

Risk Factors Comparison 2024-02-20 to 2023-03-01 Form: 10-K

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Choice Hotels International, Inc. and its subsidiaries are subject to various risks, which could have a negative effect on the Company and its financial condition, **results of operations, and cash flows**. These risks could cause actual operating results to differ from those expressed in certain “forward looking statements” contained in this Form 10-K as well as in other Company communications. Before you invest in our securities, you should carefully consider these risk factors together with all other information included in our publicly filed documents. **Risk Factors Summary The following is a summary of the principal risks that could adversely affect our business, operations, and financial results.** **Business and Operational Risks** • We are subject to the operating risks common in the lodging and franchising industries. • **We depend on the skill, ability, and decisions of third- party operators.** • **We are subject to certain risks related to our indebtedness.** • **We are subject to certain risks related to litigation filed by or against us.** • **Our international operations are subject to political and monetary risks.** • **Labor shortages could restrict our ability and the ability of franchisees to operate hotel properties or grow our business or result in increased labor costs that could adversely affect the results of operations.** • **Climate change and sustainability related concerns could have a material adverse effect on our business and results of operations.** **Risks Related to Our Franchise System** • **We may not grow our franchise system or we may lose business by failing to compete effectively or by failing to manage the reputations of our brands.** • **We may not achieve our objectives for growth in the number of franchised hotels.** • **We may have disputes with the owners of our franchised hotels or their representative franchisee associations.** • **Under certain circumstances our franchisees may terminate our franchise contracts.** • **Deterioration in the general financial condition of our franchisees may adversely affect our results.** • **We may not be able to recover advances for system services that we may at certain times provide to our franchisees.** • **Our franchisees may fail to make the investments necessary to maintain or improve their properties, preference for our brands and our reputation could suffer and our franchise agreements with these franchisees could terminate.** • **We and our franchisees are reliant upon information technology systems to operate our business and remain competitive, and any disruption or malfunction or failure to adapt to technological developments could adversely affect our business.** **Risks Related to Our Brands** • **We are subject to the risks relating to the acquisition of new brands or lines of business.** • **New brands may not be accepted by franchisees and consumers.** • **Increasing use by consumers of alternative internet reservation channels may decrease loyalty to our brands and our existing distribution channels, and may influence our distribution strategies, in ways that may adversely affect us.** • **Development and brand support activities that involve our co- investment or financing and guaranty support for third parties or development of hotels may result in losses.** • **Our involvement in hotel ownership and hotel development activities to stimulate the development of new brands may result in exposure to losses and be disruptive to our asset- light business model.** • **Failure to protect our trademarks and other intellectual property could impact our business.** **Risks Related to Different Lines of Business** • **We may not be able to generate significant procurement services revenue from our platform business.** • **Our investment in new business lines is inherently risky and could disrupt our core business.** • **Investing jointly through affiliates decreases our ability to manage risk.** **Risks Related to Cybersecurity and Data Privacy** • **We are subject to the risks related to cybersecurity.** • **Failure to maintain the integrity of internal or customer data could result in faulty business decisions, damage of reputation, and / or subject us to costs, fines or lawsuits.** • **Privacy laws and regulations could adversely affect our ability to transfer guest data and market our products effectively and could be applied to impose costs, fines and operational conditions on our business in the event of perceived non- compliance, and could otherwise impact our results from operations.** **Legal and Regulatory Risks** • **Government franchise and tax regulation could impact our business.** • **We may be deemed to be a joint employer with our franchisees under certain new laws, rules and regulations.** **Anti- takeover and Control Risks** • **Anti- takeover provisions may prevent a change in control.** • **The concentration of share ownership may influence the outcome of certain matters.** **Risk Factors Relating to the Offer and the Second- Step Mergers** • **Because the market price of our common stock that Wyndham stockholders may receive in the proposed Offer will fluctuate, Wyndham stockholders cannot be sure of the value of the common stock they may receive.** • **We must obtain governmental and regulatory approvals to consummate the Offer, which, if delayed or not granted, may delay, jeopardize or prohibit the Offer and the Second- Step Mergers.** • **Our stock price may be adversely affected if the Offer and the Second- Step Mergers are not completed.** • **The Offer is subject to other conditions that we do not control.** • **Uncertainties associated with the Offer and the Second- Step Mergers may affect our future business and operations.** • **We have not negotiated the price or terms of the Offer or Second- Step Mergers with Wyndham.** • **You may be unable to assert a claim against Wyndham’ s independent registered public accounting firm under Section 11 of the Securities Act of 1933, as amended (the “ Securities Act ”).** **Risk Factors Relating to Choice Following Acceptance of the Offer and the Second- Step Mergers** • **Wyndham and Choice may not successfully integrate.** • **We may not realize the financial benefits expected following the consummation of the Proposed Combination.** • **We have only conducted a review of Wyndham’ s publicly available information and have not had access to Wyndham’ s non- public information. Therefore, we may not be able to retain certain agreements and may be subject to liabilities of Wyndham unknown to us, which may have a material adverse effect on our profitability, financial condition and results of operations and which may result in a decline in the market value of our common stock.** • **We expect to incur a substantial amount of indebtedness to acquire the shares of Wyndham Common Stock pursuant to the Offer and the Second- Step Mergers and, as a result, will**

increase its outstanding indebtedness. Our failure to meet our debt service obligations, including a failure to comply with the restrictive covenants contained in the related agreements, could have a material adverse effect on its business, financial condition and results of operations. • All of our debt obligations, and any future indebtedness we may incur, will have priority over our common stock with respect to payment in the event of a liquidation, dissolution or winding up. • The consummation of the Offer and the Second- Step Mergers may result in ratings organizations and / or securities analysts taking actions which may adversely affect the combined companies' business, financial condition and operating results, as well as the market price of our common stock. • The Offer could trigger certain provisions contained in Wyndham' s equity plan or award agreements and certain employee benefit plans or agreements that could require us to vest outstanding equity awards, make change of control or severance payments or accelerate vesting and payment of certain deferred compensation amounts. • Our future results may differ materially from the unaudited pro forma condensed combined financial statements of Choice and Wyndham presented in the Exchange Offer. • Resales of our common stock following the Offer may cause the market price of our common stock to fall. • The trading price of our common stock may be affected by factors different from those affecting the price of Wyndham Common Stock.

A significant portion of our revenue is derived from fees based on room revenues at hotels franchised under our brands. We also derive revenue from management fees from our managed hotels. As such, our business is subject, directly or through our franchisees, to the following risks common in the lodging and franchising industry, among others: • changes in the number of hotels operating under franchised brands; • changes in the relative mix of franchised hotels in the various lodging industry price categories; • changes in occupancy and room rates achieved by hotels; • desirability of hotel geographic location; • changes in general and local economic and market conditions, which can adversely affect the level of business and leisure travel, and therefore the demand for lodging and related services; • **inflationary conditions;** • level of consumer unemployment; • increases in operating costs that may not be able to be offset by increases in room rates, such as through increases in minimum wage levels; • increases in corporate- level operating costs, including increases in employee compensation and benefits, resulting in lower operating margins; • over- building in one or more sectors of the hotel industry and / or in one or more geographic regions, could lead to excess supply compared to demand, and to decreases in hotel occupancy and / or room rates; • the availability and cost of capital to allow hotel owners and developers to build new hotels and fund investments; • changes in travel patterns; • travelers' fears of exposure to contagious diseases, such as the recent coronavirus, or insect infestations in hotel rooms and certain geographic areas; • changes in governmental regulations that influence or determine wages, benefits, prices or increase operating, maintenance or construction costs of us and our franchisees; • changes by governmental agencies and within relevant legal systems of prevailing opinion and interpretation of new or existing rules, regulations and legal doctrine, particularly those limiting the liability of franchisors for employment and general liability claims involving franchisees; • **the impact of any potential U. S. federal government shutdown;** • security concerns or travel restrictions (whether security- related or otherwise) imposed by governmental authorities that have the effect of discouraging or limiting travel to and from certain jurisdictions; • the costs and administrative burdens associated with compliance with applicable laws and regulations, including, among others, franchising, lending, privacy, marketing and sales, licensing, labor, climate change, employment and regulations applicable under the Office of Foreign Asset Control and the Foreign Corrupt Practices Act; • the financial condition of franchisees and travel related companies; • franchisors' ability to develop and maintain positive relations with current and potential franchisees; and • changes in exchange rates or economic weakness in the United States (affecting domestic travel) and internationally could also unfavorably impact future results. **The COVID-19 pandemic has negatively affected and may continue to negatively affect our business, financial condition and results of operations. The COVID-19 pandemic, including resurgences and new variants, has resulted in significant disruptions and additional risks to our business, the global hospitality industry and the global economy. The COVID-19 pandemic has led governments and other authorities around the world to impose or recommend measures intended to control its spread, including travel bans, business and school closures, quarantines, shelter- in- place orders and implementation of other social distancing measures. As a result, the COVID-19 pandemic and its consequences have dramatically reduced travel and demand for hotel rooms which has had, and is expected to continue to have, a material adverse impact on our business, financial condition and results of operations. If operations at our hotels are suspended, we cannot give any assurance as to when they will resume operations at a full or reduced level. The extent, duration and magnitude of the COVID-19 pandemic' s effects is highly uncertain and will continue to depend on future developments, all of which are difficult to predict. The resulting uncertainty may make it difficult for us, as well as our franchisees and others in the hospitality industry, to meaningfully forecast and plan future business activity. However, in general, we expect that the more severe the health impacts of the pandemic are, and if repeat resurgent or cyclical outbreaks of the virus beyond the one being currently experienced occur, the more adverse the effect will be on our business, financial condition and results of operations. The COVID-19 pandemic has subjected our business to a number of significant risks, which include:**

- **Risks Related to the Traveling Public:** During various phases of the pandemic, the occupancy at our franchised hotels that remained open has been significantly and materially adversely impacted. We expect that certain of our hotels will struggle to attract guests if closures of attractions that promote travel continue or if there is a prevailing unwillingness of guests to travel and stay in hotels due to actual or perceived risks of contracting COVID-19. We cannot predict whether the COVID-19 pandemic will result in temporary or permanent changes to the travel preferences, expectations and behavior of hotel guests; however, if these changes result in reduction in travel or a decreased willingness of the traveling public to stay in hotels, these changes could have a significant negative impact on our business.
- **Risks Related to the Health of our Hotel Operations:** COVID-19 has at times resulted in decreases in demand, occupancy and system- wide RevPAR, accompanied by forced or voluntary hotel closures and disruptions, which has affected the revenues and profitability of our properties and, in turn, the amount of royalty and other fees (which are primarily based on hotel revenue) that we are able to generate and collect. Even if the COVID-19 pandemic subsides or becomes more manageable, our franchisees as well as our owned and managed hotels may

continue to experience increased operating costs, including the need to invest in new equipment, technology, amenities, products, and services in order to satisfy newly issued health, hygiene, and safety regulations and requirements or to conform to evolving guest expectations. These increased costs may negatively impact operations or profitability, which would in turn have an adverse effect on our revenue and cash flow.

Risks Related to Financial Condition and Indebtedness: Our overall level of indebtedness may continue to increase as we continue to manage through the effects of the pandemic. A default under our debt obligations may enable the lenders to terminate their commitments thereunder and could trigger a cross-default, acceleration or other consequences under our other indebtedness or financial instruments. There is no guarantee that debt financings will be available in the future to fund our obligations or will be available on terms consistent with our expectations. Further impacts of the COVID-19 pandemic on the financial markets could adversely affect our ability or willingness to raise funds through equity financing. Changes in the credit ratings of our debt, including our revolving credit facility and our outstanding senior notes, could have an adverse impact on our interest expense, and also negatively impact our access to capital and the cost of debt financing.

Risks Related to Capital Market Volatility: The global stock markets, as well as the price of our common stock, have experienced, and may continue to experience, significant volatility as a result of the COVID-19 pandemic. The COVID-19 pandemic and the significant uncertainties it has caused and continues to cause for the global economy, business activity and business confidence have had, and are likely to continue to have, a significant effect on the market price of securities generally, including our securities, and may adversely impact our ability to access capital markets in the future. The COVID-19 pandemic, including resurgences and new variants, could also have the effect of heightening many of the other factors set forth herein including, but not limited to, operating risks common in the lodging and franchising industries, our ability to grow our franchise system, compete effectively and manage the reputation of our brands, our handling of disputes with the owners of our franchised hotels or their formal or informal representative franchisee associations, risks related to our development or ownership of operating hotels and development and brand support activities that involve our co-investment or financing and guaranty support for third parties, growth of alternative internet reservation channels outside of our system, performance of our information technology systems and risks related to cybersecurity, risks of doing business outside of the U. S. and risks related to the deterioration in the general financial condition of our franchisees. Because the COVID-19 pandemic is unprecedented and continuously evolving, the other potential impacts to our risk factors that are further described herein are uncertain. We depend on the skill, ability and decisions of third-party operators. We utilize third-party operators to provide significant services, such as providing general reservation call center services, providing loyalty member call center support, providing data center co-location services, inspecting our franchisees and providing support, hardware and data for the use of our property management and central reservation services systems. In addition, we rely on third-party providers to provide market and competitor information that is utilized in our strategic decision-making process. The failure of any third-party operator or provider to make decisions, perform their services, discharge their obligations, deal with regulatory agencies, provide accurate information and comply with laws, rules and regulations could result in material adverse consequences to our business. **We are subject to certain risks related to our indebtedness.** We cannot assure you that our business will generate sufficient cash flow from operations to enable us to pay our indebtedness or to fund our other liquidity needs. If we fail to generate sufficient cash flow from future operations to meet our debt service obligations, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on attractive terms, commercially reasonable terms or at all. Our future operating performance and our ability to service, extend or refinance our indebtedness will be subject to future economic conditions and to financial, business, and other factors, many of which are beyond our control. Our present indebtedness and future borrowings could have important adverse consequences to us, such as:

- making it more difficult for us to satisfy our obligations with respect to our existing indebtedness;
- limiting our ability to obtain additional financing;
- requiring a substantial portion of our cash flow to be used for principal and interest payments on the debt, thereby reducing our ability to use cash flow to fund working capital, capital expenditures, pay dividends and / or repurchase our common stock;
- limiting our ability to respond to changing business, industry and economic conditions and to withstand competitive pressures, which may affect our financial condition;
- causing us to incur higher interest expense in the event of increases in interest rates on our borrowings that have variable interest rates or in the event of refinancing existing debt at higher interest rates;
- limiting our ability to make investments or acquisitions;
- increasing our vulnerability to downturns in our business, our industry or the general economy and restricting us from making improvements or acquisitions or exploring business opportunities;
- placing us at a competitive disadvantage to competitors with less debt or greater resources; and
- subjecting us to financial and other restrictive covenants in our indebtedness the non-compliance with which could result in an event of default. A portion of our borrowings are at variable rates of interest, and to the extent not protected with interest rate hedges, could expose us to market risk from adverse changes in interest rates. Unless we enter into interest rate hedges, if interest rates increase, our debt service obligations on the variable-rate indebtedness could increase significantly even though the amount borrowed would remain the same. **We are subject to certain risks related to litigation filed by or against us.** Legal or governmental proceedings brought by or on behalf of franchisees, third-party owners of managed properties, employees or customers may adversely affect our financial results. We cannot predict with certainty the cost of defense, the cost of prosecution or the ultimate outcome of litigation filed by or against us, including, remedies or damage awards. This litigation may involve, but is not limited to, actions or negligence by franchisees outside of our control. Our business along with the hospitality industry generally, faces risks that could cause damage to our reputation and to the value of our hotel brands, along with litigation-related fees and costs, in connection with claims related to purported incidents of human trafficking at hotel facilities. Our franchise agreements provide that we are not liable for the actions of our franchisees; however, there is no guarantee that we would be insulated from liability in all cases. Moreover, we may be involved in matters such as class actions, administrative proceedings, employment and personal injury claims, and litigation with or involving our relationship with franchisees and the legal distinction between our franchisees and us for employment law or general liability purposes, for which the cost and other effects of defense, settlements or judgments may

require us to make disclosures or take other actions that may affect perceptions of our brand and products and adversely affect our business results. ~~Our international operations are subject to political and monetary risks.~~ We have franchised hotels open and operating in ~~46~~ approximately 50 countries and territories outside of the United States. We also have, and may in the future make, investments in foreign hotel franchisors. International operations generally are subject to greater economic, political and other risks than those affecting United States operations. In certain countries, these risks include the risk of war, **conflict** or civil unrest, political instability, **disruptions caused by terrorist activities or otherwise**, expropriation and nationalization. Moreover, our international operations are subject to compliance with anti-corruption and anti-bribery laws and other foreign laws and regulations. While we have policies in place to enforce and monitor internal and external compliance with these laws, we cannot guarantee that our policies will always protect us from reckless or criminal acts committed by our employees, franchisees or third-parties with whom we work. The United States also imposes sanctions that restrict U. S. companies from engaging in business activities with certain persons or entities, foreign countries, or foreign governments that it determines are adverse to U. S. foreign policy interests. If we are found liable for violations of anti-corruption or sanctions laws, we could incur criminal or civil liabilities which could have a material and adverse effect on our results of operations, our financial condition and our reputation. Furthermore, the creation of new restrictions in these areas could increase our cost of operations, reduce our profits, or cause us to forgo development opportunities that would otherwise contribute to our profitability. Additional factors may also impact our international operations. The laws of some international jurisdictions do not adequately protect our intellectual property and restrict the repatriation of non-U. S. earnings. Various international jurisdictions also have laws limiting the right and ability of non-U. S. entities to pay dividends and remit earnings to affiliated companies unless specified conditions have been met. In addition, revenues from international jurisdictions typically are earned in local currencies, which subjects us to risks associated with currency fluctuations. Currency devaluations and unfavorable changes in international monetary and tax policies could have a material adverse effect on our profitability and financing plans, as could other changes in the international regulatory climate. Our future performance could be adversely affected by weak economic conditions in any region where we operate, and uncertainty regarding the pace of economic growth in different regions of the world makes it difficult to predict future profitability levels. We intend to continue to expand internationally, which would make the risks related to our international operations more significant over time. ~~Labor shortages could restrict our ability and the ability of franchisees to operate hotel properties or grow our business or result in increased labor costs that could adversely affect the results of operations.~~ Our success depends in part on our ability to attract, retain, train, manage and engage employees. ~~A number of factors may adversely affect the labor market force available to us for or employers our franchisees.~~ **The COVID-19 pandemic has negatively affected** ~~the labor market force available to us for or employers our franchisees~~. If we or our franchisees are unable to attract, retain, train, manage and engage skilled individuals, the ability to staff and operate the hotels that we manage, own or franchise could be diminished, which could reduce customer satisfaction and adversely affect the reputation of our brands. Staffing shortages in various parts of the world also could hinder our ability to grow and expand our businesses. In addition, the efforts and abilities of our senior executives are important elements of maintaining our competitive position and driving future growth, and the loss of the services of one or more of our senior executives could result in challenges executing our business strategies or other adverse effects on our business. ~~Climate change and sustainability related concerns could have a material adverse effect on our business and results of operations.~~ We are subject to the **physical and transition risks** associated with ~~the physical effects of climate change and~~ **extreme weather events. These risks include changes in sea levels, water shortages, droughts, and natural disasters which may increase in frequency and severity; changing consumer preferences; and changes in laws and regulations related to climate change, regulating greenhouse gas emissions (including carbon pricing changes in sea levels, cap water shortages, droughts, and natural disasters trade systems or a carbon tax), energy policies, and with changes in laws and regulations related to climate change and sustainability.** Compliance with future climate-related legislation and regulation, and our **voluntary** efforts to achieve science-based emissions reduction targets, could be difficult and costly. **Furthermore, standards for tracking and reporting such matters continue to evolve. Our selection of voluntary disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or differ from those of others. Methodologies for reporting these data may be updated and previously reported data may be adjusted to reflect improvement in availability and quality of third-party data, changing assumptions, changes in the nature and scope of our operations (including from acquisitions and divestitures), and other changes in circumstances, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future. If we fail to achieve, or are perceived to have failed or been delayed in achieving, or improperly report our progress toward achieving these targets, it could negatively affect customer preference for our brands or investor confidence in our stock, as well as expose us to enforcement actions and litigation.** Consumer travel preferences may also shift due to sustainability related concerns or costs. **Our owned, managed, and franchised hotels may experience higher costs of energy, higher insurance premiums or policies that do not fully cover all climate-related risks, or physical damage that could negatively impact their ability to operate.** As a result of the foregoing, we may experience significant increased operating and compliance costs, operating disruptions or limitations, reduced demand, constraints on our growth, and physical damage to our hotels, all of which could adversely affect our profits.

Risks Related to Our Franchise System We may not grow our ~~or growth~~ franchise system or we may lose business by failing to compete effectively or by failing to manage the reputations of our brands. Our success and growth prospects depend on the strength and desirability of our brands, particularly ~~in the Comfort midscale brand~~ **and upper midscale hotel franchise chains** which represents a significant portion of our business. We believe that hotel operators choose lodging franchisors based primarily on the value and quality of each franchisor's brand and services, the extent to which affiliation with that franchisor may increase the hotel operator's reservations and profits, and the franchise fees charged. Demographic, economic or other changes in markets may adversely affect the desirability of our brands and, correspondingly, the number of hotels franchised under the ~~Choice~~

Company's brands. We compete with other lodging companies for franchisees. As a result, the terms of new franchise agreements may not be as favorable as our current franchise agreements. For example, competition may require us to reduce or change fee structures, make greater use of financial incentives such as loans and guaranties to acquire franchisees and / or reduce the level of property improvements required before operating under our brand names. This could potentially impact our margins negatively. New competition may also emerge using different business models with a lesser reliance on franchise fees. In addition, an excess supply of hotel rooms or unfavorable borrowing conditions may discourage potential franchisees from expanding or constructing new hotels, thereby limiting a source of growth of the franchise fees received by us. Also, each of our hotel brands competes with major hotel chains in national and international markets and with independent companies in regional markets. Our ability to remain competitive and to attract and retain business and leisure travelers depends on our success in distinguishing our products and services from those offered by our competitors. If we are unable to compete successfully in these areas, this could adversely affect our market share and our results of operations. An adverse incident involving our franchisees or their guests, and any media coverage resulting therefrom, could also damage our brands and reputation. Many factors influence our reputation and the value of our hotel brands including the perception held by guests, our franchisees, our other key stakeholders and the communities in which we do business. Our business faces increasing scrutiny related to environmental, social and governance activities and the risk of damage to our reputation and the value of our hotel brands if we (or our franchisees) fail to act responsibly or comply with regulatory requirements in a number of areas, such as safety and security, responsible tourism, environmental stewardship, supply chain management, climate change, human trafficking, diversity, human rights, philanthropy and support for local communities. The considerable increase in the use of social media over recent years has greatly accelerated the speed at which negative publicity could spread and the scope of its dissemination, and could lead to litigation, increase our costs or result in a loss of consumer confidence in our brands. ~~We may not achieve our objectives for growth in the number of franchised hotels.~~ The number of properties and rooms franchised under our brands significantly affects our results. There can be no assurance that we will be successful in achieving our objectives with respect to growing the number of franchised hotels in our system or that we will be able to attract qualified franchisees. The growth in the number of franchised hotels is subject to numerous risks, many of which are beyond the control of our franchisees or us. Among other risks, the following factors affect our ability to achieve growth in the number of franchised hotels: • the ability of our franchisees to open and operate additional hotels profitably. Factors affecting the opening of new hotels, or the conversion of existing hotels to a Choice brand, include, among others: ▪ the availability of hotel management, staff and other personnel; ▪ the cost and availability of suitable hotel locations; ▪ the availability and cost of capital to allow hotel owners and developers to fund investments; ▪ cost effective and timely construction of hotels (which construction can be delayed due to, among other reasons, availability of financing, labor and materials availability, labor disputes, local zoning and licensing matters, and weather conditions); and ▪ securing required governmental permits. • our ability to continue to enhance our reservation, operational and service delivery systems to support additional franchisees in a timely, cost- effective manner; • our formal impact policy, which may offer certain franchisees protection from the opening of a same- brand property within a specified distance; • the effectiveness and efficiency of our development organization; • our failure to introduce new brands that gain market acceptance; • our dependence on our independent franchisees' skills and access to financial resources necessary to open the desired number of hotels; and • our ability to attract and retain qualified domestic and international franchisees. In addition, as a result of the Radisson transaction, we have expanded our international operations in several markets. We are currently planning to further expand in many of the international markets where we currently operate, as well as in select new markets. This may require considerable management time as well as start- up expenses for market development before any significant revenues and earnings are generated. Operations in new foreign markets may achieve low margins or may be unprofitable, and expansion in existing markets may be affected by local economic and market conditions. Therefore, as we expand internationally, we may not experience the operating margins we expect, our results of operations may be negatively impacted and our stock price may decline. ~~We may have disputes with the owners of our franchised hotels or their representative franchisee associations.~~ Our responsibilities under our franchise agreements may be subject to interpretation and may give rise to disagreements in some instances. Such disagreements may be more likely when hotel returns are depressed as a result of economic conditions. We seek to resolve any disagreements in order to develop and maintain positive relations with current and potential hotel owners as well as their representative franchisee associations. However, failure to resolve such disagreements could result in litigation with outcomes that may be adverse to our economic interests. ~~Under certain circumstances our franchisees may terminate our franchise contracts.~~ We franchise hotels to independent third parties pursuant to franchise agreements. These agreements may be terminated, renegotiated or expire but typically have an initial term of between ten and thirty years. These agreements also typically contain provisions permitting either party to terminate the franchise agreement upon designated anniversaries of the agreement under certain circumstances and depending on the particular hotel brand that is licensed to the franchisee. While our franchise agreements provide for liquidated damages to be paid to us by franchisees whose agreements have been terminated as the result of a violation of the provisions of the agreement, these damage amounts are typically less than the fees we would have received if the terminated franchisee fulfilled its contractual obligations. In addition, there can be no assurance that we will be able to replace expired or terminated franchise agreements, or that the provisions of renegotiated or new agreements will be as favorable as the provisions that existed before such expiration, replacement or renegotiation. Further, ownership of a significant number of franchise contracts by one or a small group of franchisees, particularly if concentrated within a particular brand, may compound risks of termination since a large number of properties could be terminated at once, decreasing the scope and representation of an impacted brand. As a result, our revenues could be negatively impacted by any of these events. ~~Deterioration in the general financial condition of our franchisees may adversely affect our results.~~ Our operating results are impacted by the ability of our franchisees to generate revenues at properties they franchise from us. An extended period of occupancy or room rate declines may adversely affect the operating results and financial condition of our franchisees. These

negative operating conditions could result in the financial failure of our owners and result in a termination of the franchisee for non-payment of franchise fees or require the transfer of ownership of the franchise. In those instances where ownership is transferred, there can be no assurance that the new owners will choose to affiliate with our brands. The hotel industry is highly competitive. Competition for hotel guests is based primarily on the level of service, quality of accommodations, convenience of locations and room rates. Our franchisees compete for guests with other hotel properties in their geographic markets. Some of their competitors may have substantially greater marketing and financial resources than our franchisees, and they may construct new facilities or improve their existing facilities, reduce their prices or expand and improve their marketing programs in ways that adversely affect our franchisees' operating results and financial condition. In addition, the ability of our franchisees to compete for guests directly impacts the desirability of our brands to current and prospective franchisees. These factors, among others, could adversely affect the operating results and financial condition of our franchisees and result in declines in the number of franchised properties and / or franchise fees and other revenues derived from our franchising business. In addition, at times, the Company provides financial support to our franchisees via notes and guaranties. Factors that may adversely affect the operating results and financial condition of these franchisees may result in the Company incurring losses related to this financial support. ~~We may not be able to recover advances for system services that we may at certain times provide to our franchisees.~~ The Company is obligated to use the system fees it collects from the current franchisees comprising its various hotel brands to provide system services, such as marketing and reservations services, appropriate to fulfill our obligations under the Company's franchise agreements. In discharging our obligation to provide sufficient and appropriate system services, the Company has the right to expend funds in an amount reasonably necessary to ensure the provision of such services, regardless of whether or not such amount is currently available to the Company for reimbursement. Under the terms of its franchise agreements, the Company has the contractually enforceable right to assess and collect from its current franchisees fees sufficient to pay for the system services the Company has provided or procured for the benefit of its franchisees, including fees to reimburse the Company for past services rendered. The Company's current franchisees are contractually obligated to pay any assessment the Company imposes on them to obtain reimbursement of any systems services advances regardless of whether the franchisees continue to generate gross room revenue and whether or not they joined the system following the deficit's occurrence. However, our ability to recover these advances may be adversely impacted by certain factors, including, among others, declines in the ability of our franchisees to generate revenues at properties they franchise from us. An extended period of occupancy or room rate declines or a decline in the number of hotel rooms in our franchise system could result in the generation of insufficient funds to recover system services advances as well as meet the ongoing system service needs of our franchisees. ~~Our franchisees may fail to make investments necessary to maintain or improve their properties, preference for our brands and our reputation could suffer and our franchise agreements with these franchisees could terminate.~~ Our franchised properties are governed by the terms of franchise agreements. Substantially all of these agreements require property owners to comply with standards that are essential to maintaining our brand integrity and reputation. We depend on our franchisees to comply with these requirements by maintaining and improving properties through investments, including investments in furniture, fixtures, amenities and personnel. Franchisees may be unable to access capital or unwilling to spend available capital when necessary, even if required by the terms of our franchise agreements. If our franchisees fail to make investments necessary to maintain or improve the properties we franchise, our brand preference and reputation could suffer. In addition, if franchisees breach the terms of our agreements with them, we may elect to exercise our termination rights, which would eliminate the revenues we earn from these properties and cause us to incur expenses related to terminating these relationships. These risks become more pronounced during economic downturns. ~~We and our franchisees are reliant upon information technology systems to operate our business and remain competitive, and any disruption or malfunction or failure to adapt to technological developments could adversely affect our business.~~ The lodging industry depends upon the use of sophisticated information technology and systems including those utilized for reservations, property management, procurement, hotel revenue management, operation of our customer loyalty programs, communications, and our administrative systems. We also maintain physical facilities to support these systems and related services. Information technology and systems that we rely upon are or may be vulnerable to damage or interruption from: • penetration by individuals or entities seeking to disrupt operations or misappropriate information and other breaches of security; • fraud, misuse and other unauthorized access to customer loyalty program accounts or interference with these systems; • computer viruses, software errors, and design or security vulnerabilities; • power losses, computer systems failures, internet and telecommunications or data network failures, service provider negligence, improper operation by or supervision of employees, user error, physical and electronic losses of data and similar events; and • earthquakes, fires, floods, and other natural disasters. Disruptions, failures, or malfunctions in technology can impact our revenue as well as our ability to retain existing franchisees and attract new franchisees to our system. Further, rewards earned through our customer loyalty programs are vulnerable to fraud, misuse and unauthorized access for financial gain or other improper purposes. Any loss of data or funds, security breaches or even unsuccessful attempts at unauthorized access could harm our reputation, our relationship with our customer loyalty program members and our relationship with co-branded credit card companies. Further, such events could expose us to potential litigation as well as expenses associated with remediation and other impacts. In addition, the operation of many of these systems is dependent upon third-party data communication networks and software upgrades, maintenance, and support. These technologies and systems can be expected to require refinements, updates or replacements, and there is the risk that advanced new technologies will be introduced. There can be no assurance that as various systems and technologies become outdated or new technology is required, we will be able to replace or introduce them as quickly as our competitors or within budgeted costs for such technology. There can also be no assurance that improvements or upgrades to technologies and systems will maintain or improve the performance, reliability, security and integrity of our systems or that we will achieve the benefits that may have been anticipated from such improvements or upgrades. Further, there can be no assurance that disruptions of the operation of these systems will not occur as a result of failures related to our internal or third-party systems and support.

Radisson Hotels Americas Acquisition Risks We may not fully realize the anticipated benefits from the Radisson Hotels Americas acquisition (the "Transaction"), and our integration process may take longer or be more difficult than anticipated. We have and plan to continue to devote management's attention and resources to integrating our and Radisson Hotels Americas' business practices so that we can fully realize the anticipated benefits of the Transaction, which was completed on August 11, 2022. Notwithstanding these efforts, the business and assets acquired may require greater resources and investments than originally anticipated. The Transaction could also result in the assumption of unknown or contingent liabilities, and because Radisson Hotels Americas operates in the same sector that we do, the Transaction could also exacerbate a number of risks that currently apply to us. Additional potential difficulties associated with the Transaction that we may encounter include the following: • the inability to successfully combine our and Radisson Hotels Americas' businesses in a manner that permits us to realize the full anticipated benefits and value of the Transaction in the time frame currently anticipated; • the failure to fully integrate internal systems, technology, programs, and controls; • the application of different accounting policies, assumptions, or judgments to Radisson Hotel Americas' operational results that Radisson Hotels Americas applied in the past; • changes in laws and regulations that may impact our or Radisson Hotels Americas' business, financial condition, results of operations, and growth prospects; • the loss of franchises, sales and other commercial relationships; • performance shortfalls as a result of a diversion of management's attention in integrating the Transaction; • the complexities associated with integrating a line of business with a history and strategy different to our own; • the loss of key employees that may be difficult to replace or possess critical institutional knowledge around systems and processes. Any of these risks, if realized, could adversely affect our future operational results or our ability to maintain relationships with guests, customers, vendors, colleagues, and other commercial relationships. As a result, the anticipated benefits of the Transaction may not be fully realized, may take longer to realize or may cost more than expected. We have incurred additional expenses and indebtedness related to the Transaction and expect to incur additional integration expenses. In connection with closing of the Transaction, we incurred \$ 39.6 million in integration expenses through December 31, 2022. We expect to incur additional expenses as we integrate aspects of the business, practices, policies, and procedures of Radisson Hotels Americas in connection with the Transaction. While we have assumed that a certain level of integration expenses will be incurred, there are a number of factors beyond our control that could affect the total amount or the timing of integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. In addition, to fund the Transaction, we drew \$ 175 million on our existing \$ 600 million unsecured credit facility, and funded the remainder with cash on hand. On the closing date, we acquired approximately \$ 10.4 million in restricted cash based on provisions of an assumed mortgage on an acquired hotel property.

Risks Related to Our Brands We are subject to risks relating to the acquisition of new brands or lines of business. From time to time, we consider acquisitions of new brands that complement our current portfolio of brands. In many cases, we will be competing for these opportunities with third parties who may have substantially greater financial resources or different or lower acceptable return requirements than we do. There can be no assurance that we will be able to identify acquisition candidates, acceptable new markets or complete transactions on commercially reasonable terms or at all. If transactions are consummated or new markets entered, there can be no assurance that any anticipated benefits will actually be realized. Similarly, there can be no assurance that we will be able to obtain additional financing for acquisitions or investments, or that the ability to obtain such financing will not be restricted by the terms of our existing debt agreements. Furthermore, if events or changes in circumstances indicate that the carrying value of the acquisition costs are not recoverable, we may be required to record a significant non-cash impairment charge in our financial statements which may negatively impact our results of operations and shareholders' equity.

New brands may not be accepted by franchisees and consumers. We have developed and launched additional hotel brands, such as Cambria Hotels, Clarion Pointe, Ascend Hotel Collection and Everhome Suites, and may develop and launch additional brands in the future. To achieve long-term success for new brands, we may be required to provide capital support to incentivize franchisee development and / or to make direct investments, and these extensions of capital support and direct investments may not yield expected or anticipated returns and may be disruptive to our asset-light business model. There can be no assurance regarding the level of acceptance of new brands in the development and consumer marketplaces, that costs incurred to develop and grow the brands will be recovered or that the anticipated benefits from these new brands will be realized.

Increasing use by consumers of alternative internet reservation channels may decrease loyalty to our brands and our existing distribution channels, and may influence our distribution strategies, in ways that may adversely affect us. A significant, and increasing, percentage of hotel rooms are booked through internet travel intermediaries. If these intermediaries are successful in continuing to increase their share of bookings or are otherwise successful in executing strategies to strengthen their commercial and contractual ties to our hotels and hotel guests, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contractual and operational concessions from our franchisees or us. Moreover, some of these internet travel intermediaries hope that consumers will eventually develop brand loyalties to their reservations systems rather than to our lodging brands and our existing distribution channels. As the internet travel intermediary industry continues to consolidate, and / or if well-known or well-financed companies decide to enter the internet travel intermediary space, the resources that the internet travel intermediaries have available and may be willing to apply toward their own marketing and customer loyalty could significantly exceed the resources that we are able to apply for the same purposes. The increasing use of alternative internet reservation channels influences the way in which we utilize and market the benefits of our existing distribution channel. For example, we have introduced programs such as "Best Internet Rate Guarantee" and a closed-user group pricing to encourage bookings directly through our distribution system. However, there can be no assurance that current margins or levels of utilization associated with these or other strategies will succeed in increasing the booking percentages to our direct channels at the expense of channels controlled by travel intermediaries. In addition, our implementation of programs such as closed-user group pricing may cause travel intermediaries to respond by diverting business away from our hotels by removing or marginalizing our hotels in search results on their platforms. Finally, there can be no assurance that we will be able to maintain stable commercial or

contractual relationships with every significant internet travel intermediary, and any resulting instability may have a significant adverse impact on our business, if for example, our brands are not available through one or more of such intermediaries. Relatedly, we may not be able to negotiate mutually acceptable agreements or renegotiate extensions of agreements with existing internet travel intermediaries upon their expiration, and any such renegotiated or extended agreement may not be entered into on terms as favorable as the provisions that existed before such expiration, replacement or renegotiation.

~~Development and brand support activities that involve our co-investment or financing and guaranty support for third parties or development of hotels may result in losses.~~ As a result of our program to make financial support available to developers in the form of loans, credit support, such as guaranties, and equity investments, we are subject to investment and credit risks that we would not otherwise be exposed to as a franchisor. In particular, when we make loans to franchisees, agree to provide loan guaranties for the benefit of franchisees, or make equity investments in franchisees, we are subject to all generally applicable credit and investment risks, such as: • construction delays, cost overruns, or acts of God such as earthquakes, hurricanes, floods or fires that may increase overall project costs or result in project cancellations; • the possibility that the parties with which we have entered into a co-investment, hotel development, financing or guaranty relationships could become bankrupt or otherwise lack the financial resources to meet their obligations, or could have or develop business interests, policies or objectives that are inconsistent with ours; and • that conditions within credit or capital markets may limit the ability of franchisees or us to raise additional debt or equity that may be required for completion of projects. In addition to general credit and capital markets risks, we face specific risks stemming from our ability to assess the existing and future financial strength of the franchisee and its principals, the development / construction abilities of the franchisee or third-party parties hired by us to develop hotels, the expected performance of the hotel in light of the forecasted general, regional and market-specific economic climate, and the ability to negotiate for, value, and if necessary collect security for our loans or obligations. If we do not accurately assess these risks, our assumptions used to make these estimates prove inaccurate, or situations in the credit market or hospitality industry change in a manner we did not anticipate, our loans and investments may become impaired and / or we may be required to make payment under guaranties we have issued. In such instances, there is no assurance that we will be able to recover any or all of such impaired or paid amounts, in which case we will experience losses which could be material. ~~Our involvement in hotel ownership and hotel development activities to stimulate the development of new brands may result in exposure to losses and be disruptive to our asset-light business model.~~ While our business model is primarily asset-light, franchising focused business, there are instances where, typically to support the growth of new hotel brands, we may acquire existing operating hotels and acquire real estate for the purpose of developing new hotels. We ~~Of the open hotels in our system, we~~ currently own ~~six seven~~ Cambria hotels and three legacy Radisson Hotels Americas hotels. ~~We are also developing Cambria hotels and Everhome Suites on a stand alone basis and with joint venture partners.~~

~~As a result, fluctuations in values could require us to record a significant non-cash impairment charge in our financial statements in a particular period which may negatively impact our results of operations and shareholders' equity. As a result of our hotel acquisition, development, and ownership programs, we are subject to the real estate-based investment risk that we would not otherwise be exposed to as a franchisor. In particular, we face specific risks stemming from (1) our ability to assess the fair market value of the real estate; (2) the location's suitability for development as a hotel; (3) the availability of zoning or other local approvals needed for development; and (4) the availability and pricing of capital. Although we actively seek to minimize these risks prior to acquiring real estate, there is no assurance that we will be able to recover the costs of our investments in which case we will experience losses which could be material.~~ ~~Failure to protect our trademarks and other intellectual property could impact our business.~~ We believe that our trademarks and other intellectual property are fundamental to our brands and our franchising business. We generate, maintain, license and enforce a substantial portfolio of trademarks and other intellectual property rights. We enforce our intellectual property rights to protect the value of our trademarks, our development activities, to protect our good name, to promote our brand name recognition, to enhance our competitiveness and to otherwise support our business goals and objectives. We rely on trademark laws to protect our proprietary rights. Monitoring the unauthorized use of our intellectual property is difficult. Litigation has been and may continue to be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation of this type could result in substantial costs and diversion of resources, may result in counterclaims or other claims against us and could significantly harm our results of operations. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as do the laws of the United States. From time to time, we apply to have certain trademarks registered. There is no guarantee that such trademark registrations will be granted. We cannot assure you that all of the steps we have taken to protect our trademarks in the United States and foreign countries will be adequate to prevent imitation of our trademarks by others. The unauthorized reproduction of our trademarks could diminish the value of our brand and its market acceptance, competitive advantages, or goodwill, which could adversely affect our ~~business.~~

~~Risks Related to Different Lines of Business We may not be able to generate significant procurement services revenue from our platform-business.~~ We are focused on expanding our platform business to provide value-added travel related services to our guests and generate revenues for the Company. As platform revenue has increased, as reflected in our procurement services revenue, we are increasingly dependent on various vendors who make low-cost products available to us and our franchisees and partners who market their services directly to our guests. There can be no assurance that we will be able to retain our relationships with such parties or be able to renew arrangements on favorable terms. There is also no assurance that we will be able to identify new methods for decreasing hotel-operating costs by increasing penetration within our existing franchise system, enhancing our existing vendor relationships and / or creating new vendor relationships. ~~Our investment in new business lines is inherently risky and could disrupt our core business.~~ In the past, we have both acquired and launched internally developed business divisions that develop and market technology products to the hotel industry. We expect to continue to invest in alternate lines of business and may in the future invest in other new business strategies, products, services, and technologies. Such investments generally involve significant risks and uncertainties, including distraction of management from our core

~~business.~~

franchising operations, unanticipated expenses, inadequate return of capital on our investments, losses of key customers or contracts, and unidentified issues and risks not discovered in our development or analysis of such strategies and offerings. For our SaaS technology solutions division, additional specific risks and uncertainties include, among others, a limited history as a stand-alone operating business, the willingness of our potential competitors to enter into a business relationship with one of our operating divisions, the ability to develop and offer innovative products that appeal to hoteliers, continuing market acceptance of the division's enterprise cloud-based technology products, security threats to processed and stored data, intense competition in the technology industry, protection of intellectual property rights, and claims of infringement of the intellectual property of third parties. Because these ventures are software and technology businesses, they are inherently risky, and there can be no assurance that our investments will be successful. If we do not realize the financial or strategic goals that are contemplated at the time we commit to significant investments in support of these ventures, our reputation, financial condition, operating results, and growth trajectory may be impacted.

~~Investing jointly through affiliates decreases our ability to manage risk.~~ We have invested and expect to continue to invest in real estate and other hospitality related affiliates. Affiliate members often have shared control over the operation of the affiliate assets and therefore these investments may involve risks such as the possibility that the member in an investment might become bankrupt or not have the financial resources to meet its obligations or have economic or business interests or goals that are inconsistent with our business interests or goals. Consequently, actions by a member might subject us to additional risk, require greater financial support from the Company than initially forecasted (including but not limited to buying out a partner in an affiliate resulting in hotel ownership by the Company) or result in actions that are inconsistent with our business interests or goals.

~~Risks Related to Cybersecurity and Data Privacy~~ We are subject to risks related to cybersecurity. The hospitality industry is under increasing attack by cyber-criminals. Because of the scope and complexity of our information technology systems and those of our franchisees, our reliance on third-party vendors, and the nature of the cyber threat landscape, our systems may be vulnerable to intrusions, disruptions, and other significant malicious cyber-enabled incidents, including through viruses, malware, ransomware, denial of service attacks, phishing, hacking, **deepfake or malicious social engineering schemes**, and similar attacks by criminal actors, foreign governments, activists, and terrorists.

Cybercriminals have increasingly demonstrated advanced capabilities, such as use of zero-day vulnerabilities, and rapid integration of new technology such as generative artificial intelligence. Our systems may also be vulnerable to human error, negligence, fraud, or other misuse. These attacks can be deliberate attacks or unintentional events that could result in theft, unauthorized access, unauthorized alteration, loss, fraudulent or unlawful use of sensitive information or cause interruptions, outages, or delays in our business, loss of data, or render us unable to operate our business. Accordingly, an extended interruption in any of our systems or the systems of our franchisees could significantly curtail, directly and indirectly, our ability to conduct our business and generate revenue. Like most large multinational companies, we have experienced, and expect to continue to be subject to, cybersecurity threats and attempts to disrupt or gain access to our systems and those operated by our franchisees, and attempts to affect the confidentiality, availability, and integrity of our data, none of which are known to be material to the Company to date. We seek to minimize the impact of these cybersecurity incidents through the use of various technologies, processes and practices designed to help protect our networks, systems, computers and data from attack, damage or unauthorized access. We continuously assess our security posture, seek to implement appropriate risk reduction measures, enhance our operating processes, improve our defenses and take other measures to strengthen our cybersecurity program. Cybersecurity threats are constantly evolving and becoming more sophisticated, which increases the difficulty and cost of detecting and defending against them. Incidents can be difficult to detect for long periods of time and can involve complex or extended assessment and remediation periods, which could magnify the severity of an incident. Accordingly, there are no guarantees that our cybersecurity practices and our efforts to implement appropriate risk reduction measures will be sufficient to prevent or mitigate all attacks. While we carry cyber breach, property, and business operation interruption insurance, we may not be sufficiently compensated for all losses we may incur. These losses include not only a loss of revenues but also potential reputational damage to our brands, serious disruption to our operations, investigations, litigation, and liability due to regulatory fines or penalties or pursuant to our contractual obligations. Furthermore, the Company may also incur substantial remediation costs to repair system damage as well as satisfy liabilities for stolen assets or information that may further reduce our profits. Such losses may have a material adverse effect on our business, financial condition, and results of operations.

~~Failure to maintain the integrity of internal or customer data could result in faulty business decisions, damage of reputation and / or subject us to costs, fines or lawsuits.~~ Our business requires the collection and retention of large volumes of sensitive data, including credit card numbers and other personal information of our employees, franchisees and guests as such information is entered into, processed, summarized, and reported by the various information systems we use. The integrity and protection of that franchisee, guest, employee, and company data is critical to us and our reputation. Our customers have a high expectation that we will adequately protect their personal information, and the failure to do so could result in a material adverse impact to our reputation, operations, and financial condition. Further, the regulatory environment surrounding information security and privacy is increasingly demanding, both in the United States and in the international jurisdictions in which we operate. If the Company fails to maintain compliance with the various United States and international laws and regulations applicable to the protection of such data or with the Payment Card Industry Data Security Standards, the Company's ability to process such data could be adversely impacted and expose the Company to fines, litigation or other expenses or sanctions.

~~Privacy laws and regulations could adversely affect our ability to transfer guest data and market our products effectively and could be applied to impose costs, fines and operational conditions on our business in the event of perceived non-compliance, and could otherwise impact our results from operations.~~ Our business operations are subject to various U. S. and international privacy and data protection laws. Any future changes or restrictions in U. S. or international privacy and data protection laws could adversely affect our operations, including our ability to transfer guest data, which could adversely impact guest bookings. For example, the California Privacy Rights Act (CPRA), which went into effect on January 1, 2023, imposes new compliance requirements on

businesses that collect personal information from California residents. Compliance with requirements imposed by the CPRA, the European Union General Data Protection Regulation (GDPR) and similar laws, or any future changes in such laws or additional restrictions, could result in significant costs and require us to change some of our business practices. Failure to comply could expose the Company to fines, litigation, or other expenses or sanctions as well as reputational harm. We also rely on a variety of direct marketing techniques, including telemarketing, SMS, email, and postal mailings. Any future restrictions in laws such as Telemarketing Sales Rule, Controlling the Assault of Non-Solicited Pornography & Marketing Act (CAN-SPAM Act), and various United States state laws, or new federal laws regarding marketing and solicitation or international data protection laws that govern these activities could adversely affect the continuing effectiveness of telemarketing, SMS, email, and postal mailing techniques and could force changes in our marketing strategies. If this occurs, we may not be able to develop adequate alternative marketing strategies, which could impact the amount and timing of our revenues. We also obtain access to potential customers from travel service providers and other companies with whom we have substantial relationships and market to some individuals on these lists directly or by including our marketing message in the other company's marketing materials. If access to these lists was prohibited or otherwise restricted, our ability to develop new customers and introduce them to our products could be impaired.

~~Legal and Regulatory Risks Government franchise and tax regulation could impact our business.~~ The FTC, various states, and certain foreign jurisdictions where we market franchises regulate the sale of franchises. The FTC requires franchisors to make extensive disclosure to prospective franchisees but does not require registration. A number of states in which our franchisees operate require registration and disclosure in connection with franchise offers and sales. In addition, several states in which our franchisees operate have "franchise relationship laws" that limit the ability of the franchisor to terminate franchise agreements or to withhold consent to the renewal or transfer of these agreements. While our business has not been materially affected by such regulation, there can be no assurance that this will continue or that future regulation or legislation will not have such an effect. The determination of our worldwide provision for income taxes and other tax liabilities requires estimation and significant judgment and there are many transactions and calculations where the ultimate tax determination is uncertain. Like many other multinational corporations, we are subject to tax in multiple United States and foreign tax jurisdictions and have structured our operations to reduce our effective tax rate. Our determination of our tax liability is always subject to audit and review by applicable domestic and foreign tax authorities. Any adverse outcome of any such audit or review could have a negative effect on our business, operating results and financial condition. ~~The~~, and the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made. ~~In addition, recently enacted tax legislation in the United States has made significant changes to the taxation of United States corporations. Although the legislation generally provides for a decrease in federal corporate tax rates, the legislation is highly complex and will require interpretations and implementing regulations by the Internal Revenue Service and state tax authorities. Additionally, the legislation could be subject to potential challenges, future amendments and technical corrections, any of which could increase or decrease the impact of the legislation on us. Moreover, past economic downturns reduced tax revenues for United States federal and state governments and, as a result, proposals to increase taxes from corporate entities have been considered at various levels of government. At this time, while we expect the decrease in the federal corporate tax rates to provide increased cash flow compared to prior years, we cannot predict the ultimate impact of the tax legislation on our business or results of operations. We may be deemed to be a joint employer with our franchisees under certain new laws, rules and regulations.~~ Companies that operate franchise systems may be subject to liabilities and claims relating to the franchisor / franchisee relationship, such as for allegedly being a joint employer with a franchisee. Changes in laws or regulations relating to this relationship could result in a determination that we are a "joint employer" with our franchisees or that our franchisees are part of one unified system subject to joint and several liability. Such a determination could subject us to liability for employment-related and other liabilities of our franchisees and could cause us to incur other costs that have a material adverse effect on our results of operations and profit.

~~Anti-takeover and Control Risks Anti-takeover provisions may prevent a change in control.~~ Our restated certificate of incorporation and the Delaware General Corporation Law each contain provisions that could have the effect of making it more difficult for a party to acquire, and may discourage a party from attempting to acquire, control of our Company without approval of our Board of Directors. These provisions together with the concentration of our share ownership could discourage tender offers or other bids for our common stock at a premium over market price. The concentration of share ownership ~~may influence the outcome of certain matters.~~ The concentration of share ownership by our directors and affiliates allows them to substantially influence the outcome of matters requiring shareholder approval. As a result, acting together, they may be able to control or substantially influence the outcome of matters requiring approval by our shareholders, including the elections of directors and approval of significant corporate transactions, such as mergers, acquisitions and equity compensation plans.

Upon consummation of the proposed offer to exchange ("Exchange Offer") and the related letter of election and transmittal (the Exchange Offer and such letter, together the "Offer"), each issued and outstanding share of Wyndham common stock ("Wyndham Common Stock") tendered and accepted for exchange by us pursuant to the Offer will be converted into the right to receive consideration consisting of, at the election of each Wyndham stockholder, (1) \$ 49.50 in cash and 0.324 shares of our common stock (the "Standard Election Consideration"), (2) an amount in cash (the "Cash Election Consideration"), equal to the equivalent market value of the Standard Election Consideration (based on the volume-weighted average price as reported by Bloomberg, L.P. ("VWAP") of our common stock as quoted on the New York Stock Exchange (the "NYSE"), over the five NYSE trading days ending on the 10th business day preceding the date of expiration of the Offer or (3) a number of shares of our common stock (the "Stock Election Consideration") having a value equal to the equivalent market value of the Standard Election Consideration (in each case based on the VWAP of our common stock as quoted on the NYSE over the five NYSE trading days ending on the 10th business day preceding the date of expiration of the Offer, subject, in each case, to the election and proration procedures described in the Offer and the Additional

Consideration (as defined in the Offer), if any. The purpose of the Offer is for us to acquire all of the outstanding shares of Wyndham Common Stock in order to combine the businesses of Choice and Wyndham (the “ Proposed Combination ”). We intend, promptly after consummation of the Offer, to cause WH Acquisition Corporation (“ Purchaser ”), our wholly owned subsidiary, to merge with and into Wyndham with Wyndham as the surviving corporation (the “ First Merger ”), immediately following which Wyndham will merge with and into our newly formed wholly- owned subsidiary (“ NewCo ”) with NewCo as the surviving corporation (together with the First Merger, the “ Second- Step Mergers ”), after which Wyndham would be our direct or indirect wholly owned subsidiary. The market value of the consideration Wyndham stockholders will receive in the Offer (if they receive our common stock) will be based in whole or in part on the value of our common stock at the time the consideration in the Offer is received. If the price of our common stock declines, Wyndham stockholders could receive less value for their shares of Wyndham Common Stock upon the consummation of the Offer than the value calculated on the date the first public offer was announced, as of the date of the filing of the Exchange Offer, as of the date of the filing of this Annual Report on Form 10- K or as of the date such Wyndham stockholder made its election and tendered shares into the Offer. Stock price changes may result from a variety of factors, many of which are beyond the companies’ control, including general market and economic conditions, changes in business prospects, catastrophic events, both natural and man- made, and regulatory considerations. In addition, the ongoing businesses of Choice and Wyndham may be adversely affected by actions taken by us or by Wyndham in connection with the Offer, including payment by the companies of certain expenses relating to the Offer, including certain legal, accounting, financing and financial and other advisory fees. Because the Offer and the Second- Step Mergers will not be completed until certain conditions have been satisfied or, where relevant, waived, a significant period of time is likely to pass between the commencement of the Offer and the time the Purchaser accepts shares of Wyndham Common Stock for exchange. Therefore, at the time when Wyndham stockholders tender their shares of Wyndham Common Stock pursuant to the Offer, they will not know the exact market value of our common stock that they may receive if Purchaser accepts such shares of Wyndham Common Stock for exchange. However, tendered shares of Wyndham Common Stock may be withdrawn at any time prior to the expiration time of the Offer and, unless we have already accepted the tendered shares for exchange, at any time following 60 calendar days from commencement of the Offer, which is February 10, 2024. The Offer is conditioned on the waiting period (or any extension thereof) applicable to the Offer and the Second- Step Mergers under the Hart- Scott- Rodino Antitrust Improvements Act of 1976, as amended (the “ HSR Act ”) and any other applicable antitrust laws and regulations having expired or been terminated, and any approvals or clearances, including those required by any international bodies, if applicable, and, in each case as determined by us to be required or advisable thereunder having been obtained. If we do not receive these approvals, then we will not be obligated to accept shares of Wyndham Common Stock for exchange in the Offer. On December 12, 2023, we filed the notification required for the consummation of the Proposed Combination by the HSR Act. On January 11, 2024, we received a Request for Additional Information and Documentary Materials (“ Second Request”) from the U. S. Federal Trade Commission (“ FTC ”). We expect to continue cooperating with the FTC during the Second Request process, and intend to take all actions required to obtain the requisite regulatory approvals so long as such actions would not have a material adverse effect on the combined company. We remain confident that we can complete the Proposed Combination within a one- year customary timeframe. Due to the fact that Wyndham has refused to provide information to us, at this time, our analysis of required antitrust filings in non- U. S. jurisdictions is based solely on the limited publicly available information about Wyndham and, as a result, our analysis remains incomplete. Based on the limited information currently available to us, it is possible the consummation of the Offer and the Second- Step Mergers will necessitate an antitrust filing in certain non- U. S. jurisdictions. However, given the incomplete nature of our non- U. S. antitrust analysis, it is possible that no antitrust filing will be required in any foreign jurisdictions. If Wyndham’ s Board of Directors (the “ Wyndham Board ”) engages in a due diligence process with respect to the Proposed Combination, we expect to receive additional non- public information that will enable us to complete a fulsome analysis and refine the list of non- U. S. jurisdictions, if any, where an antitrust filing will be required. If the Wyndham Board does not engage us in a due diligence process with respect to the Proposed Combination, then, prior to the expiration of the Offer, we will make a good- faith determination based on the information available to us as to which non- U. S. jurisdictions, if any, will require antitrust filings. Given the limited information available to us and the preliminary nature of our analysis, we cannot provide a precise estimation of the time periods that will be required to obtain antitrust approval in any non- U. S. jurisdictions, if any such filings are required. Based on information available to date, we believe that it can obtain all necessary regulatory approvals without Wyndham’ s cooperation with us. We intend to take all actions required to obtain the requisite regulatory approvals so long as such actions would not have a material adverse effect on the combined company. Additionally, due to the fact that Wyndham has refused to provide information to us, at this time, our analysis of whether any non- antitrust approvals may be required by the Proposed Combination is based solely on the limited publicly available information about Wyndham and, as a result, our analysis remains incomplete. Based on the limited information currently available to us, we are not aware of any such non- antitrust approvals that will be required or advisable as a result of the Proposed Combination. If the Wyndham Board engages in a due diligence process with respect to the Proposed Combination, we expect to receive additional non- public information that will enable us to complete a fulsome analysis to determine which, if any, non- antitrust approvals will be advisable or required. If the Wyndham Board does not engage us in a due diligence process with respect to the Proposed Combination, then, prior to the expiration of the Offer, we will make a good- faith determination based on the information available to us as to which, if any, non- antitrust approvals will be required. Based on information available to date, we believe that we can obtain all necessary regulatory approvals without Wyndham’ s cooperation with us. We

intend to take all actions required to obtain the requisite regulatory approvals so long as such actions would not have a material adverse effect on the combined company. We remain confident that it can complete the Proposed Combination within a one- year customary timeframe. The governmental and regulatory agencies from which we will seek these approvals have broad discretion in administering the applicable governing regulations. As a condition to their approval of the transactions contemplated by the Exchange Offer, those agencies may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of the combined company' s business and we have committed to take any action requested to be taken by such regulators so long as such action would not have a material adverse effect on the combined company. These requirements, limitations, costs, divestitures or restrictions could jeopardize or delay the consummation of the exchange offer or may reduce the anticipated benefits of the Proposed Combination contemplated by the exchange offer. Although we believe that we will obtain all necessary approvals, no assurance can be given that the required approvals will be obtained or that the required conditions to the Offer will be satisfied, and, if all required approvals are obtained and the conditions to the consummation of the Offer are satisfied, no assurance can be given as to the terms, conditions and timing of the approvals. If we agree to any material requirements, limitations, costs, divestitures or restrictions in order to obtain any consents or approvals required to consummate the Exchange Offer, these requirements, limitations, additional costs or restrictions could adversely affect our ability to integrate the operations of Choice and Wyndham or reduce the anticipated benefits of the Proposed Combination contemplated by the Exchange Offer and the Second- Step Mergers. This could have a material adverse effect on the business, financial condition and results of operations of the combined company and the market value of our common stock after the acquisition. In addition, a third party could attempt to intervene in any governmental or regulatory filings to be made by us or otherwise object to the granting to us of any such governmental or regulatory authorizations, consents, orders or approvals, which may cause a delay in obtaining, or the imposition of material requirements, limitations, costs, divestitures or restrictions on, or the failure to obtain, any such authorizations, consents, orders or approvals. If the Offer and the Second- Step Mergers are not completed, the price of our common stock may decline to the extent that the current market prices of our common stock reflect a market assumption that the Offer and the Second- Step Mergers will be completed. The Offer is subject to other conditions. No assurance can be given that all of the conditions to the Offer will be satisfied, including, but not limited to, the ability to obtain the necessary financing, or, if they are, as to the timing of such satisfaction. In addition, Wyndham and the Wyndham Board may seek to take actions and put in place obstacles that will delay, or frustrate, the satisfaction of one or more conditions, such as, but not limited to, adopting a "poison pill." If the conditions to the Offer are not satisfied, then we may allow the Offer to expire, or could amend or extend the Offer. Uncertainty about the effect of the Offer and the Second- Step Mergers on franchisees, associates, development partners, employees and others may have an adverse effect on us and consequently on the combined company following the Second- Step Mergers. These uncertainties may impair the ability to attract, retain and engage current and prospective franchisees and motivate key personnel during the pendency, and following the consummation, of the Offer and / or the Second- Step Mergers, and could cause franchisees, development partners, associates and others that deal with us and / or Wyndham to defer entering into contracts, including franchisee agreements, with us and / or Wyndham or making other decisions concerning Wyndham or seek to change existing business relationships with Wyndham. If key employees of Wyndham depart because of uncertainty about their future roles, Wyndham may not be able to hire replacements for departed key employees to the same extent that they have been able to in the past and Wyndham' s business and, as a result, the combined company' s business following the Offer and the Second- Step Mergers could be harmed. In evaluating the Offer, you should be aware that we have not negotiated the price or terms of the Offer or the Second- Step Mergers with Wyndham, and neither Wyndham nor the Wyndham Board has approved the Offer or the Second- Step Mergers. We intend, promptly after consummation of the Offer, to cause Purchaser to merge with and into Wyndham with Wyndham as the surviving corporation, immediately following which Wyndham will merge with and into NewCo with NewCo as the surviving corporation, after which Wyndham would be our direct or indirect, wholly owned subsidiary. We made numerous attempts to engage the Wyndham Board, making three private proposals between April and September 2023, increasing our proposed purchase price each time. As the Wyndham Board rejected each private proposal and refused to engage in meaningful discussions, we announced our offer to acquire Wyndham publicly on October 17, 2023. Following Wyndham' s public rejection of that proposal, we made a fourth proposal privately to Wyndham on November 14, 2023, reaffirming the economic and other terms of the prior proposal. We also offered a mutual non- disclosure agreement to allow the parties to conduct confirmatory due diligence. On November 21, 2023, Wyndham publicly rejected the proposed terms of our offer made November 14, 2023. On December 12, 2023, representatives of Wyndham reached out to representatives of our company to discuss the reverse termination fee and other aspects of our offer. Despite the representatives from Wyndham indicating that our proposed construct for the reverse termination fee would be acceptable, Wyndham' s representatives abruptly ended those discussions, consistent with past practices. On December 18, 2023, Wyndham filed a solicitation / recommendation statement on Schedule 14D- 9 with respect to the Offer, in which the Wyndham Board recommended that Wyndham stockholders reject the Offer and not tender their shares of Wyndham Common Stock pursuant to the Offer. Subsequent to December 18, 2023, Wyndham amended its Schedule 14D- 9 to, among other things, disclose conversations that occurred between the parties following the filing of this Offer and the filing of the Schedule 14D- 9. Choice recommends that you review the Schedule 14D- 9 and any amendments thereto. You may be unable to assert a claim against Wyndham' s independent registered public accounting firm under Section 11 of the Securities Act. Section 11 (a) of the Securities Act provides that if part of a registration statement at the time it becomes effective contains an untrue statement of a material fact or omits a material fact required to be stated therein or necessary to make the statements

therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is proved that at the time of such acquisition such person knew of such untruth or omission) may assert a claim against, among others, any accountant or expert who has consented to be named as having certified any part of the registration statement or as having prepared any report for use in connection with the registration statement. Although audit reports were issued on Wyndham's historical financial statements and are included in Wyndham's filings with the SEC, Wyndham's independent registered public accounting firm has not permitted the use of its reports in our registration statement of which the Exchange Offer forms a part. We requested but have not, as of the date hereof, received the consent of such independent registered public accounting firm. We have requested dispensation pursuant to Rule 437 under the Securities Act from this requirement. If we receive the consent of Wyndham's independent registered public accounting firm, we will promptly file it as an exhibit to our registration statement of which the Exchange Offer forms a part. Accordingly, if we are unable to obtain the consent of Wyndham's independent registered public accounting firm, you may not be able to assert a claim against Wyndham's independent registered public accounting firm under Section 11 of the Securities Act. If we consummate the Offer and the Second- Step Mergers, achieving the anticipated benefits of the Proposed Combination with Wyndham will depend in part upon whether the two companies integrate their businesses in an effective and efficient manner. The companies may not be able to accomplish this integration process successfully, including as a result of actions that Wyndham may continue to take to frustrate the Offer. The integration of any business may be complex and time- consuming. The difficulties that could be encountered include the following: • integration of personnel, internal systems, technology, programs, and controls; • application of different accounting policies, assumptions, or judgments to Wyndham's operational results than Wyndham applied in the past; • changes in laws and regulations that may impact our or Wyndham's business, financial condition, results of operations, or growth prospects; • potential unknown liabilities and unforeseen increased expenses, delays, or regulatory conditions associated with the acquisition; • coordinating the geographically dispersed organizations; • distraction of management and employees from operations; • the loss of franchisees, sales and other commercial relationships; • failure to retain key employees who may be difficult to replace; • maintaining business relationships; and • other complexities associated with the integration of the operations of the combined company. As we have not been given access to Wyndham's non- public information related to Wyndham's business, assets, and liabilities, we may be unaware of significant issues with respect to the business of Wyndham that, following the consummation of the Proposed Combination, may prevent the realization of the financial benefits expected in connection therewith. An inability to realize the full extent of the anticipated benefits of the Proposed Combination with Wyndham, including the approximately \$ 150 million in estimated cost- driven synergies, as well as any delays encountered in the integration process and realizing such benefits, could have an adverse effect upon our revenues, level of expenses and operating results, which may affect adversely the value of our common stock after the consummation of the Offer and the Second- Step Mergers. There will also be integration costs and non- recurring transaction costs (such as fees paid to legal, financial, accounting and other advisors and other fees paid in connection with the Offer and the Second- Step Mergers, including financing fees) associated with the Proposed Combination with Wyndham, combining the operations of Choice and Wyndham and achieving the synergies we expect to obtain, and such costs are expected to be significant. To date, we have only conducted a due diligence review of Wyndham's publicly available information. As a result, after the consummation of the Offer and the Second- Step Mergers, we may be subject to liabilities of Wyndham unknown to us or Wyndham, which may have a material adverse effect on the business, financial condition and results of operations of the combined company and the market value of our common stock after the consummation of the Offer and the Second- Step Mergers. The consummation of the Offer or the Second- Step Mergers may constitute a breach or default, or an event that, with or without notice or lapse of time or both, would constitute a breach or default, or result in the acceleration or other change of any right or obligation (including, without limitation, any payment obligation) or termination of an agreement under agreements of Wyndham that are not publicly available. If this happens, we may have liabilities relating to the breach or default and may have to seek to replace that agreement with a new agreement. We cannot provide assurance that we will be able to replace a terminated agreement on comparable terms or at all. Depending on the importance of a terminated agreement to Wyndham's business, failure to replace that agreement on similar terms or at all may increase the costs to us of operating Wyndham's business or prevent us from operating part or all of Wyndham's business. In addition, Wyndham may be committed to arrangements or agreements of which we are not aware. Based upon a review of Wyndham's public filings with the SEC, pursuant to the Credit Agreement among Wyndham, Bank of America, N. A., as administrative agent, the several lenders from time to time party thereto, and the other parties thereto, dated as of May 30, 2018, as amended on each of April 30, 2020, August 10, 2020, April 8, 2022 and May 25, 2023 (the " Credit Agreement "), the Offer and the Second- Step Mergers could result in an event of default under the Credit Agreement, thereby permitting the lenders thereunder to terminate their commitments and declare any outstanding principal and accrued interest amounts immediately due and payable. Wyndham could also seek a waiver of any such event of default, which would require the approval of the lenders under the Credit Agreement. As of December 31, 2023, Wyndham's outstanding long- term debt obligations totaled approximately \$ 2. 178 billion, inclusive of certain term loans and the revolving credit facility provided for under the Credit Agreement, as well as approximately \$ 500 million outstanding principal amount of Wyndham's 4. 375 % senior unsecured notes due August 2028 (" Notes "). The Notes are governed by that certain Fifth Supplemental Indenture, dated as of August 13, 2020 (" Supplemental Indenture "). In accordance with the provisions of the Supplemental Indenture, in the event that the consummation of the Offer constitutes a change of control under the Supplemental Indenture and such change of control is accompanied by a downgrade of the Notes by each of Moody's and Standard and Poor's (" S & P") rating of the Notes within a specified period, (i. e., starting from

the earlier of (i) date of the first public announcement of the consummation of the Offer and (ii) the occurrence thereof, until 60 days following the consummation of the Offer), such that the rating of the Notes on any day during such period is below the lower of the rating (i) immediately before the public announcement; and (ii) the date on which the Notes were originally issued under the Supplemental Indenture, the holders of the Notes would have the right to cause Wyndham to repurchase all or any part of the outstanding Notes. We may not be able to obtain sufficient capital to repurchase or refinance the Notes in these circumstances. For a further discussion of the risks relating to our indebtedness, see “ — We expect to incur a substantial amount of indebtedness to acquire the shares of Wyndham Common Stock pursuant to the Offer and the Second- Step Mergers and, as a result, will increase its outstanding indebtedness. Our failure to meet our debt service obligations, including a failure to comply with the restrictive covenants contained in the related agreements, could have a material adverse effect on its business, financial condition and results of operations ” and “ — The consummation of the Offer and the Second- Step Mergers may result in ratings organizations and / or securities analysts taking actions which may adversely affect the combined companies’ business, financial condition and operating results, as well as the market price of our common stock. ” In respect of all information relating to Wyndham presented in, incorporated by reference into or omitted from, the Exchange Offer, we have relied upon publicly available information, including information publicly filed by Wyndham with the SEC. Although we have no knowledge that would indicate that any statements contained herein regarding Wyndham’ s condition, including its financial or operating condition (based upon such publicly filed reports and documents) are inaccurate, incomplete or untrue, we were not involved in the preparation of such information and statements. For example, we made adjustments and assumptions in preparing the pro forma financial information presented in the Exchange Offer that have necessarily involved our estimates with respect to Wyndham’ s financial information that, given the lack of information received, could be materially different than currently presented. Any financial, operating or other information regarding Wyndham that may be detrimental to us following the consummation of the Offer and the Second- Step Mergers that has not been publicly disclosed by Wyndham, or errors in our estimates due to the lack of cooperation and information from Wyndham, may have a material adverse effect on the business, financial condition and results of operations of the combined company and the market value of our common stock after the consummation of the Offer and the Second- Step Mergers. In the alternative, if we have not been given access to Wyndham’ s non-public information related to Wyndham’ s business, assets, and liabilities to complete its confirmatory due diligence review, we may elect not to consummate the Offer in accordance with the terms described herein. We anticipate that we will need to borrow approximately \$ 6. 0 billion to complete the Offer and the Second- Step Mergers. Our increased indebtedness following consummation of the Offer and the Second- Step Mergers could adversely affect our operations and liquidity. Our anticipated level of indebtedness could, among other things: • make it more difficult for us to pay or refinance our debts as they become due during adverse economic and industry conditions because we may not have sufficient cash flows to make our scheduled debt payments; • cause us to use a larger portion of our cash flow to fund interest and principal payments, reducing the availability of cash to fund working capital, capital expenditures, research and development and other business activities; • cause us to be less able to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions; • cause us to be more vulnerable to general adverse economic and industry conditions; • cause us to be disadvantaged compared to competitors with less leverage; • result in a downgrade in our credit rating or any indebtedness of us or our subsidiaries, which is likely to increase the cost of further borrowings; and • limit our ability to borrow additional monies in the future to fund working capital, capital expenditures, research and development and other general corporate purposes. In addition, the terms of our indebtedness following the consummation of the Offer are expected to restrict certain actions by us and our subsidiaries, including financial, affirmative and negative covenants, including limitations on the ability to incur indebtedness, create liens, and merge, amalgamate and consolidate with other companies, in each case, subject to exceptions and baskets to be mutually agreed upon by us and the other parties thereto, the exact terms of which are to be negotiated prior to consummation of the Offer. We also may incur additional long- term debt and working capital lines of credit to meet future financing needs, subject to certain restrictions under its existing debt, which would increase its total indebtedness. Although the terms of our existing credit agreements and of the indentures governing our existing debt (collectively, the “ Existing Debt Documents ”) contain restrictions on the incurrence of additional debt, including secured debt, these restrictions are subject to a number of important exceptions and debt incurred in compliance with these restrictions could be substantial. In addition, if the restrictions in the Existing Debt Documents limit our ability to incur additional indebtedness necessary to finance the acquisition of Wyndham, or if the incurrence of such additional indebtedness would lead to a breach of, or default under, the Existing Debt Documents, we may be required to seek an amendment or waiver with respect to certain provisions of the Existing Debt Documents, and there can be no assurance that we will be able to obtain such amendment or waiver. If we and our restricted subsidiaries incur significant additional debt, the related risks that we face could intensify. We cannot guarantee that the combined company will be able to generate sufficient cash flow to make all of the principal and interest payments under its indebtedness following the consummation of the Offer and the Second- Step Mergers when such payments are due or that it will be able, if necessary, to refinance such indebtedness. In any liquidation, dissolution or winding up of our company, our common stock would rank below all debt claims against us. In addition, any convertible or exchangeable securities or other equity securities that we may issue in the future may have rights, preferences and privileges more favorable than those of our common stock. As a result, holders of our common stock will not be entitled to receive any payment or other distribution of assets upon the liquidation or dissolution until after our obligations to our debt holders and holders of equity securities that rank senior to our common stock have been satisfied. Our current corporate credit

rating is BBB- for S & P's and Baa3 for Moody's. In connection with the consummation of the Offer and / or the Second- Step Mergers, one or both of these ratings agencies may reevaluate our ratings. A downgrade may increase our cost of borrowing, may negatively impact our ability to raise additional debt capital, may negatively impact our ability to successfully compete in the marketplace and may negatively impact the willingness of counterparties to deal with us, each of which could have a material adverse effect on the business, financial condition and results of operations of the combined company and the market value of our common stock. In addition, the trading market for shares of our common stock depends in part on the research and reports that third- party securities analysts publish about us and our industry. In connection with the consummation of the Offer and / or the Second- Step Mergers, one or more of these analysts could downgrade our common stock or issue other negative commentary about us or our industry, which could cause the trading price of our common stock to decline. Certain of Wyndham's equity plan or award agreements and employee benefit plans or agreements contain change of control clauses providing for outstanding equity awards to vest or compensation to be paid to certain members of Wyndham senior management either upon a change of control, or if, following a change of control, Wyndham terminates the employment relationship between Wyndham and these employees under certain circumstances, or if these employees terminate the employment relationship because of certain adverse changes. In addition, certain of Wyndham's non- qualified deferred compensation plans contain change of control clauses providing for vesting and payment of deferred compensation amounts under such plans. If consummated, the Offer would constitute a change of control of Wyndham, thereby giving rise to potential vesting of outstanding equity awards and change of control, severance or other compensatory payments described above. Our future results following the consummation of the Offer and the Second- Step Mergers may be materially different than those shown in the Unaudited Pro Forma Condensed Combined Financial Statements presented in the Exchange Offer, which show only a combination of Choice's and Wyndham's standalone historical results after giving effect to the Offer and the Second- Step Mergers, subject to the matters noted therein. We have estimated that we will record approximately \$ 90 million in transaction expenses (excluding fees paid in connection with obtaining any necessary financing). In addition, the final amount of any charges relating to acquisition accounting adjustments that we may be required to record will not be known until following the consummation of the Offer and the Second- Step Mergers. These and other expenses and charges may be significantly higher or lower than estimated. We expect that we will issue approximately 27.5 million shares of our common stock in connection with the Offer and the Second- Step Mergers. The issuance of these new shares and the sale of additional shares that may become eligible for sale in the public market from time to time upon exercise of options could have the effect of depressing the market price for shares of our common stock. The increase in the number of shares of our common stock may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, our common stock. Upon consummation of the Offer and the Second- Step Mergers, Wyndham stockholders (other than those that receive only the Cash Election Consideration and those we elect to pay any Additional Consideration solely in cash) will become holders of our common stock. Our business differs from that of Wyndham, and our results of operations, as well as the trading price of our common stock, may be affected by factors different from those affecting Wyndham's results of operations and the price of Wyndham Common Stock.