

An aerial photograph of a resort pool and beach area during sunset. The pool is large and irregularly shaped, with several people swimming. Surrounding the pool are lounge chairs, umbrellas, and palm trees. In the background, a sandy beach meets the ocean under a colorful sky.

+ INVESTOR PRESENTATION

August/September 2023

TRAVEL+
LEISURE

Presentation of Financial Information

Financial information discussed in this presentation includes non-GAAP measures such as Adjusted EBITDA, Adjusted EBITDA margin, Adjusted diluted EPS, Adjusted free cash flow, Adjusted free cash flow conversion, gross VOI sales and Adjusted net income, which include or exclude certain items, as well as non-GAAP guidance. The Company utilizes non-GAAP measures on a regular basis to assess performance of its reportable segments and allocate resources. These non-GAAP measures differ from reported GAAP results and are intended to illustrate what management believes are relevant period-over-period comparisons and are helpful to investors when considered with GAAP measures as an additional tool for further understanding and assessing the Company’s ongoing operating performance by adjusting for items which in our view do not necessarily reflect ongoing performance. Management also internally uses these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions. Exclusion of items in the Company’s non-GAAP presentation should not be considered an inference that these items are unusual, infrequent or non-recurring. See the appendix to this presentation for definitions of these Non-GAAP measures, and full reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures where applicable.

The Company may use its website as a means of disclosing information concerning its operations, results and prospects, including information which may constitute material nonpublic information, and for complying with its disclosure obligations under SEC Regulation FD. Disclosure of such information will be included on the Company’s website in the Investor Relations section at travandleisureco.com/investors. Accordingly, investors should monitor that Investor Relations section of the Company website, in addition to accessing its press releases, its submissions and filings with the SEC, and its publicly noticed conference calls and webcasts.

About Travel + Leisure Co.

As the world’s leading membership and leisure travel company, Travel + Leisure Co. (NYSE:TNL) transformed the way families vacation with the introduction of the most dynamic points-based vacation ownership program at Club Wyndham, and the first vacation exchange network, RCI. The company delivers more than six million vacations each year at 245+ timeshare resorts worldwide, through tailored travel and membership products, and via Travel + Leisure GO - the signature subscription travel club inspired by the pages of Travel + Leisure magazine. With hospitality and responsible tourism at the heart of all we do, our 18,000+ dedicated associates bring out the best in people and places around the globe. We put the world on vacation. Learn more at travandleisureco.com.

Forward-Looking Statements

This presentation includes “forward-looking statements” as that term is defined by the Securities and Exchange Commission (“SEC”). Forward-looking statements are any statements other than statements of historical fact, including statements regarding our expectations, beliefs, hopes, intentions or strategies regarding the future. In some cases, forward-looking statements can be identified by the use of words such as “may,” “will,” “expects,” “should,” “believes,” “plans,” “anticipates,” “estimates,” “predicts,” “potential,” “continue,” “future,” or other words of similar meaning. Forward-looking statements are subject to risks and uncertainties that could cause actual results of Travel + Leisure Co. and its subsidiaries (“Travel + Leisure Co.” or “we”) to differ materially from those discussed in, or implied by, the forward-looking statements. Factors that might cause such a difference include, but are not limited to, risks associated with: the acquisition of the Travel + Leisure brand and the future prospects and plans for Travel + Leisure Co., including our ability to execute our strategies to grow our cornerstone timeshare and exchange businesses and expand into the broader leisure travel industry through new business extensions; our ability to compete in the highly competitive timeshare and leisure travel industries; uncertainties related to acquisitions, dispositions and other strategic transactions; the health of the travel industry and declines or disruptions caused by adverse economic conditions (including inflation, higher interest rates, and recessionary pressures), terrorism or acts of gun violence, political strife, war (including hostilities in Ukraine), pandemics, and severe weather events and other natural disasters; adverse changes in consumer travel and vacation patterns, consumer preferences and demand for our products; increased or unanticipated operating costs and other inherent business risks; our ability to comply with financial and restrictive covenants under our indebtedness; our ability to access capital and insurance markets on reasonable terms, at a reasonable cost or at all; maintaining the integrity of internal or customer data and protecting our systems from cyber-attacks; uncertainty with respect to potential resurgences of the novel coronavirus global pandemic (“COVID-19”) and its impacts; the timing and amount of future dividends and share repurchases, if any; and those other factors disclosed as risks under “Risk Factors” in documents we have filed with the SEC, including in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 22, 2023. We caution readers that any such statements are based on currently available operational, financial and competitive information, and they should not place undue reliance on these forward-looking statements, which reflect management’s opinion only as of the date on which they were made. Except as required by law, we undertake no obligation to review or update these forward-looking statements to reflect events or circumstances as they occur.

**WE PUT THE WORLD
ON VACATION**

Our mission

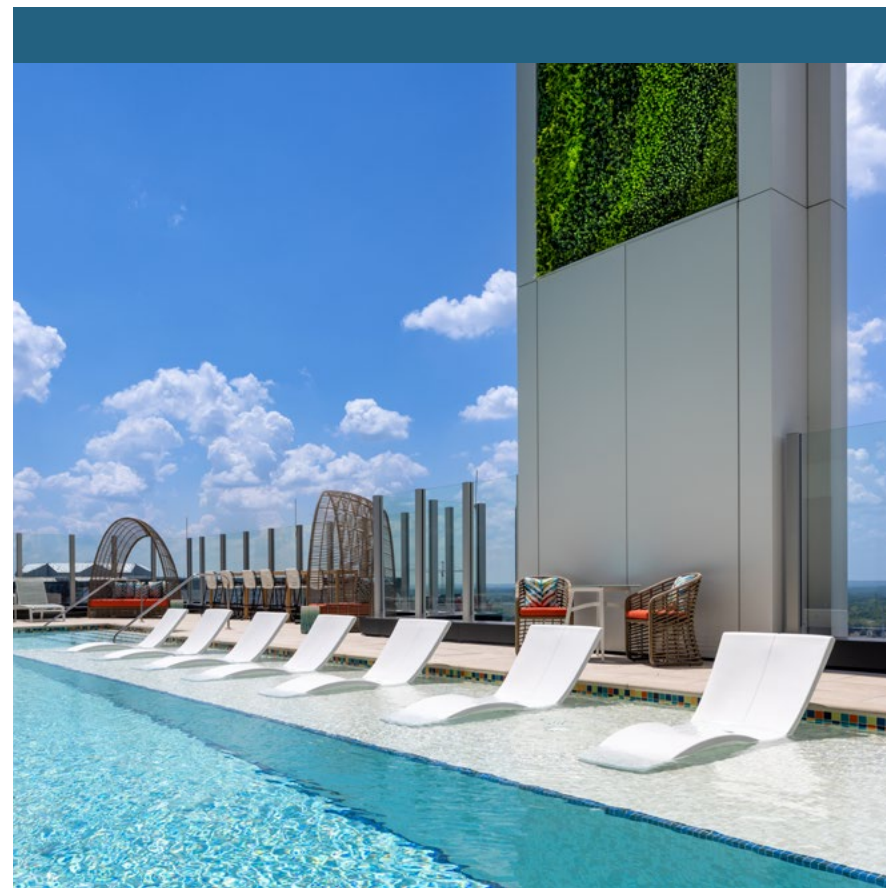
**TRAVEL+
LEISURE**



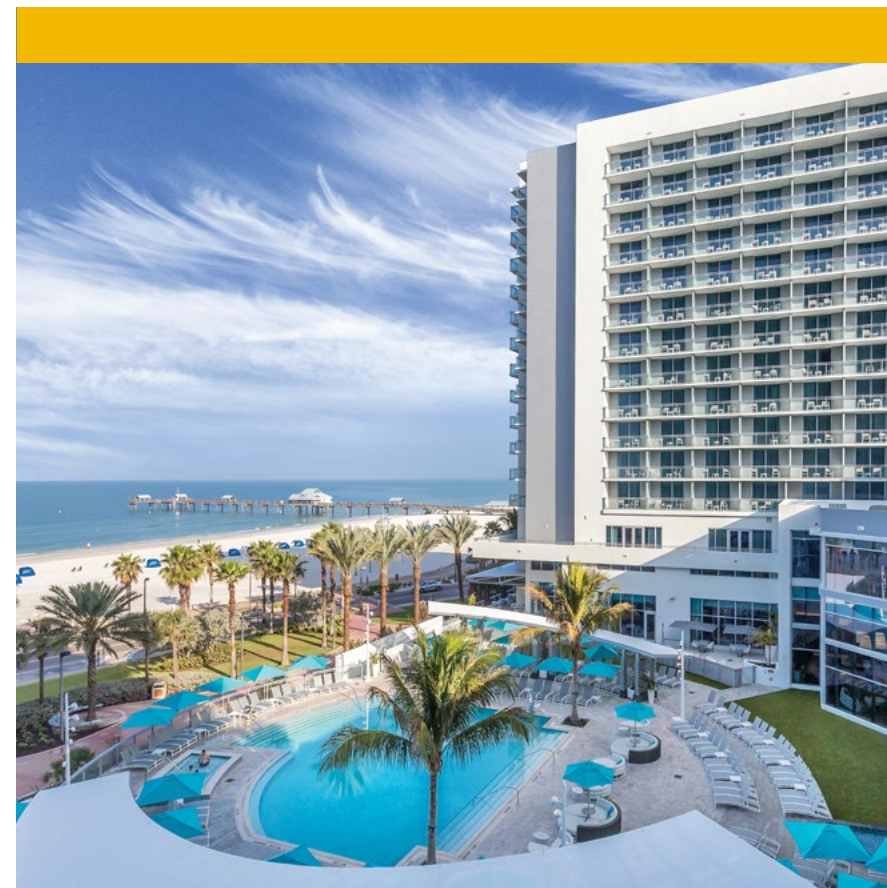
The Travel + Leisure Co. Story

Resilient Business. Strong FCF and Capital Returns.

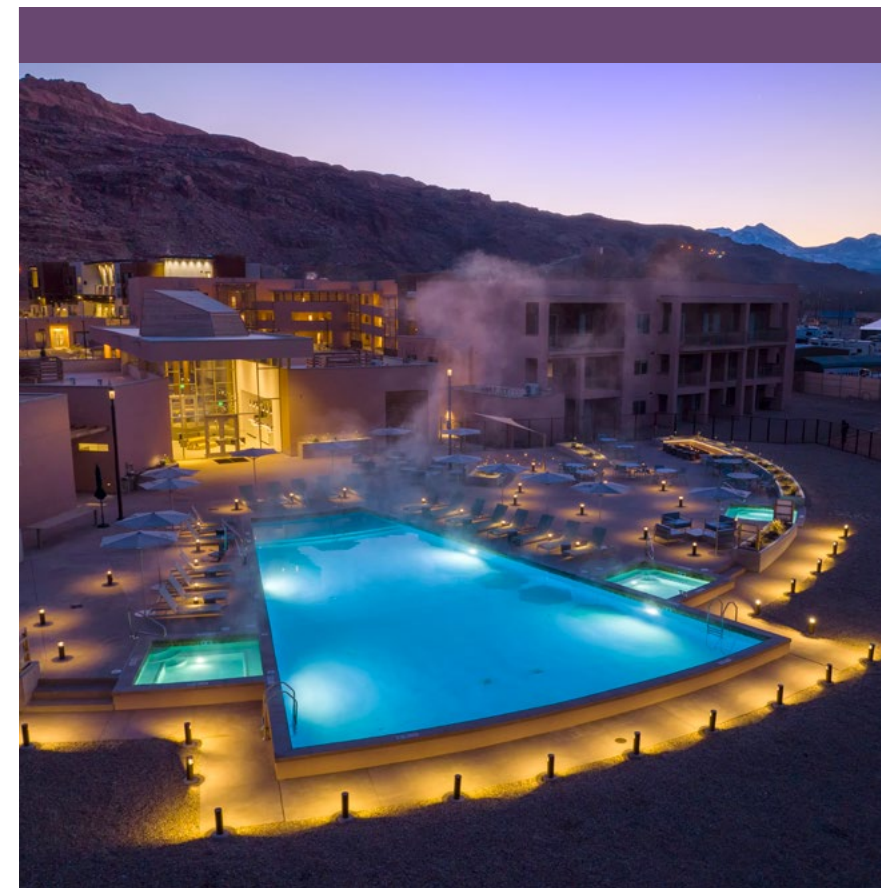
Proven Resilient
Business Model



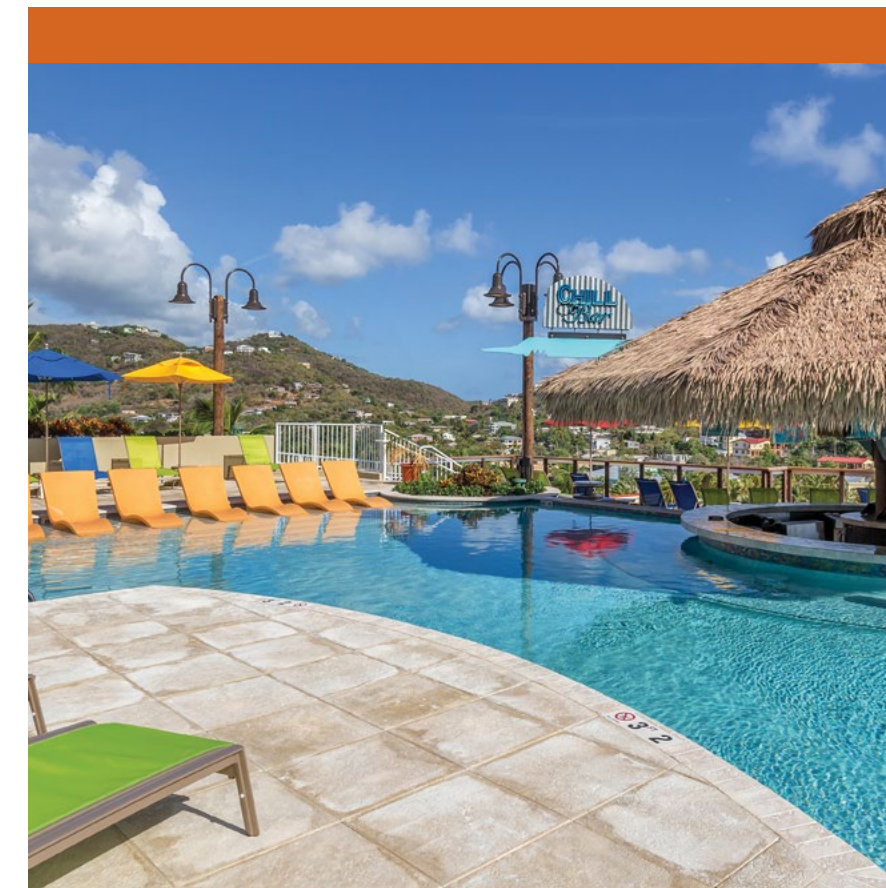
Favorable
Market Dynamics



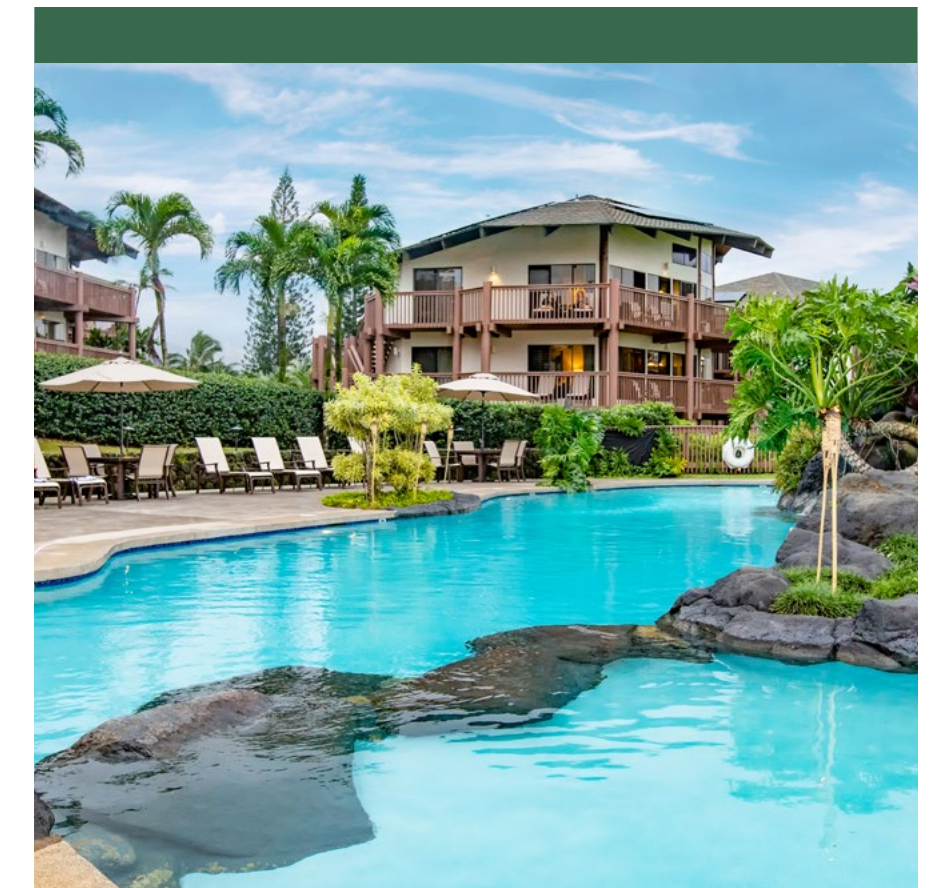
Timeshare Reality
vs. Perception



Strong Margins
and FCF



Robust Capital
Returns





Proven Resilient Business Model

Leading Membership & Leisure Travel Company

At a Glance

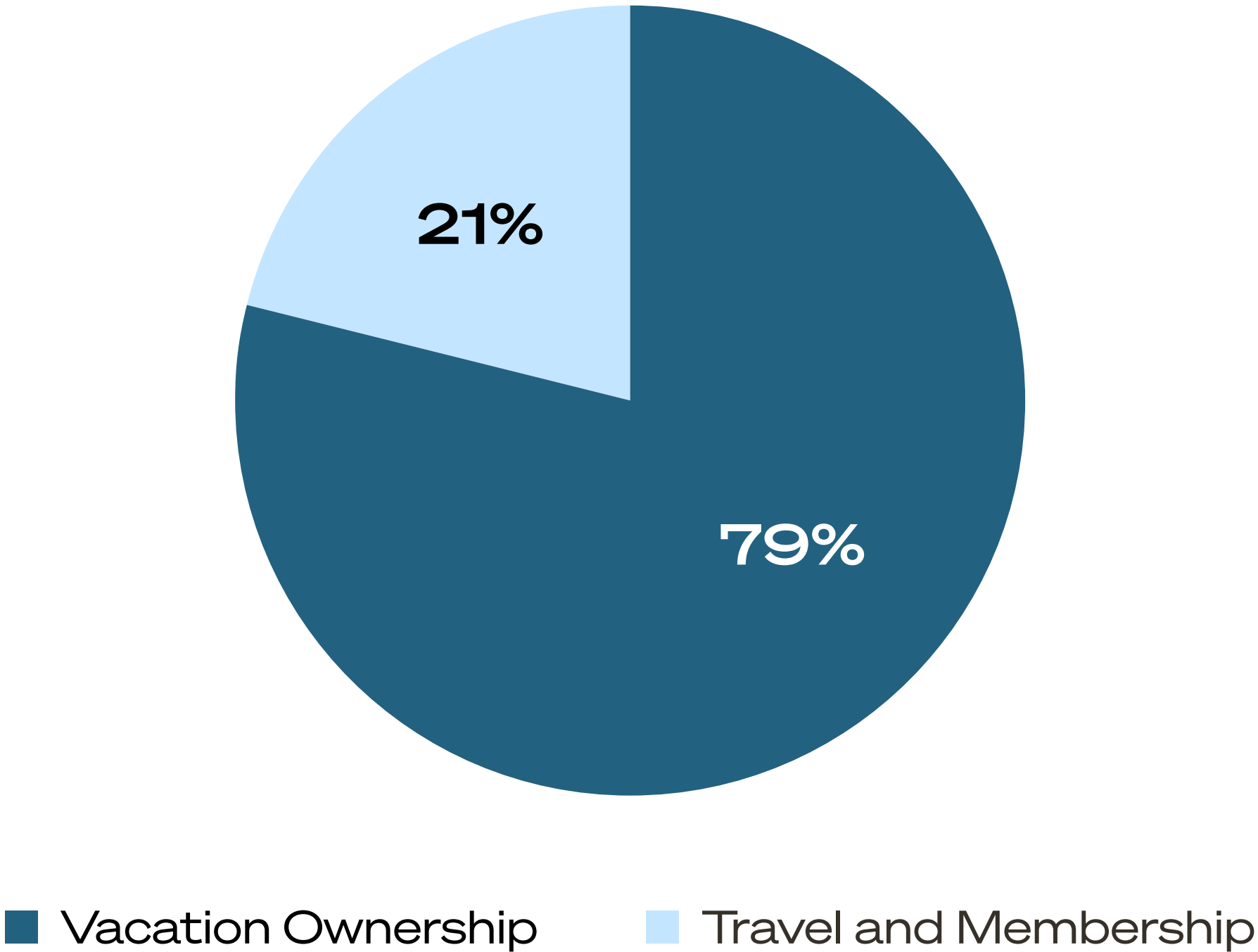
Key Financials	2022
Net Revenue	\$3.6bn
Gross VOI Sales ⁽¹⁾	\$2.0bn
Adj. EBITDA ⁽¹⁾	\$859mn
Adj. Free Cash Flow ⁽¹⁾	\$439mn
Adj. Diluted EPS ⁽¹⁾ Growth	24%

Key Facts	2022
Timeshare Resorts	245+
Timeshare Owners	816K
Affiliated Exchange Resorts	4,100+
Avg. Exchange Members	3.5mn

(1) Non-GAAP measure: see appendix for definition and reconciliation.

(2) Mix of reportable segment activity.

Revenue mix⁽²⁾



2Q 2023 Results

THREE MONTHS ENDED 6/30/2023



Net Revenue

\$949M

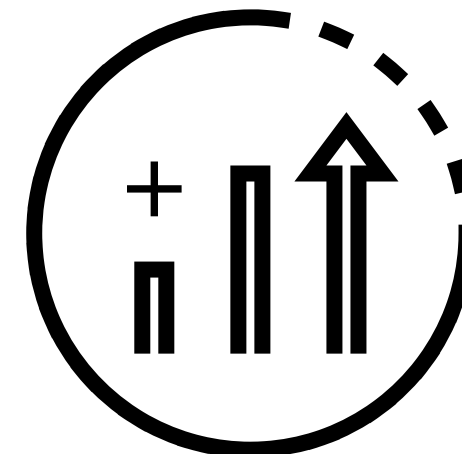
+3% YOY growth



Gross VOI Sales⁽¹⁾

\$557M

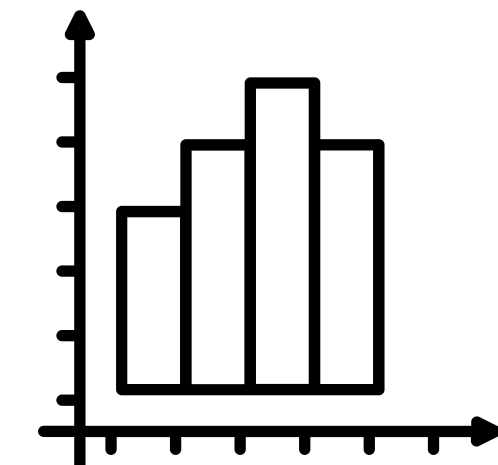
+6% YOY growth



Adj. EBITDA⁽¹⁾

\$236M

+3% YOY growth



Adj. Diluted
Earnings Per Share⁽¹⁾

\$1.33

+5% YOY growth

HIGHLIGHTS

+ VPG up 30% over 2019 to \$3,150

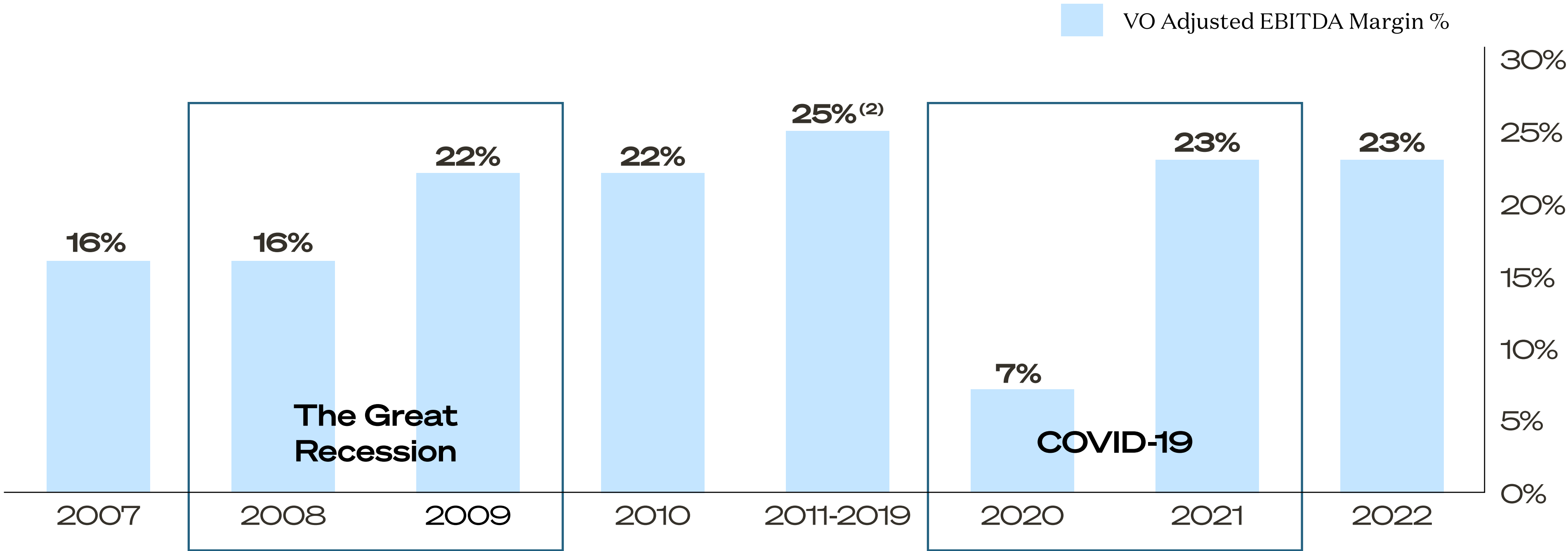
+ Tours up 15% over prior year

+ YTD repurchased 7% of shares outstanding at the beginning of the year

(1) Non-GAAP measure; see appendix for definition and reconciliation.

Resilient Business with Strong Adjusted EBITDA Margins

Vacation Ownership Segment Adjusted EBITDA Margin⁽¹⁾

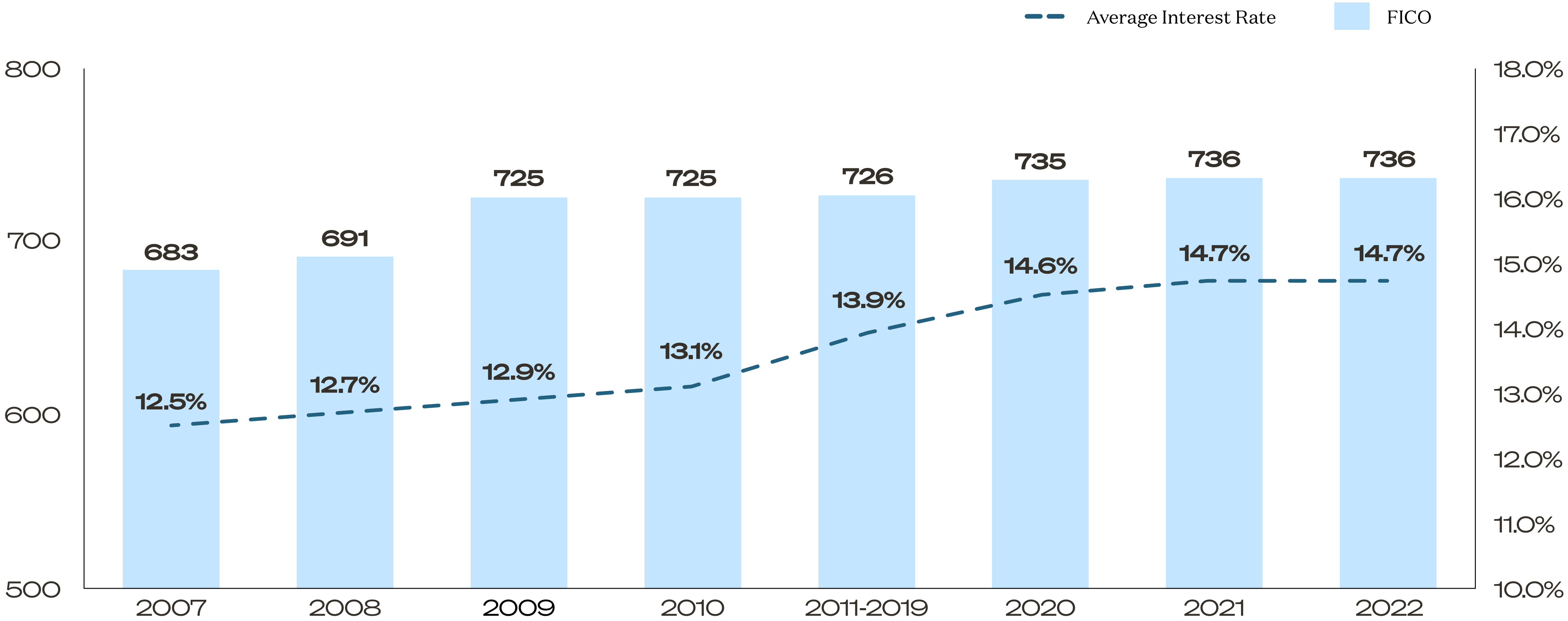


2007	2008	2009	2010	2011-2019	2020	2021	2022	Gross VOI ⁽¹⁾
1,993	1,987	1,315	1,464	1,988 ⁽²⁾	967	1,491	1,982	

(1) Non-GAAP measure: see appendix for definition and reconciliation.
(2) Average from 2011-2019.

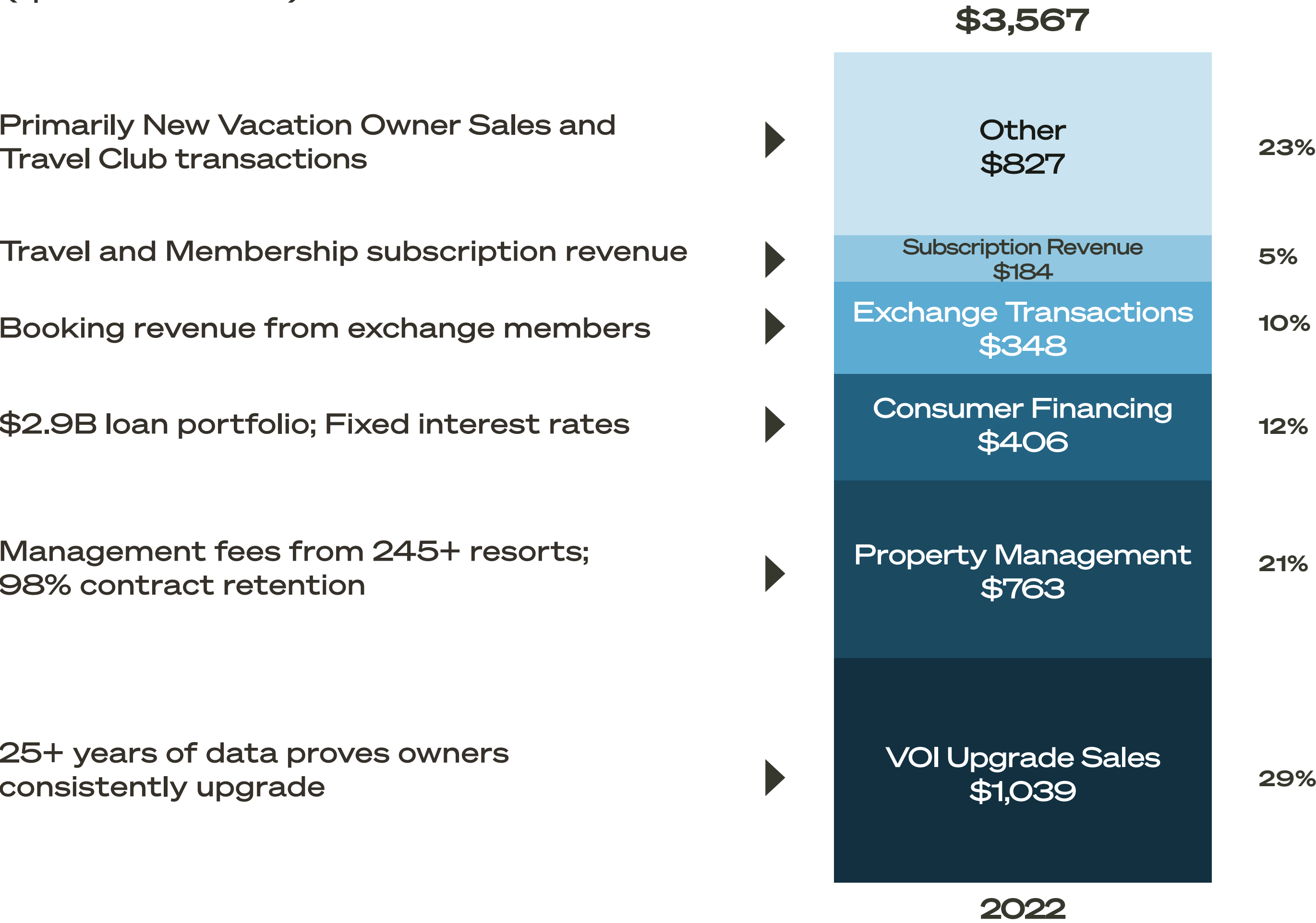
Strong Credit Quality

Average FICO Score on New Originations



Predictable and/or Recurring Revenue

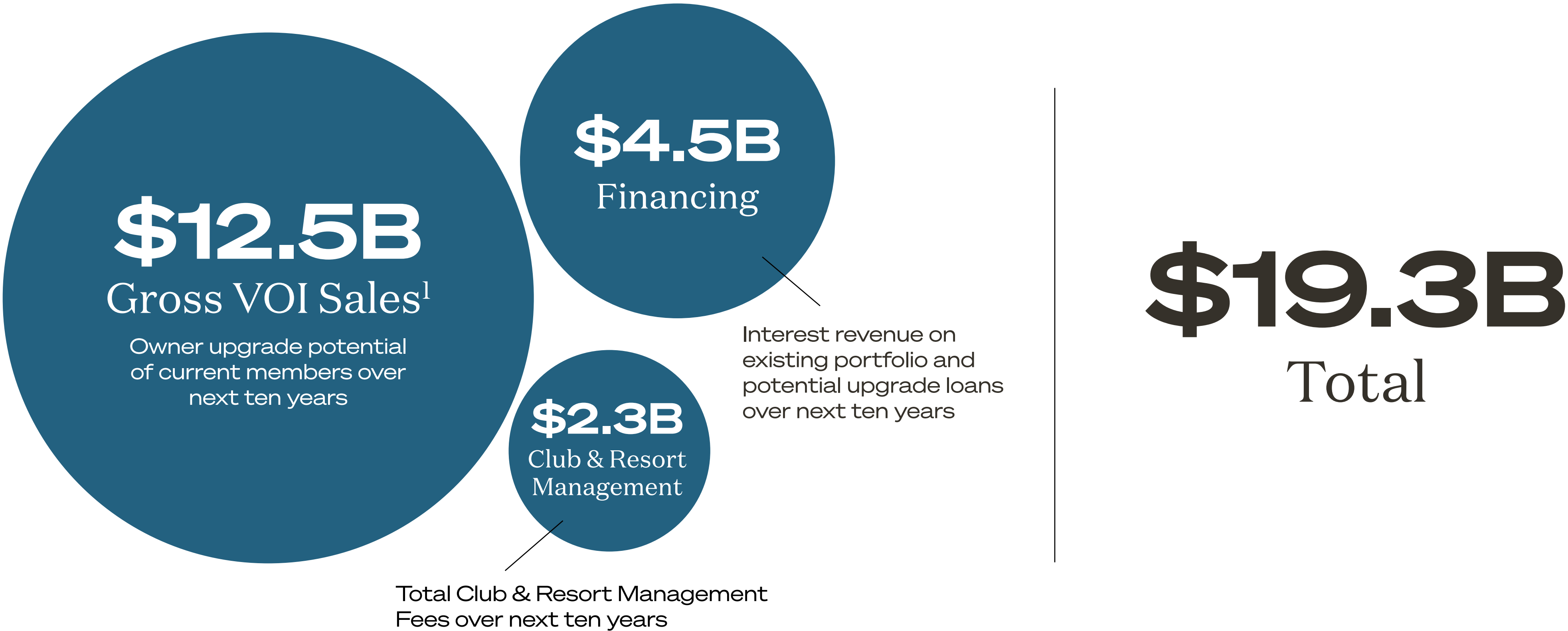
(\$ in millions)



>75% of Revenue in 2022
Predictable and/or Recurring

Embedded Revenue Potential of Existing Owner Base

Ten year cumulative revenue potential, not discounted



(1) Gross VOI, a forward looking non-GAAP measure, the reconciliation of which is not available without unreasonable effort. See appendix for definition.

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Favorable Market Dynamics

Strong Value Proposition



Favorable secular trends

Leisure travel
Work-from-Anywhere



Attractive product form

Spacious condominium
accommodations

Kitchens/amenities



Inflation beneficiary

Relative value—
owning vs. renting

Lock-in price of
future vacations

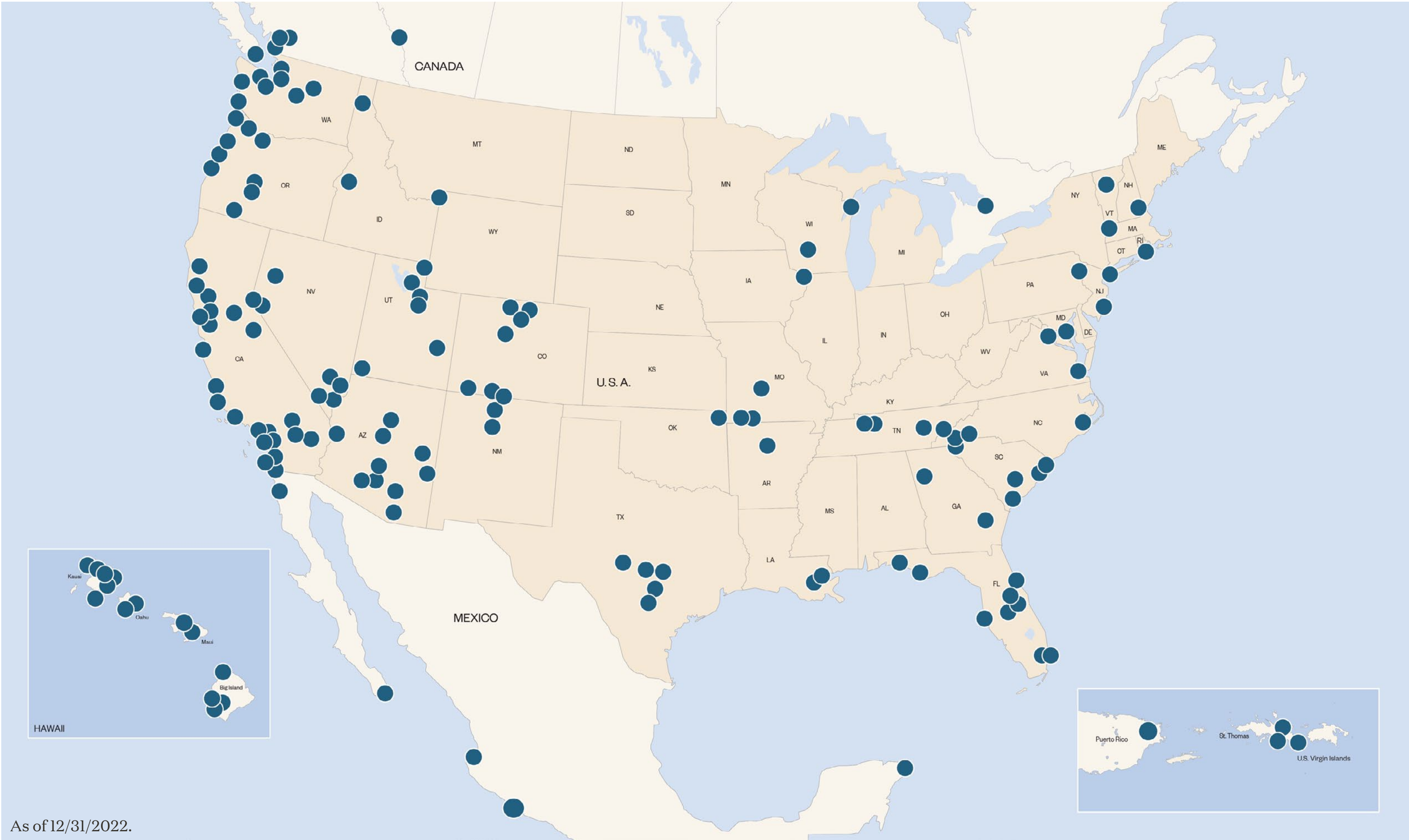


Scale/Product Flexibility

Broad range
of destinations

Increased flexibility with
points-based systems

+95% of U.S. Population Live within 300 Miles of one of our Resorts



245+
Resorts Globally

220+
Resorts in
North America

PROVEN RESILIENT
BUSINESS MODEL

FAVORABLE
MARKET DYNAMICS

TIMESHARE REALITY
VS. PERCEPTION

STRONG MARGINS
AND FCF

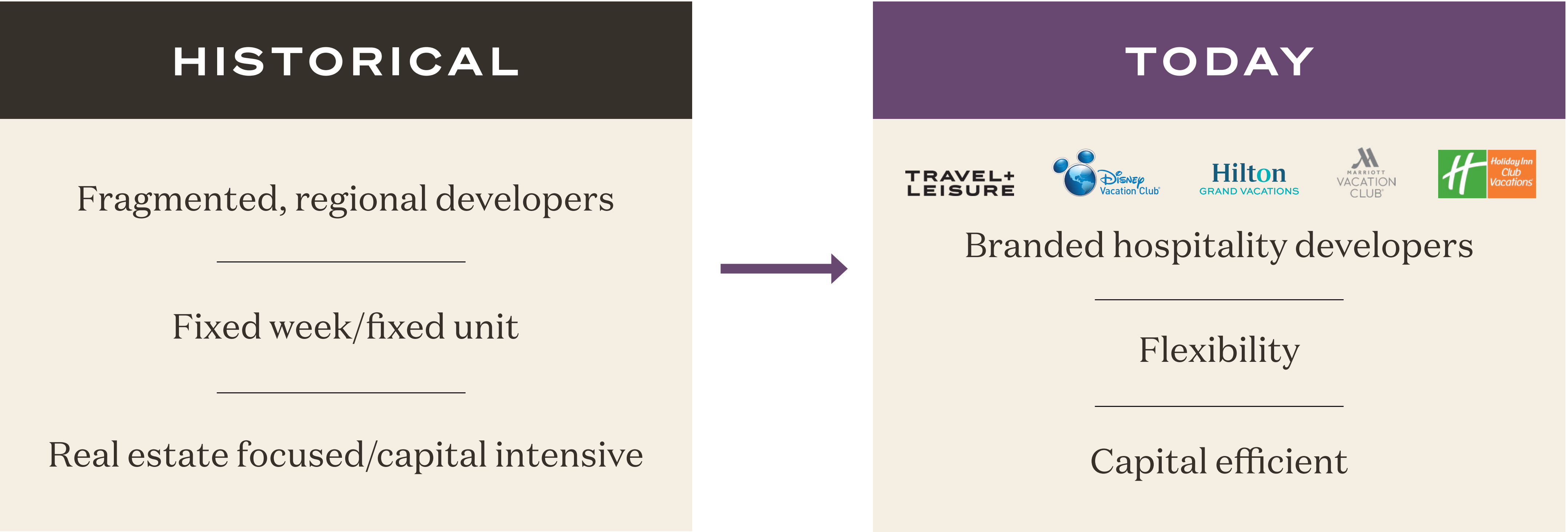
ROBUST
CAPITAL RETURNS



WORLD MARK ASSOCIATE MOAB

Timeshare Reality vs. Perception

Industry Transformation



OWNERS LOVE THEIR TIMESHARE

Owners¹
816K

Owners with No Loans Outstanding¹
~80%

Annual Retention of Owners²
98%

Owners Buy More³
**~70% of sales to
existing owners**



📍 CLUB WYNDHAM MIDTOWN 45

(1) As of 12/31/2022.

(2) Annual retention of owners without loans over the last 10 years as of 12/31/2022.

(3) Full Year 2022.

YOUNGER GENERATIONS ARE BUYING

Gen-X¹

24% of new owner sales

Millennial and Gen-Z¹

40% of new owner sales

Family formation drives
interest in timeshare



📍 CLUB WYNDHAM DESERT BLUE

(1) 1H23 new owner sales.

CAPITAL EFFICIENT

Just-in-time inventory

Owners fund
FF&E reserves

Inventory recycling —
Certified exit programs





Strong Margins and FCF

High Adjusted EBITDA Margins and Strong FCF



High Adjusted
EBITDA Margins⁽¹⁾
Mid-20's

Increased margins during
the Great Financial Crisis



Strong and Consistent
Conversion of Adj. FCF⁽¹⁾
from Adj. EBITDA⁽¹⁾

55%+ expected
adj. FCF conversion⁽²⁾



Track Record
of Execution in
the ABS Market

Average three
transactions per year



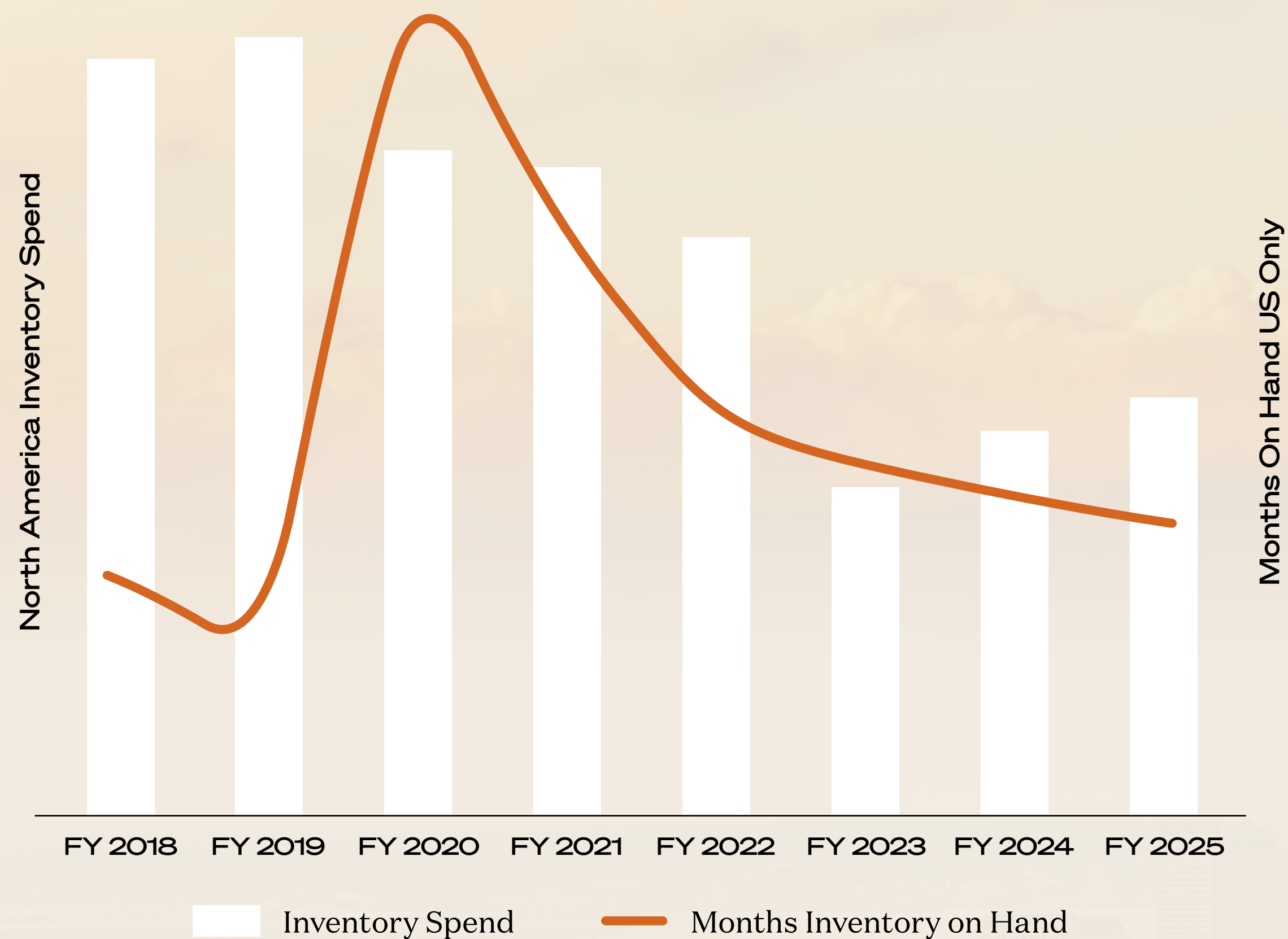
Minimal
Inventory
Commitments

Four years of inventory
on balance sheet

(1) Non-GAAP measure; see appendix for definition.

(2) 2025 Financial goal. Adjusted Free Cash Flow conversion is a forward-looking non-GAAP measure, the reconciliation of which is not available without unreasonable effort. See appendix for definitions.

Favorable Inventory Position



- + Four years of inventory on-hand
- + Recycling provides access to low-cost inventory
- + Expected tailwind to FCF for next several years

2025 Financial Goals

	Low	High
2025 Adj. EBITDA ¹	\$1.13B	\$1.25B
Adj. FCF Conversion ¹	58%	63%
Cumulative Adj. FCF ¹ 2022-2025	\$2.4B	\$2.6B

Travel + Leisure
Adj. EPS¹
17-22%
CAGR
before share
repurchases

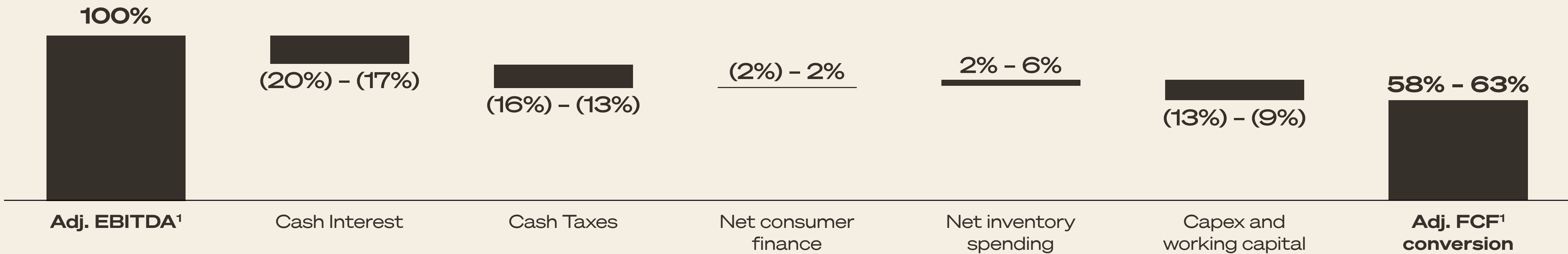
Cash available
for enhancing
shareholder value²
\$2.9-3.3B
Target Leverage
2.25x-3.0x

(1) Adjusted EBITDA, Adjusted EPS, Adjusted Free Cash Flow and Adjusted Free Cash Flow conversion are forward-looking non-GAAP measures, the reconciliation of which is not available without unreasonable effort. See appendix for definitions.
(2) Includes potential for additional cash by maintaining leverage above target range.

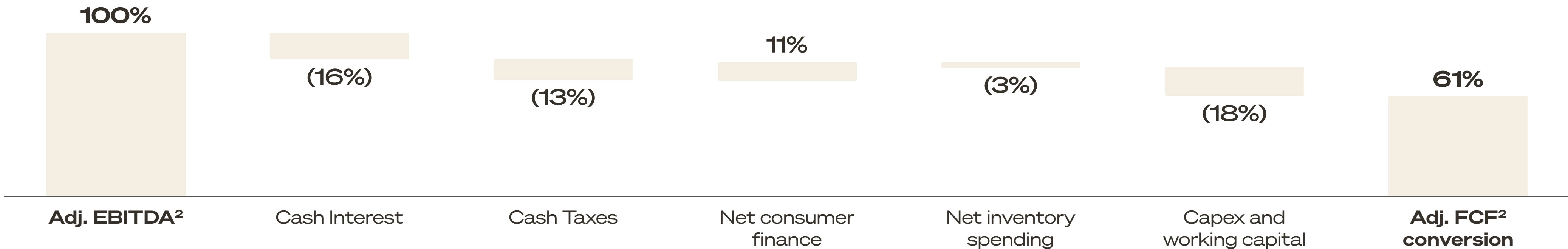
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Adjusted EBITDA to Adjusted Free Cash Flow Conversion %

2022 to 2025 Goals



2018 to 2019 Actual



(1) Adjusted EBITDA and Adjusted FCF conversion are forward-looking non-GAAP measures, the reconciliation of which is not available without unreasonable effort. See appendix for definitions.
(2) See appendix for GAAP reconciliations.

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PROVEN RESILIENT
BUSINESS MODEL

FAVORABLE
MARKET DYNAMICS

TIMESHARE REALITY
VS. PERCEPTION

STRONG MARGINS
AND FCF

ROBUST
CAPITAL RETURNS



Robust Capital Returns

Committed to Returning Cash to Shareholders

2022-2025 Goals

\$2.4-2.6B

Cumulative Adj. FCF¹

\$0.5-0.7B

Net Debt/Other

\$2.9-3.3B

Potential Cash Available
for Enhancing
Shareholder Value

\$0.6-0.7B

Potential Dividends

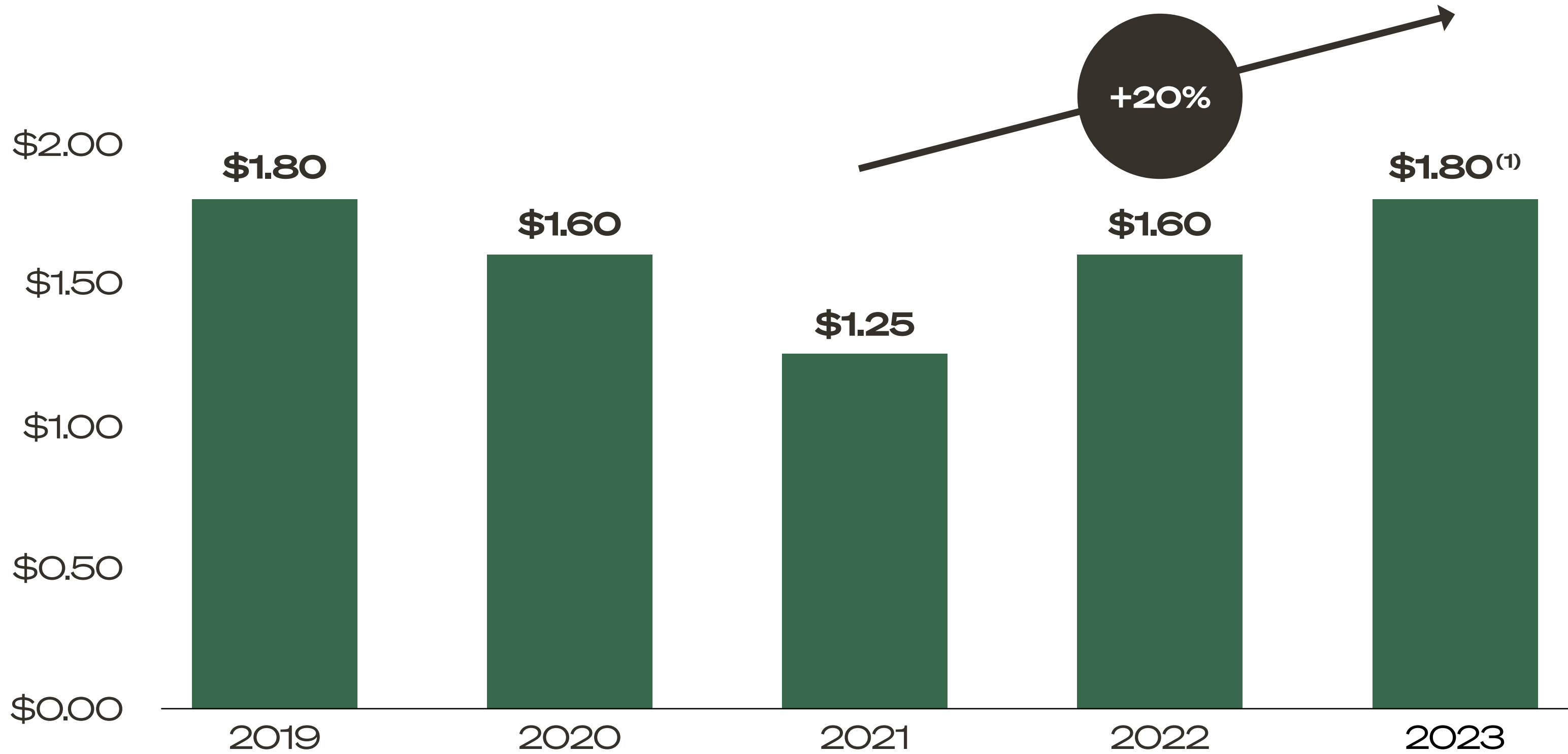
\$2.3-2.6B

Potential Business Investments
Share Repurchases
M&A

(1) Adjusted Free Cash Flow is a forward-looking non-GAAP measure, the reconciliation of which is not available without unreasonable effort. See appendix for definition.

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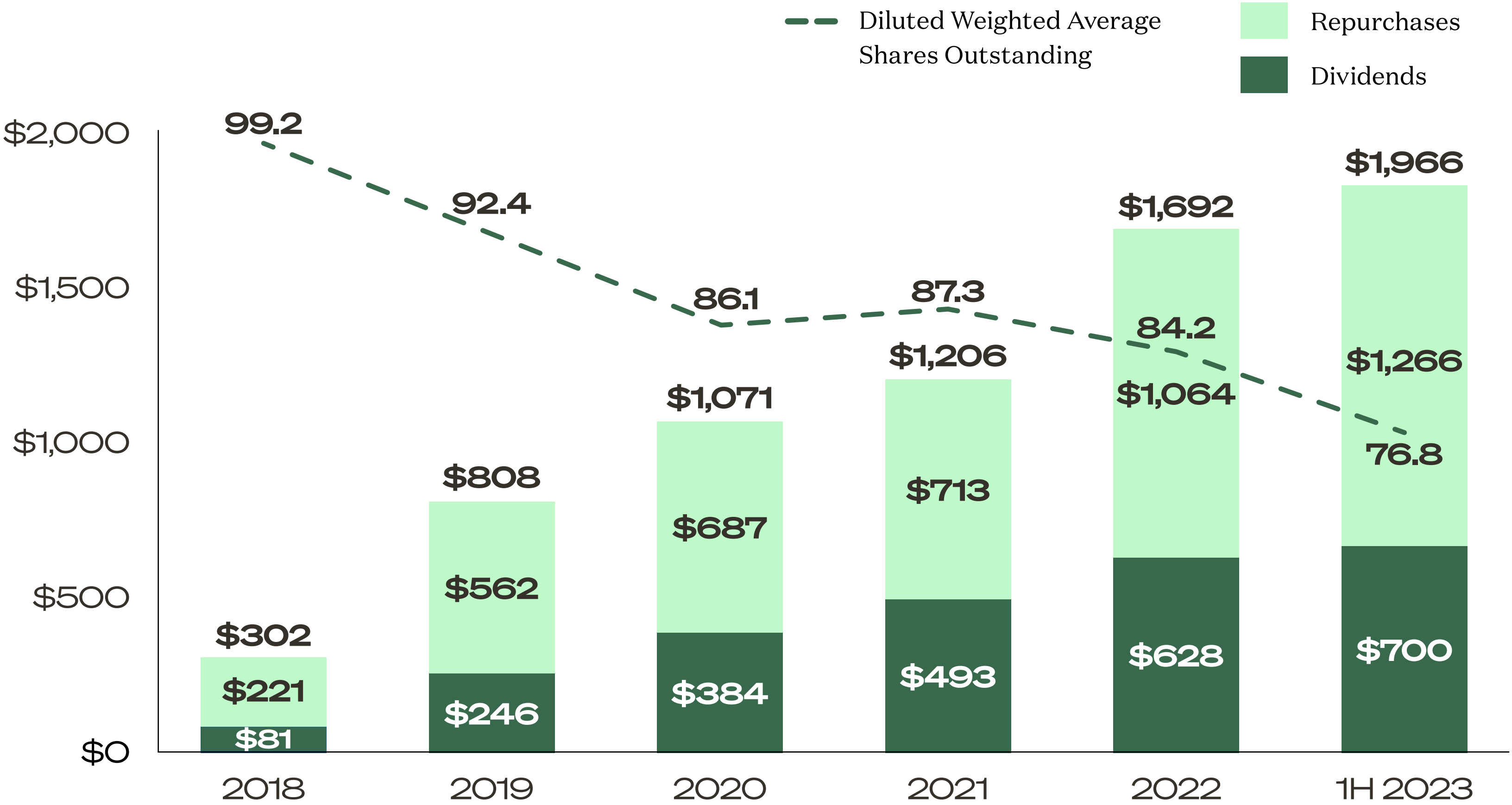
Annual Dividend Growth



Paid cash dividends
throughout the
pandemic

(1) Annualized dividend amount includes expected 2023 dividends that are subject to declaration at the discretion of the Board of Directors.

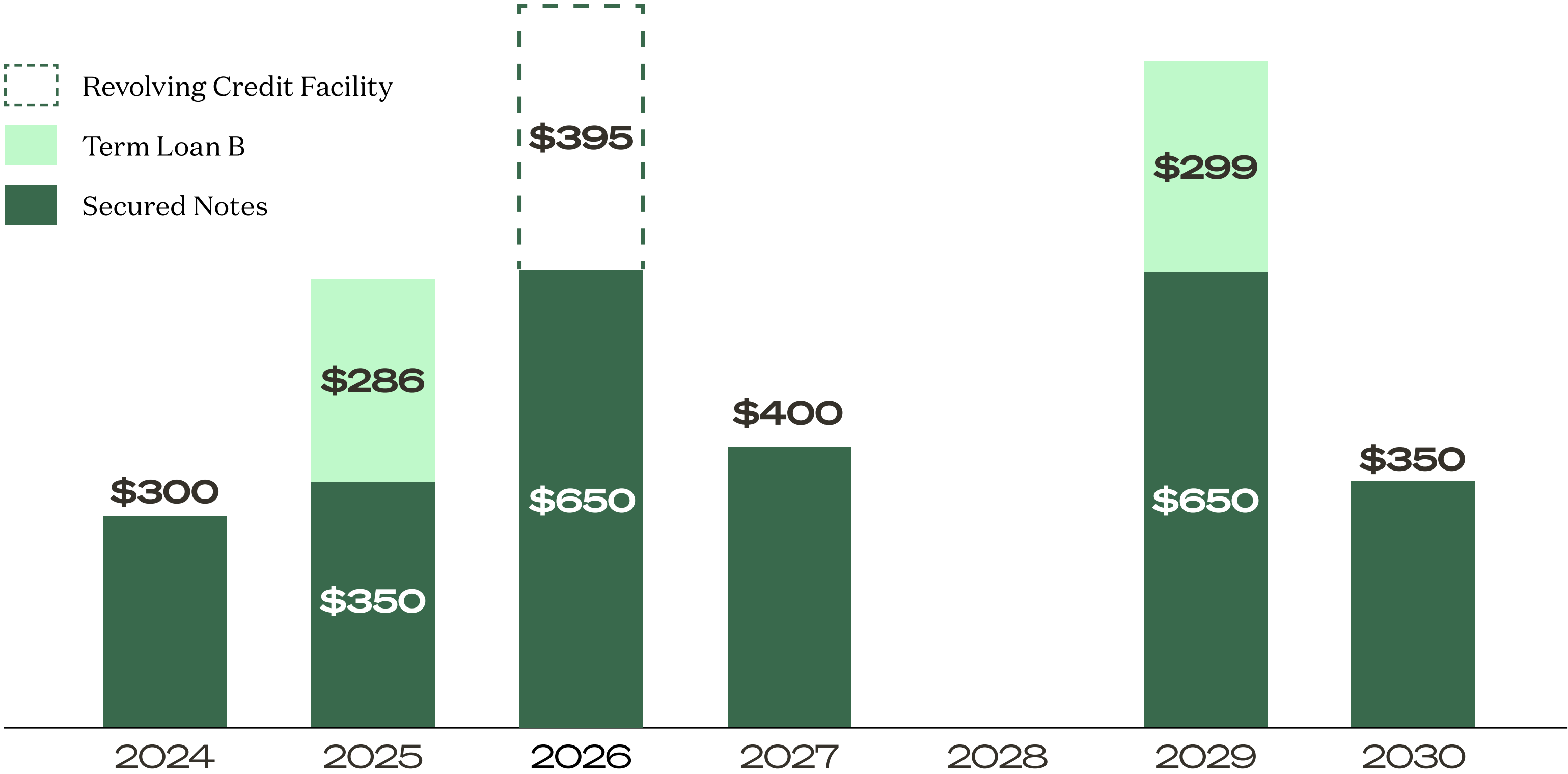
Cumulative Capital Returned to Shareholders Since Spin



\$1.97
billion dollars
of capital
returned
to shareholders
post spin

Corporate Debt Maturities¹

As of June 30, 2023 (\$ in millions)



73% of
Corporate
Debt is Fixed

Weighted Average
Effective Interest
Rate of Total
Corporate Debt is
6.3%

(1) Excludes Term Loan B amortization payments of \$3M in 2023, \$6M in 2024, \$4M in 2025, and \$3M per year in 2026-2028. The \$1B revolving credit facility is expected to be renewed prior to its maturity in 2026. Corporate debt excludes our securitization transactions indebtedness and securitization conduit facilities.



TRAVEL+ LEISURE

TNL
LISTED
NYSE





APPENDIX

TRAVEL+
LEISURE



APPENDIX: NON-GAAP RECONCILIATION

TNL Consolidated Reconciliation of Net Income to Adjusted EBITDA (\$ in millions)

	2019	2018 ⁽¹⁾	2018 + 2019
Net income attributable to T+L shareholders	\$ 507	\$ 672	\$ 1,179
Loss from ops of disc bus, net of income taxes	-	50	50
Gain on disposal of disc bus, net of income taxes	(18)	(456)	(474)
Provision for income taxes	191	130	321
Depreciation and amortization	121	138	259
Interest expense	162	170	332
Interest (income)	(7)	(5)	(12)
Acquisition and divestiture related costs	1	-	1
Restructuring	9	16	25
Asset impairments/(recoveries), net	27	(4)	23
Separation and related costs ⁽²⁾	45	223	268
Legacy items	1	1	2
Gain on sale of business	(68)	-	(68)
Stock based compensation	20	23	43
Value-added tax refund	-	(16)	(16)
Further adjustments ⁽³⁾	-	15	15
Adjusted EBITDA	\$ 991	\$ 957	\$ 1,948

(1) 2018 Adjusted EBITDA is further adjusted.

(2) Includes \$4 million and \$105 million of stock-based compensation expenses for the years ended 2019 and 2018.

(3) Includes incremental license fees paid to Wyndham Hotels, other changes being affected in conjunction with the spin-off, and other costs to reflect the Company’s position as if the spin-off of its hotel business and the sale of its European vacation rentals business had occurred for all reported periods.

APPENDIX: NON-GAAP RECONCILIATION

Reconciliation of Net Cash Provided by Operating Activities from Continuing Operations to Adjusted Free Cash Flow (\$ in millions)

	2019	2018	2018 + 2019
Net cash provided by operating activities from continuing operations	\$ 453	\$ 292	\$ 745
Property and equipment additions	(108)	(99)	(207)
Sum of proceeds and principal payments of non-recourse vacation ownership debt	185	264	449
Free Cash Flow	530	457	987
Separation and other adjustments ⁽¹⁾	87	123	210
Adjusted Free Cash Flow ⁽²⁾	\$ 617	\$ 580	\$ 1,197
Net income cash flow conversion			63%
Adjusted Free Cash Flow conversion			61%

(1) Includes cash paid for separation-related activities and transaction costs for acquisitions and divestitures as well as certain adjustments to 2018 for comparative purposes for incremental license fees paid to Wyndham Hotels and other corporate costs being affected in order to reflect the Company's position as if the spin-off had occurred for all periods presented.

(2) The Company had \$66 million of net cash used in investing activities and \$289 million of net cash used in financing activities for the year ended December 31, 2019, and \$725 million of net cash used in investing activities and \$280 million of net cash provided by financing activities for the year ended December 31, 2018.

APPENDIX: NON-GAAP RECONCILIATION

Non-GAAP Measure: Reconciliation of Net VOI Sales to Gross VOI Sales (\$ in millions)

The Company believes gross VOI sales provide an enhanced understanding of the performance of its vacation ownership business because it directly measures the sales volume of this business during a given reporting period.

	2Q 2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net VOI Sales	\$ 401	\$ 1,484	\$ 1,176	\$ 505	\$ 1,848	\$ 1,769	\$ 1,684	\$ 1,601	\$ 1,604	\$ 1,485	\$ 1,379	\$ 1,323	\$ 1,150	\$ 1,072	\$ 1,053	\$ 1,463	\$ 1,666
Net effect of percentage-of-completion accounting	-	-	-	-	-	-	-	-	(13)	12	1	-	-	-	(187)	74	22
Loan loss provision	86	302	129	415	479	456	420	342	248	260	349	409	339	341	449	450	305
Gross VOI sales, net of Fee-for-Service sales	487	1,786	1,305	920	2,327	2,225	2,104	1,943	1,839	1,757	1,729	1,732	1,489	1,413	1,315	1,987	1,993
Fee-for-Service sales	70	196	186	47	28	46	34	64	126	132	160	49	106	51	-	-	-
Gross VOI sales	\$ 557	\$ 1,982	\$ 1,491	\$ 967	\$ 2,355	\$ 2,271	\$ 2,138	\$ 2,007	\$ 1,965	\$ 1,889	\$ 1,889	\$ 1,781	\$ 1,595	\$ 1,464	\$ 1,315	\$ 1,987	\$ 1,993
2011-2019 Average										\$ 1,988							

Note: 2007-2015 Gross VOI sales does not reflect the adoption of ASC 606 revenue recognition accounting standard.

APPENDIX: NON-GAAP RECONCILIATION

Non-GAAP Measure: Reconciliation of Net Income to Adjusted Net Income to Adjusted EBITDA
(\$ in millions except per share data)

Reconciliation of Net income to Adjusted EBITDA	Three Months Ended June 30,		Twelve Months Ended December 31,	
	2023	EPS	2022	EPS
Net income attributable to Travel + Leisure Co. shareholders	\$ 94	\$ 1.25	\$ 357	\$ 4.24
Gain on disposal of discontinued business, net of income taxes	(5)		(1)	
Net income from continuing operations	\$ 89	\$ 1.18	\$ 356	\$ 4.23
Restructuring ⁽¹⁾	11		14	
Amortization of acquired intangibles ⁽²⁾	3		9	
Legacy Items	2		1	
Asset impairments, net ⁽³⁾	-		11	
Loss on equity investment	-		5	
COVID-19 related costs	-		2	
Fair value change in contingent consideration	-		(10)	
Taxes ⁽⁴⁾	(5)		(8)	
Adjusted net income	\$ 100	\$ 1.33	\$ 380	\$ 4.52
Income taxes on adjusted net income	41		138	
Interest expense	61		195	
Depreciation	25		110	
Stock-based compensation expense ⁽⁵⁾	12		42	
Interest income	(3)		(6)	
Adjusted EBITDA	\$ 236		\$ 859	
Diluted shares outstanding	75.5		84.2	

Note: Amounts may not calculate due to rounding.
(1) Includes \$3 million of stock-based compensation expenses for the twelve months ended December 31, 2022 associated with the 2022 restructuring.
(2) Amortization of acquisition-related intangible assets is excluded from Adjusted net income and Adjusted EBITDA.
(3) Includes \$1 million of inventory impairments included in Cost of vacation ownership interests for both the three months ended June 30, 2023, and the twelve months ended December 31, 2022.
(4) Represents the tax effects on the adjustments. We determine the tax effects of the non-GAAP adjustments based on the nature of the underlying adjustment and the relevant tax jurisdictions. The tax effect of the non-GAAP adjustments was calculated based on an evaluation of the statutory tax treatment and the applicable statutory tax rate in the relevant jurisdictions.
(5) All stock-based compensation is excluded from adjusted EBITDA.

APPENDIX: NON-GAAP RECONCILIATION

Non-GAAP Measure: Reconciliation of Net Cash Provided by Operating Activities to Adjusted Free Cash Flow (\$ in millions)

	Twelve Months Ended December 31, 2022
Net cash provided by operating activities	\$ 442
Property and equipment additions	(52)
Sum of proceeds and principal payments of non-recourse vacation ownership debt	47
Free Cash Flow	\$ 437
COVID-19 related adjustments ⁽¹⁾	2
Adjusted Free Cash Flow ⁽²⁾	\$ 439
Net income Cash Flow conversion	124%
Adjusted Free Cash Flow conversion	51%

(1) Includes cash paid for COVID-19 expenses factored into the calculation of Adjusted EBITDA.
(2) The Company had \$50 million of net cash used in investing activities and \$196 million of net cash used in financing activities for the twelve months ended December 31, 2022.

APPENDIX: NON-GAAP RECONCILIATION

Vacation Ownership Net Income to Adj. EBITDA Reconciliation (\$ in millions)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Vacation Ownership net income/(loss)	\$ 373	\$ 309	\$ (69)	\$ 404	\$ 340	\$ 174	\$ 316	\$ 316	\$ 295	\$ 248	\$ 227	\$ 195	\$ 156	\$ 117	\$ (1,281)	\$ 150
Net income attributable to noncontrolling interest	-	-	-	-	-	-	1	-	1	1	-	-	-	-	-	-
Provision for/(benefit from) income taxes	149	128	(17)	150	119	110	194	196	185	144	137	122	96	72	50	95
Depreciation and amortization	78	82	86	81	73	63	53	47	47	47	38	38	46	54	58	48
Interest expense	38	34	43	78	117	142	131	130	133	180	147	160	142	144	100	85
Interest (income)	-	-	-	-	(1)	-	(1)	(2)	(1)	(1)	-	-	-	-	(1)	-
Acquisition related	-	-	-	-	-	-	-	-	-	2	1	-	-	-	-	-
COVID-19 related	-	3	34	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring costs	3	(1)	14	5	11	-	8	1	-	-	2	(1)	-	37	66	-
Asset impairments/(recoveries)	8	1	22	27	(4)	205	-	-	-	-	-	-	-	9	1,374	-
Executive costs	-	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-
Separation and related costs	-	-	-	4	67	1	-	-	-	-	-	-	-	-	-	9
Stock-based compensation	16	13	8	7	9	13	16	-	-	-	-	-	-	-	-	-
2016 grant modifier	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-
Further adjustments ⁽¹⁾	-	-	-	-	(10)	(25)	(21)	-	-	-	-	-	-	-	-	-
Vacation Ownership Adjusted EBITDA	\$ 665	\$ 569	\$ 121	\$ 756	\$ 721	\$ 684	\$ 703	\$ 688	\$ 660	\$ 621	\$ 552	\$ 514	\$ 440	\$ 433	\$ 366	\$ 387
Total revenue	\$ 2,835	\$ 2,423	\$ 1,637	\$ 3,151	\$ 2,979	\$ 2,881	\$ 2,774	\$ 2,772	\$ 2,638	\$ 2,515	\$ 2,269	\$ 2,077	\$ 1,979	\$ 1,945	\$ 2,278	\$ 2,425
Net Income Margin	13%	13%	-4%	13%	11%	6%	11%	11%	11%	10%	10%	9%	8%	6%	-56%	6%
Adj. EBITDA margin	23%	23%	7%	24%	24%	24%	25%	25%	25%	25%	24%	25%	22%	22%	16%	16%

Note: 2007-2015 Adjusted EBITDA is per Wyndham Worldwide's definition and does not reflect the adoption of ASC 606 revenue recognition accounting standard. 2016-2018 Adjusted EBITDA is further adjusted.
(1) Includes incremental license fees paid to Wyndham Hotels & Resorts and other changes being affected in conjunction with the spin-off.

DEFINITIONS

Adjusted Diluted Earnings per Share: A non-GAAP measure, defined by the Company as Adjusted net income divided by the diluted weighted average number of common shares. Adjusted Diluted Earnings per Share is useful to assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods.

Adjusted EBITDA: A non-GAAP measure, defined by the Company as net income from continuing operations before depreciation and amortization, interest expense (excluding consumer financing interest), early extinguishment of debt, interest income (excluding consumer financing revenues) and income taxes, each of which is presented on the Condensed Consolidated Statements of Income. Adjusted EBITDA also excludes stock-based compensation costs, separation and restructuring costs, legacy items, transaction costs for acquisitions and divestitures, asset impairments/recoveries, gains and losses on sale/disposition of business, and items that meet the conditions of unusual and/or infrequent. Legacy items include the resolution of and adjustments to certain contingent assets and liabilities related to acquisitions of continuing businesses and dispositions, including the separation of Wyndham Hotels & Resorts, Inc. and Cendant, and the sale of the vacation rentals businesses. We believe that when considered with GAAP measures, Adjusted EBITDA is useful to assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods. We also internally use these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions. Adjusted EBITDA should not be considered in isolation or as a substitute for net income/(loss) or other income statement data prepared in accordance with GAAP and our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

Adjusted EBITDA Margin: A non-GAAP measure, represents Adjusted EBITDA as a percentage of revenue. Adjusted EBITDA Margin is useful to assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods.

Adjusted Free Cash Flow: A non-GAAP measure, defined by the Company as net cash provided by operating activities from continuing operations less property and equipment additions (capital expenditures) plus the sum of proceeds and principal payments of non-recourse vacation ownership debt, while also adding back cash paid for transaction costs for acquisitions and divestitures, separation adjustments associated with the spin-off of Wyndham Hotels, and certain adjustments related to COVID-19. TNL believes FCF to be a useful operating performance measure to evaluate the ability of its operations to generate cash for uses other than capital expenditures and, after debt service and other obligations, its ability to grow its business through acquisitions and equity investments, as well as its ability to return cash to shareholders through dividends and share repurchases. A limitation of using Adjusted free cash flow versus the GAAP measure of net cash provided by operating activities as a means for evaluating TNL is that Adjusted free cash flow does not represent the total cash movement for the period as detailed in the consolidated statement of cash flows.

Adjusted Free Cash Flow Conversion: Adjusted free cash flow as a percentage of Adjusted EBITDA. Forward-looking outlook regarding Adjusted Free Cash Flow Conversion is provided only on a non-GAAP basis because not all of the information necessary for a quantitative reconciliation is available without unreasonable effort. We use this non-GAAP performance measure to assist in evaluating our operating performance and the quality of our earnings as represented by adjusted EBITDA, and to evaluate the performance of our current and prospective operating and strategic initiatives in generating cash flows from our earnings performance. This measure also assists investors in evaluating our operating performance, management of our assets, and ability to generate cash flows from our earnings, as well as facilitating period-to-period comparisons.

Adjusted Net Income: A non-GAAP measure, defined by the Company as net income from continuing operations adjusted to exclude separation and restructuring costs, legacy items, transaction costs for acquisitions and divestitures, amortization of acquisition-related assets, debt modification costs, impairments, gains and losses on sale/disposition of business, and items that meet the conditions of unusual and/or infrequent and the tax effect of such adjustments. Legacy items include the resolution of and adjustments to certain contingent assets and liabilities related to acquisitions of continuing businesses and dispositions, including the separation of Wyndham Hotels and Cendant, and the sale of the vacation rentals businesses. Adjusted Net Income is useful to assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods.

Average Number of Exchange Members: Represents paid members in our vacation exchange programs who are considered to be in good standing.

Free Cash Flow (FCF): A non-GAAP measure, defined by TNL as net cash provided by operating activities from continuing operations less property and equipment additions (capital expenditures) plus the sum of proceeds and principal payments of non-recourse vacation ownership debt. TNL believes FCF to be a useful operating performance measure to evaluate the ability of its operations to generate cash for uses other than capital expenditures and, after debt service and other obligations, its ability to grow its business through acquisitions and equity investments, as well as its ability to return cash to shareholders through dividends and share repurchases. A limitation of using FCF versus the GAAP measure of net cash provided by operating activities as a means for evaluating TNL is that FCF does not represent the total cash movement for the period as detailed in the consolidated statement of cash flows.

Gross Vacation Ownership Interest Sales: A non-GAAP measure, represents sales of vacation ownership interests (VOIs), including sales under the fee-for-service program before the effect of loan loss provisions. We believe that Gross VOI sales provide an enhanced understanding of the performance of our vacation ownership business because it directly measures the sales volume of this business during a given reporting period.

Leverage Ratio: The Company calculates leverage ratio as net debt divided by Adjusted EBITDA as defined in the credit agreement.

Net Debt: Net debt equals total debt outstanding, less non-recourse vacation ownership debt and cash and cash equivalents.

Tours: Represents the number of tours taken by guests in our efforts to sell VOIs.

Travel and Membership Revenue per Transaction: Represents transaction revenue divided by transactions, provided in two categories; Exchange, which is primarily RCI, and Travel Club.

Travel and Membership Transactions: Represents the number of exchanges and travel club bookings recognized as revenue during the period, net of cancellations. This measure is provided in two categories; Exchange, which is primarily RCI, and Travel Club.

Volume Per Guest (VPG): Represents Gross VOI sales (excluding telesales and virtual sales) divided by the number of tours. The Company has excluded non-tour sales in the calculation of VPG because non-tour sales are generated by a different marketing channel. We believe that VPG provides an enhanced understanding of the performance of our Vacation Ownership business because it directly measures the efficiency of its tour selling efforts during a given reporting period.