
- $9 million of lower operating expenses and general and administrative costs primarily due to cost containment efforts in response to COVID-19.

Hotel Management

	Three Months Ended June 30,		
	2020	2019	% Change
Rooms			
United States	41,800	50,700	(18%)
International	16,400	14,500	13 %
Total rooms	58,200	65,200	(11%)
RevPAR			
United States	$ 23.21	$ 71.61	(68%)
International [(a)]	13.78	49.53	(72%)
Total RevPAR [(a)]	20.67	66.67	(69%)

(a) Excluding currency effects, international RevPAR decreased 72% and total RevPAR decreased 69%.

Net revenues decreased $125 million, or 62%, compared to the prior-year period, primarily driven by:

- $94 million of lower cost-reimbursement revenues as discussed above, which have no impact on adjusted EBITDA;
- $21 million of lower owned hotel revenues due to the temporary closure of our owned hotels and lower travel demand as a result of COVID-19; and
- $9 million of lower management fees primarily due to the 69% decline in RevPAR primarily as a result of COVID-19 on travel demand.

Adjusted EBITDA decreased $20 million, or 125%, compared to the prior-year period, primarily driven by the revenue decreases discussed above, partially offset by $11 million of lower operating expenses, primarily due to cost containment efforts in response to COVID-19.

Corporate and Other

Corporate and Other revenues decreased $1 million during the three months ended June 30, 2020 compared to the same period in 2019, due to the completion of transition services previously in place following our separation from Wyndham Worldwide.

Adjusted EBITDA increased $3 million for the three months ended June 30, 2020 and 2019, primarily due to lower general and administrative costs primarily due to cost containment efforts in response to COVID-19.

SIX MONTHS ENDED JUNE 30, 2020 VS. SIX MONTHS ENDED JUNE 30, 2019

	Six Months Ended June 30,		
	2020	2019	Change
Net revenues	$ 667	$ 1,001	$ (334)
Expenses	805	889	(84)
Operating (loss)/income	(138)	112	(250)
Interest expense, net	54	50	4
(Loss)/income before income taxes	(192)	62	(254)
(Benefit)/provision for income taxes	(40)	15	(55)
Net (loss)/income	$ (152)	$ 47	$ (199)

Net revenues for the six months ended June 30, 2020, decreased $334 million, or 33%, compared to the prior-year period, primarily driven by:

- $123 million of lower cost-reimbursement revenues in our hotel management business as a result of CorePoint Lodging asset sales and the termination of unprofitable hotel-management agreements during 2019;
- $74 million of lower royalty and franchise fees reflecting a 44% decline in RevPAR due to lower travel demand as a result of COVID-19;
- $66 million of lower marketing, reservation and loyalty fees (inclusive of a $13 million benefit in loyalty revenues from a change in our member redemption assumption), due to the RevPAR decline;
- $37 million of lower management and other fees primarily due to the temporary closure of our two owned hotels for April and May and due to the RevPAR decline; and
- $19 million of lower license and other fees due to lower travel demand resulting from COVID-19.

Total expenses for the six months ended June 30, 2020, decreased $84 million, or 9%, compared to the prior-year period, primarily driven by:

- $123 million of lower cost reimbursement expenses as discussed above;
- $74 million of lower marketing, reservation and loyalty expenses, primarily due to cost reductions in response to COVID-19;
- $35 million of lower operating expenses and general and administrative costs, primarily due to cost containment efforts in response to COVID-19;
- $21 million of lower separation-related expenses; partially offset by
- $161 million of higher impairment charges, driven by the $206 million of impairment charges during the second quarter of 2020, primarily related to certain of our trademarks, principally La Quinta, as well as goodwill for our owned hotel reporting unit. Such trademark impairments were primarily due to a higher discount rate as a result of increased share price volatility, consistent with the lodging sector and broader equity markets; and
- $29 million of higher restructuring charges due to cost saving initiatives implemented in response to COVID-19.

Our effective tax rate decreased to 20.8% on pre-tax loss from 24.2% on pre-tax income during the six months ended June 30, 2020 and 2019, respectively, primarily due to goodwill impairment charges that are nondeductible for tax purposes and the absence of the favorable tax impact from a settlement with state taxing authorities in the first quarter of 2019.

As a result of these items, net income for the six months ended June 30, 2020, decreased $199 million compared to the prior-year period.

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

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net (loss)/income	$ (152)	$ 47
(Benefit)/provision for income taxes	(40)	15
Depreciation and amortization	49	56
Interest expense, net	54	50
Stock-based compensation expense	9	7
Impairments, net	206	45
Restructuring costs	29	—
Transaction-related expenses, net	13	18
Separation-related expenses	1	22
Contract termination costs	—	9
Foreign currency impact of highly inflationary countries	1	1
Adjusted EBITDA	$ 170	$ 270

Following is a discussion of the results of each of our segments and Corporate and Other for thesix months ended June 30, 2020 compared to June 30, 2019:

	Net Revenues 2020	Net Revenues 2019	% Change	Adjusted EBITDA 2020	Adjusted EBITDA 2019	% Change
Hotel Franchising	$ 425	$ 600	(29%)	$ 191	$ 275	(31%)
Hotel Management	242	398	(39%)	13	31	(58%)
Corporate and Other	—	3	n/a	(34)	(36)	n/a
Total Company	$ 667	$ 1,001	(33%)	$ 170	$ 270	(37%)

Hotel Franchising

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	% Change
RevPAR			
United States	$ 27.31	$ 43.24	(37%)
International [(a)]	12.52	29.60	(58%)
Total RevPAR [(a)]	21.47	37.95	(43%)

(a) Excluding currency effects, international RevPAR decreased 56% and total RevPAR decreased 43%.

Net revenues for the six months ended June 30, 2020, decreased $175 million, or 29%, compared to the prior-year period, primarily driven by:

- $79 million of lower royalty and franchise fees due to the 43% decline in RevPAR primarily as a result of COVID-19 on travel demand;
- $65 million of lower marketing, reservation and loyalty revenues (inclusive of a $13 million benefit in loyalty revenues from a change in our member redemption assumption), due primarily to lower RevPAR; and
- $19 million of lower license and other fees due to lower travel demand.

Adjusted EBITDA for the six months ended June 30, 2020, decreased $84 million, or 31%, compared to the prior-year period, primarily driven by the changes in net revenues discussed above, partially offset by:

- $73 million of lower marketing, reservation and loyalty expenses primarily due to cost reductions in response to COVID-19; and
- $18 million of lower operating expenses and general and administrative costs primarily due to cost containment efforts in response to COVID-19.

Hotel Management

	Six Months Ended June 30,		
	2020	2019	% Change
RevPAR			
United States	$ 39.11	$ 68.60	(43%)
International [(a)]	26.12	52.31	(50%)
Total RevPAR [(a)]	35.63	64.97	(45%)

(a) Excluding currency effects, international RevPAR decreased 47% and total RevPAR decreased 44%.

Net revenues for the six months ended June 30, 2020, decreased $156 million, or 39%, compared to the prior-year period, primarily driven by:

- $123 million of lower cost-reimbursement revenues as discussed above, which have no impact on adjusted EBITDA;
- $26 million of lower owned hotel revenues due to lower travel demand as a result of COVID-19;
- $11 million of management fees primarily due to the 45% decline in RevPAR primarily as a result of COVID-19 on travel demand; partially offset by
- $7 million of higher termination fees related to CorePoint Lodging asset sales.

Adjusted EBITDA for the six months ended June 30, 2020, decreased $18 million, or 58%, compared to the prior-year period, primarily driven by the revenue decreases discussed above, partially offset by $12 million in lower operating expenses primarily due to cost containment efforts in response to COVID-19.

Corporate and Other

Corporate and Other revenues decreased $3 million during the six months ended June 30, 2020 compared to the same period in 2019, due to the completion of transition services previously in place following our separation from Wyndham Worldwide.

Adjusted EBITDA increased $2 million for the six months ended June 30, 2020 and 2019, primarily due to $5 million in lower general and administrative costs primarily due to cost containment efforts in response to COVID-19, partially offset by a $3 million decrease in net revenues, as discussed above.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Financial condition

	June 30, 2020	December 31, 2019	Change
Total assets	$ 4,848	$ 4,533	$ 315
Total liabilities	3,915	3,321	594
Total stockholders' equity	933	1,212	(279)

Total assets increased $315 million from December 31, 2019 to June 30, 2020 primarily due to an increase in cash of $570 million due to borrowings under our revolving credit facility, partially offset by impairments of certain intangible assets. Total liabilities increased $594 million from December 31, 2019 to June 30, 2020 primarily due to the borrowings under our revolving credit facility. Total equity decreased $279 million from December 31, 2019 to June 30, 2020 primarily due to our net loss for the period, stock repurchases and dividend payments.

Liquidity and capital resources

Historically, we have used the cash flow generated by our operations to create value for stockholders. Our asset-light business model, with low fixed costs and stable, recurring franchise fee revenue, has generated attractive margins and cash flow. In addition to investments in the business, we would normally expect to return capital to our stockholders through the payment of dividends and/or share repurchases. However, due to the negative impact that COVID-19 is currently having on the travel industry, during March 2020, we suspended share repurchase activity. In addition, we are restricted from making share repurchases under the amendment to our credit facility discussed below. Additionally, although we paid dividends in the first half of 2020, the amount of any future dividend payment is subject to evaluation based on the current economic environment, overall demand for travel and restrictions that may be imposed on us from the amendment to our revolving credit facility agreement.

During March 2020, we borrowed $734 million, representing substantially all of our outstanding availability under our revolving credit facility. We currently do not have any significant additional borrowing capacity and our liquidity is limited to our cash on hand. As of June 30, 2020, we had $664 million of cash on hand. Additionally, in April 2020, we completed an amendment to our revolving credit facility agreement to waive the quarterly-tested leverage covenant until the second quarter of 2021. The covenant was also modified for the second, third and potentially fourth quarters of 2021 to use a form of annualized EBITDA, as defined in the credit agreement, rather than the last twelve months EBITDA, as previously required. In return for this modification, we agreed to maintain minimum liquidity of $200 million, which is defined in the credit agreement as the total of unrestricted cash on hand and available capacity under our revolving credit facility, pay 25 basis points of higher interest on outstanding borrowings, restrict share repurchases and reduce payment of dividends, or restrict dividends to $0.01 per share in the event our liquidity is below $300 million. At current monthly cash usage rates, we have in excess of two years of liquidity before triggering the $200 million minimum liquidity covenant per the amended credit agreement.

As of June 30, 2020, we had a term loan with an aggregate principal amount of $1.6 billion maturing in 2025 and a five-year revolving credit facility maturing in 2023 with an aggregate principal amount of $750 million, of which $734 million was outstanding and $15 million was allocated to outstanding letters of credit. The interest rate per annum applicable to our term loan is equal to, at our option, either a base rate plus a margin of 0.75% or LIBOR plus a margin of 1.75%. The revolving credit facility is subject to an interest rate per annum equal to, at our option, either a base rate plus a margin ranging from 0.50% to 1.00% or LIBOR plus a margin ranging from 1.50% to 2.00%, in either case based upon the total leverage ratio of the Company and its restricted subsidiaries. After the April 2020 amendment discussed above, the revolving credit facility is subject to an interest rate per annum equal to, at our option, either a base rate plus a margin of 1.25% or LIBOR plus a margin of 2.25%, in either case based upon the total leverage ratio of the Company and its restricted subsidiaries.

As of June 30, 2020, $1.1 billion of our $1.6 billion term loan is hedged with pay-fixed/receive-variable interest rate swaps hedging of our term loan interest rate exposure. The aggregate fair value of these interest rate swaps was an $85 million liability as of June 30, 2020.

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

As of June 2020, our credit rating was Ba1 from Moody's Investors Service and BB from Standard and Poor’s Rating Agency. A credit rating is not a recommendation to buy, sell or hold securities and is subject to revision or withdrawal by the assigning rating organization. Reference in this report to any such credit rating is intended for the limited purpose of discussing or referring to aspects of our liquidity and of our costs of funds. Any reference to a credit rating is not intended to be any guarantee or assurance of, nor should there be any undue reliance upon, any credit rating or change in credit rating, nor is any such reference intended as any inference concerning future performance, future liquidity or any future credit rating.

Our liquidity and access to capital may be impacted by our credit ratings, financial performance and global credit market conditions. Our industry has seen a significant decline in travel demand due to COVID-19 and if the effects of COVID-19 persist for a prolonged duration, our credit ratings, financial performance and access to credit markets may be negatively impacted. We may not be able to obtain future borrowings on terms as favorable as our existing terms or at all. We believe that our existing cash, cash equivalents, cash generated through operations and our expected access to financing facilities, will be sufficient to fund our operating activities, anticipated capital expenditures and growth needs.

CASH FLOW

The following table summarizes the changes in cash, cash equivalents and restricted cash during the six months ended June 30, 2020 and 2019:

	Six Months Ended June 30,		
	2020	2019	Change
Cash (used in)/provided by			
Operating activities	$ (40)	$ (137)	$ 97
Investing activities	(19)	(27)	8
Financing activities	630	(96)	726
Effects of changes in exchange rates on cash, cash equivalents and restricted cash	(1)	1	(2)
Net change in cash, cash equivalents and restricted cash	$ 570	$ (259)	$ 829

Net cash used in operating activities decreased $97 million compared to the prior-year period primarily due to the 2019 payment of $188 million of tax liabilities assumed in the La Quinta acquisition, partially offset by the higher cash used for working capital including an estimated $67 million of support we provided to our franchisees, primarily through deferring franchisee fees, which negatively impacted our cash generation during the second quarter of 2020.

Net cash used in investing activities decreased $8 million compared to the prior-year period, primarily due to lower capital expenditures.

Net cash provided by financing activities increased $726 million compared to the prior-year period, primarily due to proceeds from borrowings on our revolving credit facility in 2020.

Capital deployment

Our primary financial goal is liquidity. We expect to remain prudent in our capital allocation policy through the COVID-19 pandemic and until travel demand begins to normalize. While we believe our current quarterly dividend of $0.08 per share is supportable from a financial profile, we cannot make any assurances as to future dividend payments.

We incurred $29 million of charges related to restructuring initiatives implemented in response to COVID-19, of which $19 million was paid during the six months ended June 30, 2020. These initiatives resulted in a reduction of 442 employees and are comprised primarily of employee separation and facility closure costs. As of June 30, 2020, we had a $15 million liability related to this restructuring plan which is expected to be fully paid by the end of 2021. We expect that annual savings realized will be $50 million to $55 million.

During the six months ended June 30, 2020, we spent $18 million on capital expenditures, primarily related to information technology. During 2020, we anticipate spending approximately $30 million on capital expenditures.

In addition, during the six months ended June 30, 2020, we spent $6 million on development advance notes to acquire new hotel franchise agreements and hotel-management contracts. In an effort to support growth in our business, we intend to continue to provide development advance notes of approximately $25 million. We may also continue to provide other forms of financial support.

In the first half of 2020, we paid $29 million of separation, transaction and contract termination costs incurred in 2019, net of cash proceeds of a previously impaired asset.

We expect all our cash needs to be funded from cash on hand and cash generated through operations.

Stock repurchase program

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

We repurchased approximately 0.9 million shares at an average price of $51.57 for a cost of $45 million during the six months ended June 30, 2020, all of which was repurchased on or before March 17, 2020, the date we suspended our share repurchase activity due to COVID-19. As of June 30, 2020, we had $191 million of remaining availability under our program.

As a condition of the amendment to our revolving credit agreement, we are restricted from repurchasing shares of our stock until the waiver amendment expires at the beginning of the second quarter of 2021 unless we elect to terminate the amendment earlier.

Dividend policy

We declared cash dividends of $0.32 per share in the first quarter of 2020 and $0.08 per share in the second quarter of 2020 ($38 million in aggregate). The declaration and payment of future dividends to holders of our common stock is at the discretion of our Board and depends upon many factors, including the impact of COVID-19 on travel demand, our financial condition, earnings, capital requirements of our business, covenants associated with certain debt obligations, legal requirements, regulatory constraints, industry practice and other factors that our Board deems relevant.

Due to the material adverse impact on the global economy and travel demand resulting from COVID-19, our Board approved a reduction in the quarterly cash dividend policy from $0.32 per share to $0.08 per share, beginning with the dividend that was declared by the Board during the second quarter of 2020. While we believe some form of reduced future dividend is supportable from a financial profile, we cannot make any assurances as the economic environment remains fluid. As a condition of our amended revolving credit agreement, we may be restricted in future dividend payments to $0.01 per share in the event that our liquidity is below $300 million and constrained to $0.16 per share otherwise. However, if we choose to terminate the amendment prior to the second quarter of 2021, these restrictions would be lifted and our quarterly first lien leverage ratio would be reinstated.

LONG-TERM DEBT COVENANTS

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

In April 2020, we completed an amendment to our revolving credit facility agreement to waive the quarterly-tested leverage covenant until the second quarter of 2021. The covenant was also modified for the second, third and potentially fourth quarters of 2021 to use a form of annualized EBITDA, as defined in the credit agreement, rather than the last twelve months EBITDA, as previously required. In exchange, we agreed to restrict share repurchases through the amendment period and to restrict dividend payments to $0.01 per share through the amendment period in the event our liquidity falls below $300 million or constrained to $0.16 per share otherwise. We are also subject to a minimum liquidity covenant of $200 million during the amendment period.

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

As of June 30, 2020, we were in compliance with the financial covenants described above.

SEASONALITY

While the hotel industry is seasonal in nature, periods of higher revenues vary property-by-property and performance is dependent on location and guest base. Based on historical performance, revenues from franchise and management contracts are generally higher in the second and third quarters than in the first or fourth quarters due to increased leisure travel during the spring and summer months. Our cash provided by operating activities tends to be lower in the first half of the year and substantially higher in the second half of the year. However, given the impact of COVID-19, we no longer believe the historical seasonality of our business to be relevant to current year operating results. Most industry analysts and economists believe the second quarter will be the most severely impacted and as such, we would expect higher revenues and cash flows in the third and fourth quarters.

COMMITMENTS AND CONTINGENCIES

We are involved in claims, legal and regulatory proceedings and governmental inquiries related to our business. Litigation is inherently unpredictable and, although we believe that our accruals are adequate and/or that we have valid defenses in these matters, unfavorable results could occur. As such, an adverse outcome from such proceedings for which claims are awarded in excess of the amounts accrued, if any, could be material to us with respect to earnings and/or cash flows in any given reporting period. As of June 30, 2020, the potential exposure resulting from adverse outcomes of such legal proceedings could, in the aggregate, range up to $5 million in excess of recorded accruals. However, we do not believe that the impact of such litigation should result in a material liability to us in relation to our financial position or liquidity. For a more detailed description of our commitments and contingencies see Note 11 - Commitments and Contingencies to the Condensed Consolidated Financial Statements contained in Part I, Item 1 of this report.

CRITICAL ACCOUNTING POLICIES

In presenting our financial statements in conformity with U.S. GAAP, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events. However, events that are outside of our control cannot be predicted and, as such, they cannot be contemplated in evaluating such estimates and assumptions. If there is a significant unfavorable change to current conditions, it could result in a material impact to our consolidated results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time. These Condensed Consolidated Financial Statements should be read in conjunction with our 2019 Consolidated and Combined Financial Statements included in our most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) and any subsequent reports filed with the SEC, which includes a description of our critical accounting policies that involve subjective and complex judgments that could potentially affect reported results.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

We are exclusively an end user of these instruments, which are commonly referred to as derivatives. We do not engage in trading, market making or other speculative activities in the derivatives markets. More detailed information about these financial instruments is provided in Note 10 - Fair Value to the Condensed Consolidated Financial Statements. Our principal market exposures are interest rate and currency exchange rate risks.

We assess our exposures to changes in interest rates utilizing a sensitivity analysis. The sensitivity analysis measures the potential impact in earnings, fair values and cash flows based on a hypothetical 10% change (increase and decrease) in interest rates. Our variable-rate borrowings, which consists of our term loan, a portion of which has been swapped to a fixed interest rate, and any borrowings we make under our revolving credit facility, expose us to risks caused by fluctuations in the applicable interest rates. The total outstanding balance of such variable-rate borrowings, net of swaps, was $1.2 billion as of June 30, 2020. A hypothetical 10% change in our effective weighted average interest rate on our variable-rate borrowings would result in an immaterial increase or decrease to our annual long-term debt interest expense, and a one-point change in the underlying interest rates would result in approximately a $12 million increase or decrease in our annual interest expense.

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

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

We use a current market pricing model to assess the changes in the value of our foreign currency derivatives used by us to hedge underlying exposure that primarily consists of our non-functional-currency current assets and liabilities. The primary assumption used in these models is a hypothetical 10% weakening or strengthening of the U.S. dollar against all our currency exposures as of June 30, 2020. The gains and losses on the hedging instruments are largely offset by the gains and losses on the underlying assets, liabilities or expected cash flows. As of June 30, 2020, the absolute notional amount of our outstanding foreign exchange hedging instruments was $89 million. We have determined through such analyses that a hypothetical 10% change in foreign currency exchange rates would have resulted in approximately a $6 million increase or decrease to the fair value of our outstanding forward foreign currency exchange contracts, which would generally be offset by an opposite effect on the underlying exposure being economically hedged.

Argentina is considered to be a highly inflationary economy. As of June 30, 2020, we had total net assets of $7 million in Argentina.

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

Item 4. Controls and Procedures.

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

(b) *Internal Control Over Financial Reporting.* There have been no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As of June 30, 2020, we utilized the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved in various claims, legal and regulatory proceedings arising in the ordinary course of business, none of which, in the opinion of management, is expected to have a material adverse effect on our financial condition. See Note 11 - Commitments and Contingencies to the Condensed Consolidated Financial Statements for a description of claims and legal actions arising in the ordinary course of our business.

Item 1A. Risk Factors.

The discussion of our business and operations should be read together with the risk factors contained in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 ("Annual Report"), filed with the Securities and Exchange Commission, which describe various risks and uncertainties to which we are or may become subject. The following should be read in conjunction with, and supplements and amends, the risks and uncertainties that have the potential to affect our business, financial condition, results of operations, cash flows, strategies or prospects in a material and adverse manner.

The effects of the outbreak of the novel coronavirus (“COVID-19”) have disrupted the operations of our franchisees, property owners and us, which have had and are expected to continue to have a negative adverse effect on our business, financial condition, results of operations and stock price.

In December 2019, COVID-19 was identified in Wuhan, China, in March 2020, it was recognized as a pandemic by the World Health Organization and, subsequently, the President of the United States declared a National Emergency throughout the United States attributable to the COVID-19 pandemic and State and local governments proceeded to implement shelter-in-place orders and other restrictions to contain the spread of COVID-19 that currently remain in place. COVID-19 continues to have an unprecedented impact on the global economy and the hospitality industry due to these travel restrictions, resulting in cancelled and reduced travel and complete and partial suspensions of hotel operations and hotel closures for an indefinite period, including ongoing disruptions to the operations of our franchisees, property owners and us, all of which has had, and is expected to continue to have, a negative adverse effect on our business, financial condition, including cash flow and liquidity, results of operations, outlook, plans, growth and stock price. While many states have begun phased re-openings, several states that began phased re-openings have re-implemented restrictions in response to a surge in COVID-19 cases. We expect that RevPAR declines may continue for some time.

Significant risks include:

- **Revenues and Expenses**: Due to the spread of COVID-19, we have experienced significant decreases in demand and RevPAR. The negative effects of COVID-19 have and will continue to negatively impact our revenues and profitability and the amount of management and franchise fees revenues we are able to generate from our franchised and managed properties. In addition, the impact of COVID-19 is making it difficult for our franchisees and property owners to satisfy operating needs and could make it difficult for them to satisfy their debt obligations to us or others or obtain financing on favorable terms, or at all, which could generally impact their cost and our ability to increase revenue in the future. In addition, if a significant number of hotels exit our system as a result of COVID-19, our revenues and liquidity could be adversely affected. COVID-19 could also materially impact other non-hotel related sources of revenues for us, including, for example, our fees from our co-branded credit card arrangement or our license fee revenues. We could be further required to test our intangible assets or goodwill for impairments due to reduced revenues or cash flows.
- **Operations**: Due to the significant decrease in travel demand, we have taken actions and continue to evaluate opportunities for managing our operating expenses and conserving our financial resources, including the actions described under "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Report. Given the uncertainty relating to COVID-19, we may have to take additional actions in the future, which cannot be predicted.
- **Financial Condition and Indebtedness**: In March 2020, we borrowed $734 million, representing substantially all of our outstanding availability under our revolving credit facility. We do not currently have additional borrowing capacity and our liquidity is limited to cash on hand. In April 2020, we amended our credit facility to, among other things, waive the quarterly-tested leverage ratio financial covenant until the second quarter of 2021 and tighten certain covenants, including with respect to share repurchases and certain investments. In addition, we are subject to a minimum liquidity covenant of $200 million, tested on a monthly basis, during such period, and must use the proceeds from certain asset sales and debt issuances to repay outstanding revolving loans during such period. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and capital resources." An event of default enables our lenders to terminate their commitments and would trigger consequences under other indebtedness or financial instruments. Additionally, any failure to meet required payments of principal and interest under our outstanding indebtedness could result in a default and acceleration of the underlying debt and under other indebtedness that contains cross-default provisions.
- **Growth**: Our plans for growth may be negatively impacted by COVID-19. This environment could result in difficulties for our franchisees and property owners to obtain financing on reasonable terms. In addition, our development pipeline is subject to a number of risks, including that developers are experiencing construction delays as a result of restrictions on business activity and supply chain interruptions which could cause delays in the completion and development of new hotels, impacting our net rooms growth and/or slowing the rate of our pipeline growth.
- **Capital Markets Impact**: The global stock markets have, and may continue to, experience volatility as a result of COVID-19. The price of our common stock has been volatile in recent months and has experienced periods of significant declines. The significant uncertainty created by the impact of COVID-19 has caused the global economy, business confidence and consumer confidence to have, and likely continue to have, a significant effect on the market price of securities generally, including on our common stock. In addition, we are restricted in our ability to repurchase shares and limited in our ability to make dividend payments.

Despite the steps we have taken to assess and mitigate the impact of COVID-19 on our business, the extent to which COVID-19 impacts our business will depend on future developments, which are highly uncertain and cannot be predicted, including, among other things:

- the scope and duration of the pandemic, including any additional resurgence in the number of COVID-19 cases, and its impact on our business operations, financial results, outlook, plans, growth, cash flows and liquidity, as well as the impact on our franchisees and property owners and their operations, our guests and our team members, the hospitality industry and the overall demand for travel;
- new information which may emerge concerning the severity and impact of COVID-19;
- the actions necessary to contain COVID-19 or respond to its impact, including the need for us or our franchisees and property owners to quarantine team members, employees of our franchisees or our guests or impacted areas that may be affected;
- the impact of the resurgence of the number of COVID-19 cases and the potential resulting re-implementation of restrictions and a renewed or greater unwillingness of guests to travel and stay in hotels due to actual or perceived risks of contracting COVID-19;
- the timing and availability of vaccinations and other treatments for COVID-19;
- general economic and competitive conditions;
- the continuation or worsening of the effects from COVID-19;
- the success of mitigation efforts in response to COVID-19 by our franchisees, property owners, and us, including the actions described under "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Report;
- actions governments, businesses and individuals take in response to the pandemic, including stay-in-place directives and other travel restrictions and the success of those actions;
- our performance in any recovery from COVID-19 or any resurgence;
- our relationships with franchisees and property owners;
- continued access to liquidity, capital and financing as a result of COVID-19 and the terms and cost thereof, as well as our credit rating;
- potential exposure to additional impairments to certain intangible assets, such as our trademarks and our franchised and managed goodwill;
- our ability to maintain our financial reporting processes and related controls since many team members are working remotely;
- the diversion of management's attention from the business if any key team member becomes ill from COVID-19 or unable to work;
- the size and length of the resulting unemployment rates and changes in consumer preferences, discretionary spending and confidence;
- the ability of our franchisees and property owners to successfully respond to the adverse effects of the pandemic and our and their ability to comply with our respective agreements;
- the potential of our franchisees and property owners to declare bankruptcy or cause their lenders to declare a default, accelerate debt or foreclose on the property, which could result in the termination of our franchise or management agreements and impact our current earnings, future earnings and overall financial condition;
- potential exposure to make payments to third-parties to whom we made financial guarantees;
- the length of the recovery period after the COVID-19 pandemic abates, including the time it takes for demand and pricing to stabilize and normal economic and operating conditions to resume;
- the impact on our contracts with our partners, including force majeure provisions;
- labor markets and activities or additional demands or requests from labor unions or labor disputes or disruptions;
- unexpected additional costs and expenses incurred by us, franchisees and property owners related to the effects of COVID-19 and steps taken to counteract future outbreaks, including enhanced health and hygiene or social distancing requirements;
- the effects of any steps we take to reduce operating costs as a result of COVID-19, which may affect, among other things, our brand reputation, our ability to operate the company, our ability to attract and retain team members and guest experience and loyalty; and the effect of any steps we, franchisees and property owners take to counteract future outbreaks of COVID-19 or other pandemics and epidemics;
- potential exposure related to guests or team members who may contract COVID-19.

The potential effects of COVID-19 cannot be predicted in terms of duration or impact and could intensify or otherwise affect many of our other risk factors that are contained in Item 1A of our Annual Report.

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

In May 2018, our Board of Directors ("Board") authorized a stock repurchase program that enables us to repurchase up to $300 million of our common stock. In August 2019, our Board increased the capacity of the program by $300 million. On March 17, 2020, we suspended our share repurchase activity and as a condition of the amendment to our revolving credit agreement, we are restricted from repurchasing shares of our stock until the waiver amendment expires at the beginning of the second quarter of 2021 unless we elect to terminate the amendment earlier. As such, there were no stock repurchases during the three months ended June 30, 2020.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

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

SIGNATURES

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

WYNDHAM HOTELS & RESORTS, INC.

Date: July 29, 2020	By:	/s/ Michele Allen
		Michele Allen
		Chief Financial Officer
Date: July 29, 2020	By:	/s/ Nicola Rossi
		Nicola Rossi
		Chief Accounting Officer

EXHIBIT INDEX

Exhibit No.	Description
3.1	Second Amended & Restated Certificate of Incorporation of Wyndham Hotels & Resorts, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed May 13, 2020)
3.2	Second Amended and Restated By-Laws of Wyndham Hotels & Resorts, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K filed May 13, 2020)
10.1*	Separation and Release Agreement, executed May 5, 2020, by and between Wyndham Hotels & Resorts, Inc. and Robert Loewen
15.1*	Letter re: Unaudited Interim Financial Information
31.1*	Certification of President and Chief Executive Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) Under the Securities Exchange Act of 1934
32**	Certification of President and Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

____
* Filed herewith.
** Furnished with this report.

Exhibit 10.1

SEPARATION AND RELEASE AGREEMENT

THIS SEPARATION AND RELEASE AGREEMENT ("Agreement") is made as of this 5 th day of May, 2020, by Wyndham Hotels & Resorts, Inc., a Delaware Corporation (the "Company") and Robert Loewen (the "Executive").

WHEREAS, Executive serves as the Chief Operating Officer of the Company;

WHEREAS, Executive and the Company are signatories to an employment letter agreement dated May 16, 2018 ("Employment Agreement"); and

WHEREAS, the Company and Executive have mutually agreed to end their employment relationship under the terms and conditions set forth exclusively in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, representations and warranties set forth herein, and for other good and valuable consideration, Executive and the Company agree as follows:

Section 1 Cessation of Employment Relationship

1.1 Effective as of June 1, 2020 ("Termination Date"), Executive's employment with the Company and its affiliates and subsidiaries will automatically terminate without the need for any further action by the Company, the Executive or any other party.

1.2 Effective as of the Termination Date, Executive hereby resigns from all positions, offices and directorships with the Company and any affiliate and subsidiary of the Company, as well as from any positions, offices and directorships on the Company's and its affiliates' or subsidiaries' foundations, benefit plans and programs.

Section 2 Payment Obligations

2.1 Severance. Provided the Termination Date occurs, the Company and Executive agree that the Executive's separation from employment with the Company will be treated as a "Qualifying Termination" (as defined in the Employment Agreement), provided that the Executive's employment is not terminated due to a termination for "Cause" (as defined in the Employment Agreement) prior to the Termination Date. Accordingly,

(a) The Company shall pay the Executive an aggregate cash severance amount equal to $1,907,500.00, payable in a lump sum, less all applicable taxes, withholdings and deductions, in the first payroll period following the date on which the Agreement becomes effective and non-revocable, and as provided for in the Employment Agreement, subject to Sections 2.3, 2.4 and 4.6 below.

(b) Effective as of the Termination Date, and subject to Sections 2.3, 2.4 and 4.6 below, the Executive's outstanding incentive equity awards shall be treated as set forth below:

(i) All of Executive's outstanding time-based restricted stock units ("RSUs") which would have otherwise vested within one (1) year following the Termination Date (totaling 16,736 RSUs) will become vested as of the Termination Date and settled in shares of Company common stock, to be provided to the Executive within 60 days after the Termination Date, pursuant to the terms and conditions of the Wyndham Hotels & Resorts, Inc. Equity and Incentive Plan Award

Agreement - Restricted Stock Units, dated June 1, 2018, between the Company and Executive.

(ii) All of Executive's stock options which would have otherwise vested within one (1) year following the Termination Date (totaling 30,541 options) will become vested as of the Termination Date and shall remain outstanding and exercisable for a period of two (2) years (but not beyond the original expiration date) immediately following the Termination Date, pursuant to the terms and conditions of the Wyndham Hotels & Resorts, Inc. Equity and Incentive Plan Award Agreement - Non-Qualified Stock Options, dated June 1, 2018, between the Company and Executive.

(iii) Executive's performance-based long term incentive awards ("PVRSUs") held as of the Termination Date, shall vest and be paid pro-rata (totaling 7,108 shares), based upon the portion of the full performance period during which Executive was employed by the Company plus twelve (12) months, provided only that the performance goals applicable to the PVRSUs are achieved. Payment of any such PVRSUs will occur at the same time that such PVRSUs are paid to actively-employed employees generally, as set forth in the Employment Agreement.

The Executive has no other outstanding Company or Released Party ("Released Party" defined throughout the Agreement herein as defined in the Release identified in Section 2.4 and attached hereto as Exhibit A) incentive awards, equity awards or equity rights, except as set forth in subsection (b) herein. For the avoidance of doubt, Executive is not entitled to any future Company incentive awards or equity rights that may otherwise be provided to officers or employees of the Company after the date of this Agreement (May 5, 2020). Furthermore, for the avoidance of doubt, except as provided for in subsection (b) herein, nothing contained herein shall affect the terms of restricted stock shares or other equity compensation previously awarded to Executive, under the Wyndham Hotels & Resorts, Inc. 2018 Equity and Incentive Plan, as amended from time to time ("WHR Plan") which shall continue to be governed under the terms and conditions of the WHR Plan.

(c) The Executive shall continue to be eligible to participate in the Company's Officer Deferred Compensation Plan and 401(k) Plan up to and including the Termination Date, in accordance with the terms thereof.

(d) The Executive shall continue to participate in the health plans in which he currently participates through the end of the month in which the Termination Date occurs. Following the Termination Date, the Executive may elect to continue dental and vision plan coverage in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), at his own expense; provided that the Company shall provide the Executive with a cash payment of $41,058.72, less applicable taxes, withholdings and deductions (the "Health Reimbursement Payment"), which is meant to represent 18 months of the Executive's estimated COBRA premiums for such coverage. The Health Reimbursement Payment shall be paid in a lump sum on or before the 60th day following the Termination Date, subject to Sections 2.3, 2.4 and 4.6 below.

(e) To the extent the Executive would otherwise be entitled as an executive of the Company to participate in the Company's executive health physical program, such entitlement will be provided to the Executive through December 31, 2020.

(f) The Executive shall be eligible to continue to use the vehicle provided to him through the Company's executive car lease program in which he currently participates, upon the same terms as currently are in effect for him, through and until the Termination Date. At that time, the Executive shall have the option to purchase the vehicle in accordance with the terms of such program for use, at his own expense. If the Executive chooses not to purchase the vehicle, the Executive shall relinquish the vehicle to the Company's Human Resources Department on or before the Termination Date.

(g) The Executive shall be entitled to outplacement services rendered by a company selected by the Company, provided the services are utilized no later than 12 months following the Termination Date.

(h) The Executive may continue to use the financial services provided through the AYCO Company through the 2020 tax season ending on April 15, 2021.

(i) The Executive shall be entitled to keep his Company-issued cell phone ("Cell Phone") and laptop computer ("Laptop"). Executive will provide the Company's Information Security and Information Technology Departments with the Cell Phone and Laptop, and the Company shall be permitted to image and erase all information from the Cell Phone and Laptop, and then return the Cell Phone and Laptop to Executive for his personal use. Executive shall assume all financial responsibility associated with the Cell Phone and Laptop as of the Termination Date.

(j) Notwithstanding any other provision of this Agreement or the Employment Agreement, all payments to, vesting, benefits, and other rights of the Executive under this Section 2.1 shall be subject to Sections 2.3, 2.4 and 4.6 of this Agreement. In addition, and without limitation of its rights at law or in equity, the Company reserves the right to suspend payments to, vesting, benefits and other rights of the Executive if the Company has a belief that the Executive is in breach of Section 3 of this Agreement, or otherwise is in breach of any representation, affirmation or acknowledgement by Executive under this Agreement or the Release as defined in Section 2.4 herein and attached hereto as Exhibit A.

(k) Except as provided in this Section 2.1, Executive acknowledges and agrees that he is not entitled to any severance benefits under any other severance plan, arrangement, agreement or program of the Company or its affiliates, or any of the Released Parties or any Released Party.

2.2 Other Benefits. Following the Termination Date, the Executive will be paid any vested and accrued but not yet paid amounts due under the terms and conditions of any other employee pension benefit plans in accordance with the terms of such plan and applicable law.

2.3 Code Section 409A. Although the Company does not guarantee to the Executive any particular tax treatment relating to the payments made or benefits provided to the Executive in connection with the Executive's employment with the Company, it is intended that this Agreement comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, and all regulations, guidance and other interpretive authority issued thereunder ("Code Section 409A"), or be exempt therefrom, and this Agreement shall be construed and applied in a manner consistent with this intent. However, notwithstanding anything herein to the contrary, in no event whatsoever shall the Company or any of its affiliates be liable for any tax, additional tax, interest or penalty that may be imposed on the Executive pursuant to Code Section 409A or for any damages for failing to comply with Code Section 409A.

The Executive's termination from employment must constitute a "separation from service" under Code Section 409A for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment; provided, further, that in the event the period during which the Executive is entitled to consider (and revoke, if applicable) this Agreement spans two calendar years, then any payment that otherwise would have been payable during the first calendar year will in no case be made until the later of (a) the end of the revocation period (assuming the Executive does not revoke this Agreement prior to the end of such period) and (b) the first business day of the second calendar year (regardless of whether the Executive has used the full time period allowed for consideration of this Agreement), as and to the extent required for purposes of Code Section 409A; and provided, further, that the Company shall have the right to offset against such severance pay any then-existing documented and bona fide monetary debts the Executive owes to the Company or any of its subsidiaries, but only to the extent permissible under Code Section 409A.

Notwithstanding any other provision herein to the contrary, to the extent that the reimbursement of any expenses or the provision of any in-kind benefits under this Agreement is subject to Code Section 409A, (i) reimbursement of any such expense shall be made by no later than December 31 of the calendar year immediately following the calendar year in which such expense is incurred; (ii) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; and (iii) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. Each and every payment under this Agreement shall be treated as a right to receive a series of separate payments under Treasury Regulation Section 1.409A-2(b)(2)(iii). Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

2.4 Waiver and Release. Notwithstanding any other provision of this Agreement or the Employment Agreement to the contrary, this Agreement shall not become effective, and neither the Company nor the Executive shall have any rights or obligations under this Agreement, unless and until the Release attached as Exhibit A hereto and made a part hereof (the "Release") becomes effective pursuant to its terms.

Section 3 Restrictive Covenants.

3.1 Confidential and Proprietary Information. In addition to Executive's post-employment termination obligations set forth in paragraphs 10 and 11 of the Employment Agreement, which are incorporated herein by reference, Executive acknowledges that in connection with his employment, he has had access to information of a nature not generally disclosed to the public. For the avoidance of doubt, paragraphs 10 and 11 of the Employment Agreement state as follows:

> You [Executive] agree that you will, with reasonable notice during or after your employment with the Company, furnish such information as may be in your possession and fully cooperate with the Company and its affiliates as may requested in connection with any claims or legal action in which the Company or any of its affiliates is or may become a party. During your employment, you will comply in all respects with the Company's Business Principles, policies and standards. After your employment with the Company, you will cooperate as reasonably requested with the Company and its affiliates in connection with any claims or legal actions in which the Company or any of its affiliates is or may become a party. The Company agrees to reimburse you for any reasonable out-of-pocket expenses incurred by you by reason of such cooperation, including any loss of salary due, to the extent permitted by law, and the Company will make reasonable efforts to minimize interruption of your life in connection with your cooperation in such matters as provided for in this paragraph.
>
> You recognize and acknowledge that all information pertaining to this Agreement or to the affairs; business; results of operations; accounting methods, practices and procedures; members; acquisition candidates; financial condition; clients; customers or other relationships of the Company or any of its affiliates ("Information") is confidential and is a unique and

valuable asset of the Company or any of its affiliates. Access to and knowledge of certain of the Information is essential to the performance of your duties under this Agreement. You will not, during your employment with the Company or thereafter, except to the extent reasonably necessary in performance of your duties under this Agreement, give to any person, firm, association, corporation, or governmental agency any Information, except as may be required by law. You will not make use of the Information for your own purposes or for the benefit of any person or organization other than the Company or any of its affiliates. You will also use your best efforts to prevent the disclosure of this Information by others. All records, memoranda, etc. relating to the business of the Company or its affiliates, whether made by you or otherwise coming into your possession, are confidential and will remain the property of the Company or its affiliates.

In addition to Executive's post employment termination obligations under paragraphs 10 and 11 of the Employment Agreement as referenced above, the Executive agrees to keep confidential and not disclose to anyone, unless legally compelled to do so, Confidential and Proprietary Information. "Confidential and Proprietary Information" includes but is not limited to all Company (including the Company's affiliates and subsidiaries) and any of the Released Parties' (including any Released Party's affiliates and subsidiaries) business and strategic plans, financial details, computer programs, manuals, contracts, current and prospective client and supplier lists, and developments owned, possessed or controlled by the Company or any Released Party, regardless of whether possessed or developed by the Executive in the course of his employment. Such Confidential and Proprietary Information may or may not be designated as confidential or proprietary and may be oral, written or electronic media. "Confidential and Proprietary Information" shall not include information that (a) was already publicly known at the time of disclosure to Executive, (b) subsequently becomes publicly known other than through disclosure by Executive; or (c) is generally known within the industry. The Executive understands that Confidential and Proprietary Information is owned and shall continue to be owned solely by the Company or Released Party (as applicable). The Executive agrees that he has not and will not disclose, directly or indirectly, in whole or in part, any Confidential and Proprietary Information except as may be required to respond to a court order, subpoena, or other legal process. In the event the Executive receives a court order, subpoena or notice of other legal process requiring the disclosure of any information concerning the Company or any Released Party (as applicable), including but not limited to Confidential and Proprietary Information, to the extent permitted by law, the Executive shall give the Company notice of such process within 48 hours of receipt, in order to provide the Company (or Released Party, as applicable) with the opportunity to move to quash or otherwise seek the preclusion of the disclosure of such information. The Executive acknowledges that he has complied and will continue to comply with this commitment, both as an employee and after the end of his employment. The Executive also acknowledges his continuing obligations under the Company's and any Released Party's Business Principles. This Section 3.1 shall in all respects be subject to Section 1(d) and Section 6 of the Release.

3.2 Non-Solicitation; Non-Interference. For a period of twelve (12) months following the Termination Date, the Executive agrees that he will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity: (a) solicit, aid, or induce any customer of the Company, including its divisions, affiliates and subsidiaries (collectively the "Company Group") or any Released Party, including its divisions, affiliates and subsidiaries (collectively the "Released Party Group"), with which or whom he had dealings during his employment with the Company or any Released Party or about which he learned of Confidential and Proprietary Information during his employment with the Company or any Released Party, to purchase goods or services then sold by the Company Group or Released Party Group from another person, firm, corporation, or other entity or assist or aid any other person or entity in identifying or soliciting any such customer to the detriment of the Company Group or Released Party Group, (b) solicit, aid, or induce any employee of the Company Group or Released Party Group to leave such employment or to accept employment with any other person, firm, corporation, or other entity unaffiliated with the Company Group or Released Party Group or hire or retain any such employee, or take any action to materially assist or aid any other person, firm, corporation, or other entity in hiring any such employee, (c) interfere, or aid or induce any other person or entity in interfering, with the relationship between the Company Group or Released Party Group and any of its or their vendors, joint venturers, or licensors, or (d) without the express prior written consent of the Chief Executive Officer of the Company which may be withheld in the Company's sole and absolute discretion, engage in, or directly or indirectly (whether for compensation or otherwise), own or hold any proprietary interest in, manage, operate, or control, or join or participate in the ownership, management, operation or control of, or furnish any capital to or be connected in any manner with, any party or business which competes in any way or manner with the business of the Company or any of its affiliates or subsidiaries, as such business or businesses may be conducted from time to time, either as a general or limited partner, proprietor, common or preferred shareholder, officer, director, agent, employee, consultant, trustee, affiliate, or otherwise. The Executive acknowledges that the Company's (and its divisions', affiliates' and subsidiaries') businesses are conducted nationally and internationally and agrees that the provisions in the foregoing sentence shall operate throughout the United States and the world. The Executive agrees that such covenants, restrictions, obligations and agreements of the Executive therein and herein are fair and reasonable and are an essential element of the payments, rights and benefits provided to the Executive pursuant to this Agreement and but for the Executive's agreement to comply therewith and herewith, the Company would not have entered into this Agreement.

3.3 Non-Disparagement. The Executive agrees not to make, at any time (whether before or after the Termination Date), negative comments about or otherwise disparage the Company or any Released Party, or any of their officers, directors, employees, shareholders, members, agents, or products. The foregoing will not restrict or impede the Executive from exercising protected legal rights to the extent such rights cannot be waived by agreement or from providing truthful statements in response to any governmental agency, rulemaking authority, subpoena power, legal process, required governmental testimony or filings, or judicial, administrative, or arbitral proceedings (including, without limitation, depositions in connection with such proceedings). The Company agrees that it will not endorse disparaging comments purportedly made by an officer of the Company concerning the Executive.

3.4 Non-Disclosure. Unless otherwise required by law and subject in all respects to Section 1(d) and Section 6 of the Release, the Executive agrees not to disclose, either directly or indirectly, any information regarding the existence or substance of this Agreement, including specifically any of the terms of payment hereunder. This nondisclosure includes, but is not limited to, members of the media, present or former members of the Company (or any Released Party), and other members of the public, but does not include an attorney, an accountant, an immediate family member or a representative whom the Executive chooses to consult or seek advice regarding his consideration of and decision to execute this Agreement.

Section 4. Miscellaneous.

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

4.2 Governing Law. This Agreement has been executed and delivered in the State of New Jersey and its validity, interpretation, performance and enforcement shall be governed by the internal laws of the State of New Jersey (without reference to its conflict of law rules).

4.3 Arbitration. Any controversy, dispute or claim arising out of or relating to this Agreement or the breach hereof which cannot be settled by mutual agreement of the parties hereto (other than with respect to the matters covered by Section 3 of this Agreement, for which the Company may, but shall not be required to, seek injunctive and/or other equitable relief in a judicial proceeding; in conjunction with the foregoing, the Executive acknowledges that the damages resulting from any breach of any such matter or provision would be irreparable and agrees that the Company has the right to apply to any court of competent jurisdiction for the issuance of a temporary restraining order to maintain the status quo pending the outcome of any proceeding) shall be finally settled by binding arbitration in accordance with the Federal Arbitration Act and in accordance with the provisions for arbitration set forth in Appendix A of the Employment Agreement, which is incorporated herein by reference.

4.4 Survival. All of the Executive's obligations, covenants and restrictions under any confidentiality agreement, any non-disclosure agreement, and the Company's Business Principles, including but not limited to such provisions as set forth in Paragraphs 10 and 11 of the Employment Agreement which are incorporated herein by reference, shall survive and continue in full force and effect. This Section 4.4 shall in all respects be subject to Section 1(d) and Section 6 of the Release.

4.5 Enforceability; Severability. It is the intention of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under applicable law. All provisions of this Agreement are intended to be severable. In the event any provision or restriction contained herein is held to be invalid or unenforceable in any respect, in whole or in part, such finding shall in no way affect the validity or enforceability of any other provision of this Agreement. The parties hereto further agree that any such invalid or unenforceable provision shall be deemed modified so that it shall be enforced to the greatest extent permissible under law, and to the extent that any court of competent jurisdiction determines any restrictions herein to be unenforceable in any respect, such court may limit this Agreement to render it enforceable in the light of the circumstances in which it was entered into and specifically enforce this Agreement to the fullest extent permissible.

4.6 Withholding. All payments and benefits payable pursuant to this Agreement shall be subject to reduction by all applicable withholding, social security and other federal, state and local taxes and deductions.

4.7 Continuing Cooperation. Executive agrees to cooperate and make himself available to the Company or any of its successors (including any past or future subsidiary of the Company), any of the Released Parties, or its or their General Counsel, as the Company may reasonably request, to assist in any matter, including giving truthful testimony in any litigation or potential litigation, over which Executive may have knowledge, information or expertise. Executive shall be reimbursed, to the extent permitted by law, any reasonable out-of-pocket expenses associated with such cooperation, provided those expenses are pre-approved by the Company (or Released Party, as applicable) prior to the Executive incurring them. Executive acknowledges that his agreement to this provision is a material inducement to the Company to enter into the Agreement and pay the consideration described therein.

4.8 Notices. All notices or other communications hereunder shall not be binding on either party hereto unless in writing, and delivered to the other party thereto at the following address:

If to the Company:

Wyndham Hotels & Resorts, Inc.

22 Sylvan Way

Parsippany, NJ 07054

Attn: Mary Falvey, Chief Administrative Officer

If to the Executive:

[__]

Notices shall be deemed duly delivered upon hand delivery at the above address, or one day after deposit with a nationally recognized overnight delivery company, or three days after deposit thereof in the United States mails, postage prepaid, certified or registered mail. Any party may change its address for notice by delivery of written notice thereof in the manner provided.

4.9 Assignment. This Agreement is personal in nature to the Company and the rights and obligations of the Executive under this Agreement shall not be assigned or transferred by the Executive. The Company may assign this Agreement to any successor to all or a portion of the business and/or assets of the Company, provided that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

4.10 Jurisdiction. Subject to Section 4.3 of this Agreement, in any suit, action or proceeding seeking to enforce any provision of this Agreement, the Executive hereby (a) irrevocably consents to the exclusive jurisdiction of any federal court located in the State of New Jersey or any of the state courts of the State of New Jersey; (b) waives, to the fullest extent permitted by applicable law, any objection which he may now or hereafter have to the laying of venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum; and (c) agrees that process in any such suit, action or proceeding may be served on him anywhere in the world, whether within or without the jurisdiction of such court, and, without limiting the foregoing, irrevocably agrees that service of process on such party, in the same manner as provided for notices in Section 4.8 of this Agreement, shall be deemed effective service of process on such party in any such suit, action or proceeding. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE EXECUTIVE AND COMPANY AGREE TO WAIVE ANY RIGHT TO A JURY IN CONNECTION WITH ANY JUDICIAL PROCEEDING.**

4.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same document.

4.12 Headings. The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

4.13 Entire Agreement. This Agreement (including the Release to be executed and delivered by the Executive pursuant to Section 2.4 above) is entered into between the Executive and the Company as of the date hereof and constitutes the entire understanding and agreement between the parties hereto and, other than as set forth in Section 4.4 of this Agreement, supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether oral or written, concerning the subject matter hereof, including, without limitation, the Employment Agreement (unless, as set forth herein, certain provisions of the Employment Agreement are incorporated by reference in this Agreement). All negotiations by the parties concerning the subject matter hereof are merged into this Agreement, and there are no representations, warranties, covenants, understandings or agreements, oral or otherwise, in relation thereto by the parties hereto other than those incorporated herein.

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

WYNDHAM HOTELS AND RESORTS, INC.

By: /s/ MARY FALVEY

Name: MARY FALVEY

Title: CHIEF ADMINISTRATIVE OFFICER

/s/ ROBERT LOEWEN

EXECUTIVE: ROBERT LOEWEN

EXHIBIT A

RELEASE

As a condition precedent to Wyndham Hotels & Resorts, Inc. (the "Company") providing the consideration set forth in Section 2.1 of the Separation and Release Agreement dated May 5, 2020, to which this Release is attached as Exhibit A ("Agreement"), on or following the "ADEA Release Effective Date" (as defined below) to the undersigned executive ("Executive"), Executive hereby agrees to the terms of this Release as follows:

1. **Release.**

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

- Title VII of the Civil Rights Act of 1964;
- Sections 1981 through 1988 of Title 42 of the United States Code;
- The Employee Retirement Income Security Act of 1974 ("ERISA") (as modified below);
- The Immigration Reform and Control Act;
- The Americans with Disabilities Act of 1990;
- The Age Discrimination in Employment Act of 1967 ("ADEA");
- The Worker Adjustment and Retraining Notification Act;
- The Fair Credit Reporting Act;
- The Family and Medical Leave Act;
- The Equal Pay Act;
- The Genetic Information Nondiscrimination Act of 2008;
- The Occupational Safety and Health Act;
- The Family First Coronavirus Response Act;
- The New Jersey Law Against Discrimination;

- The New Jersey Civil Rights Act;
- The New Jersey Family Leave Act;
- The New Jersey State Wage and Hour Law;
- The Millville Dallas Airmotive Plant Job Loss Notification Act;
- The New Jersey Conscientious Employee Protection Act;
- The New Jersey Equal Pay Law;
- The New Jersey Occupational Safety and Health Law;
- The New Jersey Smokers' Rights Law;
- The New Jersey Genetic Privacy Act;
- The New Jersey Fair Credit Reporting Act;
- The New Jersey Paid Sick Leave Act;
- The New Jersey Statutory Provision Regarding Retaliation/Discrimination for Filing A Workers' Compensation Claim;
- The New Jersey Public Employees' Occupational Safety and Health Act;
- New Jersey laws regarding Political Activities of Employees, Lie Detector Tests, Jury Duty, Employment Protection, and Discrimination;
- any other federal, state or local law, rule, regulation, or ordinance;
- any public policy, contract, tort, or common law; or
- any basis for recovering costs, fees, or other expenses including attorneys' fees incurred in these matters.

(b) Executive understands that Executive may later discover claims or facts that may be different than, or in addition to, those which Executive now knows or believes to exist with regards to the subject matter of this Release and the releases in this Section 1, and which, if known at the time of executing this Release, may have materially affected this Release or Executive's decision to enter into it. Executive hereby waives any right or claim that might arise as a result of such different or additional claims or facts.

(c) This Release is not intended to bar or affect (i) any Claims that may not be waived by private agreement under applicable law, such as claims for workers' compensation or unemployment insurance benefits, (ii) vested rights under the Company's 401(k) or pension plan, (iii) any right to the payments and benefits set forth in Section 2.1 of the Agreement, and/or (iv) any earned, but unpaid, wages or paid-time-off payable upon a termination of employment that may be owed pursuant to Company policy and applicable law or any unreimbursed expenses payable in accordance with Company policy.

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

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

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

(g) As of the date upon which Executive executes this Release, Executive acknowledges that he does not have any current charge, complaint, grievance or other proceeding against any of the Released Parties pending before any local, state or federal agency regarding his employment or separation from employment. This provision shall in all respects be subject to Subsection (d) herein and Section 6 of this Release.

(h) As of the date upon which Executive executes this Release, Executive affirms that he has not knowingly provided, either directly or indirectly, any information or assistance to any non-governmental party who may be considering or is taking legal action against any of the Released Parties with the purpose of assisting such person in connection with such legal action. Executive understands that if this Release, and the Agreement to which this Release is attached, were not signed, he would have the right to voluntarily provide information or assistance to any party who may be considering or is taking legal action against any of the Released Parties. Executive hereby waives that right and agrees that he will not provide any such assistance other than the assistance to a governmental party or pursuant to a valid subpoena or court order. This provision shall in all respects be subject to Subsection (d) herein and Section 6 of this Release.

2. **Return of Company Property.** Executive represents that he has returned to the Company all Company property and confidential and proprietary information in his possession or control, including but not limited to Confidential Information as defined in the Agreement, in any form whatsoever, including without limitation, equipment, telephones, smart phones, PDAs, laptops, credit cards, keys, access cards, identification cards, security devices, network access devices, pagers, documents, manuals, reports, books, compilations, work product, e-mail messages, recordings, tapes, removable storage devices, hard drives, computers and computer discs, files and data, which Executive prepared or obtained during the course of his employment with the Company. Executive has also provided the Company with the passcodes to any lock devices or password protected work-related accounts. If Executive discovers any property of the Company (or any Released Party) or confidential or proprietary information in his possession after the date upon which he signs this Agreement, Executive shall immediately return such property.

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

4. **Consultation/Voluntary Agreement.** Executive acknowledges that the Company has advised Executive to consult with an attorney prior to executing this Release. Executive has carefully read and fully understands all of the provisions of this Release. Executive is entering into

this Release, knowingly, freely and voluntarily in exchange for good and valuable consideration to which Executive would not be entitled in the absence of executing and not revoking this Release.

5. **Review and Revocation Period.** Executive has been given forty-five (45) calendar days to consider the terms of this Release, although Executive may sign it at any time sooner. Executive has seven (7) calendar days after the date on which Executive executes this Release for purposes of the ADEA Release to revoke Executive's consent to the ADEA Release. Such revocation must be in writing and must be e-mailed to Mary Falvey at ________________________________. Notice of such revocation of the ADEA Release must be received within the seven (7) calendar days referenced above. In the event of such revocation of the ADEA Release by Executive, with the exception of the ADEA Release (which shall become null and void), this Release shall otherwise remain fully effective. Provided that Executive does not revoke his execution of the ADEA Release within such seven (7) day revocation period, the "ADEA Release Effective Date" shall occur on the eighth calendar day after the date on which he signs the signature page of this Release reflecting Executive's assent to the ADEA Release. If Executive does not sign this Release within forty-five (45) days after the Company presents it to him, or if Executive revokes this Release within the permissible period, Executive shall have no right to the payments and benefits set forth in Section 2.1 of the Agreement.

6. **Permitted Disclosures.** Nothing in this Release or any other agreement between Executive and the Company or any other policies of the Company or its affiliates shall prohibit or restrict Executive or Executive's attorneys from: (a) making any disclosure of relevant and necessary information or documents in any action, investigation, or proceeding relating to this Release, or as required by law or legal process, including with respect to possible violations of law; (b) participating, cooperating, or testifying in any action, investigation, or proceeding with, or providing information to, any governmental agency or legislative body, any self-regulatory organization, and/or pursuant to the Sarbanes-Oxley Act; or (c) accepting any U.S. Securities and Exchange Commission awards. In addition, nothing in this Release or any other agreement between Executive and the Company or any other policies of the Company or its affiliates prohibits or restricts Executive from initiating communications with, or responding to any inquiry from, any regulatory or supervisory authority regarding any good faith concerns about possible violations of law or regulation. Pursuant to 18 U.S.C. §1833(b), Executive will not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret of the Company or its affiliates that (i) is made (x) in confidence to a Federal, state, or local government official, either directly or indirectly, or to Executive's attorney and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Nothing in this Release or any other agreement between the Company and Executive or any other policies of the Company or its affiliates is intended to conflict with 18 U.S.C. §1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section.

7. **No Admission of Wrongdoing.** Neither this Release, nor the furnishing of the consideration for this Release, shall be deemed or construed at any time to be an admission by the Company or Executive, or any of the Released Parties of any improper or unlawful conduct, all of which is denied.

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

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

10. **<u>Governing Law; Jury Waiver</u>.** This Release shall be governed by, and construed in accordance with, the laws of the State of New Jersey, without regard to the application of any choice-of-law rules that would result in the application of another state's laws. Subject to Section 13 below, Executive irrevocably consents to the jurisdiction of, and exclusive venue in, the state and federal courts in New Jersey with respect to any matters pertaining to, or arising from, this Release. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EXECUTIVE EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS RELEASE OR THE MATTERS CONTEMPLATED HEREBY.**

11. **<u>Savings Clause</u>.** If any term or provision of this Release is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Release or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision of this Release is invalid, illegal or unenforceable, this Release shall be enforceable as closely as possible to its intent of providing the Released Parties with a full release of all legally releasable claims through the date upon which Executive signs this Release.

12. **<u>Continuing Obligations</u>.** Executive's post-termination obligations set forth in Paragraphs 10 and 11 of the Employment Agreement, as well as Executive's obligations set forth in the Agreement, are incorporated herein by reference (the "Continuing Obligations"). If Executive breaches the Continuing Obligations, all amounts and benefits payable under this Release shall cease and, upon request, Executive shall immediately repay to the Company any and all amounts already paid pursuant to this Release. If any one or more of the Continuing Obligations shall be held by an arbitrator or a court of competent jurisdiction to be excessively broad as to duration, geography, scope, activity or subject, such provisions shall be construed by limiting and reducing them so as to be enforceable to the maximum extent allowed by applicable law.

13. **<u>Arbitration</u>**. Appendix A of the Employment Agreement is incorporated herein by reference and such terms and conditions shall apply to any disputes under this Agreement.

14. **<u>Continuing Cooperation</u>.** Executive agrees, in addition to obligations set forth in this Release and the Agreement to which this Release is attached, to cooperate and make himself

available to the Company or any of its successors (including any past or future subsidiary of the Company), any of the Released Parties, or its or their General Counsel, as the Company may reasonably request, to assist in any matter, including giving truthful testimony in any litigation or potential litigation, over which Executive may have knowledge, information or expertise. Executive shall be reimbursed, to the extent permitted by law, any reasonable out-of-pocket expenses associated with such cooperation, provided those expenses are pre-approved by the Company (or Released Party, as applicable) prior to the Executive incurring them. Executive acknowledges that his agreement to this provision is a material inducement to the Company to enter into the Agreement and pay the consideration described therein.

15. **Business Expenses.** As of the date upon which Executive executes this Release, Executive confirms that any business-related expenses for which he seeks or will seek reimbursement have been, or will be, documented and submitted to the Company within 10 business days after the Termination Date. Furthermore, Executive represents that any amounts owed by him to the Company have been paid. In the event Executive has been reimbursed for business expenses, but has failed to pay any Company-issued charge card or credit card bill related to such reimbursed expenses, Executive shall promptly pay any such amounts within 7 days after any request by the Company and, in addition, the Company has the right and is hereby authorized to deduct the amount of any unpaid charge card or credit card bill from the severance payments or otherwise suspend payments or other benefits in an amount equal to the unpaid business expenses without being in breach of the Agreement.

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

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

EXECUTIVE

/s/ ROBERT LOEWEN
ROBERT LOEWEN

Date: JUNE 1, 2020

ACKNOWLEDGED AND AGREED
WITH RESPECT TO ADEA RELEASE

EXECUTIVE

/s/ ROBERT LOEWEN
ROBERT LOEWEN

Date: JUNE 1, 2020

Exhibit 15.1

July 29, 2020

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

We are aware that our report dated July 29, 2020, on our review of the interim financial information of Wyndham Hotels & Resorts, Inc. appearing in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, is incorporated by reference in Registration Statement No. 333-224923 on Form S-8 and Registration Statement No. 333-232421 on Form S-8.

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

Exhibit 31.1

CERTIFICATION

I, Geoffrey A. Ballotti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wyndham Hotels & Resorts, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2020

/S/ GEOFFREY A. BALLOTTI

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Exhibit 31.2

CERTIFICATION

I, Michele Allen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Wyndham Hotels & Resorts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2020

/S/ MICHELE ALLEN

CHIEF FINANCIAL OFFICER

Exhibit 32

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

In connection with the Quarterly Report of Wyndham Hotels & Resorts, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Geoffrey A. Ballotti, as President and Chief Executive Officer of the Company, and Michele Allen, as Chief Financial Officer of the Company (each, the “Reporting Person”), each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of the Reporting Person’s knowledge:

(1.) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2.) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GEOFFREY A. BALLOTTI

GEOFFREY A. BALLOTTI
PRESIDENT AND CHIEF EXECUTIVE OFFICER
July 29, 2020

/s/ MICHELE ALLEN

MICHELE ALLEN
CHIEF FINANCIAL OFFICER
July 29, 2020