UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 17, 2019

Marriott Vacations Worldwide Corporation

(Exact name of registrant as specified in its charter)

Delaware	**001-35219**	**45-2598330**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification Number)**

6649 Westwood Blvd., Orlando, FL	**32821**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's telephone number, including area code (407) 206-6000

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 Par Value	**VAC**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Item 7.01. Regulation FD Disclosure.

Certain supplemental information provided in the Offering Memorandum (as defined below) regarding Marriott Vacations Worldwide Corporation (“MVW”) is furnished as Exhibit 99.1 to this Current Report on Form 8-K (this “Current Report”) and is incorporated herein by reference.

The information furnished pursuant to this Item 7.01 (including Exhibit 99.1 hereto) shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 8.01. Other Events.

On September 17, 2019, MVW issued a press release to announce that Marriott Ownership Resorts, Inc., its wholly owned subsidiary (the “Issuer”), intends, subject to market and other conditions, to offer $300 million aggregate principal amount of senior unsecured notes due 2028 (the “Notes”) as set forth in a preliminary offering memorandum dated September 17, 2019 (the “Offering Memorandum”). A copy of the press release is attached to this Current Report as Exhibit 99.2 and is incorporated herein by reference.

The unaudited pro forma combined financial statements of MVW provided in the Offering Memorandum are attached hereto as Exhibit 99.3 and are incorporated herein by reference.

No Offer or Solicitation

This communication is for informational purposes only and is not intended to and does not constitute an offer to buy, nor a solicitation of an offer to sell, subscribe for or buy any securities or the solicitation of any vote or approval in any jurisdiction pursuant to or in connection with the proposed transactions or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act and otherwise in accordance with applicable law.

Cautionary Statement Regarding Forward-Looking Statements

Information included or incorporated by reference in this communication, and information which may be contained in other filings with the Securities and Exchange Commission (the “SEC”) and press releases or other public statements, contains or may contain “forward-looking” statements, as that term is defined in the Private Securities Litigation Reform Act of 1995 or by the SEC in its rules, regulations and releases. These forward-looking statements include, among other things, statements of plans, objectives, expectations (financial or otherwise) or intentions.

Forward-looking statements include, among other things, the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “plan,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “continue,” “may,” “might,” “should,” “could” or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements in this communication. We do not have any intention or obligation to update forward-looking statements after the date of this communication, except as required by law.

We caution you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including volatility in the economy and the credit markets, changes in supply and demand for vacation ownership and residential products, competitive conditions, the availability of capital to finance growth, and other matters referred to under the heading “Risk Factors” contained in the company’s most recent Annual Report on Form 10-K filed with the SEC and in subsequent SEC filings, any of which could cause actual results to differ materially from those expressed in or implied in this press release.

Item 9.01. Financial Statements and Exhibits

(d) The following exhibits are filed with this Current Report:

Exhibit No.	Description
99.1	Certain Supplemental Information Regarding Marriott Vacations Worldwide Corporation.
99.2	Press Release announcing Notes Offering, dated September 17, 2019.
99.3	Unaudited Pro Forma Combined Statements of Income of Marriott Vacations Worldwide Corporation.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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

MARRIOTT VACATIONS WORLDWIDE CORPORATION

(Registrant)

Date: September 17, 2019	By:	/s/John E. Geller, Jr.
	Name:	John E. Geller, Jr.
	Title:	Executive Vice President and Chief Financial and Administrative Officer

Exhibit 99.1

Supplemental Information Regarding MVW

September 17, 2019

Except where the context otherwise suggests, as used herein, (i) "MVW," "we," "us" and "our" refer to Marriott Vacations Worldwide Corporation, a Delaware corporation and the parent company of the Marriott Ownership Resorts, Inc. (the "Issuer"), and its subsidiaries, (ii) "ILG" refers to ILG, LLC., a Delaware limited liability company (f/k/a ILG, Inc.), and its subsidiaries prior to the ILG Acquisition (as defined below) and (iii) "ILG Acquisition" refers to the the combination of MVW with ILG through a series of business combinations, as a result of which ILG became an indirect wholly owned subsidiary of MVW on September 1, 2018.

The below supplemental information reflects certain information included in the Offering Memorandum dated September 17, 2019.

Asset Sale and Disposition

During 2019, as part of the ILG Acquisition, we evaluated the strategic fit of the land holdings and operating hotels in our vacation ownership business. As a result of this review, we have identified several assets for disposition which we believe will generate cash proceeds in excess of $150 million over the next several years. We expect to take a non-cash impairment of $60 million to $90 million during the 2019 third quarter.

* * *

SUMMARY UNAUDITED PRO FORMA COMBINED FINANCIAL DATA

The following table shows summary unaudited pro forma combined statements of income for the results of operations of the combined company after giving effect to the ILG Acquisition, excluding the effects of this offering and the use of proceeds. The unaudited pro forma combined statements of income data for the six months ended June 30, 2018 and the fiscal year ended December 31, 2018 are presented as if the ILG Acquisition occurred on January 1, 2018, the beginning of the earliest period presented.

The summary unaudited pro forma combined statement of operations for the twelve months ended June 30, 2019 is calculated by adding the summary unaudited pro forma combined statement of income for the year ended December 31, 2018 to the summary statement of income for the six months ended June 30, 2019, which was derived from the historical statement of income included in our Quarterly Report on Form 10-Q for the six months ended June 30, 2019, and subtracting the summary unaudited pro forma combined statement of operations for the six months ended June 30, 2018.

These summary unaudited pro forma combined statements of income do not reflect the realization of any cost savings from operating efficiencies, synergies or other restructuring, or associated costs to achieve such savings, that may result from the ILG Acquisition, other than those that have been realized since the Acquisition Date. This data has been derived from and should be read in conjunction with the more detailed unaudited pro forma combined statements of income of the combined company appearing elsewhere in this offering memorandum and the accompanying notes to the unaudited pro forma combined statements of income. In addition, the summary unaudited pro forma combined statements of income were based on and should be read in conjunction with the historical consolidated financial statements and related notes of both MVW and ILG for the applicable periods, which have been incorporated in this offering memorandum by reference. See the section entitled “Where You Can Find More Information” in this offering memorandum and the section entitled “Unaudited Pro Forma Combined Statements of lncome” included in this offering memorandum.

The following table includes the secured corporate debt and total corporate debt amounts which reflect the historical amounts as adjusted for the effects of this offering and use of proceeds. See “Capitalization.”

These summary unaudited pro forma combined statements of income have been presented for informational purposes only and are not necessarily indicative of what the combined company’s results of operations actually would have been had the ILG Acquisition been completed as of the dates indicated. In addition, the summary unaudited pro forma combined statements of income do not purport to project the future operating results of the combined company. The unaudited summary pro forma combined statements of income are based upon currently available information and estimates and assumptions that MVW’s management believes are reasonable as of the date hereof. Any of the factors underlying these estimates and assumptions may change or prove to be materially different, and the final purchase price allocation may be different than the preliminary purchase price allocation presented herein, and this difference may be material.

($ in millions)	Six Months Ended June 30, 2018	Year Ended December 31, 2018	Twelve Months Ended June 30, 2019
Combined Statement of Income Data:			
Revenues			
Sale of vacation ownership products	$ 624	$ 1,322	$ 1,349
Management and exchange	487	951	942
Rental	316	595	602
Financing	120	248	265
Cost reimbursements	549	1,097	1,087
Total revenues	2,096	4,213	4,245
Expenses			
Cost of vacation ownership products	180	362	353
Marketing and sales	362	731	750
Management and exchange	227	465	472
Rental	215	414	411
Financing	36	86	97
General and administrative	183	372	346
Depreciation and amortization	68	138	143
Litigation charges	16	46	32
Royalty fee	53	108	107
Impairment	—	—	26
Cost reimbursements	549	1,097	1,087
Total expenses	1,889	3,819	3,824
(Losses) gains and other (expense) income, net	(8)	48	66
Interest expense	(66)	(129)	(132)
ILG acquisition—related costs	—	—	(62)
Other	(6)	(3)	3
Income before income taxes and noncontrolling interests	127	310	296
(Benefit) provision for income taxes	(38)	(98)	(100)
Net income	89	212	196
Net income attributable to noncontrolling interests	(2)	1	3
Net income attributable to common stockholders	$ 87	$ 213	$ 199
Credit Statistics:			
Pro forma Adjusted EBITDA(1)			$ 775
Secured corporate net debt(2)(3)			757
Ratio of secured corporate net debt to pro forma Adjusted EBITDA			0.98x
Total corporate net debt(3)(4)			$ 2,037
Ratio of total corporate net debt to pro forma Adjusted EBITDA			2.63x

(1) MVW defines EBITDA, a financial measure that is not prescribed by GAAP, as earnings, or net income attributable to common shareholders, before interest expense (excluding consumer financing interest expense), income taxes, depreciation and amortization. Adjusted EBITDA, a financial measure that is not prescribed by GAAP, reflects additional adjustments for certain items described below and excludes share-based compensation expense to address considerable variability among companies in recording compensation expense because companies use share-based payment awards differently, both in the type and quantity of awards granted. For purposes of MVW's EBITDA and Adjusted EBITDA calculations, MVW does not adjust for consumer financing interest expense as MVW considers it to be an operating expense of

its business. EBITDA and Adjusted EBITDA have limitations and should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. See “Presentation of Financial and Other Information—Non-GAAP Financial Measures.”

The following table presents a reconciliation of MVW’s unaudited pro forma net income attributable to common shareholders, the most directly comparable GAAP measure, to MVW pro forma EBITDA and pro forma Adjusted EBITDA for the six months ended June 30, 2018, the year ended December 31, 2018 and the last twelve months ended June 30, 2019.

($ in millions)	Six Months Ended June 30, 2018	Year Ended December 31, 2018	Twelve Months Ended June 30, 2019
Net income attributable to common shareholders	$ 87	$ 213	$ 199
Interest expense	66	129	132
Provision for income taxes	38	98	100
Depreciation and amortization	68	138	143
EBITDA	$ 259	$ 578	$ 574
Non-cash share-based compensation	21	51	50
Certain items[a]	38	48	96
Impact of purchase accounting[b]	9	(10)	(19)
Cost synergies[c]	—	—	74
Adjusted EBITDA	$ 327	$ 667	$ 775

(a) “Certain items” as reflected here includes adjustments made by MVW and ILG in reaching each respective company’s historical Adjusted EBITDA. Included from the MVW historical Adjusted EBITDA reconciliation table set forth in “—Summary Historical Financial Data of MVW” above included in the line item titled “Certain items,” and included from the ILG historical Adjusted EBITDA reconciliation table set forth in “—Summary Historical Financial Data of ILG” above included in the line items titled “Other special items,” “Asset impairments,” “Acquisition related and restructuring costs,” and “Less: Other non-operating (income) expense, net.” An incremental adjustment has been made to the historical EBITDA adjustments related to acquisition costs to avoid effectively adding back these costs twice since they are eliminated as part of the pro forma adjustments and added back within the historical EBITDA adjustments.

(b) Impact of the application of purchase accounting represents the difference between amounts derived from the fair value remeasurement of assets and liabilities acquired in a business combination versus the historical basis. This adjustment includes the historical adjustments made to ILG EBITDA for its previous acquisitions as well as the impact of the applicable pro forma adjustments related to purchase accounting associated with the ILG Acquisition.

(c) Reflects estimated annual cost synergies of $100 million from the ILG Acquisition, of which $26 million have been realized in the actual results of MVW through June 30, 2019, as a result of restructuring activities and other cost savings initiatives that MVW expects to realize within three years following the consummation of the ILG Acquisition. However, (i) there can be no assurance that such cost savings and other synergies will be achieved, (ii) it may take longer than anticipated to achieve such cost savings and other synergies and (iii) it may require significant costs to achieve these cost savings and other synergies.

(2) Includes indebtedness under the Revolving Credit Facility, the Term Loan included in the Corporate Credit Facility and finance leases, adjusted for the use of a portion of the proceeds of the Notes offered hereby and to pay down a portion of the amounts outstanding under the Revolving Credit Facility. See “Capitalization” for further details.

(3) Reflected net of Cash and cash equivalents of $179 million.

(4) Corporate Debt is adjusted for the Notes offered hereby and the repayment of the Existing IAC Notes, Existing Exchange Notes and paydown of a portion of the amounts outstanding under the Revolving Credit Facility. See “Capitalization” for further details.

NEWS

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Marriott Vacations Worldwide Announces Offering of Senior Notes

ORLANDO, Fla. – September 17, 2019 – Marriott Vacations Worldwide Corporation (NYSE: VAC) ("MVW," "we," "us" or "our") today announced that its wholly owned subsidiary, Marriott Ownership Resorts, Inc. (the "Issuer"), intends to offer, subject to market and other conditions, $300.0 million aggregate principal amount of senior notes due 2028 (the "Notes"). The Notes will be offered to qualified institutional buyers within the United States pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and in offshore transactions to non-U.S. persons pursuant to Regulation S under the Securities Act.

The Issuer intends to use the net proceeds from the Notes offering to (i) to redeem all of the $139.9 million outstanding aggregate principal amount of 5.625% Senior Notes due 2023 issued by Interval Acquisition Corp., (ii) to redeem all of the $88.2 million outstanding aggregate principal amount of 5.625% Senior Notes due 2023 issued by us and ILG, LLC, (iii) to repay a portion of the outstanding borrowings under our $600.0 million revolving credit facility, (iv) to pay transaction expenses and fees in connection with each of the foregoing and (v) for general corporate purposes.

The Notes may not be offered or sold in the United States or to any U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes have not been registered under the Act or the securities laws of any other jurisdiction.

No Offer or Solicitation

This communication is for informational purposes only and is not intended to and does not constitute an offer to buy, nor a solicitation of an offer to sell, subscribe for or buy any securities or the solicitation of any vote or approval in any jurisdiction pursuant to or in connection with the proposed transactions or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law.

About Marriott Vacations Worldwide Corporation

Marriott Vacations Worldwide Corporation is a leading global vacation company that offers vacation ownership, exchange, rental and resort and property management, along with related businesses, products and services. The company has a diverse portfolio that includes seven vacation ownership brands. It also includes exchange networks and membership programs, as well as management of other resorts and lodging properties. As a leader and innovator in the vacation industry, the company upholds the highest standards of excellence in serving its customers, investors and associates while maintaining exclusive, long-term relationships with Marriott International and Hyatt Hotels Corporation for the development, sales and marketing of vacation ownership products and services. For more information, please visit www.marriottvacationsworldwide.com.

Forward-Looking Statements

Information included in this communication, and information which may be contained in other filings with the Securities and Exchange Commission (the "SEC") and press releases or other public statements, contains or may contain "forward-looking" statements, as that term is defined in the Private Securities Litigation Reform Act of 1995 or by the SEC in its rules, regulations and releases. These forward-looking statements include, among other things, statements of plans, objectives, expectations (financial or otherwise) or intentions.

Forward-looking statements include, among other things, the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "plan," "intend," "anticipate," "estimate," "predict," "potential," "continue," "may," "might," "should," "could" or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements in this communication. We do not have any intention or obligation to update forward-looking statements after the date of this communication, except as required by law.

We caution you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including volatility in the economy and the credit markets, changes in supply and demand for vacation ownership and residential products, competitive conditions, the availability of capital to finance growth, and other matters referred to under the heading "Risk Factors" contained in the company's most recent Annual Report on Form 10-K filed with the SEC and in subsequent SEC filings, any of which could cause actual results to differ materially from those expressed in or implied in this press release.

September 17, 2019

Except where the context otherwise suggests, as used herein, (i) "MVW," "we," "us" and "our" refers to Marriott Vacations Worldwide Corporation, a Delaware corporation, and its subsidiaries and (ii) "ILG" refers to ILG, LLC, a Delaware limited liability company (f/k/a ILG, Inc.), and its subsidiaries prior its acquisition by MVW on September 1, 2018.

The below "Unaudited Pro Forma Combined Statements of Income" were included in the Offering Memorandum dated September 17, 2019.

UNAUDITED PRO FORMA COMBINED STATEMENTS OF INCOME

On September 1, 2018 (the "Acquisition Date"), MVW completed the acquisition of ILG, through a series of transactions, after which ILG became an indirect wholly-owned subsidiary of MVW (the "Combination Transactions").

The following unaudited pro forma combined statements of income present the combination of the historical statements of income of MVW and ILG, adjusted to give effect to the Combination Transactions. Presentation of pro forma combined statements of income is not required for any period beginning after the Acquisition Date because the Combination Transactions are already reflected in the historical statements of income for any such period. Presentation of a pro forma combined balance sheet is not required because the Combination Transactions are already reflected in the historical MVW consolidated balance sheet after the Acquisition Date.

These unaudited pro forma combined statements of income give effect to the Combination Transactions. Specifically, MVW presents the pro forma combined statement of income for the fiscal year ended December 31, 2018 as if the Combination Transactions had occurred on January 1, 2018, the beginning of the periods presented. The historical financial results of ILG are presented separately prior to the Acquisition Date and are included in the results of MVW beginning on the Acquisition Date and thereafter.

The impact of the issuance of the Notes offered hereby and the use of proceeds for the redemption of the Existing IAC Notes and the Existing Exchange Notes, the repayment of a portion of the Revolving Credit Facility and the payment of related fees and expenses are not reflected and are not presented within the unaudited pro forma combined statements of income. The impact of this offering on the cash and cash equivalents and capitalization of MVW as of June 30, 2019, on as adjusted basis, is presented under "Capitalization."

The unaudited pro forma combined statements of income were prepared using purchase accounting with MVW considered the acquirer of ILG. Under purchase accounting, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair values, with any excess purchase price allocated to goodwill. The unaudited pro forma purchase price allocation was based on preliminary estimates of the fair values of the tangible and intangible assets and liabilities of ILG for purposes of inclusion on the opening balance sheet and which assets and liabilities have been included in the MVW consolidated balance sheet after the Acquisition Date. Following the date of this offering memorandum, MVW will complete the purchase price allocation after considering the fair value of ILG's assets and liabilities at the level of detail necessary to finalize the required purchase price allocation, which will occur in the third quarter of 2019. Accordingly, the purchase price allocations are preliminary and subject to further adjustments as our analyses are completed. The final purchase price allocation may be different than that reflected in the preliminary purchase price allocation presented herein, and this difference may be material.

In order to make these unaudited pro forma combined statements of income easier to read, MVW refers to the Unaudited Pro Forma Combined Statements of Income, associated adjustments and related information as the "pro forma statements of income" throughout this document. All such statements and information are unaudited and combined, except where such information by its presentation or context applies only to MVW or ILG.

The pro forma statements of income do not reflect the realization of any expected cost savings or other synergies from the acquisition of ILG as a result of integration activities and other cost savings initiatives. MVW currently estimates that synergies and planned integration activities will result in annual combined cost savings of at least $100 million, which are not reflected in the pro forma statements of income, except to the extent realized prior to December 31, 2018 or June 30, 2019, as applicable. Although MVW believes such cost savings and other synergies will be realized, there can be no assurance that these cost savings or any other synergies will be achieved in full or at all. In addition, the pro forma statements of income do not reflect the planned integration and other charges associated with these cost savings, which are expected to be expensed in MVW's statements of income, except to the extent incurred prior to December 31, 2018 or June 30, 2019, as applicable.

The unaudited pro forma adjustments are based upon currently available information, estimates and assumptions that MVW's management believes are reasonable as of the date hereof. The pro forma adjustments and related assumptions are described in the accompanying notes presented on the following pages, which should be read together with the pro forma statements of income.

The pro forma statements of income are for informational purposes only and are not intended to represent or to be indicative of the actual results of operations that the combined MVW and ILG business would have reported had the Combination Transactions been completed on January 1, 2018, the beginning of the earliest period presented, and should not be taken as being indicative of future combined results of operations. The actual results may differ significantly from those reflected in the pro forma statements of income for a number of reasons, including, but not limited to, differences between the assumptions used to prepare the pro forma statements of income and actual amounts. As a result, the pro forma statements of income do not purport to be indicative of what the results of operations would have been had the Combination Transactions been completed on the applicable date of the unaudited pro forma statements of income. In addition, the pro forma statements of income do not purport to be indicative of the future results of operations of the combined company.

The pro forma statements of income are based on, and should be read together with, the separate historical consolidated financial statements and accompanying notes of MVW and ILG for the applicable periods, which are incorporated by reference in this offering memorandum:

- MVW's consolidated financial statements as of and for (1) the year ended December 31, 2018 included in its Annual Report on Form 10-K filed with the SEC on March 1, 2019 and (2) the six months ended June 30, 2018 in its Quarterly Report on Form 10-Q filed with the SEC on August 2, 2018; and

- ILG's consolidated financial statements as of and for the six months ended June 30, 2018 included in its Quarterly Report on Form 10-Q filed with the SEC on August 3, 2018.

Rounding

Calculated values were determined using whole numbers.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
SIX MONTHS ENDED JUNE 30, 2018
(In millions, except per share amounts)

	Historical		Pro forma adjustments for the Combination Transactions excluding this offering and the use of proceeds thereof		Pro forma Combined
	MVW	ILG(a)			
REVENUES					
Sale of vacation ownership products	$ 380	$ 244	$		$ 624
Management and exchange	148	355	(12)	(b)	487
			(4)	(c)	
Rental	149	167			316
Financing	71	47	2	(d)	120
Cost reimbursements	418	131			549
TOTAL REVENUES	1,166	944	(14)		2,096
EXPENSES					
Cost of vacation ownership products	103	71	6	(e)	180
Marketing and sales	211	154	(6)	(b)	362
			3	(f)	
Management and exchange	75	159	(6)	(b)	227
			(1)	(f)	
Rental	117	98			215
Financing	21	15			36
General and administrative	61	122	—	(f)	183
Depreciation and amortization	11	41	(3)	(g)	68
			19	(h)	
Litigation settlement	16				16
Royalty fee	31	22			53
Cost reimbursements	418	131			549
TOTAL EXPENSES	1,064	813	12		1,889
(Losses) gains and other (expense) income, net	(6)	(2)			(8)
Interest expense	(9)	(15)	—	(c)	(66)
			(42)	(i)	
ILG acquisition—related costs	(20)	(7)	27	(j)	—
Other	(3)	(3)			(6)
INCOME (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	64	104	(41)		127
Provision for income taxes	(17)	(33)	12	(k)	(38)
NET INCOME (LOSS)	47	71	(29)		89
Net income attributable to noncontrolling interests	—	(2)	—		(2)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 47	$ 69	$ (29)		$ 87

See Note 3 to Unaudited Pro Forma Combined Statements of Income

MARRIOTT VACATIONS WORLDWIDE CORPORATION
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2018
(In millions, except per share amounts)

	Historical		Adjustments for the Combination Transactions excluding this offering and the use of proceeds thereof		
	MVW	Eight months ended August 31, 2018 of ILG(a)			Pro forma Combined
REVENUES					
Sale of vacation ownership products	$ 990	$ 332	$		$ 1,322
Management and exchange	499	473	(15)	(b)	951
			(6)	(c)	
Rental	371	224			595
Financing	183	63	2	(d)	248
Cost reimbursements	925	172			1,097
TOTAL REVENUES	2,968	1,264	(19)		4,213
EXPENSES					
Cost of vacation ownership products	260	93	9	(e)	362
Marketing and sales	527	208	(8)	(b)	731
			4	(f)	
Management and exchange	259	215	(8)	(b)	465
			(1)	(f)	
Rental	281	133			414
Financing	65	21			86
General and administrative	198	174	—	(f)	372
Depreciation and amortization	62	55	(5)	(g)	138
			26	(h)	
Litigation settlement	46				46
Royalty fee	78	30			108
Cost reimbursements	925	172			1,097
TOTAL EXPENSES	2,701	1,101	17		3,819
Gains (losses) and other income (expense), net	21	27			48
Interest expense	(54)	(19)	—	(c)	(129)
			(56)	(i)	
ILG acquisition—related costs	(127)	(41)	168	(j)	—
Other	(4)	1			(3)
INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	103	131	76		310
Provision for income taxes	(51)	(37)	(10)	(k)	(98)
NET INCOME	52	94	66		212
Net loss (income) attributable to noncontrolling interests	3	(2)	—		1
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 55	$ 92	$ 66		$ 213

See Note 3 to Unaudited Pro Forma Combined Statements of Income

Notes to the Unaudited Pro Forma Combined Statements of Income
Giving Effect to the Combination Transactions

Note 1. Consideration Transferred

On the Acquisition Date, shareholders of ILG received 0.165 shares of MVW common stock and $14.75 in cash for each share of ILG common stock. The following table presents the fair value of each class of consideration transferred at the Acquisition Date, as adjusted at June 30, 2019.

(in millions, except per share amounts)	
Equivalent shares of MVW common stock issued in exchange for ILG outstanding shares	20.5
MVW common stock price per share as of Acquisition Date	$ 119.00
Fair value of MVW common stock issued in exchange for ILG outstanding shares	2,441
Cash consideration to ILG shareholders, net of cash acquired of $154 million	1,680
Fair value of ILG equity-based awards attributed to pre-combination service	64
Total consideration transferred, net of cash acquired	4,185
Noncontrolling interests	30
	$ 4,215

Note 2. Preliminary Fair Values of Assets Acquired and Liabilities Assumed

The following table presents our preliminary estimates as of June 30, 2019 of fair values of the assets that we acquired and the liabilities that we assumed on the Acquisition Date.

($ in millions)	
Vacation ownership notes receivable	$ 753
Inventory	474
Property and equipment	373
Intangible assets	1,163
Other assets	662
Deferred revenue	(217)
Deferred taxes	(175)
Debt	(392)
Securitized debt from VIEs	(702)
Other liabilities	(548)
Net assets acquired	1,391
Goodwill(1)	2,824
	$ 4,215

(1) Goodwill is calculated as total consideration transferred, net of cash acquired, less identified net assets acquired and primarily represents the value that we expect to obtain from synergies and growth opportunities from our combined operations.

Note 3. Pro Forma Adjustments

(a) The historical financial results of ILG are presented separately prior to the Acquisition Date and are included in the results of MVW beginning on the Acquisition Date and thereafter. Certain presentation changes have been made to the historical presentation of ILG financial information in order to conform to the actual combined MVW presentation in effect following the Combination Transactions. These presentation changes were identified through a review of the historical presentation of ILG financial information, with the effects reflected in the historical ILG figures accordingly.

(b) To reflect the elimination of intercompany revenue and expenses between MVW and ILG.

(c) To record decreases in amortized deferred revenue related to the adjustments to fair value of ILG's deferred revenue based on the purchase price allocation. MVW provisionally estimated the value of ILG's deferred revenue based on a review of existing deferred revenue balances against ILG's legal performance obligations.

(d) To reflect an adjustment to financing revenue to convert interest income recognition from acquired vacation ownership notes receivable to approximate the level-yield method pursuant to Financial Accounting Standards Board Accounting Standards Codification ("ASC") 310-30, *Receivables-Loans and Debt Securities Acquired with Deteriorated Credit Quality*. The level-yield method requires MVW to recognize as interest income the excess of the cash flows expected to be collected on the acquired vacation ownership notes receivable portfolio over the fair value of the portfolio.

(e) To reflect the impact to cost of sales attributable to the purchase price adjustment remeasuring vacation ownership inventory to fair value, which has a recurring impact following the completion of the Combination Transactions.

(f) In its adoption of ASC 606, *Revenue from Contracts with Customers*, MVW elected to apply the practical expedient permitted under the standard to expense costs rather than capitalize costs to obtain a contract as incurred, and ILG elected to capitalize these costs. As MVW has an accounting policy to expense these costs as incurred, this pro forma adjustment reflects the elimination of the amortization associated with these capitalized costs during the respective periods and recognizes an estimate of costs during the respective periods that would have been expensed in order to conform ILG's accounting policy to that of MVW.

(g) To reflect a preliminary pro forma adjustment to recognize changes to straight-line depreciation expense resulting from the fair value adjustments to acquired property and equipment. The pro forma adjustments for depreciation expense are based on the preliminary purchase price allocation, which is subject to further adjustments as additional information becomes available and as additional analyses are performed.

(h) To reflect a preliminary pro forma adjustment to recognize incremental straight-line amortization expense resulting from the allocation of purchase consideration to definite-lived intangible assets subject to amortization. The pro forma adjustments for amortization expense are as follows:

($ in millions)	**Estimated Fair Value**	**Six Months Ended June 30, 2018**	**Eight Months Ended August 31, 2018**	**Estimated useful life (in years)**
Member relationships	$ 695	$ 20	$ 27	15 – 20
Management contracts	$ 386	9	12	15 – 20
		29	39	
Previously recorded amortization expense of intangibles		(10)	(13)	
		$ 19	$ 26	

(i) During the third quarter of 2018, in connection with the Combination Transactions, MVW issued $750 million aggregate principal amount of the Existing MORI Notes and entered into the Corporate Credit Facility. The Corporate Credit Facility includes a $900 million term loan facility ("Term Loan"), which matures on August 31, 2025, and a Revolving Credit Facility with a borrowing capacity of $600 million that terminates on August 31, 2023. The Term Loan bears interest at LIBOR plus 2.25%, and borrowings under the Revolving Credit Facility generally bear interest at a floating rate plus an applicable margin that varies from 0.50% to 2.75%.

Pro forma interest expense includes the impact of the Existing MORI Notes, Term Loan and Revolving Credit Facility, including the impact of changes to amortization of debt issuance costs, discounts and purchase accounting adjustments. The pro forma interest expense associated with newly issued debt is based on a weighted average interest rate of 5.45%.

($ in millions)	Six Months Ended June 30, 2018	Eight Months Ended August 31, 2018
Interest expense on new debt	$ 45	$ 61
Amortization of debt issuance costs	2	3
Less: historical interest expense on ILG credit facility	(4)	(6)
Less: historical amortization of debt issuance costs	(2)	(3)
Amortization of change in fair value of acquired debt	1	1
	$ 42	$ 56

(j) To reflect the elimination of non-recurring transaction-related expenses incurred by MVW or ILG directly associated with the Combination Transactions.

(k) To reflect the pro forma tax effect of the adjustments herein at an estimated statutory blended rate of 25.2% for the six months ended June 30, 2018 and the year ended December 31, 2018. We have also adjusted the 2018 income tax expense for the permanent impact of nondeductible transaction costs that are removed as a pro forma adjustment.