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Wyndham Worldwide Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) Your first question comes from Joseph Greff - J.P. Morgan.

Joseph Greff - J.P. Morgan

The 8-K filing after the earnings release this morning of the \$200 million equity sales program, can you just talk a little bit - I guess potential use of proceeds and, I guess, the bigger question, like why now?

Steve Holmes

Thanks for the question, Joe, and I thought that might be the first question out of the block.

Why now is a great question. We would prefer not to issue equity at these prices, obviously. This is not what we think is a very good value on the stock right now; it should be quite a bit higher. Having said that, the markets are very unpredictable, as we all know, and we don't know what the movement will look like in the next quarter, in the next week, in the next month. And for us to not inform you that this was our intent and then just pop out with something later when we didn't have a chance to get on the phone and talk about it didn't seem to be very prudent.

We think that, as you know, we are on negative outlook from the agencies. We're on the bottom of investment grade. We'd like to retain that liquidity if we can. We think there are going to be enormous opportunities in our industry during 2009, and we just frankly want to be positioned to take advantage of those opportunities. There's not a lot of offense going on right now within any business and we're not being offensive in our efforts, but we think there will be openings in 2009 to be a little bit more offensive and we want to be positioned to take advantage of that.

So why now? Well, we just want to make sure that we're clear with what our intent is. We'd prefer not to do it now, but we also can't predict what the ABS markets, what the credit markets in general will look like in the coming weeks, months and the rest of the year.

Joseph Greff - J.P. Morgan

If we exclude the equity sales program, by the end of this year, where do you see gross debt, net debt being?

Steve Holmes

Well, we think our revolver will be about the same as it was at the end of 2007 and so it's roughly equivalent.

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