

Wyndham Worldwide Corporation
2016 Free Cash Flow Representative Model - As of February 09, 2016
(In millions)

The following table demonstrates one approach to modeling Free Cash Flow

<u>Item</u>	<u>Amount</u>	<u>Assumptions / Descriptions</u>
Net income	\$ 642	Mid point of guidance range (\$633 million to \$650 million).
Depreciation and amortization	248	Mid point of guidance range (\$250 million to \$245 million).
Provision for loan losses	291	Assumes loan loss provision of 13.9% - 14.6% of \$2.02 - \$2.06B gross VOI sales (excluding WAAM 1.0). For comparative purposes, 2015 loan loss provision was 13.4%.
Deferred income taxes	145	Cash tax rate of 21% - 23% of mid point of pretax income guidance range versus P&L provision for income tax rate of 36.40%.
Stock-based compensation	62	
Vacation ownership inventory	(3)	Assumes 13% - 17% cost of sales based on \$2.02 - \$2.06B gross VOI sales (excluding WAAM 1.0) partially offset by inventory recoveries (36% - 39% of provision for loan losses), less inventory development spend of \$195 million to \$205 million.
Vacation ownership contract receivables	(443)	Gross VOI Sales of \$2.02 - \$2.06B (excluding WAAM 1.0) * 60% - 64% financed (excl. addenda cash) = (\$1,212m) - (\$1,318m) originations, plus \$3.29B beginning of year contract receivables on Balance Sheet * 24% - 26% (or divided by 4 years average life) collected in 2016 = \$790m - \$855m cash collected.
Working capital and other	59	
Cash flow from operating activities	\$ 1,000	
Capital expenditures	\$ (200)	Assumes capital expenditures of \$200 million.
Cash flow from investing activities	\$ (200)	
Free Cash Flow	\$ 800	Net cash provided from operating activities less capital expenditures.

Footnotes:

- (a) If economic conditions improve or deteriorate materially, the Company would expect the amounts noted above to change. Such changes may impact our cash flows either positively or negatively. The Company is under no obligation to update this schedule.
- (b) Addenda cash represents cash received for full payment of loan within 15-60 days after purchase.