UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number 001-35219

Marriott Vacations Worldwide Corporation
(Exact name of registrant as specified in its charter)

Delaware	**45-2598330**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
9002 San Marco Court Orlando FL	**32819**
(Address of principal executive offices)	**(Zip Code)**

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

(Former name, former address and former fiscal year, if changed since last report)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the issuer's common stock, par value $0.01 per share, as of October 30, 2023 was 35,517,203.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
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Throughout this report, we refer to Marriott Vacations Worldwide Corporation, together with its consolidated subsidiaries, as "Marriott Vacations Worldwide," "MVW," "we," "us," or the "Company." We also refer to brands that we own, as well as those brands that we license, as our brands. All brand names, trademarks, trade names, and service marks cited in this report are the property of their respective owners, including those of other companies and organizations. Solely for convenience, trademarks, trade names, and service marks referred to in this report may appear without the ® or ™ symbols, however, such references are not intended to indicate in any way that MVW or the owner, as applicable, will not assert, to the fullest extent under applicable law, all rights to such trademarks, trade names, and service marks.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MARRIOTT VACATIONS WORLDWIDE CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
REVENUES				
Sale of vacation ownership products	$ 319	$ 444	$ 1,085	$ 1,179
Management and exchange	205	198	611	623
Rental	138	165	435	438
Financing	81	74	239	217
Cost reimbursements	443	371	1,163	1,011
TOTAL REVENUES	1,186	1,252	3,533	3,468
EXPENSES				
Cost of vacation ownership products	50	76	174	216
Marketing and sales	202	207	618	603
Management and exchange	115	101	332	330
Rental	119	126	344	294
Financing	30	5	81	49
General and administrative	57	62	189	187
Depreciation and amortization	33	33	99	98
Litigation charges	2	2	7	7
Royalty fee	30	28	88	84
Impairment	—	1	4	1
Cost reimbursements	443	371	1,163	1,011
TOTAL EXPENSES	1,081	1,012	3,099	2,880
Gains (losses) and other income (expense), net	3	(2)	34	39
Interest expense, net	(36)	(34)	(106)	(91)
Transaction and integration costs	(5)	(34)	(28)	(99)
Other	(1)	(1)	—	—
INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	66	169	334	437
Provision for income taxes	(24)	(59)	(115)	(134)
NET INCOME	42	110	219	303
Net income attributable to noncontrolling interests	—	(1)	—	—
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 42	$ 109	$ 219	$ 303
EARNINGS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS				
Basic	$ 1.16	$ 2.76	$ 5.96	$ 7.39
Diluted	$ 1.09	$ 2.53	$ 5.33	$ 6.68
CASH DIVIDENDS DECLARED PER SHARE	$ 0.72	$ 0.62	$ 2.16	$ 1.86

See Interim Condensed Notes to Consolidated Financial Statements

MARRIOTT VACATIONS WORLDWIDE CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
NET INCOME	$ 42	$ 110	$ 219	$ 303
Foreign currency translation adjustments	(2)	(1)	10	1
Reclassification of foreign currency translation adjustments realized upon disposition of entities	—	—	—	(10)
Derivative instrument adjustment, net of tax	(3)	8	(7)	31
OTHER COMPREHENSIVE (LOSS) GAIN, NET OF TAX	(5)	7	3	22
Net income attributable to noncontrolling interests	—	(1)	—	—
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	(1)	—	—
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 37	$ 116	$ 222	$ 325

See Interim Condensed Notes to Consolidated Financial Statements

MARRIOTT VACATIONS WORLDWIDE CORPORATION
INTERIM CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share data)

	Unaudited September 30, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	$ 265	$ 524
Restricted cash (including $84 and $85 from VIEs, respectively)	238	330
Accounts and contracts receivable, net (including $14 and $13 from VIEs, respectively)	298	292
Vacation ownership notes receivable, net (including $1,885 and $1,792 from VIEs, respectively)	2,291	2,198
Inventory	642	660
Property and equipment, net	1,250	1,139
Goodwill	3,117	3,117
Intangibles, net	868	911
Other (including $88 and $76 from VIEs, respectively)	484	468
TOTAL ASSETS	$ 9,453	$ 9,639
LIABILITIES AND EQUITY		
Accounts payable	$ 238	$ 356
Advance deposits	169	158
Accrued liabilities (including $3 and $5 from VIEs, respectively)	359	369
Deferred revenue	371	344
Payroll and benefits liability	193	251
Deferred compensation liability	156	139
Securitized debt, net (including $2,048 and $1,982 from VIEs, respectively)	2,026	1,938
Debt, net	3,031	3,088
Other	165	167
Deferred taxes	335	331
TOTAL LIABILITIES	7,043	7,141
Contingencies and Commitments (Note 10)		
Preferred stock — $0.01 par value; 2,000,000 shares authorized; none issued or outstanding	—	—
Common stock — $0.01 par value; 100,000,000 shares authorized; 75,807,873 and 75,744,524 shares issued, respectively	1	1
Treasury stock — at cost; 40,122,822 and 38,263,442 shares, respectively	(2,298)	(2,054)
Additional paid-in capital	3,953	3,941
Accumulated other comprehensive income	18	15
Retained earnings	734	593
TOTAL MVW SHAREHOLDERS' EQUITY	2,408	2,496
Noncontrolling interests	2	2
TOTAL EQUITY	2,410	2,498
TOTAL LIABILITIES AND EQUITY	$ 9,453	$ 9,639

The abbreviation VIEs above means Variable Interest Entities.

See Interim Condensed Notes to Financial Statements

MARRIOTT VACATIONS WORLDWIDE CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Nine Months Ended	
	September 30, 2023	September 30, 2022
OPERATING ACTIVITIES		
Net income	$ 219	$ 303
Adjustments to reconcile net income to net cash, cash equivalents and restricted cash provided by operating activities:		
Depreciation and amortization of intangibles	99	98
Amortization of debt discount and issuance costs	17	20
Vacation ownership notes receivable reserve	182	130
Share-based compensation	25	30
Impairment charges	2	1
Gains and other income, net	(8)	(48)
Deferred income taxes	2	64
Net change in assets and liabilities:		
Accounts and contracts receivable	(16)	6
Vacation ownership notes receivable originations	(749)	(728)
Vacation ownership notes receivable collections	461	469
Inventory	80	74
Other assets	(10)	(21)
Accounts payable, advance deposits and accrued liabilities	(103)	(28)
Deferred revenue	24	(5)
Payroll and benefit liabilities	(58)	52
Deferred compensation liability	12	8
Other liabilities	(2)	7
Deconsolidation of certain Consolidated Property Owners' Associations	—	(48)
Purchase of property for future transfer to inventory	(27)	(12)
Other, net	(1)	8
Net cash, cash equivalents and restricted cash provided by operating activities	149	380
INVESTING ACTIVITIES		
Proceeds from disposition of subsidiaries, net of cash and restricted cash transferred	—	94
Capital expenditures for property and equipment (excluding inventory)	(92)	(36)
Issuance of note receivable to VIE	—	(47)
Proceeds from collection of note receivable from VIE	—	47
Purchase of company owned life insurance	(8)	(14)
Other dispositions, net	15	5
Net cash, cash equivalents and restricted cash (used in) provided by investing activities	(85)	49

Continued

See Interim Condensed Notes to Consolidated Financial Statements

MARRIOTT VACATIONS WORLDWIDE CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In millions)
(Unaudited)

	Nine Months Ended	
	September 30, 2023	September 30, 2022
FINANCING ACTIVITIES		
Borrowings from securitization transactions	916	609
Repayment of debt related to securitization transactions	(828)	(655)
Proceeds from debt	790	505
Repayments of debt	(956)	(505)
Finance lease incentive	10	—
Finance lease payment	(2)	(3)
Payment of debt issuance costs	(6)	(10)
Repurchase of common stock	(248)	(528)
Payment of dividends	(80)	(75)
Payment of withholding taxes on vesting of restricted stock units	(10)	(23)
Net cash, cash equivalents and restricted cash used in financing activities	(414)	(685)
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	(1)	(4)
Change in cash, cash equivalents and restricted cash	(351)	(260)
Cash, cash equivalents and restricted cash, beginning of period	854	803
Cash, cash equivalents and restricted cash, end of period	$ 503	$ 543
SUPPLEMENTAL DISCLOSURES		
Non-cash issuance of debt in connection with asset acquisition	$ —	$ 11
Non-cash issuance of treasury stock for employee stock purchase plan	4	4
Non-cash transfer from inventory to property and equipment	11	45
Non-cash transfer from property and equipment to inventory	60	2
Non-cash transfer from other assets to property and equipment	—	15
Right-of-use asset obtained in exchange for finance lease obligation	80	—
Non-cash issuance of debt in connection with finance lease	97	—
Dividends payable	26	24
Interest paid, net of amounts capitalized	141	104
Income taxes paid, net of refunds	138	51

See Interim Condensed Notes to Consolidated Financial Statements

MARRIOTT VACATIONS WORLDWIDE CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In millions)
(Unaudited)

Common Stock Issued		Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total MVW Shareholders' Equity	Noncontrolling Interests	Total Equity
75.7	**BALANCE AT DECEMBER 31, 2022**	$ 1	$ (2,054)	$ 3,941	$ 15	$ 593	$ 2,496	$ 2	$ 2,498
—	Net income	—	—	—	—	87	87	—	87
—	Foreign currency translation adjustments	—	—	—	6	—	6	—	6
—	Derivative instrument adjustment	—	—	—	(3)	—	(3)	—	(3)
0.1	Share-based compensation plans	—	2	(4)	—	—	(2)	—	(2)
—	Repurchase of common stock	—	(80)	—	—	—	(80)	—	(80)
—	Dividends	—	—	—	—	(26)	(26)	—	(26)
75.8	**BALANCE AT MARCH 31, 2023**	1	(2,132)	3,937	18	654	2,478	2	2,480
—	Net income	—	—	—	—	90	90	—	90
—	Foreign currency translation adjustments	—	—	—	6	—	6	—	6
—	Derivative instrument adjustment	—	—	—	(1)	—	(1)	—	(1)
—	Share-based compensation plans	—	1	10	—	—	11	—	11
—	Repurchase of common stock	—	(82)	—	—	—	(82)	—	(82)
—	Dividends	—	—	—	—	(26)	(26)	—	(26)
75.8	**BALANCE AT JUNE 30, 2023**	1	(2,213)	3,947	23	718	2,476	2	2,478
—	Net income	—	—	—	—	42	42	—	42
—	Foreign currency translation adjustments	—	—	—	(2)	—	(2)	—	(2)
—	Derivative instrument adjustment	—	—	—	(3)	—	(3)	—	(3)
—	Share-based compensation plans	—	1	6	—	—	7	—	7
—	Repurchase of common stock	—	(86)	—	—	—	(86)	—	(86)
—	Dividends	—	—	—	—	(26)	(26)	—	(26)
75.8	**BALANCE AT SEPTEMBER 30, 2023**	$ 1	$ (2,298)	$ 3,953	$ 18	$ 734	$ 2,408	$ 2	$ 2,410

Continued

See Interim Condensed Notes to Consolidated Financial Statements

MARRIOTT VACATIONS WORLDWIDE CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUED)
(In millions)
(Unaudited)

Common Stock Issued		Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total MVW Shareholders' Equity	Noncontrolling Interests	Total Equity
75.5	**BALANCE AT DECEMBER 31, 2021**	$ 1	$ (1,356)	$ 4,072	$ (16)	$ 275	$ 2,976	$ 10	$ 2,986
—	Impact of adoption of ASU 2020-06	—	—	(111)	—	31	(80)	—	(80)
75.5	**OPENING BALANCE 2022**	1	(1,356)	3,961	(16)	306	2,896	10	2,906
—	Net income	—	—	—	—	58	58	—	58
—	Foreign currency translation adjustments	—	—	—	4	—	4	—	4
—	Derivative instrument adjustment	—	—	—	16	—	16	—	16
0.2	Share-based compensation plans	—	1	(16)	—	—	(15)	—	(15)
—	Repurchase of common stock	—	(119)	—	—	—	(119)	—	(119)
—	Dividends	—	—	—	—	(26)	(26)	—	(26)
75.7	**BALANCE AT MARCH 31, 2022**	1	(1,474)	3,945	4	338	2,814	10	2,824
—	Net income	—	—	—	—	136	136	(1)	135
—	Foreign currency translation adjustments	—	—	—	(2)	—	(2)	—	(2)
—	Reclassification of foreign currency translation adjustments realized upon disposition of entities	—	—	—	(10)	—	(10)	—	(10)
—	Derivative instrument adjustment	—	—	—	7	—	7	—	7
—	Adjustment for 2022 Convertible Note Hedges	—	—	6	—	—	6	—	6
—	Share-based compensation plans	—	1	12	—	—	13	—	13
—	Repurchase of common stock	—	(193)	—	—	—	(193)	—	(193)
—	Deconsolidation of certain Consolidated Property Owners' Associations	—	—	—	—	—	—	(8)	(8)
—	Dividends	—	—	—	—	(26)	(26)	—	(26)
75.7	**BALANCE AT JUNE 30, 2022**	1	(1,666)	3,963	(1)	448	2,745	1	2,746
—	Net income	—	—	—	—	109	109	1	110
—	Foreign currency translation adjustments	—	—	—	(1)	—	(1)	—	(1)
—	Derivative instrument adjustment	—	—	—	8	—	8	—	8
—	Tax effect on equity, convertible notes	—	—	(1)	—	—	(1)	—	(1)
—	Share-based compensation plans	—	—	5	—	—	5	—	5
—	Repurchase of common stock	—	(216)	—	—	—	(216)	—	(216)
—	Dividends	—	—	—	—	(24)	(24)	—	(24)
—	Employee stock plan issuance	—	—	1	—	—	1	—	1
75.7	**BALANCE AT SEPTEMBER 30, 2022**	$ 1	$ (1,882)	$ 3,968	$ 6	$ 533	$ 2,626	$ 2	$ 2,628

See Interim Condensed Notes to Consolidated Financial Statements

MARRIOTT VACATIONS WORLDWIDE CORPORATION
INTERIM CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The Interim Consolidated Financial Statements present the results of operations, financial position and cash flows of Marriott Vacations Worldwide Corporation (referred to in this report as (i) “we,” “us,” “Marriott Vacations Worldwide,” “MVW,” or the “Company,” which includes our consolidated subsidiaries except where the context of the reference is to a single corporate entity, or (ii) “MVWC,” which shall refer only to Marriott Vacations Worldwide Corporation, without its consolidated subsidiaries). In order to make this report easier to read, we refer throughout to (i) our Interim Consolidated Financial Statements as our “Financial Statements,” (ii) our Interim Consolidated Statements of Income as our “Income Statements,” (iii) our Interim Consolidated Balance Sheets as our “Balance Sheets,” and (iv) our Interim Consolidated Statements of Cash Flows as our “Cash Flows.” In addition, references throughout to numbered “Footnotes” refer to the numbered Notes in the Interim Condensed Notes to Consolidated Financial Statements, unless otherwise noted. Capitalized terms used and not specifically defined herein have the same meanings given those terms in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (the “2022 Annual Report”). We also use certain other terms that are defined within these Financial Statements.

The Financial Statements presented herein and discussed below include 100% of the assets, liabilities, revenues, expenses, and cash flows of Marriott Vacations Worldwide, all entities in which Marriott Vacations Worldwide has a controlling voting interest (“subsidiaries”), and variable interest entities (“VIEs”) for which Marriott Vacations Worldwide is the primary beneficiary, as determined in accordance with consolidation accounting guidance. References in these Financial Statements to net income or loss attributable to common shareholders and MVW shareholders’ equity do not include noncontrolling interests, which represent the outside ownership of our consolidated non-wholly owned entities and are reported separately. Intercompany accounts and transactions between consolidated entities have been eliminated in consolidation.

These Financial Statements reflect our financial position, results of operations, and cash flows as prepared in conformity with United States Generally Accepted Accounting Principles (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates include, but are not limited to, revenue recognition, cost of vacation ownership products, inventory valuation, goodwill and intangibles valuation, accounting for acquired vacation ownership notes receivable, vacation ownership notes receivable reserves, income taxes, and loss contingencies. The uncertainties in the broader macroeconomic environment, including inflationary pressures, as well as effects of the COVID-19 pandemic, have made it more challenging to make these estimates. Actual results could differ from our estimates, and such differences may be material.

In our opinion, our Financial Statements reflect all normal and recurring adjustments necessary to present fairly our financial position, the results of our operations, and cash flows for the periods presented. Interim results may not be indicative of fiscal year performance because of, among other reasons, general macroeconomic conditions, including inflationary pressures, rising interest rates, and seasonal and short-term variations, as well as any effects of the COVID-19 pandemic. These Financial Statements have not been audited. We have condensed or omitted certain information and footnote disclosures normally included in financial statements presented in accordance with GAAP. Although we believe our footnote disclosures are adequate to make the information presented not misleading, the Financial Statements in this report should be read in conjunction with the consolidated financial statements and notes thereto in our 2022 Annual Report.

We refer to the business and brands that we acquired in the acquisition of Welk Hospitality Group, Inc. (“Welk”) in 2021 (the “Welk Acquisition”) as “Legacy-Welk.” We refer to the business and brands that we acquired in the acquisition of ILG, LLC, formerly known as ILG, Inc. (“ILG”), in 2018 (the “ILG Acquisition”) as “Legacy-ILG.” We refer to the business we conducted, and the associated brands, prior to the ILG Acquisition as “Legacy-MVW.”

During the third quarter of 2023 we launched Hyatt Vacation Club across our former Hyatt Residence Club and Legacy-Welk properties, which connects these properties and associated vacation ownership programs under a single brand.

2. SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING STANDARDS

New Accounting Standards

Accounting Standards Update 2022-02 – "*Financial Instruments — Credit Losses (Topic 326) – Troubled Debt Restructurings and Vintage Disclosures"* ("ASU 2022-02")

In the first quarter of 2023, we adopted accounting standards update ("ASU") 2022-02, which eliminated the recognition and measurement guidance applicable to troubled debt restructurings for creditors and enhanced disclosure requirements with respect to loan modifications for borrowers experiencing financial difficulty. ASU 2022-02 also requires disclosure of current-period gross write-offs by year of origination to be presented in the vintage disclosures for financing receivables. The adoption of ASU 2022-02 on January 1, 2023, on a prospective basis, did not have a material impact on our financial statements or disclosures other than the incremental disclosures relating to gross write-offs for vacation ownership notes receivable. See Footnote 6 "Vacation Ownership Notes Receivable" for the incremental disclosures required by the adoption of ASU 2022-02.

Accounting Standards Update 2020-04 – "*Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting*" ("ASU 2020-04") and Accounting Standards Update 2022-06 – "*Reference Rate Reform (Topic 848), Deferral of the Sunset Date of Topic 848*" ("ASU 2022-06")

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, as amended, which provides optional expedients and exceptions to existing guidance on contract modifications and hedge accounting in an effort to ease the financial reporting burdens related to the expected market transition from the USD London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. This update was effective upon issuance and issuers generally were able to elect to adopt the optional expedients and exceptions over time through a period ending on December 31, 2022. In December 2022, the FASB issued ASU 2022-06 to extend the temporary accounting rules under Topic 848 from December 31, 2022 to December 31, 2024. During the second quarter of 2023, we amended our Term Loan (as defined in Footnote 12 "Debt") and our interest rate swaps and collar to reference SOFR (as defined in Footnote 12 "Debt") rather than LIBOR. See Footnote 12 "Debt" for more information. Both our Term Loan and the related interest rate swaps and collar transitioned to SOFR at the same time, effective July 31, 2023. As of September 30, 2023, we have no other financial instruments to transition from LIBOR.

3. ACQUISITIONS AND DISPOSITIONS

Acquisitions

Savannah, Georgia

During the third quarter of 2023, we acquired property in Savannah, Georgia for $19 million. We plan to convert the property into a 73-unit vacation ownership property. The transaction was accounted for as an asset acquisition and was recorded in Property and equipment, net.

Charleston, South Carolina

During the first quarter of 2023, we acquired a parcel of land and an adjacent retail space in Charleston, South Carolina for $17 million. We plan to develop the parcel of land into a 50-unit vacation ownership property and use a portion of the retail space to operate a sales center. The transaction was accounted for as an asset acquisition and was recorded in Property and equipment, net.

Bali

During the first quarter of 2022, we acquired 88 completed vacation ownership units, as well as a sales center, located in Bali, Indonesia for $36 million. The transaction was accounted for as an asset acquisition and the purchase price was allocated to Property and equipment, net. As consideration for the acquisition, we paid $12 million in cash and issued a non-interest bearing note payable for $11 million, of which $6 million was repaid in the first quarter of 2023. Further, during the first quarter of 2022, we reclassified $13 million of previous deposits associated with the project from Other assets to Property and equipment, net.

Dispositions

As part of the ILG Acquisition, we acquired the Vacation Resorts International ("VRI") and Trading Places International ("TPI") businesses (together, the "VRI Americas" business), which was part of our Exchange & Third-Party Management segment prior to our disposal of VRI Americas during the second quarter of 2022, as discussed below.

During the second quarter of 2022, we disposed of VRI Americas for proceeds of $56 million, net of cash and restricted cash transferred to the buyer of $12 million, after determining that this business was not a core component of our future growth strategy and operating model. The results of VRI Americas are included in our Exchange and Third-Party Management segment through the date of the sale. The net carrying value of VRI Americas as of the date of the disposition was $51 million, including $25 million of goodwill and $20 million of intangible assets. As a result of the disposition, we recorded a gain of $1 million and $17 million in Gains (losses) and other income (expense), net on our Income Statements for the three and nine months ended September 30, 2022, respectively.

Additionally, during the second quarter of 2022, we disposed of entities that owned and operated a Vacation Ownership segment hotel in Puerto Vallarta, Mexico, for proceeds of $38 million, net of cash and restricted cash transferred to the buyer of $3 million, consistent with our strategy to dispose of non-strategic assets. The net carrying value of the business disposed of as of the date of the disposition, excluding the cumulative translation adjustment, was $18 million, substantially all of which was for property and equipment. As a result of this disposition, we recorded a gain of $33 million in Gains (losses) and other income (expense), net on our Income Statement for the nine months ended September 30, 2022, which included the realization of cumulative foreign currency translation gains of $10 million associated with the disposition of these entities.

4. REVENUE AND RECEIVABLES

Sources of Revenue by Segment

	Three Months Ended September 30, 2023			
($ in millions)	**Vacation Ownership**	**Exchange & Third-Party Management**	**Corporate and Other**	**Total**
Sale of vacation ownership products	$ 319	$ —	$ —	$ 319
Ancillary revenues	62	1	—	63
Management fee revenues	44	5	—	49
Exchange and other services revenues	37	44	12	93
Management and exchange	143	50	12	205
Rental	128	10	—	138
Cost reimbursements	455	4	(16)	443
Revenue from contracts with customers	1,045	64	(4)	1,105
Financing	81	—	—	81
Total Revenues	$ 1,126	$ 64	$ (4)	$ 1,186

($ in millions)	Three Months Ended September 30, 2022 Vacation Ownership	Exchange & Third-Party Management	Corporate and Other	Total
Sale of vacation ownership products	$ 444	$ —	$ —	$ 444
Ancillary revenues	63	1	—	64
Management fee revenues	41	7	(1)	47
Exchange and other services revenues	32	47	8	87
Management and exchange	136	55	7	198
Rental	154	11	—	165
Cost reimbursements	374	5	(8)	371
Revenue from contracts with customers	1,108	71	(1)	1,178
Financing	74	—	—	74
Total Revenues	$ 1,182	$ 71	$ (1)	$ 1,252

($ in millions)	Nine Months Ended September 30, 2023 Vacation Ownership	Exchange & Third-Party Management	Corporate and Other	Total
Sale of vacation ownership products	$ 1,085	$ —	$ —	$ 1,085
Ancillary revenues	193	3	—	196
Management fee revenues	134	18	(2)	150
Exchange and other services revenues	98	136	31	265
Management and exchange	425	157	29	611
Rental	404	31	—	435
Cost reimbursements	1,182	12	(31)	1,163
Revenue from contracts with customers	3,096	200	(2)	3,294
Financing	239	—	—	239
Total Revenues	$ 3,335	$ 200	$ (2)	$ 3,533

($ in millions)	Nine Months Ended September 30, 2022 Vacation Ownership	Exchange & Third-Party Management	Corporate and Other	Total
Sale of vacation ownership products	$ 1,179	$ —	$ —	$ 1,179
Ancillary revenues	183	3	—	186
Management fee revenues	124	28	(5)	147
Exchange and other services revenues	95	146	49	290
Management and exchange	402	177	44	623
Rental	405	33	—	438
Cost reimbursements	1,026	19	(34)	1,011
Revenue from contracts with customers	3,012	229	10	3,251
Financing	217	—	—	217
Total Revenues	$ 3,229	$ 229	$ 10	$ 3,468

Timing of Revenue from Contracts with Customers by Segment

The following tables detail the timing of revenue from contracts with customers by segment for the time periods presented.

($ in millions)	Three Months Ended September 30, 2023 Vacation Ownership	Exchange & Third-Party Management	Corporate and Other	Total
Services transferred over time	$ 658	$ 27	$ (4)	$ 681
Goods or services transferred at a point in time	387	37	—	424
Revenue from contracts with customers	$ 1,045	$ 64	$ (4)	$ 1,105

($ in millions)	Three Months Ended September 30, 2022 Vacation Ownership	Exchange & Third-Party Management	Corporate and Other	Total
Services transferred over time	$ 597	$ 31	$ (1)	$ 627
Goods or services transferred at a point in time	511	40	—	551
Revenue from contracts with customers	$ 1,108	$ 71	$ (1)	$ 1,178

($ in millions)	Nine Months Ended September 30, 2023 Vacation Ownership	Exchange & Third-Party Management	Corporate and Other	Total
Services transferred over time	$ 1,802	$ 83	$ (2)	$ 1,883
Goods or services transferred at a point in time	1,294	117	—	1,411
Revenue from contracts with customers	$ 3,096	$ 200	$ (2)	$ 3,294

($ in millions)	Nine Months Ended September 30, 2022 Vacation Ownership	Exchange & Third-Party Management	Corporate and Other	Total
Services transferred over time	$ 1,638	$ 103	$ 10	$ 1,751
Goods or services transferred at a point in time	1,374	126	—	1,500
Revenue from contracts with customers	$ 3,012	$ 229	$ 10	$ 3,251

Sale of Vacation Ownership Products

Revenues were reduced during the third quarter and first three quarters of 2023 by $47 million and $66 million, respectively, due to changes in our estimates of variable consideration for performance obligations that were satisfied in prior periods.

Receivables from Contracts with Customers, Contract Assets, & Contract Liabilities

The following table shows the composition of our receivables from contracts with customers and contract liabilities. We had no contract assets at either September 30, 2023 or December 31, 2022.

($ in millions)	**At September 30, 2023**	**At December 31, 2022**
Receivables from Contracts with Customers		
Accounts and contracts receivable, net	$ 176	$ 194
Vacation ownership notes receivable, net	2,291	2,198
	$ 2,467	$ 2,392
Contract Liabilities		
Advance deposits	$ 169	$ 158
Deferred revenue	371	344
	$ 540	$ 502

Revenue recognized during the third quarter and first three quarters of 2023 that was included in our contract liabilities balance at December 31, 2022 was $67 million and $241 million, respectively.

Remaining Performance Obligations

Our remaining performance obligations represent the expected transaction price allocated to our contracts that we expect to recognize as revenue in future periods when we perform under the contracts. At September 30, 2023, approximately 91% of this amount is expected to be recognized as revenue over the next two years.

Accounts and Contracts Receivable

Accounts and contracts receivable is comprised of amounts due from customers, primarily owners' associations, resort developers, owners and members, credit card receivables, interest receivables, amounts due from taxing authorities, indemnification assets, and other miscellaneous receivables. The following table shows the composition of our accounts and contracts receivable balances:

($ in millions)	**At September 30, 2023**	**At December 31, 2022**
Receivables from contracts with customers, net	$ 176	$ 194
Interest receivable	17	16
Tax receivable	42	20
Indemnification assets	38	19
Employee tax credit receivable	13	16
Other	12	27
	$ 298	$ 292

5. INCOME TAXES

Our provision for income taxes is calculated using an estimated annual effective tax rate ("AETR"), based upon expected annual income less losses in certain jurisdictions, non-deductible expenses under federal and local tax laws, statutory rates and planned tax strategies in the various jurisdictions in which we operate. Certain items that do not relate directly to ordinary income are excluded from the AETR and included in the period in which they occur.

Our effective tax rate was 36.1% and 34.7% for the three months ended September 30, 2023 and September 30, 2022, respectively, and 34.3% and 30.6% for the nine months ended September 30, 2023 and September 30, 2022, respectively.

The increase in the effective tax rate for the three months ended September 30, 2023 compared to the three months ended September 30, 2022 is predominately attributable to a decrease in Income before income taxes and noncontrolling interests from 2022 to 2023 without a proportional decrease to non-deductible tax expenses, in addition to a net decrease in the tax expense for foreign uncertain tax benefits in 2023.

The increase in the effective tax rate for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 is attributable to a decrease in Income before income taxes and noncontrolling interests from 2022 to 2023 without a proportional decrease to non-deductible tax expenses, partially offset by a net increase in the tax expense for foreign uncertain tax benefits in 2023.

Unrecognized Tax Benefits

The following table summarizes the activity related to our unrecognized tax benefits (excluding interest and penalties) during the nine months ended September 30, 2023. These unrecognized tax benefits relate to uncertain income tax positions, which would affect the effective tax rate if recognized.

($ in millions)	**Unrecognized Tax Benefits**
Balance at December 31, 2022	$ 25
Increases to tax positions related to a prior period	8
Decreases to tax positions related to a prior period	(8)
Balance at September 30, 2023	$ 25

The total amount of gross interest and penalties accrued was $46 million at September 30, 2023 and $28 million at December 31, 2022, an increase of $18 million, which is predominantly attributable to additional interest and penalties related to the pre-acquisition reserves for uncertain tax positions. We anticipate $35 million of unrecognized tax benefits, including interest and penalties, to be indemnified pursuant to a Tax Matters Agreement dated May 11, 2016 by and among Starwood Hotels & Resorts Worldwide, Inc., Vistana Signature Experiences, Inc., and Interval Leisure Group, Inc., and consequently have recorded a corresponding indemnification asset. The unrecognized tax benefits, including accrued interest and penalties, are included in Other liabilities on our Balance Sheet.

Our income tax returns are subject to examination by relevant tax authorities. Certain of our returns are being audited in various jurisdictions for tax years 2007 through 2020. The amount of the unrecognized tax benefits may increase or decrease within the next twelve months as a result of audits or audit settlements.

6. VACATION OWNERSHIP NOTES RECEIVABLE

The following table shows the composition of our vacation ownership notes receivable balances, net of reserves.

	September 30, 2023			**December 31, 2022**		
($ in millions)	**Originated**	**Acquired**	**Total**	**Originated**	**Acquired**	**Total**
Securitized	$ 1,722	$ 163	$ 1,885	$ 1,571	$ 221	$ 1,792
Non-securitized						
Eligible for securitization[1]	59	1	60	63	—	63
Not eligible for securitization[1]	327	19	346	322	21	343
Subtotal	386	20	406	385	21	406
	$ 2,108	$ 183	$ 2,291	$ 1,956	$ 242	$ 2,198

(1) Refer to Footnote 7 “Financial Instruments” for discussion of eligibility of our vacation ownership notes receivable for securitization.

We reflect interest income associated with vacation ownership notes receivable in our Income Statements in the Financing revenues caption. The following table summarizes interest income associated with vacation ownership notes receivable.

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Interest income associated with vacation ownership notes receivable — securitized	$ 70	$ 60	$ 205	$ 179
Interest income associated with vacation ownership notes receivable — non-securitized	9	11	26	30
Total interest income associated with vacation ownership notes receivable	$ 79	$ 71	$ 231	$ 209

Credit Quality Indicators - Vacation Ownership Notes Receivable

We use the origination of vacation ownership notes receivable and the FICO scores of the customer by brand as the primary credit quality indicators, as historical performance indicates that there is a relationship between the default behavior of borrowers by FICO score and the brand associated with the vacation ownership interest ("VOI") they have acquired. The estimates of the variable consideration included in the transaction price for the sale of the related vacation ownership product for originated vacation ownership notes receivable and the reserve for credit losses on the acquired vacation ownership notes receivable are based on default rates that are an output of our static pool analyses and estimates regarding future defaults.

In the third quarter of 2023, we evaluated our vacation ownership notes receivable reserve in light of trends in delinquencies and default rates. As a result, we increased our originated vacation ownership notes receivable reserve by $59 million. We primarily used a historical period of increased defaults as a basis for estimating the increase in our reserve. This additional reserve adjusts our future default rate estimate to reflect current macroeconomic conditions, including inflation outpacing wage growth, continuing high interest rates, mixed economic indicators and increased global insecurity.

In the third quarter of 2022, in connection with the combination of the reserves for Marriott-, Sheraton-, and Westin-brands, we recorded a reversal of credit loss expense for the acquired vacation ownership notes receivable of $19 million in Financing expense and an increase in the reserve for our originated vacation ownership notes receivable of $21 million, which was recorded as a reduction of sales of vacation ownership products revenues.

We use the term "Combined Marriott" to refer to our Marriott-, Sheraton-, and Westin-brands.

The weighted average FICO score of the borrowers within our consolidated vacation ownership notes receivable pool was 722 and 721, at September 30, 2023 and December 31, 2022, respectively, based on the FICO score of the borrower at the time of origination.

Acquired Vacation Ownership Notes Receivable

Acquired vacation ownership notes receivable represent vacation ownership notes receivable acquired as part of the ILG Acquisition and the Welk Acquisition. The following table shows future contractual principal payments, net of reserves, and interest rates for our acquired vacation ownership notes receivable at September 30, 2023.

($ in millions)	Acquired Vacation Ownership Notes Receivable: Non-Securitized	Securitized	Total
2023, remaining	$ 2	$ 8	$ 10
2024	3	33	36
2025	3	30	33
2026	3	27	30
2027	2	22	24
Thereafter	7	43	50
Balance at September 30, 2023	$ 20	$ 163	$ 183
Weighted average stated interest rate	14.0%	14.2%	14.2%
Range of stated interest rates	0.0% to 21.9%	0.0% to 21.9%	0.0% to 21.9%

The following table summarizes activity related to our acquired vacation ownership notes receivable reserve.

($ in millions)	Acquired Vacation Ownership Notes Receivable Reserve		
	Non-Securitized	Securitized	Total
Balance at December 31, 2022	$ 11	$ 18	$ 29
Securitizations	(2)	2	—
Clean-up call	2	(2)	—
Write-offs	(21)	—	(21)
Recoveries	13	—	13
Defaulted vacation ownership notes receivable repurchase activity[(1)]	14	(14)	—
(Decrease) increase in vacation ownership notes receivable reserve	(10)	7	(3)
Balance at September 30, 2023	$ 7	$ 11	$ 18

(1) Reflects the change attributable to the transfer of the reserve from the securitized vacation ownership notes receivable reserve to the non-securitized vacation ownership notes receivable reserve when we voluntarily repurchased securitized vacation ownership notes receivable.

The following tables show the acquired vacation ownership notes receivable, before reserves, by brand and borrower FICO score.

($ in millions)	Acquired Vacation Ownership Notes Receivable as of September 30, 2023				
	700+	600 - 699	< 600	No Score	Total
Combined Marriott	$ 51	$ 35	$ 4	$ 11	$ 101
Hyatt and Welk	59	39	1	1	100
	$ 110	$ 74	$ 5	$ 12	$ 201

($ in millions)	Acquired Vacation Ownership Notes Receivable as of December 31, 2022				
	700+	600 - 699	< 600	No Score	Total
Combined Marriott	$ 67	$ 47	$ 6	$ 16	$ 136
Hyatt and Welk	80	53	1	1	135
	$ 147	$ 100	$ 7	$ 17	$ 271

The following tables detail the origination year of our acquired vacation ownership notes receivable, before reserves, by brand and borrower FICO score as of September 30, 2023, and gross write-offs by brand for the first three quarters of 2023.

($ in millions)	Acquired Vacation Ownership Notes Receivable - Combined Marriott			
	2021	2020	2019 & Prior	Total
700 +	$ —	$ —	$ 51	$ 51
600 - 699	—	—	35	35
< 600	—	—	4	4
No Score	—	—	11	11
	$ —	$ —	$ 101	$ 101
Gross write-offs	$ —	$ —	$ 11	$ 11

($ in millions)	Acquired Vacation Ownership Notes Receivable - Hyatt and Welk			
	2021	2020	2019 & Prior	Total
700 +	$ 4	$ 13	$ 42	$ 59
600 - 699	2	7	30	39
< 600	—	—	1	1
No Score	—	—	1	1
	$ 6	$ 20	$ 74	$ 100
Gross write-offs	$ 1	$ 2	$ 7	$ 10

Originated Vacation Ownership Notes Receivable

Originated vacation ownership notes receivable represent vacation ownership notes receivable originated by Legacy-ILG and Legacy-Welk subsequent to each respective acquisition date and all Legacy-MVW vacation ownership notes receivable. The following table shows future principal payments, net of reserves, and interest rates for our originated vacation ownership notes receivable at September 30, 2023.

	Originated Vacation Ownership Notes Receivable		
($ in millions)	**Non-Securitized**	**Securitized**	**Total**
2023, remaining	$ 8	$ 34	$ 42
2024	47	141	188
2025	34	147	181
2026	34	155	189
2027	34	163	197
Thereafter	229	1,082	1,311
Balance at September 30, 2023	$ 386	$ 1,722	$ 2,108
Weighted average stated interest rate	12.1%	13.2%	13.0%
Range of stated interest rates	0.0% to 20.9%	0.0% to 19.9%	0.0% to 20.9%

For originated vacation ownership notes receivable, we record the difference between the vacation ownership note receivable and the variable consideration included in the transaction price for the sale of the related vacation ownership product as a reserve on our vacation ownership notes receivable. The following table summarizes the activity related to our originated vacation ownership notes receivable reserve.

	Originated Vacation Ownership Notes Receivable Reserve		
($ in millions)	**Non-Securitized**	**Securitized**	**Total**
Balance at December 31, 2022	$ 149	$ 213	$ 362
Increase in vacation ownership notes receivable reserve	162	21	183
Securitizations	(126)	126	—
Clean-up call	43	(43)	—
Write-offs	(88)	—	(88)
Defaulted vacation ownership notes receivable repurchase activity[1]	76	(76)	—
Balance at September 30, 2023	$ 216	$ 241	$ 457

(1) Reflects the change attributable to the transfer of the reserve from the securitized vacation ownership notes receivable reserve to the non-securitized vacation ownership notes receivable reserve when we voluntarily repurchased securitized vacation ownership notes receivable.

The following tables show originated vacation ownership notes receivable, before reserves, by brand and borrower FICO score.

	Originated Vacation Ownership Notes Receivable as of September 30, 2023				
($ in millions)	**700 +**	**600 - 699**	**< 600**	**No Score**	**Total**
Combined Marriott	$ 1,341	$ 602	$ 57	$ 307	$ 2,307
Hyatt and Welk	180	72	2	4	258
	$ 1,521	$ 674	$ 59	$ 311	$ 2,565

	Originated Vacation Ownership Notes Receivable as of December 31, 2022				
($ in millions)	**700 +**	**600 - 699**	**< 600**	**No Score**	**Total**
Combined Marriott	$ 1,210	$ 549	$ 55	$ 278	2,092
Hyatt and Welk	157	64	3	2	226
	$ 1,367	$ 613	$ 58	$ 280	$ 2,318

The following tables detail the origination year of our originated vacation ownership notes receivable, before reserves, by brand and FICO score as of September 30, 2023, and gross write-offs by brand for the first three quarters of 2023.

($ in millions)	Originated Vacation Ownership Notes Receivable - Combined Marriott					
	2023	2022	2021	2020	2019 & Prior	Total
700 +	$ 377	$ 413	$ 228	$ 78	$ 245	$ 1,341
600 - 699	145	174	114	42	127	602
< 600	13	16	11	5	12	57
No Score	117	74	29	19	68	307
	$ 652	$ 677	$ 382	$ 144	$ 452	$ 2,307
Gross write-offs	$ 2	$ 14	$ 22	$ 9	$ 27	$ 74

($ in millions)	Originated Vacation Ownership Notes Receivable - Hyatt and Welk					
	2023	2022	2021	2020	2019 & Prior	Total
700 +	$ 73	$ 71	$ 31	$ 2	$ 3	$ 180
600 - 699	26	31	12	1	2	72
< 600	—	1	1	—	—	2
No Score	3	1	—	—	—	4
	$ 102	$ 104	$ 44	$ 3	$ 5	$ 258
Gross write-offs	$ —	$ 6	$ 7	$ —	$ 1	$ 14

Vacation Ownership Notes Receivable on Non-Accrual Status

For both non-securitized and securitized vacation ownership notes receivable, we estimated the average remaining default rates of 13.35% as of September 30, 2023 and 11.62% as of December 31, 2022. A 0.5 percentage point increase in the estimated default rate would have resulted in an increase in the related vacation ownership notes receivable reserve of $13 million as of September 30, 2023 and $12 million as of December 31, 2022.

The following table shows our recorded investment in non-accrual vacation ownership notes receivable, which are vacation ownership notes receivable that are 90 days or more past due.

($ in millions)	Vacation Ownership Notes Receivable		
	Non-Securitized	Securitized	Total
Investment in vacation ownership notes receivable on non-accrual status at September 30, 2023	$ 144	$ 25	$ 169
Investment in vacation ownership notes receivable on non-accrual status at December 31, 2022	$ 126	$ 24	$ 150

The following table shows the aging of the recorded investment in principal, before reserves, in vacation ownership notes receivable as of September 30, 2023 and December 31, 2022.

($ in millions)	As of September 30, 2023			As of December 31, 2022		
	Non-Securitized	Securitized	Total	Non-Securitized	Securitized	Total
31 – 90 days past due	$ 20	$ 57	$ 77	$ 25	$ 56	$ 81
91 – 120 days past due	6	16	22	7	16	23
Greater than 120 days past due	138	9	147	119	8	127
Total past due	164	82	246	151	80	231
Current	465	2,055	2,520	415	1,943	2,358
Total vacation ownership notes receivable	$ 629	$ 2,137	$ 2,766	$ 566	$ 2,023	$ 2,589

7. FINANCIAL INSTRUMENTS

The following table shows the carrying values and the estimated fair values of financial assets and liabilities that qualify as financial instruments, determined in accordance with the authoritative guidance for disclosures regarding the fair value of financial instruments. Considerable judgment is required in interpreting market data to develop estimates of fair value. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair value amounts. The table excludes Cash and cash equivalents, Restricted cash, Accounts and contracts receivable (excluding contracts receivable for financed VOI sales, net), deposits included in Other assets, Accounts payable, Advance deposits, Accrued liabilities, and derivative instruments, all of which had fair values approximating their carrying amounts due to the short maturities and liquidity of these instruments.

	At September 30, 2023		At December 31, 2022	
($ in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Vacation ownership notes receivable, net	$ 2,291	$ 2,355	$ 2,198	$ 2,245
Contracts receivable for financed VOI sales, net	35	35	22	22
Other assets	88	88	76	76
Total financial assets	$ 2,414	$ 2,478	$ 2,296	$ 2,343
Securitized debt, net	$ (2,026)	$ (1,937)	$ (1,938)	$ (1,828)
Term Loan, net	(780)	(782)	(778)	(775)
Revolving Corporate Credit Facility, net	(86)	(90)	—	—
2025 Notes, net	—	—	(248)	(258)
2028 Notes, net	(348)	(306)	(347)	(307)
2029 Notes, net	(495)	(419)	(494)	(417)
2026 Convertible Notes, net	(568)	(508)	(565)	(560)
2027 Convertible Notes, net	(562)	(496)	(560)	(568)
Non-interest bearing note payable, net	(4)	(4)	(10)	(10)
Total financial liabilities	$ (4,869)	$ (4,542)	$ (4,940)	$ (4,723)

Vacation Ownership Notes Receivable

	At September 30, 2023		At December 31, 2022	
($ in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Vacation ownership notes receivable, net				
Securitized	$ 1,885	$ 1,947	$ 1,792	$ 1,837
Eligible for securitization	60	62	63	65
Not eligible for securitization	346	346	343	343
Non-securitized	406	408	406	408
	$ 2,291	$ 2,355	$ 2,198	$ 2,245

We estimate the fair value of our vacation ownership notes receivable that have been securitized using a discounted cash flow model. We believe this is comparable to the model that an independent third party would use in the current market. Our model uses default rates, prepayment rates, coupon rates, and loan terms for our securitized vacation ownership notes receivable portfolio as key drivers of risk and relative value to determine the fair value of the underlying vacation ownership notes receivable. We concluded that this fair value measurement should be categorized within Level 3.

Due to factors that impact the general marketability of our vacation ownership notes receivable that have not been securitized, as well as current market conditions, we bifurcate our non-securitized vacation ownership notes receivable at each balance sheet date into those eligible and not eligible for securitization using criteria applicable to current securitization transactions in the ABS market. Generally, vacation ownership notes receivable are considered not eligible for securitization if any of the following attributes are present: (1) payments are greater than 30 days past due; (2) the first payment has not been received; or (3) the collateral is located in Asia or Europe. In some cases, eligibility may also be determined based on the credit score of the borrower, the remaining term of the loans and other similar factors that may reflect investor demand in a securitization transaction or the cost to effectively securitize the vacation ownership notes receivable.

The table above shows the bifurcation of our vacation ownership notes receivable that have not been securitized into those eligible and not eligible for securitization based upon the aforementioned eligibility criteria. We estimate the fair value of the portion of our vacation ownership notes receivable that have not been securitized that we believe will ultimately be securitized in the same manner as vacation ownership notes receivable that have been securitized. We value the remaining vacation ownership notes receivable that have not been securitized at their carrying value, rather than using our pricing model. We believe that the carrying value of these particular vacation ownership notes receivable approximates fair value because the stated, or otherwise imputed, interest rates of these loans are generally consistent with current market rates and the reserve for these vacation ownership notes receivable appropriately accounts for risks in default rates, prepayment rates, discount rates, and loan terms. We concluded that this fair value measurement should be categorized within Level 3.

Contracts Receivable for Financed VOI Sales

At the time at which we recognize revenue for Marriott-branded VOI sales, we temporarily record a contract receivable for financed VOI sales, until the time at which we originate a vacation ownership note receivable, which occurs at closing. We believe that the carrying value of the contracts receivable for financed VOI sales approximates fair value because the stated, or otherwise imputed, interest rates of these receivables are generally consistent with current market rates and the reserve for these contracts receivable for financed VOI sales appropriately accounts for risks in default rates, prepayment rates, and discount rates. We concluded that this fair value measurement should be categorized within Level 3.

Other Assets

Other assets include $88 million of company owned insurance policies (the “COLI policies”), acquired on the lives of certain participants in the Marriott Vacations Worldwide Deferred Compensation Plan, that are held in a rabbi trust. The carrying value of the COLI policies is equal to their cash surrender value (Level 2 inputs).

Securitized Debt

We generate cash flow estimates by modeling all bond tranches for our active vacation ownership notes receivable securitization transactions, with consideration for the collateral specific to each tranche. The key drivers in our analysis include default rates, prepayment rates, bond interest rates, and other structural factors, which we use to estimate the projected cash flows. In order to estimate market credit spreads by rating, we obtain indicative credit spreads from investment banks that actively issue and facilitate the market for vacation ownership securities and determine an average credit spread by rating level of the different tranches. We then apply those estimated market spreads to swap rates in order to estimate an underlying discount rate for calculating the fair value of the active bonds payable. We concluded that this fair value measurement should be categorized within Level 3.

Term Loan

We estimate the fair value of our Term Loan (as defined in Footnote 12 “Debt”) using quotes from securities dealers as of the last trading day for the quarter; however, this loan has only a limited trading history and volume, and as such, this fair value estimate is not necessarily indicative of the value at which the Term Loan could be retired or transferred. We concluded that this fair value measurement should be categorized within Level 3.

Revolving Corporate Credit Facility

We estimate that the gross carrying value of our Revolving Corporate Credit Facility (as defined in Footnote 12 “Debt”) approximates fair value as the contractual interest rate is variable plus an applicable margin. We concluded that this fair value measurement should be categorized within Level 3.

Senior Notes

We estimate the fair value of our 2025 Notes, 2028 Notes, and 2029 Notes (each as defined in Footnote 12 “Debt”) using quoted market prices as of the last trading day for the quarter; however these notes have only a limited trading history and volume, and as such, this fair value estimate is not necessarily indicative of the value at which these notes could be retired or transferred. We concluded that this fair value measurement should be categorized within Level 2.

Convertible Notes

We estimate the fair value of our convertible notes using quoted market prices as of the last trading day for the quarter; however, these notes have only a limited trading history and volume, and as such, this fair value estimate is not necessarily indicative of the value at which the convertible notes could be retired or transferred. We concluded that this fair value measurement should be categorized within Level 2.

Non-Interest Bearing Note Payable

The carrying value of our non-interest bearing note payable issued in connection with the acquisition of vacation ownership units located in Bali, Indonesia approximates fair value. We concluded that this fair value measurement should be categorized within Level 3.

8. EARNINGS PER SHARE

Basic earnings or loss per common share attributable to common shareholders is calculated by dividing net income or loss attributable to common shareholders by the weighted average number of shares of common stock outstanding during the reporting period. Treasury stock is excluded from the weighted average number of shares of common stock outstanding. Diluted earnings or loss per common share attributable to common shareholders is calculated to give effect to all potentially dilutive common shares that were outstanding during the reporting period, except in periods when there is a loss because the inclusion of the potential common shares would have an anti-dilutive effect. The dilutive effect of outstanding equity-based compensation awards is reflected in diluted earnings or loss per common share applicable to common shareholders by application of the treasury stock method using average market prices during the period.

The shares issuable upon exercise of the warrants sold in connection with the issuance of our convertible notes will not impact the total dilutive weighted average shares outstanding unless and until the price of our common stock exceeds the respective strike price. If and when the price of our common stock exceeds the respective strike price of any of the warrants, we will include the dilutive effect of the additional shares that may be issued upon exercise of the warrants in total dilutive weighted average shares outstanding, which we calculate using the treasury stock method. The convertible note hedges purchased in connection with each issuance of our convertible notes are considered to be anti-dilutive and do not impact our calculation of diluted earnings per share attributable to common shareholders for any periods presented herein.

The table below illustrates the reconciliation of the earnings or loss and number of shares used in our calculation of basic earnings or loss per share attributable to common shareholders.

	Three Months Ended		Nine Months Ended	
(in millions, except per share amounts)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net income attributable to common shareholders	$ 42	$ 109	$ 219	$ 303
Shares for basic earnings per share	36.4	39.5	36.9	41.1
Basic earnings per share	$ 1.16	$ 2.76	$ 5.96	$ 7.39

The table below illustrates the reconciliation of the earnings or loss and number of shares used in our calculation of diluted earnings or loss per share attributable to common shareholders.

	Three Months Ended		Nine Months Ended	
(in millions, except per share amounts)	September 30, 2023[(1)]	September 30, 2022[(1)]	September 30, 2023[(1)]	September 30, 2022[(1)]
Net income attributable to common shareholders	$ 42	$ 109	$ 219	$ 303
Add back of interest expense related to convertible notes, net of tax	5	1	14	4
Numerator used to calculate diluted earnings per share	$ 47	$ 110	$ 233	$ 307
Shares for basic earnings per share	36.4	39.5	36.9	41.1
Effect of dilutive shares outstanding				
Employee SARs	0.1	0.2	0.1	0.2
Restricted stock units	0.3	0.3	0.3	0.3
2022 Convertible Notes ($230 million of principal)	—	—	—	0.9
2026 Convertible Notes ($575 million of principal)	3.5	3.4	3.5	3.4
2027 Convertible Notes ($575 million of principal)	3.0	—	3.0	—
Shares for diluted earnings per share	43.3	43.4	43.8	45.9
Diluted earnings per share	$ 1.09	$ 2.53	$ 5.33	$ 6.68

(1) The computations of diluted earnings per share attributable to common shareholders exclude approximately 200,000 and 293,000 shares of common stock, the maximum number of shares issuable as of September 30, 2023 and September 30, 2022, respectively, upon the vesting of certain performance-based awards, because the performance conditions required to be met for the shares subject to such awards to vest were not achieved by the end of the reporting period.

In accordance with the applicable accounting guidance for calculating earnings per share, for the third quarter and first three quarters of 2023, we excluded from our calculation of diluted earnings per share 287,125 shares underlying stock appreciation rights (“SARs”) that may settle in shares of common stock because the exercise prices of such SARs, which ranged from $143.38 to $173.88, were greater than the average market price of our common stock for the applicable period.

For the third quarter of 2022, we excluded from our calculation of diluted earnings per share 252,314 shares underlying SARs that may settle in shares of common stock because the exercise prices of such SARs, which ranged from $143.38 to $173.88, were greater than the average market price of our common stock for the applicable period.

For the first three quarters of 2022, we excluded from our calculation of diluted earnings per share 199,813 shares underlying SARs that may settle in shares of common stock because the exercise prices of such SARs, which ranged from $159.27 to $173.88, were greater than the average market price of our common stock for the applicable period.

9. INVENTORY

The following table shows the composition of our inventory balances:

($ in millions)	At September 30, 2023	At December 31, 2022
Real estate inventory[1]	$ 632	$ 651
Other	10	9
	$ 642	$ 660

[1] Represents completed inventory that is registered for sale as VOIs and vacation ownership inventory expected to be reacquired pursuant to estimated future defaults on originated vacation ownership notes receivable.

We value vacation ownership products at the lower of cost or fair market value less costs to sell, in accordance with applicable accounting guidance, and we record operating supplies at the lower of cost (using the first-in, first-out method) or net realizable value. Product cost true-up activity relating to vacation ownership products increased carrying values of inventory by $24 million during the first three quarters of 2023 and $15 million during the first three quarters of 2022.

In addition to the above, at September 30, 2023 and December 31, 2022, we had $369 million and $428 million, respectively, of completed vacation ownership units which are classified as a component of Property and equipment, net until the time at which they are available and legally registered for sale as vacation ownership products.

10. CONTINGENCIES AND COMMITMENTS

Commitments and Letters of Credit

As of September 30, 2023, we had the following commitments outstanding:

- We have various contracts for the use of information technology hardware and software that we use in the normal course of business. Our aggregate commitment under these contracts was $107 million, of which we expect $17 million, $42 million, $24 million, $14 million, $6 million and $4 million will be paid in the remainder of 2023, 2024, 2025, 2026, 2027, and thereafter, respectively.
- We have a commitment to acquire real estate for use in our Vacation Ownership segment via our involvement with a VIE. Refer to Footnote 15 “Variable Interest Entities” for additional information and our activities relating to the VIE involved in this transaction.

Surety bonds issued as of September 30, 2023 totaled $121 million, the majority of which were requested by federal, state, or local governments in connection with our operations.

As of September 30, 2023, we had $1 million of letters of credit outstanding under our Revolving Corporate Credit Facility (as defined in Footnote 12 “Debt”). In addition, as of September 30, 2023, we had $1 million in letters of credit outstanding related to and in lieu of reserves required for several vacation ownership notes receivable securitization transactions outstanding. These letters of credit are not issued pursuant to, nor do they impact our borrowing capacity under, the Revolving Corporate Credit Facility.

Guarantees

Certain of our rental management agreements in our Exchange & Third-Party Management segment provide for owners of properties we manage to receive specified percentages of rental revenue or guaranteed amounts generated under our management. In these cases, the operating expenses for the rental operations are paid from the revenue generated by the rentals, the owners are then paid their contractual percentages or guaranteed amounts, and we either retain the balance of the rental revenue (if any) as our fee or we make up the deficit if the owners have not received their guaranteed amounts. At September 30, 2023, our maximum exposure under fixed dollar guarantees was $5 million, of which $2 million, $1 million, $1 million, and $1 million relate to 2024, 2025, 2026, and 2027 and thereafter, respectively.

We have a commitment to an owners’ association that we manage to pay for any shortfall between the actual expenses incurred by the owners’ association and the income received by the owners’ association, in lieu of our payment of maintenance fees for unsold inventory. The agreement will terminate on the earlier of: 1) sale of 95% of the total ownership interests in the owners’ association; or 2) written notification of termination by either party. At September 30, 2023, our expected commitment for the remainder of 2023 is $3 million.

Loss Contingencies

In February 2019, the owners' association for the St. Regis Residence Club, New York filed a lawsuit in the Supreme Court for the State of New York, New York County, Commercial Division against ILG and several of its subsidiaries and certain third parties. The operative complaint alleges that the defendants breached their fiduciary duties related to sale and rental practices, aided and abetted certain breaches of fiduciary duty, engaged in self-dealing as the sponsor and manager of the club, tortiously interfered with the management agreement, were unjustly enriched, and engaged in anticompetitive conduct. The plaintiff is seeking unspecified damages, punitive damages and disgorgement of payments under the management and purchase agreements. In February 2022, the Court granted our motion to dismiss the complaint and dismissed with prejudice all claims except one (such claim, the "Remaining Claim"), with respect to which the plaintiff was granted leave to amend its complaint. The plaintiff filed an amended complaint with respect to the Remaining Claim and appealed the dismissal of the other claims. In June 2023, the appellate court upheld the dismissal of those claims. Plaintiff filed a motion for reconsideration of that appellate ruling, and in October 2023, the appellate court denied that motion. In November 2022, the Court granted our motion to dismiss the amended complaint with respect to the Remaining Claim and again granted plaintiff leave to amend its complaint. The plaintiff filed an amended complaint with respect to the Remaining Claim and again appealed the dismissal of the other claims. That appeal remains pending. In September 2023, the Court granted our motion to dismiss the amended complaint with respect to the Remaining Claim and denied plaintiff permission to file any additional amended complaints. We believe we have meritorious defenses to the claims in this matter and intend to vigorously defend against them.

In the ordinary course of our business, various claims and lawsuits have been filed or are pending against us. A number of these lawsuits and claims may exist at any given time. Additionally, the COVID-19 pandemic may give rise to various claims and lawsuits from owners, members and other parties. We record and accrue for legal contingencies when we determine that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. In making such determinations, we evaluate, among other things, the degree of probability of an unfavorable outcome and, when it is probable that a liability has been incurred, our ability to make a reasonable estimate of loss. We review these accruals each reporting period and make revisions based on changes in facts and circumstances.

We have not accrued for the pending matter described above and we cannot estimate a range of the potential liability associated with this pending matter, if any, at this time. We have accrued for other claims and lawsuits, but the amount accrued is not material individually or in the aggregate. For matters not requiring accrual, we do not believe that the ultimate outcome of such matters, individually or in the aggregate, will materially harm our financial position, cash flows, or overall trends in results of operations based on information currently available. However, legal proceedings are inherently uncertain, and while we believe that our accruals, where required, are adequate and/or we have valid defenses to the claims asserted, unfavorable rulings could occur that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, or operating results.

11. SECURITIZED DEBT

The following table provides detail on our securitized debt, net of unamortized debt discount and issuance costs.

($ in millions)	**At September 30, 2023**	**At December 31, 2022**
Vacation ownership notes receivable securitizations, gross[1]	$ 1,703	$ 1,799
Unamortized debt discount and issuance costs	(20)	(21)
	1,683	1,778
Warehouse Credit Facility, gross[2]	345	162
Unamortized debt issuance costs	(2)	(2)
	343	160
	$ 2,026	$ 1,938

(1) Interest rates as of September 30, 2023 range from 1.5% to 6.6%, with a weighted average interest rate of 3.8%.

(2) Effective interest rate as of September 30, 2023 was 6.8%.

All of our securitized debt is non-recourse. See Footnote 15 "Variable Interest Entities" for a discussion of the collateral for the non-recourse debt associated with our securitized debt.

The following table shows anticipated future principal payments for our securitized debt as of September 30, 2023.

($ in millions)	Vacation Ownership Notes Receivable Securitizations	Warehouse Credit Facility[1]	Total
Payments Year			
2023, remaining	$ 42	$ 4	$ 46
2024	171	17	188
2025	173	18	191
2026	176	306	482
2027	176	—	176
Thereafter	965	—	965
	$ 1,703	$ 345	$ 2,048

(1) Excludes future Warehouse Credit Facility renewals.

Vacation Ownership Notes Receivable Securitizations

Each of the securitized vacation ownership notes receivable transactions contains various triggers relating to the performance of the underlying vacation ownership notes receivable. If a pool of securitized vacation ownership notes receivable fails to perform within the pool's established parameters (default or delinquency thresholds vary by transaction), transaction provisions effectively redirect the monthly excess spread we would otherwise receive from that pool (attributable to the interests we retained) to accelerate the principal payments to investors (taking into account the subordination of the different tranches to the extent there are multiple tranches) until the performance trigger is cured. During the third quarter of 2023, and as of September 30, 2023, we had 14 securitized vacation ownership notes receivable pools outstanding, none of which were out of compliance with their respective established parameters.

As the contractual terms of the underlying securitized vacation ownership notes receivable determine the maturities of the non-recourse debt associated with them, actual maturities may occur earlier than shown above due to prepayments by the vacation ownership notes receivable obligors.

During the second quarter of 2023, we securitized a pool of $388 million of vacation ownership notes receivable. In connection with the securitization, $380 million in vacation ownership loan backed notes were issued by MVW 2023-1 LLC (the "2023-1 LLC") in a private placement. Four classes of vacation ownership loan backed notes were issued by the 2023-1 LLC: $237 million of Class A Notes, $65 million of Class B Notes, $48 million of Class C Notes, and $30 million of Class D Notes. The Class A Notes have an interest rate of 4.93%, the Class B Notes have an interest rate of 5.42%, the Class C Notes have an interest rate of 6.54%, and the Class D Notes have an interest rate of 8.83%. Investors purchased $369 million of the vacation ownership loan backed notes issued by the 2023-1 LLC, composed of the Class A Notes, the Class B Notes, the Class C Notes, and a portion of the Class D Notes, of which we retained $11 million. Proceeds from the transaction, net of fees and a reserve, were used to repay the outstanding obligations on our warehouse credit facility (the "Warehouse Credit Facility") and for other general corporate purposes. The Class D notes that we retained were subsequently sold at par during the second quarter of 2023.

Warehouse Credit Facility

During the second quarter of 2023, we amended certain agreements associated with our Warehouse Credit Facility (the "Warehouse Amendment"). The Warehouse Amendment increased the borrowing capacity of the existing facility from $425 million to $500 million and extended the revolving period from July 28, 2024 to May 31, 2025. The Warehouse Amendment made no other material changes to the Warehouse Credit Facility.

12. DEBT

The following table provides detail on our debt balances, net of unamortized debt discount and issuance costs.

($ in millions)	At September 30, 2023	At December 31, 2022
Corporate Credit Facility		
Term Loan	$ 784	$ 784
Unamortized debt discount and issuance costs	(4)	(6)
	780	778
Revolving Corporate Credit Facility[1]	90	—
Unamortized debt issuance costs[2]	(4)	—
	86	—
Senior Secured Notes		
2025 Notes	—	250
Unamortized debt discount and issuance costs	—	(2)
	—	248
Senior Unsecured Notes		
2028 Notes	350	350
Unamortized debt discount and issuance costs	(2)	(3)
	348	347
2029 Notes	500	500
Unamortized debt discount and issuance costs	(5)	(6)
	495	494
Convertible Notes		
2026 Convertible Notes	575	575
Unamortized debt issuance costs	(7)	(10)
	568	565
2027 Convertible Notes	575	575
Unamortized debt issuance costs	(13)	(15)
	562	560
Finance Leases	188	86
Non-interest bearing note payable	4	10
	$ 3,031	$ 3,088

(1) Effective interest rate as of September 30, 2023 was 7.2%.

(2) Excludes $5 million of unamortized debt issuance costs as of December 31, 2022. As no cash borrowings were outstanding under the Revolving Corporate Credit Facility at that time, the unamortized debt issuance costs were included in Other assets.

The following table shows scheduled principal payments for our debt, based on contractual terms and maturity dates, excluding finance leases, as of September 30, 2023.

	Payments Year						
($ in millions)	Remaining 2023	2024	2025	2026	2027	Thereafter	Total
Term Loan	$ —	$ —	$ 784	$ —	$ —	$ —	$ 784
Revolving Corporate Credit Facility	—	—	—	—	90	—	90
2028 Notes	—	—	—	—	—	350	350
2029 Notes	—	—	—	—	—	500	500
2026 Convertible Notes	—	—	—	575	—	—	575
2027 Convertible Notes	—	—	—	—	575	—	575
Non-Interest Bearing Note Payable	—	4	—	—	—	—	4
	$ —	$ 4	$ 784	$ 575	$ 665	$ 850	$ 2,878

Corporate Credit Facility

Our corporate credit facility ("Corporate Credit Facility"), which provides support for our business, including ongoing liquidity and letters of credit, includes a $900 million term loan facility (the "Term Loan"), which matures on August 31, 2025, and a revolving credit facility with a borrowing capacity of $750 million (the "Revolving Corporate Credit Facility"), including a letter of credit sub-facility of $75 million, that terminates on March 31, 2027.

During the second quarter of 2023, we entered into an amendment to the Corporate Credit Facility (the "Amendment"), which modified the interest rate applicable to borrowings under the Term Loan. Beginning July 31, 2023, the Term Loan references the Secured Overnight Financing Rate ("SOFR") and is based on "Adjusted Term SOFR," which is calculated as Term SOFR (as defined in the Amendment), plus a 0.10% adjustment for a one-month interest period, a 0.15% adjustment for a three-month interest period, or a 0.25% adjustment for a six-month interest period, subject to a 0.00% floor.

Prior to 2022, we entered into interest rate swaps and an interest rate collar under which we may pay a fixed rate and receive a floating interest rate to hedge a portion of our interest rate risk on the Term Loan. During the second quarter of 2023, we amended these interest rate swaps and the collar to reference SOFR rather than LIBOR, effective July 31, 2023. As a result of this transition, the fixed rate on the $250 million of interest rate swaps that matured in September 2023 was amended to 2.88%, the fixed rate on the $200 million of interest rate swaps maturing in April 2024 was amended to 2.17%, and the cap strike price on the $100 million interest rate collar was amended to 2.43%. Both the interest rate swaps and the interest rate collar have been designated and qualify as cash flow hedges of interest rate risk and are recorded in Other assets on our Balance Sheets as of September 30, 2023 and December 31, 2022. We characterize payments we make or receive in connection with these derivative instruments as interest expense and a reclassification of accumulated other comprehensive income or loss for presentation purposes.

The following table reflects the activity in accumulated other comprehensive income or loss related to our derivative instruments during the first three quarters of 2023 and 2022. There were no reclassifications to the Income Statement for any of the periods presented below.

($ in millions)	2023	2022
Derivative instrument adjustment balance, January 1	$ 13	$ (18)
Other comprehensive (loss) gain before reclassifications	(3)	16
Derivative instrument adjustment balance, March 31	10	(2)
Other comprehensive (loss) gain before reclassifications	(1)	7
Derivative instrument adjustment balance, June 30	9	5
Other comprehensive (loss) gain before reclassifications	(3)	8
Derivative instrument adjustment balance, September 30	$ 6	$ 13

Senior Notes

Our senior notes include:

- $500 million aggregate principal amount of 6.125% Senior Secured Notes due 2025 issued in the second quarter of 2020 with a maturity date of September 15, 2025 (the “2025 Notes”), of which $250 million was outstanding as of December 31, 2022.
- $350 million aggregate principal amount of 4.750% Senior Unsecured Notes due 2028 issued in the fourth quarter of 2019 with a maturity date of January 15, 2028 (the “2028 Notes”).
- $500 million aggregate principal amount of 4.500% Senior Unsecured Notes due 2029 issued in the second quarter of 2021 with a maturity date of June 15, 2029 (the “2029 Notes”).

Redemption of Senior Secured Notes

During the first quarter of 2023, we redeemed, prior to maturity, the remaining $250 million of the 2025 Notes outstanding pursuant to a redemption notice issued in the fourth quarter of 2022 and the terms of the indenture governing the 2025 Notes. In connection with this redemption, we incurred charges of $10 million, inclusive of a redemption premium and the write-off of unamortized debt issuance costs, which was recorded in Gains (losses) and other income (expense), net on our Income Statement for the nine months ended September 30, 2023.

Convertible Notes

2026 Convertible Notes

During 2021, we issued $575 million aggregate principal amount of convertible senior notes (the “2026 Convertible Notes”) that bear interest at a rate of 0.00%. The 2026 Convertible Notes mature on January 15, 2026, unless repurchased or converted in accordance with their terms prior to that date.

The conversion rate is subject to adjustment for certain events as described in the indenture governing the notes, and was subject to adjustment as of September 30, 2023 to 6.1044 shares of common stock per $1,000 principal amount of 2026 Convertible Notes (equivalent to a conversion price of $163.82 per share of our common stock), as a result of the dividends we declared since issuance of the 2026 Convertible Notes that were greater than the quarterly dividend we paid when the 2026 Convertible Notes were issued. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock, at our election. As of September 30, 2023, the effective interest rate was 0.55%.

The following table shows interest expense information related to the 2026 Convertible Notes.

	Three Months Ended		Nine Months Ended	
($ in millions)	**September 30, 2023**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Amortization of debt issuance costs	$ —	$ 1	$ 2	$ 2

2026 Convertible Note Hedges and Warrants

In connection with the offering of the 2026 Convertible Notes, we concurrently entered into the following privately-negotiated separate transactions: convertible note hedge transactions with respect to our common stock (the “2026 Convertible Note Hedges”), covering a total of 3.5 million shares of our common stock, and warrant transactions (the “2026 Warrants”), whereby we sold to the counterparties to the 2026 Convertible Note Hedges warrants to acquire 3.5 million shares of our common stock. As of September 30, 2023, the strike prices of the 2026 Convertible Note Hedges and the 2026 Warrants were subject to adjustment to approximately $163.82 and $204.77, respectively, and no 2026 Convertible Note Hedges or 2026 Warrants have been exercised.

2027 Convertible Notes

During 2022, we issued $575 million aggregate principal amount of convertible senior notes (the “2027 Convertible Notes”) that bear interest at a rate of 3.25%. The 2027 Convertible Notes mature on December 15, 2027, unless earlier repurchased or converted in accordance with their terms prior to that date.

The 2027 Convertible Notes are convertible at a rate of 5.2729 shares of common stock per $1,000 principal amount of 2027 Convertible Notes (equivalent to a conversion price of $189.65 per share of our common stock) as of September 30, 2023. The conversion rate is subject to adjustment for certain events as described in the indenture governing the notes. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock, at our election. As of September 30, 2023, the effective interest rate was 3.88%.

The following table shows interest expense information related to the 2027 Convertible Notes.

	Three Months Ended		Nine Months Ended	
($ in millions)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Contractual interest expense	$ 5	$ —	$ 14	$ —
Amortization of debt issuance costs	—	—	2	—
	$ 5	$ —	$ 16	$ —

2027 Convertible Note Hedges and Warrants

In connection with the offering of the 2027 Convertible Notes, we concurrently entered into the following privately-negotiated separate transactions: convertible note hedge transactions with respect to our common stock (the "2027 Convertible Note Hedges"), covering a total of 3.0 million shares of our common stock, and warrant transactions (the "2027 Warrants"), whereby we sold to the counterparties to the 2027 Convertible Note Hedges warrants to acquire 3.0 million shares of our common stock. As of September 30, 2023, the strike prices of the 2027 Convertible Note Hedges and the 2027 Warrants were $189.65 and $286.26, respectively, and no 2027 Convertible Note Hedges or 2027 Warrants have been exercised.

Security and Guarantees

Amounts borrowed under the Corporate Credit Facility, as well as obligations with respect to letters of credit issued pursuant to the Corporate Credit Facility, are secured by a perfected first priority security interest in substantially all of the assets of the borrowers under, and guarantors of, that facility (which include MVWC and certain of our direct and indirect, existing and future, domestic subsidiaries, excluding certain bankruptcy remote special purpose subsidiaries), in each case including inventory, subject to certain exceptions. In addition, the Corporate Credit Facility, the 2026 Convertible Notes, the 2027 Convertible Notes, the 2028 Notes, and the 2029 Notes are guaranteed by MVWC and certain of our direct and indirect, existing and future, domestic subsidiaries, excluding certain bankruptcy remote special purpose subsidiaries.

Finance Lease

During 2020, we entered into a finance lease arrangement, which was amended in 2021, for our new global headquarters office building in Orlando, Florida. The lease for the new building commenced for accounting purposes during the first quarter of 2023, upon the substantial completion of construction. The lease includes a 26-year lease term, consisting of a 16-year initial term plus two five-year renewal options. As of September 30, 2023, the present value of the future lease payments, net of lease incentives, was $78 million, with a corresponding lease liability of $99 million. We record right-of-use assets for our finance leases in Property and equipment, net. Our total payments under this lease are $245 million, of which we expect $1 million, $7 million, $8 million, $8 million, $9 million, and $212 million will be paid in 2023, 2024, 2025, 2026, 2027, and thereafter, respectively.

13. SHAREHOLDERS' EQUITY

Marriott Vacations Worldwide has 100,000,000 authorized shares of common stock, par value of $0.01 per share. At September 30, 2023, there were 75,807,873 shares of Marriott Vacations Worldwide common stock issued, of which 35,685,051 shares were outstanding and 40,122,822 shares were held as treasury stock. At December 31, 2022, there were 75,744,524 shares of Marriott Vacations Worldwide common stock issued, of which 37,481,082 shares were outstanding and 38,263,442 shares were held as treasury stock. Marriott Vacations Worldwide has 2,000,000 authorized shares of preferred stock, par value of $0.01 per share, none of which were issued or outstanding as of September 30, 2023 or December 31, 2022.

Share Repurchase Program

From time to time, with the approval of our Board of Directors, we may undertake programs to purchase shares of our common stock (each, a "Share Repurchase Program" and collectively, the "Share Repurchase Programs"). During the third quarter of 2021, our Board of Directors authorized us to purchase shares of our common stock under a Share Repurchase Program for an aggregate purchase price not to exceed $250 million, prior to December 31, 2022. During the first quarter of 2022, our Board of Directors authorized the purchase of up to an additional $300 million of our common stock under this program and extended the term of this program to March 31, 2023. During the third quarter of 2022, our Board of Directors authorized the purchase of up to an additional $500 million of our common stock under this program and extended the term of this program to June 30, 2023. During the second quarter of 2023, our Board of Directors increased the remaining authorization to authorize purchases of up to $600 million and extended the term of this program to December 31, 2024. As of September 30, 2023, approximately $476 million remained available for share repurchases under the Share Repurchase Program.

Share repurchases may be made through open market purchases, privately negotiated transactions, block transactions, tender offers, or otherwise. The specific timing, amount and other terms of the repurchases will depend on market conditions, corporate and regulatory requirements, contractual restrictions, and other factors. In connection with the current Share Repurchase Program, we are authorized to adopt one or more plans pursuant to the provisions of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The authorization for the current Share Repurchase Program may be suspended, terminated, increased or decreased by our Board of Directors at any time without prior notice. Acquired shares of our common stock are currently held as treasury shares and carried at cost in our Financial Statements.

The Inflation Reduction Act of 2022, which was enacted in August 2022, imposes a 1% excise tax on the net value of certain stock repurchases made after December 31, 2022. For purposes of calculating the excise tax, the fair value of certain share issuances may be netted against the fair market value of stock repurchases during the same taxable year. In the first three quarters of 2023, we reflected the applicable excise tax in treasury stock as part of the cost basis of the stock repurchased and recorded a corresponding liability for the excise taxes payable in Accrued liabilities on our Balance Sheet.

The following table summarizes share repurchase activity under our Share Repurchase Programs:

($ in millions, except per share amounts)	Number of Shares Repurchased	Cost Basis of Shares Repurchased	Average Price Paid per Share
As of December 31, 2022	22,773,218	$ 2,119	$ 93.06
For the first three quarters of 2023	1,936,855	248	$ 128.03
As of September 30, 2023	24,710,073	$ 2,367	$ 95.80

Dividends

We declared cash dividends to holders of common stock during the first three quarters of 2023 as follows. Any future dividend payments will be subject to the restrictions imposed under the agreements covering our debt, and Board approval. There can be no assurance that we will pay dividends in the future.

Declaration Date	Shareholder Record Date	Distribution Date	Dividend per Share
February 16, 2023	March 2, 2023	March 16, 2023	$0.72
May 11, 2023	May 25, 2023	June 8, 2023	$0.72
September 7, 2023	September 21, 2023	October 5, 2023	$0.72

14. SHARE-BASED COMPENSATION

We maintain the Marriott Vacations Worldwide Corporation 2020 Equity Incentive Plan (the "MVW Equity Plan") for the benefit of our officers, directors, and employees. Under the MVW Equity Plan, we are authorized to award: (1) restricted stock and restricted stock units ("RSUs") of our common stock, (2) stock appreciation rights ("SARs") relating to our common stock, and (3) stock options to purchase our common stock. A total of 1.8 million shares are authorized for issuance pursuant to grants under the MVW Equity Plan. As of September 30, 2023, approximately 0.8 million shares were available for grants under the MVW Equity Plan.

The following table details our share-based compensation expense related to award grants to our officers, directors, and employees:

	Three Months Ended		Nine Months Ended	
($ in millions)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Service-based RSUs	$ 7	$ 7	$ 22	$ 24
Performance-based RSUs	(2)	1	1	2
	5	8	23	26
SARs	1	2	2	4
	$ 6	$ 10	$ 25	$ 30

The following table details our deferred compensation costs related to unvested awards:

($ in millions)	At September 30, 2023	At December 31, 2022
Service-based RSUs	$ 30	$ 26
Performance-based RSUs	4	7
	34	33
SARs	1	1
	$ 35	$ 34

Restricted Stock Units

We granted 199,468 service-based RSUs, which are subject to time-based vesting conditions, with a weighted average grant-date fair value of $143.54, to our employees and non-employee directors during the first three quarters of 2023. During the first three quarters of 2023, we also granted performance-based RSUs, which are subject to performance-based vesting conditions, to members of management. A maximum of 114,602 RSUs may be earned under the performance-based RSU awards granted during the first three quarters of 2023.

Stock Appreciation Rights

We granted 37,436 SARs, with a weighted average grant-date fair value of $58.50 and a weighted average exercise price of $153.10, to members of management during the first three quarters of 2023. We use the Black-Scholes model to estimate the fair value of the SARs granted. The expected stock price volatility was calculated based on the average of the historical and implied volatility of our stock price. The average expected life was calculated using the simplified method, as we have insufficient historical information to provide a basis for estimating average expected life. The risk-free interest rate was calculated based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of grant. The dividend yield assumption listed below is based on the expectation of future payouts.

The following table outlines the assumptions used to estimate the fair value of grants during the first three quarters of 2023:

Expected volatility	40.47%
Dividend yield	1.87%
Risk-free rate	4.07%
Expected term (in years)	6.25

15. VARIABLE INTEREST ENTITIES

Variable Interest Entities Related to Our Vacation Ownership Notes Receivable Securitizations

We periodically securitize, without recourse, through bankruptcy remote special purpose entities, notes receivable originated in connection with the sale of vacation ownership products. These vacation ownership notes receivable securitizations provide funding for general corporate purposes. In a vacation ownership notes receivable securitization, various classes of debt securities issued by a special purpose entity are generally collateralized by a single tranche of transferred assets, which consist of vacation ownership notes receivable. With each vacation ownership notes receivable securitization, we may retain all or a portion of the securities that are issued, and certain residual interests.

We created these bankruptcy remote special purpose entities to serve as a mechanism for holding assets and related liabilities, and the entities have no equity investment at risk, making them VIEs. We continue to service the vacation ownership notes receivable, transfer all proceeds collected to these special purpose entities, and retain rights to receive benefits that are potentially significant to the entities. Accordingly, we concluded that we are the entities’ primary beneficiary and, therefore, consolidate them. There is no noncontrolling interest balance related to these entities and the creditors of these entities do not have general recourse to us.

The following table shows consolidated assets, which are collateral for the obligations of these VIEs, and consolidated liabilities included on our Balance Sheet at September 30, 2023:

($ in millions)	Vacation Ownership Notes Receivable Securitizations	Warehouse Credit Facility	Total
Consolidated Assets			
Vacation ownership notes receivable, net of reserves	$ 1,526	$ 359	$ 1,885
Interest receivable	11	3	14
Restricted cash	61	23	84
Total	$ 1,598	$ 385	$ 1,983
Consolidated Liabilities			
Interest payable	$ 2	$ 1	$ 3
Securitized debt	1,703	345	2,048
Total	$ 1,705	$ 346	$ 2,051

The following table shows the interest income and expense recognized as a result of our involvement with these VIEs during the third quarter of 2023:

($ in millions)	Vacation Ownership Notes Receivable Securitizations	Warehouse Credit Facility	Total
Interest income	$ 59	$ 11	$ 70
Interest expense	$ 17	$ 4	$ 21
Debt issuance cost amortization	$ 2	$ —	$ 2

The following table shows the interest income and expense recognized as a result of our involvement with these VIEs during the first three quarters of 2023:

($ in millions)	Vacation Ownership Notes Receivable Securitizations	Warehouse Credit Facility	Total
Interest income	$ 180	$ 25	$ 205
Interest expense	$ 48	$ 11	$ 59
Debt issuance cost amortization	$ 7	$ 1	$ 8
Administrative expenses	$ 1	$ —	$ 1

The following table shows cash flows between us and the vacation ownership notes receivable securitization VIEs:

	Nine Months Ended	
($ in millions)	September 30, 2023	September 30, 2022
Cash Inflows		
Net proceeds from vacation ownership notes receivable securitizations	$ 396	$ 371
Principal receipts	375	413
Interest receipts	178	174
Reserve release	16	153
Total	965	1,111
Cash Outflows		
Principal payments	(389)	(446)
Voluntary repurchases of defaulted vacation ownership notes receivable	(88)	(69)
Voluntary clean-up call	(19)	(39)
Interest payments	(51)	(34)
Funding of restricted cash	(17)	(95)
Total	(564)	(683)
Net Cash Flows	$ 401	$ 428

Under the terms of our vacation ownership notes receivable securitizations, we have the right to substitute loans for, or repurchase, defaulted loans at our option, subject to certain limitations. Our maximum exposure to potential loss relating to the special purpose entities that purchase, sell and own these vacation ownership notes receivable is the overcollateralization amount (the difference between the loan collateral balance and the balance of the outstanding vacation ownership notes receivable), plus cash reserves and any residual interest in future cash flows from collateral.

The following table shows cash flows between us and the Warehouse Credit Facility VIE:

	Nine Months Ended	
($ in millions)	September 30, 2023	September 30, 2022
Cash Inflows		
Proceeds from vacation ownership notes receivable securitizations	$ 515	$ 234
Principal receipts	43	12
Interest receipts	24	5
Reserve release	9	1
Total	591	252
Cash Outflows		
Principal payments	(34)	(3)
Voluntary repurchases of defaulted vacation ownership notes receivable	(2)	—
Repayment of Warehouse Credit Facility	(296)	(98)
Interest payments	(9)	(2)
Funding of restricted cash	(18)	(2)
Total	(359)	(105)
Net Cash Flows	$ 232	$ 147

Other Variable Interest Entities

We have a commitment to purchase a property located in Waikiki, Hawaii. The property is held by a VIE for which we are not the primary beneficiary. We do not control the decisions that most significantly impact the economic performance of the entity during construction. Further, our purchase commitment is generally contingent upon the property being redeveloped to our brand standards. Accordingly, we have not consolidated the VIE. We expect to acquire the property over time and as of September 30, 2023, we expect to make payments for the property as follows: $112 million in 2024, $81 million in 2025 and $41 million in 2026. As of September 30, 2023, our Balance Sheet reflected $1 million in Accounts Receivable, including a note receivable of approximately $1 million, $3 million in Property and Equipment, and $1 million in Accrued Liabilities. We believe that our maximum exposure to loss as a result of our involvement with this VIE is approximately $3 million as of September 30, 2023.

Deferred Compensation Plan

We consolidate the liabilities of the Marriott Vacations Worldwide Deferred Compensation Plan and the related assets, which consist of the COLI policies held in a rabbi trust. The rabbi trust is considered a VIE. We are considered the primary beneficiary of the rabbi trust because we direct the activities of the trust and are the beneficiary of the trust. At September 30, 2023, the value of the assets held in the rabbi trust was $88 million, which is included in the Other line within assets on our Balance Sheets.

16. BUSINESS SEGMENTS

We define our reportable segments based on the way in which the chief operating decision maker ("CODM"), currently our chief executive officer, manages the operations of the Company for purposes of allocating resources and assessing performance. We operate in two operating and reportable business segments:

- Vacation Ownership includes a diverse portfolio of resorts that includes some of the world's most iconic brands licensed under exclusive, long-term relationships. We are the exclusive worldwide developer, marketer, seller, and manager of vacation ownership and related products under the Marriott Vacation Club, Grand Residences by Marriott, Sheraton Vacation Club, Westin Vacation Club, and Hyatt Vacation Club brands, as well as under Marriott Vacation Club Pulse, an extension of the Marriott Vacation Club brand. We are also the exclusive worldwide developer, marketer, and seller of vacation ownership and related products under The Ritz-Carlton Club brand, we have the non-exclusive right to develop, market, and sell whole ownership residential products under The Ritz-Carlton Residences brand and have a license to use the St. Regis brand for specified fractional ownership resorts.
- Our Vacation Ownership segment generates most of its revenues from four primary sources: selling vacation ownership products; managing vacation ownership resorts, clubs, and owners' associations; financing consumer purchases of vacation ownership products; and renting vacation ownership inventory.
- Exchange & Third-Party Management includes an exchange network and membership programs, as well as provision of management services to other resorts and lodging properties. We provide these services through our Interval International and Aqua-Aston businesses. Exchange & Third-Party Management revenue generally is fee-based and derived from membership, exchange and rental transactions, property and owners' association management, and other related products and services. VRI Americas was part of the Exchange & Third-Party Management segment through the date of sale in April 2022.

Our CODM evaluates the performance of our segments based primarily on the results of the segment without allocating corporate expenses or income taxes. We do not allocate corporate interest expense or indirect general and administrative expenses to our segments. We include interest income specific to segment activities within the appropriate segment. We allocate depreciation and amortization, other gains and losses, equity in earnings or losses from our joint ventures, and noncontrolling interest to each of our segments as appropriate. Corporate and other represents that portion of our results that are not allocable to our segments, including those relating to consolidated owners' associations, as our CODM does not use this information to make operating segment resource allocations.

Our CODM uses Adjusted Earnings before Interest Expense, Taxes, Depreciation and Amortization ("Adjusted EBITDA") to evaluate the profitability of our operating segments, and the components of net income or loss attributable to common shareholders excluded from Adjusted EBITDA are not separately evaluated. Adjusted EBITDA is defined as net income or loss attributable to common shareholders, before interest expense (excluding consumer financing interest expense associated with term securitization transactions), income taxes, depreciation and amortization, excluding share-based compensation expense and adjusted for certain items that affect the comparability of our operating performance. Our reconciliation of the aggregate amount of Adjusted EBITDA for our reportable segments to consolidated net income or loss attributable to common shareholders is presented below.

Revenues

	Three Months Ended		Nine Months Ended	
($ in millions)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Vacation Ownership	$ 1,126	$ 1,182	$ 3,335	$ 3,229
Exchange & Third-Party Management	64	71	200	229
Total segment revenues	1,190	1,253	3,535	3,458
Corporate and other	(4)	(1)	(2)	10
	$ 1,186	$ 1,252	$ 3,533	$ 3,468

Adjusted EBITDA and Reconciliation to Net Income Attributable to Common Shareholders

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Adjusted EBITDA Vacation Ownership	$ 173	$ 299	$ 647	$ 772
Adjusted EBITDA Exchange & Third-Party Management	30	39	99	117
Reconciling items:				
Corporate and other	(53)	(54)	(171)	(162)
Interest expense, net	(36)	(34)	(106)	(91)
Tax provision	(24)	(59)	(115)	(134)
Depreciation and amortization	(33)	(33)	(99)	(98)
Share-based compensation expense	(6)	(10)	(25)	(30)
Certain items	(9)	(39)	(11)	(71)
Net income attributable to common shareholders	$ 42	$ 109	$ 219	$ 303

Assets

($ in millions)	At September 30, 2023	At December 31, 2022
Vacation Ownership	$ 8,057	$ 8,037
Exchange & Third-Party Management	830	865
Total segment assets	8,887	8,902
Corporate and other	566	737
	$ 9,453	$ 9,639

Revenues Excluding Cost Reimbursements

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
United States	$ 622	$ 771	$ 2,038	$ 2,173
All other countries	121	110	332	284
	$ 743	$ 881	$ 2,370	$ 2,457

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

We make forward-looking statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere in this Quarterly Report on Form 10-Q, based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include the information concerning: our possible or assumed future results of operations; financial condition and leverage, including the expected impact of the Maui wildfires; dividend payments; our expectations regarding development profit margins, defaults and expected losses, notes receivable balances, commitments to owners' associations, payments for property acquisitions and development plans, lease payments, that interest income and notes receivable will increase in 2023, interest rates, indemnification receivables, financing profit margin, general and administrative expenses, inventory costs and inventory spending, taxes, and any effects of the COVID-19 pandemic; and business strategies, such as our expectations that we will continue to offer financing incentives. 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. We caution you that these statements are not guarantees of future performance and are subject to numerous and evolving risks and uncertainties that we may not be able to predict or assess, such as: the effects of a future health crisis, including its short and longer-term impacts on consumer confidence and demand for travel, and the pace of recovery following a health crisis; variations in demand for vacation ownership and exchange products and services; worker absenteeism; price and wage inflation; global supply chain disruptions; volatility in the international and national economy and credit markets; the impact of the current or a future banking crisis; wars involving Russia, Ukraine, Israel and Gaza and related sanctions and other measures; our ability to attract and retain our global workforce; competitive conditions; the availability of capital to finance growth; the impact of rising interest rates; political or social strife; difficulties associated with implementing new or maintaining existing technology; changes in privacy laws; the effects of steps that we or our affiliates have taken and may continue to take to reduce operating costs; impacts from natural or man-made disasters and wildfires, including the Maui wildfires; and other matters referred to under the heading "Risk Factors" contained herein and also in our most recent Annual Report on Form 10-K, and which may be updated in our future periodic filings with the U.S. Securities and Exchange Commission (the "SEC").

All forward-looking statements in this Quarterly Report on Form 10-Q apply only as of the date of this Quarterly Report on Form 10-Q or as of the date they were made or as otherwise specified herein. We do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law. There may be other risks and uncertainties that we cannot predict at this time or that we currently do not expect will have a material adverse effect on our financial position, results of operations or cash flows. Any such risks could cause our results to differ materially from those we express in forward-looking statements.

Our Financial Statements (as defined below), which we discuss below, reflect our historical financial condition, results of operations and cash flows. However, the financial information discussed below and included in this Quarterly Report on Form 10-Q may not necessarily reflect what our financial condition, results of operations or cash flows may be in the future.

In order to make this report easier to read, we refer to (i) our Interim Consolidated Financial Statements as our "Financial Statements," (ii) our Interim Consolidated Statements of Income as our "Income Statements," (iii) our Interim Consolidated Balance Sheets as our "Balance Sheets" and (iv) our Interim Consolidated Statements of Cash Flows as our "Cash Flows." In addition, references throughout to numbered "Footnotes" refer to the numbered Notes in the Interim Condensed Notes to Consolidated Financial Statements that we include in the Financial Statements of this Quarterly Report on Form 10-Q.

Business Overview

We are a leading global vacation company that offers vacation ownership, exchange, rental and resort and property management, along with related businesses, products and services. Our business operates in two reportable segments: Vacation Ownership and Exchange & Third-Party Management.

Our Vacation Ownership segment includes a diverse portfolio of resorts that includes some of the world's most iconic brands licensed under exclusive long-term relationships. We are the exclusive worldwide developer, marketer, seller and manager of vacation ownership and related products under the Marriott Vacation Club, Grand Residences by Marriott, Sheraton Vacation Club, Westin Vacation Club, and Hyatt Vacation Club brands, as well as under Marriott Vacation Club Pulse, an extension to the Marriott Vacation Club brand. We are also the exclusive worldwide developer, marketer and seller of vacation ownership and related products under The Ritz-Carlton Club brand, we have the non-exclusive right to develop, market and sell whole ownership residential products under The Ritz-Carlton Residences brand and we have a license to use the St. Regis brand for specified fractional ownership resorts.

Our Vacation Ownership segment generates most of its revenues from four primary sources: selling vacation ownership products; managing vacation ownership resorts, clubs and owners' associations; financing consumer purchases of vacation ownership products; and renting vacation ownership inventory.

Our Exchange & Third-Party Management segment includes an exchange network and membership programs, as well as the provision of management services to other resorts and lodging properties. Exchange & Third-Party Management revenue generally is fee-based and derived from membership, exchange and rental transactions, property and owners' association management, and other related products and services. Since May 2022, we provide these services through our Interval International and Aqua-Aston businesses. In April 2022, we disposed of VRI Americas after determining that the business was not a core component of our future growth strategy and operating model. This business was a component of our Exchange & Third-Party Management segment through the date of the sale.

Corporate and other represents that portion of our results that are not allocable to our segments, including those relating to consolidated property owners' associations ("Consolidated Property Owners' Associations").

Integration of Marriott-, Sheraton- and Westin-Branded Vacation Ownership Products

In 2016, Marriott International purchased Starwood Hotels and Resorts Worldwide, Inc., which at the time exclusively licensed the Sheraton and Westin vacation ownership brands to Legacy-ILG. Part of the rationale for our acquisition of ILG in 2018 was to achieve operating efficiencies and business growth by leveraging the brands then licensed by Marriott International and its subsidiaries to us and to ILG. In August 2022, we launched Abound by Marriott Vacations, a new owner benefit and exchange program which affiliates the Marriott, Sheraton and Westin vacation ownership brands to offer similar benefits to owners of our products under these brands. Under this program, owners of Marriott-, Sheraton- and Westin-branded VOIs can access over 90 resorts under the Marriott Vacation Club, Sheraton Vacation Club and Westin Vacation Club brands using a common currency. The program also harmonizes fee structures and owner benefit levels and has allowed us to transition most of our Legacy-ILG sales galleries to sell our Marriott Vacation Club Destinations product. Further, in late 2022, we added certain Sheraton- and Westin-branded VOIs to the Marriott Vacation Club Destinations product.

We recognize revenues from the sale of vacation ownership products (also referred to as VOIs) when control of the vacation ownership product is transferred to the customer and the transaction price is deemed collectible. Based upon the different terms of our contracts with the customer and business practices, control of the vacation ownership product has historically transferred to the customer at different points in time for each brand of VOIs. In the third quarter of 2022, we aligned our business practices and contract terms for the sale of vacation ownership products (the "Contract Alignment"), resulting in the prospective change in the timing of the transfer of control to the customer for Marriott-branded VOIs. Prior to these changes, control transfer occurred at closing for Marriott-branded vacation ownership products. Subsequent to the Contract Alignment, transfer of control of Marriott-branded vacation ownership products occurs at expiration of the statutory rescission period, consistent with the historical timing of Sheraton-, Westin- and Hyatt- branded transactions. Marriott-branded VOI sales contracts executed prior to these modifications have been accounted for with transfer of control of the VOI occurring at closing. Control transfer for Legacy-Welk VOIs continues to occur at closing.

As a result of the unification of our Marriott-, Sheraton- and Westin-branded vacation ownership products under the Abound by Marriott Vacations program in the third quarter of 2022, we combined the reserves, and aligned our reserve methodology, for vacation ownership notes receivable for our Marriott, Sheraton and Westin brands (the "Reserve Alignment").

Performance Measures

We measure operating performance using the key metrics described below:

- *Contract sales from the sale of vacation ownership products,* which consists of the total amount of vacation ownership product sales under contracts signed during the period where we have generally received a down payment of at least ten percent of the contract price, reduced by actual rescissions during the period, inclusive of contracts associated with sales of vacation ownership products on behalf of third parties, which we refer to as "resales contract sales." In circumstances where customers apply any or all of their existing ownership interests as part of the purchase price for additional interests, we include only the incremental value purchased as contract sales. Contract sales differ from revenues from the sale of vacation ownership products that we report on our income statements due to the requirements for revenue recognition described above and adjustments for sales incentives that will not be recognized as Sale of vacation ownership products revenue and other adjustments to Sale of vacation ownership products revenue. We consider contract sales to be an important operating measure because it reflects the pace of sales in our business.
  - Total contract sales include contract sales from the sale of vacation ownership products including non-consolidated joint ventures.
  - Consolidated contract sales exclude contracts sales from the sale of vacation ownership products for non-consolidated joint ventures.
- *Volume per guest* ("VPG") is calculated by dividing consolidated vacation ownership contract sales, excluding fractional sales, telesales, resales, and other sales that are not attributed to a tour at a sales location, by the number of tours at sales locations in a given period. We believe that this operating metric is valuable in evaluating the effectiveness of the sales process as it combines the impact of average contract price with the number of touring guests who make a purchase.
- *Development profit margin* is calculated by dividing Development profit by revenues from the sale of vacation ownership products. We refer to revenues from the sale of vacation ownership products less the cost of vacation ownership products and marketing and sales costs as Development profit. We believe that Development profit margin is an important measure of the profitability of our development and subsequent marketing and sales of VOIs.
- *Total active members* is the number of Interval International network active members at the end of the applicable period. We consider active members to be an important metric because it represents the population of owners eligible to book transactions using the Interval International network.
- *Average revenue per member* is calculated by dividing membership fee revenue, transaction revenue, rental revenue, and other member revenue for the Interval International network by the monthly weighted average number of Interval International network active members during the applicable period. We believe this metric is valuable in measuring the overall engagement of our Interval International network active members.
- *Segment financial results attributable to common shareholders* represents revenues less expenses directly attributable to each applicable reportable business segment (Vacation Ownership and Exchange & Third-Party Management). We consider this measure to be important in evaluating the performance of our reportable business segments. See Footnote 16 "Business Segments" to our Financial Statements for further information on our reportable business segments.

NM = Not meaningful.

Consolidated Results

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
REVENUES				
Sale of vacation ownership products	$ 319	$ 444	$ 1,085	$ 1,179
Management and exchange	205	198	611	623
Rental	138	165	435	438
Financing	81	74	239	217
Cost reimbursements	443	371	1,163	1,011
TOTAL REVENUES	1,186	1,252	3,533	3,468
EXPENSES				
Cost of vacation ownership products	50	76	174	216
Marketing and sales	202	207	618	603
Management and exchange	115	101	332	330
Rental	119	126	344	294
Financing	30	5	81	49
General and administrative	57	62	189	187
Depreciation and amortization	33	33	99	98
Litigation charges	2	2	7	7
Royalty fee	30	28	88	84
Impairment	—	1	4	1
Cost reimbursements	443	371	1,163	1,011
TOTAL EXPENSES	1,081	1,012	3,099	2,880
Gains (losses) and other income (expense), net	3	(2)	34	39
Interest expense, net	(36)	(34)	(106)	(91)
Transaction and integration costs	(5)	(34)	(28)	(99)
Other	(1)	(1)	—	—
INCOME BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	66	169	334	437
Provision for income taxes	(24)	(59)	(115)	(134)
NET INCOME	42	110	219	303
Net income attributable to noncontrolling interests	—	(1)	—	—
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 42	$ 109	$ 219	$ 303

Operating Statistics

2023 Third Quarter

(Contract sales $ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Vacation Ownership				
Total contract sales	$ 443	$ 492	$ (49)	(10%)
Consolidated contract sales	$ 438	$ 483	$ (45)	(9%)
Joint venture contract sales	$ 5	$ 9	$ (4)	(51%)
VPG	$ 4,055	$ 4,353	$ (298)	(7%)
Exchange & Third-Party Management				
Total active members at end of period (000's)	1,571	1,591	(20)	(1%)
Average revenue per member	$ 39.15	$ 38.91	$ 0.24	1%

2023 First Three Quarters

(Contract sales $ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Vacation Ownership				
Total contract sales	$ 1,349	$ 1,411	$ (62)	(4%)
Consolidated contract sales	$ 1,325	$ 1,383	$ (58)	(4%)
Joint venture contract sales	$ 24	$ 28	$ (4)	(16%)
VPG	$ 4,118	$ 4,544	$ (426)	(9%)
Exchange & Third-Party Management				
Total active members at end of period (000's)	1,571	1,591	(20)	(1%)
Average revenue per member	$ 120.48	$ 122.30	$ (1.82)	(1%)

Revenues

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Vacation Ownership	$ 1,126	$ 1,182	$ (56)	(5%)
Exchange & Third-Party Management	64	71	(7)	(8%)
Total Segment Revenues	1,190	1,253	(63)	(5%)
Consolidated Property Owners’ Associations	(4)	(1)	(3)	NM
Total Revenues	$ 1,186	$ 1,252	$ (66)	(5%)

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Vacation Ownership	$ 3,335	3,229	$ 106	3%
Exchange & Third-Party Management	200	229	(29)	(12%)
Total Segment Revenues	3,535	3,458	77	2%
Consolidated Property Owners’ Associations	(2)	10	(12)	NM
Total Revenues	3,533	3,468	$ 65	2%

Earnings Before Interest Expense, Taxes, Depreciation and Amortization ("EBITDA") and Adjusted EBITDA

EBITDA, a financial measure that is not prescribed by GAAP, is defined as earnings, or net income or loss attributable to common shareholders, before interest expense, net (excluding consumer financing interest expense associated with term securitization transactions), income taxes, depreciation and amortization. Adjusted EBITDA reflects additional adjustments for certain items, 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 our EBITDA and Adjusted EBITDA calculations, we do not adjust for consumer financing interest expense associated with term securitization transactions because we consider it to be an operating expense of our business. We consider Adjusted EBITDA to be an indicator of operating performance, which we use to measure our ability to service debt, fund capital expenditures, expand our business, and return cash to shareholders. We also use Adjusted EBITDA, as do analysts, lenders, investors, and others, because this measure excludes certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be dependent on a company's capital structure, debt levels and credit ratings. Accordingly, the impact of interest expense on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and provisions for income taxes can vary considerably among companies. EBITDA and Adjusted EBITDA also exclude depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. We believe Adjusted EBITDA is useful as an indicator of operating performance because it allows for period-over-period comparisons of our on-going core operations before the impact of the excluded items. Adjusted EBITDA also facilitates comparison by us, analysts, investors, and others of results from our on-going core operations before the impact of these items with results from other companies.

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. In addition, other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do or may not calculate them at all, limiting their usefulness as comparative measures. The table below shows our EBITDA and Adjusted EBITDA calculation and reconciles these measures with Net income attributable to common shareholders, which is the most directly comparable GAAP financial measure.

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Net income attributable to common shareholders	$ 42	$ 109	$ (67)	(61%)
Interest expense, net	36	34	2	4%
Provision for income taxes	24	59	(35)	(59%)
Depreciation and amortization	33	33	—	1%
EBITDA	135	235	(100)	(42%)
Share-based compensation expense	6	10	(4)	(33%)
Certain items	9	39	(30)	NM
Adjusted EBITDA	$ 150	$ 284	$ (134)	(47%)
Adjusted EBITDA Margin	20%	32%	(12 pts)	

The table below details the components of Certain items for the three months ended September 30, 2023 and September 30, 2022.

($ in millions)	Three Months Ended September 30, 2023		Three Months Ended September 30, 2022	
ILG integration	$ —		$ 22	
Welk acquisition and integration	5		5	
Other transformation initiatives	—		6	
Other transaction costs	—		1	
Transaction and integration costs		5		34
Purchase accounting adjustments		3		5
Litigation charges		2		2
Impairment		—		1
Gain on disposition of hotel, land and other	(1)		—	
Gain on disposition of VRI Americas	—		(1)	
Foreign currency translation	5		3	
Insurance proceeds	(1)		—	
Change in indemnification asset	(6)		(1)	
Other	—		1	
(Gains) losses and other (income) expense, net		(3)		2
Expiration/forfeiture of deposits on pre-acquisition preview packages		—		(6)
Change in estimate relating to pre-acquisition contingencies		—		(2)
Other		2		3
Total Certain items		$ 9		$ 39

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Net income attributable to common shareholders	$ 219	$ 303	$ (84)	(28%)
Interest expense, net	106	91	15	15%
Provision for income taxes	115	134	(19)	(14%)
Depreciation and amortization	99	98	1	1%
EBITDA	539	626	(87)	(14%)
Share-based compensation expense	25	30	(5)	(15%)
Certain items	11	71	(60)	NM
Adjusted EBITDA	$ 575	$ 727	$ (152)	(21%)
Adjusted EBITDA Margin	24%	30%	(6%)	

The table below details the components of Certain items for the nine months ended September 30, 2023 and September 30, 2022.

($ in millions)	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
ILG integration	$ 15		$ 80	
Welk acquisition and integration	13		10	
Other transformation initiatives	—		6	
Other transaction costs	—		3	
Transaction and integration costs		28		99
Early redemption of senior secured notes	10		—	
Gain on disposition of hotel, land and other	(8)		(33)	
Gain on disposition of VRI Americas	—		(17)	
Foreign currency translation	1		10	
Insurance proceeds	(3)		(5)	
Change in indemnification asset	(30)		2	
Other	(4)		4	
Gains and other income, net		(34)		(39)
Purchase accounting adjustments		6		13
Litigation charges		7		7
Impairment		4		1
Expiration/forfeiture of deposits on pre-acquisition preview packages		—		(6)
Early termination of VRI management contract		—		(2)
Change in estimate relating to pre-acquisition contingencies		—		(5)
Other		—		3
Total Certain items		$ 11		$ 71

Segment Adjusted EBITDA

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Vacation Ownership	$ 173	$ 299	$ (126)	(42%)
Exchange & Third-Party Management	30	39	(9)	(20%)
Segment adjusted EBITDA	203	338	(135)	(40%)
General and administrative	(53)	(54)	1	NM
Adjusted EBITDA	$ 150	$ 284	$ (134)	(47%)

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Vacation Ownership	$ 647	$ 772	$ (125)	(16%)
Exchange & Third-Party Management	99	117	(18)	(15%)
Segment adjusted EBITDA	746	889	(143)	(16%)
General and administrative	(171)	(162)	(9)	(6%)
Adjusted EBITDA	$ 575	$ 727	$ (152)	(21%)

The following tables present segment financial results attributable to common shareholders reconciled to segment Adjusted EBITDA.

Vacation Ownership

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Segment financial results	$ 149	$ 270	$ (121)	(45%)
Depreciation and amortization	23	23	—	(3%)
Share-based compensation expense	2	2	—	17%
Certain items	(1)	4	(5)	NM
Segment adjusted EBITDA	$ 173	$ 299	$ (126)	(42%)

The table below details the components of Certain items for the three months ended September 30, 2023 and September 30, 2022.

($ in millions)	Three Months Ended September 30, 2023		Three Months Ended September 30, 2022	
Transaction and integration costs		$ —		$ 2
Purchase accounting adjustments		3		5
Litigation charges		2		2
Impairment		—		1
Foreign currency translation	—		(1)	
Insurance proceeds	(1)		—	
Change in indemnification asset	(6)		—	
Gains and other income, net		(7)		(1)
Expiration/forfeiture of deposits on pre-acquisition preview packages		—		(6)
Change in estimate relating to pre-acquisition contingencies		—		(2)
Other		1		3
Total Certain items		$ (1)		$ 4

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Segment financial results	$ 578	$ 720	$ (142)	(20%)
Depreciation and amortization	69	67	2	2%
Share-based compensation expense	6	5	1	24%
Certain items	(6)	(20)	14	NM
Segment adjusted EBITDA	$ 647	$ 772	$ (125)	(16%)

The table below details the components of Certain items for the nine months ended September 30, 2023 and September 30, 2022.

($ in millions)	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
Transaction and integration costs		$ —		3
Purchase accounting adjustments		6		13
Litigation charges		8		7
Impairment		4		1
Gain on disposition of hotel, land and other	(7)		(33)	
Insurance proceeds	(3)		(3)	
Change in indemnification asset	(9)		—	
Other	(4)		—	
Gains and other income, net		(23)		(36)
Expiration/forfeiture of deposits on pre-acquisition preview packages		—		(6)
Change in estimate relating to pre-acquisition contingencies		—		(5)
Other		(1)		3
Total Certain items		$ (6)		$ (20)

Exchange & Third-Party Management

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Segment financial results	$ 23	$ 29	$ (6)	(22%)
Depreciation and amortization	7	8	(1)	(3%)
Share-based compensation expense	—	1	(1)	(30%)
Certain items	—	1	(1)	NM
Segment adjusted EBITDA	$ 30	$ 39	$ (9)	(20%)

The table below details the components of Certain items for the three months ended September 30, 2023 and September 30, 2022.

($ in millions)	September 30, 2023		September 30, 2022	
Gain on disposition of hotel, land and other	$ (1)		$ —	
Gain on disposition of VRI Americas	—		(1)	
Foreign currency translation	—		2	
(Gains) losses and other (income) expense, net		(1)		1
Other		1		—
Total Certain items		$ —		$ 1

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Segment financial results	$ 75	$ 108	$ (33)	(30%)
Depreciation and amortization	23	24	(1)	(2%)
Share-based compensation expense	1	2	(1)	(22%)
Certain items	—	(17)	17	NM
Segment adjusted EBITDA	$ 99	$ 117	$ (18)	(15%)

The table below details the components of Certain items for the nine months ended September 30, 2023 and September 30, 2022.

($ in millions)	September 30, 2023		September 30, 2022	
Gain on disposition of hotel, land and other	$ (1)		$ —	
Gain on disposition of VRI Americas	—		(17)	
Foreign currency translation	—		2	
Gains and other income, net		(1)		(15)
Early termination of VRI management contract		—		(2)
Other		1		—
Total Certain items		$ —		$ (17)

Business Segments

Our business is grouped into two reportable business segments: Vacation Ownership and Exchange & Third-Party Management. See Footnote 16 "Business Segments" to our Financial Statements for further information on our segments.

Vacation Ownership

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
REVENUES				
Sale of vacation ownership products	$ 319	$ 444	$ 1,085	$ 1,179
Resort management and other services	143	136	425	402
Rental	128	154	404	405
Financing	81	74	239	217
Cost reimbursements	455	374	1,182	1,026
TOTAL REVENUES	1,126	1,182	3,335	3,229
EXPENSES				
Cost of vacation ownership products	50	76	174	216
Marketing and sales	202	207	618	603
Resort management and other services	69	64	202	178
Rental	122	130	354	311
Financing	30	5	81	49
Depreciation and amortization	23	23	69	67
Litigation charges	2	2	8	7
Royalty fee	30	28	88	84
Impairment	—	1	4	1
Cost reimbursements	455	374	1,182	1,026
TOTAL EXPENSES	983	910	2,780	2,542
Gains and other income, net	7	1	23	36
Transaction and integration costs	—	(2)	—	(3)
Other	(1)	(1)	—	—
SEGMENT FINANCIAL RESULTS BEFORE NONCONTROLLING INTERESTS	149	270	578	720
Net income attributable to noncontrolling interests	—	—	—	—
SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 149	$ 270	$ 578	$ 720

Sale of Vacation Ownership Products

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	% of Consolidated Contract Sales, Net of Resales	September 30, 2022	% of Consolidated Contract Sales, Net of Resales	Change	% Change
Total consolidated contract sales	$ 438		$ 483		$ (45)	(9%)
Joint venture contract sales	5		9		(4)	(51%)
Total contract sales	443		492		(49)	(10%)
Less: resales contract sales	(11)		(10)		(1)	
Less: joint venture contract sales	(5)		(9)		4	
Consolidated contract sales, net of resales	427		473		(46)	(10%)
Plus:						
Settlement revenue	12	3%	10	2%	2	
Resales revenue	6	1%	5	1%	1	
Revenue recognition adjustments:						
Reportability	—	—%	54	12%	(54)	
Sales reserve	(102)	(24%)	(64)	(14%)	(38)	
Other[1]	(24)	(6%)	(34)	(7%)	10	
Sale of vacation ownership products	$ 319	74%	$ 444	94%	$ (125)	(28%)

[1] Adjustment for sales incentives that will not be recognized as Sale of vacation ownership products revenue and other adjustments to Sale of vacation ownership products revenue.

Contract sales in the 2023 third quarter declined due to a 7% decrease in VPG and a 3% decrease in tours. The decline in VPG was attributed to the temporary suspension of activity at our sales centers in Maui, due to the wildfires, lower closing efficiencies due to the continued transition associated with the launch of Abound by Marriott Vacations (which commenced in the third quarter of 2022) and the continued integration of the Hyatt and Legacy-Welk business models and sales processes. Though improving, we expect these factors to continue to impact VPG and contract sales for the remainder of 2023.

The favorable revenue reportability in the 2022 third quarter was primarily due to the Contract Alignment which resulted in the prospective acceleration of revenue for Marriott-branded vacation ownership interests of $46 million.

Financing propensity was 64% in the third quarter of 2023, a 530 basis point increase over the third quarter of 2022. We expect to continue offering financing incentive programs throughout the remainder of 2023. The average FICO score of customers for whom a credit score was available, generally U.S. and Canadian residents, who financed a vacation ownership purchase was 729 and 730 for the three months ended September 30, 2023 and September 30, 2022, respectively.

In the third quarter of 2023, we evaluated our vacation ownership notes receivable reserve in light of trends in delinquencies and default rates. As a result, we increased our originated vacation ownership notes receivable reserve by $59 million. We primarily used a historical period of increased defaults as a basis for estimating the increase in our reserve. This additional reserve adjusts our future default rate estimate to reflect current macroeconomic conditions, including inflation outpacing wage growth, continuing high interest rates, mixed economic indicators and increased global insecurity.

The 2022 third quarter sales reserve included a $19 million increase attributed to the Reserve Alignment, which was offset by a decrease in the acquired reserve for vacation ownership notes receivable recorded as a reduction of Financing expenses.

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	% of Consolidated Contract Sales, Net of Resales	September 30, 2022	% of Consolidated Contract Sales, Net of Resales	Change	% Change
Total consolidated contract sales	$ 1,325		$ 1,383		$ (58)	(4%)
Joint venture contract sales	24		28		(4)	(16%)
Total contract sales	1,349		1,411		(62)	(4%)
Less: resales contract sales	(32)		(30)		(2)	
Less: joint venture contract sales	(24)		(28)		4	
Consolidated contract sales, net of resales	1,293		1,353		(60)	(4%)
Plus:						
Settlement revenue	29	2%	26	2%	3	
Resales revenue	18	1%	13	1%	5	
Revenue recognition adjustments:						
Reportability	5	—%	7	1%	(2)	
Sales reserve	(185)	(14%)	(130)	(10%)	(55)	
Other[(1)]	(75)	(6%)	(90)	(7%)	15	
Sale of vacation ownership products	$ 1,085	84%	$ 1,179	87%	$ (94)	(8%)

[(1)] Adjustment for sales incentives that will not be recognized as Sale of vacation ownership products revenue and other adjustments to Sale of vacation ownership products revenue.

Contract sales in the first three quarters of 2023 declined, despite tour growth of 5%, due to a 9% decrease in VPG. The decline in VPG was attributed to the temporary suspension of activity at our sales centers in Maui, due to the wildfires, lower closing efficiencies due to the continued transition associated with the launch of Abound by Marriott Vacations and the continued integration of the Hyatt and Legacy-Welk business models and sales processes.

Financing propensity was 58% in the first three quarters of 2023, a 390 basis point increase over the first three quarters of 2022. The average FICO score of customers for whom a credit score was available, generally U.S. and Canadian residents, who financed a vacation ownership purchase was 734 and 733 for the nine months ended September 30, 2023 and September 30, 2022, respectively.

The sales reserve in the first three quarters of 2023 increased $78 million in light of trends in delinquencies and default rates in 2023.

The sales reserve in the first three quarters of 2022 included a $19 million increase attributed to the Reserve Alignment, which was offset by a decrease in the acquired reserve for vacation ownership notes receivable recorded as a reduction of Financing expenses.

Development Profit

2023 Third Quarter

	Three Months Ended					
($ in millions)	September 30, 2023	% of Revenue	September 30, 2022	% of Revenue	Change	% Change
Sale of vacation ownership products	$ 319		$ 444		$ (125)	(28%)
Cost of vacation ownership products	(50)	(16%)	(76)	(17%)	26	35%
Marketing and sales	(202)	(64%)	(207)	(47%)	5	2%
Development profit	$ 67		$ 161		$ (94)	(59%)
Development profit margin	20.7%		36.1%		(15.4 pts)	

The decrease in Development profit reflects $43 million from unfavorable revenue reportability primarily attributed to the Contract Alignment, which resulted in the prospective acceleration of $39 million of revenue recognition for Marriott-branded VOI sales in the 2022 third quarter, $24 million from lower contract sales volumes and $35 million related to higher sales reserves, partially offset by $8 million of favorable product cost due mainly to the sale of lower cost inventory. The $35 million of higher sales reserves included $49 million in the third quarter of 2023 ($59 million gross increase in reserve offset by a decrease of $10 million to product cost), partially offset by $14 million from the Reserve alignment in the third quarter of 2022. Development profit margin, excluding the impact of the sales reserve increase of $49 million, was 30.5% in the third quarter of 2023. We expect Development profit margin for the full year to be in line with year-to-date 2023 results.

2023 First Three Quarters

	Nine Months Ended					
($ in millions)	September 30, 2023	% of Revenue	September 30, 2022	% of Revenue	Change	% Change
Sale of vacation ownership products	$ 1,085		$ 1,179		$ (94)	(8%)
Cost of vacation ownership products	(174)	(16%)	(216)	(18%)	42	20%
Marketing and sales	(618)	(57%)	(603)	(51%)	(15)	(2%)
Development profit	$ 293		$ 360		$ (67)	(18%)
Development profit margin	27.0%		30.5%		(3.5 pts)	

The decrease in Development profit reflects $47 million of lower contract sales volumes, $49 million related to higher sales reserves, and $5 million from unfavorable revenue reportability, partially offset by $28 million of favorable product cost due mainly to the sale of lower cost inventory, and $6 million of favorable product cost true-up activity. Development profit margin, excluding the impact of the $49 million sales reserve increase in the third quarter of 2023, was 29.9% in the first three quarters of 2023.

Resort Management and Other Services Revenues, Expenses and Profit

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Management fee revenues	$ 44	$ 41	$ 3	9%
Ancillary revenues	62	63	(1)	(1%)
Other management and exchange revenues	37	32	5	16%
Resort management and other services revenues	143	136	7	6%
Resort management and other services expenses	(69)	(64)	(5)	(8%)
Resort management and other services profit	$ 74	$ 72	$ 2	3%
Resort management and other services profit margin	52.0%	53.2%	(1.2 pts)	
Resort occupancy [(1)]	86.1%	88.9%	(2.8 pts)	

(1) Resort occupancy represents all transient, previews, and owner keys divided by total keys available, net of keys out of service.

The increase in Resort management and other services revenues reflects higher club dues of $4 million, higher management fees and $1 million of higher refurbishment project revenues, partially offset by lower ancillary revenues.

The $5 million increase in Resort management and other services expenses reflects an increase in ancillary expenses of $2 million due to inflation and foreign currency exchange rate changes in Mexico, and an increase in customer services and exchange company expenses of $3 million due to incremental headcount, wages, benefits, and other operating cost increases.

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Management fee revenues	$ 134	$ 124	$ 10	8%
Ancillary revenues	193	183	10	5%
Other management and exchange revenues	98	95	3	4%
Resort management and other services revenues	425	402	23	6%
Resort management and other services expenses	(202)	(178)	(24)	(14%)
Resort management and other services profit	$ 223	$ 224	$ (1)	—%
Resort management and other services profit margin	52.5%	55.8%	(3.3 pts)	
Resort occupancy [(1)]	87.9%	89.0%	(1.1 pts)	

(1) Resort occupancy represents all transient, previews, and owner keys divided by total keys available, net of keys out of service.

The increase in Resort management and other services revenues reflects higher ancillary revenues, including revenues from food and beverage and golf offerings (as a result of an 8% increase in revenue per occupied key, partially offset by a 2% decrease in occupied keys at resorts with ancillary businesses) and higher management fees and commissions from third-party vacation and other offerings. The decline in occupied keys at resorts with ancillary businesses was primarily in Maui due to the wildfires.

The increase in Resort management and other services expenses reflects an increase in ancillary expenses of $15 million due to increased volumes sold, inflation and foreign currency exchange rate changes in Mexico, and an increase in customer services and exchange company expenses of $9 million due to incremental headcount, wages, benefits, and other operating cost increases.

Rental Revenues, Expenses and Profit

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Rental revenues	$ 128	$ 154	$ (26)	(17%)
Rental expenses	(122)	(130)	8	6%
Rental profit	$ 6	$ 24	$ (18)	(73%)
Rental profit margin	5.1%	15.9%	(10.8 pts)	

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Transient keys rented[(1)]	509,057	509,621	(564)	—%
Average transient rate	$ 256	$ 267	$ (12)	(4%)
Rental occupancy[(2)]	64.3%	69.2%	(4.9 pts)	

(1) Transient keys rented exclude those occupied through the use of plus points and preview stays.

(2) Rental occupancy represents transient and preview keys divided by keys available to rent, which is total available keys excluding owner usage.

Rental profit for transient keys, including plus points and excluding keys from owned hotels, declined due to an $11 million increase in unsold maintenance fees associated with developer owned inventory, $9 million of decreased profit due largely to the Maui wildfires and declining average daily rates, offset by the continued rebound of the Asia Pacific region and $5 million of higher operating costs. These decreases were partially offset by $8 million of higher plus points revenue. In addition to these variances, there was a $25 million higher net down of rental revenues and expense in the 2023 third quarter associated with unsold VOIs that are registered and held for sale.

Rental profit for our owned hotels in the third quarter of 2023 decreased $1 million compared to the third quarter of 2022.

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Rental revenues	$ 404	$ 405	$ (1)	—%
Rental expenses	(354)	(311)	(43)	(14%)
Rental profit	$ 50	$ 94	$ (44)	(47%)
Rental profit margin	12.3%	23.2%	(10.9 pts)	

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Transient keys rented[(1)]	1,605,926	1,626,294	(20,368)	(1%)
Average transient key rate	$ 269	$ 268	$ 1	—%
Rental occupancy[(2)]	68.5%	70.3%	(1.8 pts)	

(1) Transient keys rented exclude those occupied through the use of plus points and preview stays.

(2) Rental occupancy represents transient and preview keys divided by keys available to rent, which is total available keys excluding owner usage.

Rental profit for transient keys, including plus points and excluding keys from owned hotels, declined by $40 million due to a $34 million increase in unsold maintenance fees associated with developer owned inventory, $10 million of increased costs associated with higher owner utilization of third-party vacation and other offerings, $12 million of decreased profit due to lower demand, the Maui wildfires and an unfavorable change in the mix of keys available to rent, and $3 million of higher other costs. These decreases were partially offset by $16 million of higher plus points revenue and a $3 million reduction of rental costs associated with occupancy used for marketing and sales activities. In addition to these variances, there was a $2 million lower net down of rental revenues and expense in the first three quarters of 2023 associated with unsold VOIs that are registered and held for sale.

Rental profit for our owned hotels decreased by $4 million, or 30%, attributed to the disposition of our Puerto Vallarta hotel in 2022 and Branson hotel in 2023.

Financing Revenues, Expenses and Profit

2023 Third Quarter

	Three Months Ended			
($ in millions)	September 30, 2023	September 30, 2022	Change	% Change
Financing revenues	$ 81	$ 74	$ 7	10%
Financing expenses	(11)	9	(20)	NM
Consumer financing interest expense	(19)	(14)	(5)	(36%)
Financing profit	$ 51	$ 69	$ (18)	(26%)
Financing profit margin	63.7%	94.5%	(30.8 pts)	
Financing propensity	64.0%	58.7%		

Financing revenues reflect $8 million of higher interest income as a result of a higher average notes receivable balance partially offset by $1 million of higher plus point financing incentive costs. The higher average notes receivable balance was the result of new loan originations in excess of the repayment of existing vacation ownership notes receivable, which we expect to continue. As part of our Reserve Alignment for Marriott-, Westin- and Sheraton-branded vacation ownership notes receivable, in the third quarter of 2022, we recorded a $19 million reduction in our estimated reserve for acquired vacation ownership notes receivable as a decrease in Financing expenses. Excluding this difference, Financing expenses increased $1 million due to higher operating costs.

The increase in consumer financing interest expense is attributable to the higher average securitized debt at a higher average interest rate for the more recent term securitization transactions. We expect consumer financing interest expense to continue to remain elevated over our average outstanding interest rates on existing securitization transactions as a result of rising interest rates for the remainder of 2023. We do not adjust interest rates on consumer financing offerings at the same pace as, or in lock-step with, broader market interest rates; thus we expect our financing profit margin to continue to decrease in 2023, as we repay existing securitization transactions with lower interest rates and enter into new securitization transactions with higher interest rates.

2023 First Three Quarters

	Nine Months Ended			
($ in millions)	September 30, 2023	September 30, 2022	Change	% Change
Financing revenues	239	217	22	10%
Financing expenses	(26)	(10)	(16)	NM
Consumer financing interest expense	(55)	(39)	(16)	(41%)
Financing profit	$ 158	$ 168	$ (10)	(6%)
Financing profit margin	66.2%	77.7%	(11.5 pts)	
Financing propensity	58.2%	54.3%		

Financing revenues reflect $24 million of higher interest income as a result of a higher average notes receivable balance partially offset by $2 million of higher plus point financing incentive costs. The higher average notes receivable balance was the result of new loan originations in excess of the repayment of existing vacation ownership notes receivable, which we expect will continue. Excluding the change in our estimated reserve for acquired vacation ownership notes receivable, Financing expenses were in line with prior year. In 2023, we recorded a $3 million reduction to our reserve for acquired vacation ownership notes receivable compared to a $19 million reduction in the comparable reserve in 2022.

Royalty Fee

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Royalty fee	$ 30	$ 28	$ 2	5%

Royalty fee expense increased in the third quarter of 2023 due to an increase of $2 million in the volume of closings on Marriott-branded products.

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Royalty fee	$ 88	$ 84	$ 4	4%

Royalty fee expense increased in the first three quarters of 2023 due to an increase in the volume of closings on Marriott-branded products ($2 million) and increased variable royalty fees paid to Hyatt, which commenced in the fourth quarter of 2022 ($2 million).

Gains and Other Income

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Gains and other income, net	$ 7	$ 1	$ 6	NM

During the third quarter of 2023, we recorded a $6 million reduction in certain pre-acquisition contingencies associated with the ILG Acquisition and $1 million related to the receipt of insurance proceeds related to property damage from the 2017 hurricanes.

During the third quarter of 2022, we recorded a $1 million gain from foreign currency translation.

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Gains and other income, net	$ 23	$ 36	$ (13)	(36%)

During the first three quarters of 2023, we recorded $7 million of gains on the disposition of excess real estate, a $4 million gain associated with the earn out of additional proceeds from the 2019 disposition of a land parcel in Cancun, Mexico, a $9 million reduction in certain pre-acquisition contingencies associated with the ILG Acquisition, $2 million related to the receipt of business interruption insurance proceeds, and $1 million related to the receipt of insurance proceeds related to property damage from the 2017 hurricanes.

During the first three quarters of 2022, we recorded gains and other income of $33 million related to the strategic decision to dispose of our hotel in Puerto Vallarta, Mexico and $3 million related to the receipt of business interruption insurance proceeds.

Exchange & Third-Party Management

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
REVENUES				
Management and exchange	$ 50	$ 55	$ 157	$ 177
Rental	10	11	31	33
Cost reimbursements	4	5	12	19
TOTAL REVENUES	64	71	200	229
EXPENSES				
Management and exchange	31	28	91	93
Depreciation and amortization	7	8	23	24
Cost reimbursements	4	5	12	19
TOTAL EXPENSES	42	41	126	136
Gains (losses) and other income (expense), net	1	(1)	1	15
SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 23	$ 29	$ 75	$ 108

Management and Exchange Profit

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Management and exchange revenue	$ 50	$ 55	$ (5)	(7%)
Management and exchange expense	(31)	(28)	(3)	(9%)
Management and exchange profit	$ 19	$ 27	$ (8)	(25%)
Management and exchange profit margin	38.9%	48.1%	(9.2 pts)	

The decrease in management and exchange revenue reflects a $3 million decline in Aqua-Aston management revenues resulting from lower revenue per available room in the Hawaii market and the wildfires in Maui. Interval International management and exchange revenues declined $2 million primarily attributed to 5% lower transaction volume, partially offset by a 1% increase in average revenue per member.

The decrease in management and exchange profit was primarily attributed to higher marketing and sales expense, higher information technology costs and higher wages and benefits and lower revenues.

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Management and exchange revenue	$ 157	$ 177	$ (20)	(11%)
Management and exchange expense	(91)	(93)	2	3%
Management and exchange profit	$ 66	$ 84	$ (18)	(20%)
Management and exchange profit margin	42.3%	47.3%	(5.0 pts)	

Excluding the $12 million decrease attributed to the disposition of our VRI Americas business during the second quarter of 2022, management and exchange revenue decreased $8 million or 4%. Aqua-Aston management revenue declined $3 million as a result of the wildfires in Maui and higher property level expenses adversely impacting management fees. Interval International management and exchange revenues declined $5 million, primarily attributed to lower membership fees and transaction revenues. Interval International transaction volume declined 6% and average revenue per member decreased 1% compared to the prior year comparable period.

Excluding the impact of the disposition of VRI Americas, management and exchange profit decreased by $14 million or 15% in the first three quarters of 2023, primarily attributed to higher information technology costs and higher wages and benefits and lower revenues.

Rental Revenues

2023 Third Quarter

	Three Months Ended			
($ in millions)	September 30, 2023	September 30, 2022	Change	% Change
Rental revenues	$ 10	$ 11	$ (1)	(7%)

Results reflect higher rental inventory procurement costs, which are recorded net within Rental revenues.

2023 First Three Quarters

	Nine Months Ended			
($ in millions)	September 30, 2023	September 30, 2022	Change	% Change
Rental revenues	$ 31	$ 33	$ (2)	(5%)

Results reflect higher rental inventory procurement costs, which are recorded net within Rental revenues.

Gains (Losses) and Other Income (Expense)

2023 Third Quarter

	Three Months Ended			
($ in millions)	September 30, 2023	September 30, 2022	Change	% Change
Gains (losses) and other income (expense), net	$ 1	$ (1)	$ 2	NM

2023 First Three Quarters

	Nine Months Ended			
($ in millions)	September 30, 2023	September 30, 2022	Change	% Change
Gains and other income, net	$ 1	$ 15	$ (14)	NM

During the first three quarters of 2022, we recorded a $17 million gain related to the sale of our VRI Americas business, partially offset by $2 million of foreign currency translation losses. See Footnote 3 “Acquisitions and Dispositions” for more information on the disposition of VRI Americas.

Corporate and Other

Corporate and Other consists of results that are not allocable to our segments, including company-wide general and administrative costs, corporate interest expense, transaction and integration costs, and income taxes. In addition, Corporate and Other includes the revenues and expenses from Consolidated Property Owners' Associations.

	Three Months Ended		Nine Months Ended	
($ in millions)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
REVENUES				
Resort management and other services	$ 12	$ 7	$ 29	$ 44
Cost reimbursements	(16)	(8)	(31)	(34)
TOTAL REVENUES	(4)	(1)	(2)	10
EXPENSES				
Resort management and other services	15	9	39	59
Rental	(3)	(4)	(10)	(17)
General and administrative	57	62	189	187
Depreciation and amortization	3	2	7	7
Litigation charges	—	—	(1)	—
Cost reimbursements	(16)	(8)	(31)	(34)
TOTAL EXPENSES	56	61	193	202
(Losses) gains and other (expense) income, net	(5)	(2)	10	(12)
Interest expense, net	(36)	(34)	(106)	(91)
Transaction and integration costs	(5)	(32)	(28)	(96)
FINANCIAL RESULTS BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	(106)	(130)	(319)	(391)
Provision for income taxes	(24)	(59)	(115)	(134)
Net income attributable to noncontrolling interests	—	(1)	—	—
FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (130)	$ (190)	$ (434)	$ (525)

Consolidated Property Owners' Associations

The following table illustrates the impact of certain Consolidated Property Owners' Associations under the relevant accounting guidance and the changes attributed to the deconsolidation of individual Consolidated Property Owners' Associations.

	Three Months Ended		Nine Months Ended	
($ in millions)	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
REVENUES				
Resort management and other services	$ 12	$ 6	$ 29	$ 42
Cost reimbursements	(16)	(8)	(31)	(34)
TOTAL REVENUES	(4)	(2)	(2)	8
EXPENSES				
Resort management and other services	15	9	39	59
Rental	(3)	(4)	(10)	(17)
Cost reimbursements	(16)	(8)	(31)	(34)
TOTAL EXPENSES	(4)	(3)	(2)	8
Losses and other expense, net	—	—	—	(3)
Interest expense, net	—	—	1	—
FINANCIAL RESULTS BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	—	1	1	(3)
Provision for income taxes	(1)	—	(1)	—
Net income attributable to noncontrolling interests	—	(1)	—	—
FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (1)	$ —	$ —	$ (3)

General and Administrative

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
General and administrative	$ 57	$ 62	$ (5)	(7%)

The change in General and administrative expenses is due to $17 million of lower variable compensation expense and $4 million of higher allocations of expenses to operations, offset by $9 million of incremental costs primarily related to compliance activities and new product development initiatives, $5 million of higher costs related to the implementation of technology, and a $2 million increase in wages and benefits.

We expect General and administrative expenses for the remainder of 2023 to increase due the continued impact of increased wages and additional investment in upgrading, maintaining, and implementing technology, including the continued transition to software as a service, which are recorded as a component of General and administrative expense as opposed to Depreciation expense.

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
General and administrative	$ 189	$ 187	$ 2	1%

General and administrative expenses increased due to $20 million of costs related to the implementation of technology associated with the integration of Legacy-ILG, $15 million of incremental costs primarily related to compliance activities and new product development initiatives, $8 million of increased wages and benefits, a $3 million increase in insurance expense, and $2 million of other miscellaneous expenses, partially offset by a $40 million decrease in variable compensation expense and $6 million of higher allocations of general and administrative expenses to operations.

Gains (Losses) and Other Income (Expense)

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Losses and other expense, net	$ (5)	$ (2)	$ (3)	NM

In the third quarter of 2023, we recorded $5 million of foreign currency translation losses.

In the third quarter of 2022, we recorded $2 million of foreign currency translation losses and $1 million of miscellaneous losses and other expense, partially offset by $1 million of non-income tax related adjustments to the receivable for the indemnification we expect to receive from Marriott International for indemnified tax matters.

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Gains (losses) and other income (expense), net	$ 10	$ (12)	$ 22	NM

In the first three quarters of 2023, we recorded a $21 million increase in our receivable from Marriott International for indemnified income tax matters (the offsetting accrual is included in the Provision for income taxes line), partially offset by a $10 million expense attributed to the redemption premium and write-off of unamortized debt issuance costs in connection with the early redemption of our senior secured notes, and $1 million of foreign currency translation losses.

In the first three quarters of 2022, we recorded $8 million of foreign currency translation losses, $3 million of non-cash losses pursuant to a change in control of certain Consolidated Property Owners' Associations, $2 million of non-income tax related adjustments to the receivable for the indemnification we expect to receive from Marriott International for indemnified tax matters, and $1 million of miscellaneous losses and other expense, partially offset by $2 million of proceeds from corporate owned life insurance.

Interest Expense

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Interest expense, net	$ (36)	$ (34)	$ (2)	(4%)

The increase in Interest expense, net is attributed to $5 million associated with higher borrowings and higher variable interest rates on both the Warehouse Credit Facility and the Revolving Corporate Credit Facility, $2 million of higher variable interest expense on the Term Loan, and $2 million of interest expense related to leased assets. This was partially offset by $4 million of lower interest expense associated with the early redemption of our senior secured notes, $1 million of lower interest expense associated with our convertible notes, $1 million of lower other interest expense and $1 million of interest income.

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Interest expense, net	$ (106)	$ (91)	$ (15)	(15%)

The increase in Interest expense, net is attributed to $14 million associated with higher borrowings and higher variable interest rates on both the Warehouse Credit Facility and the Revolving Corporate Credit Facility, $7 million of higher interest expense associated with our 2027 Convertible Notes issued in December 2022, $8 million of higher variable interest expense on the Term Loan, and $5 million of interest expense related to leased assets. This was partially offset by $12 million of lower interest expense associated with the early redemption of our senior secured notes, $3 million of lower interest on non-income tax related items, $3 million of higher interest income, and $1 million of lower other interest expense.

Income Tax

2023 Third Quarter

($ in millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Provision for income taxes	$ (24)	$ (59)	$ 35	59%

Our effective tax rate was 36.1% and 34.7% for the three months ended September 30, 2023 and September 30, 2022, respectively. The increase in the effective tax rate is predominately attributable to a decrease in Income before income taxes and noncontrolling interests from 2022 to 2023 without a proportional decrease to non-deductible tax expenses, in addition to a net decrease in the tax expense for foreign uncertain tax benefits in 2023.

2023 First Three Quarters

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Provision for income taxes	$ (115)	$ (134)	$ 19	14%

Our interim effective tax rate was 34.3% and 30.6% for the nine months ended September 30, 2023 and September 30, 2022, respectively. The increase in the effective tax rate is predominately attributable to a decrease in Income before income taxes and noncontrolling interests from 2022 to 2023 without a proportional decrease to non-deductible tax expenses, partially offset by a net increase in the tax expense for foreign uncertain tax benefits in 2023.

Liquidity and Capital Resources

Typically, our capital needs are supported by cash on hand, cash generated from operations, our ability to access funds under the Warehouse Credit Facility and the Revolving Corporate Credit Facility, our ability to raise capital through securitizations in the ABS market, and, to the extent necessary, our ability to issue new debt and refinance existing debt. We believe these sources of capital will be adequate to meet our short-term and long-term liquidity requirements, finance our long-term growth plans, satisfy debt service requirements, fulfill other cash requirements, and return capital to shareholders. We continuously monitor the capital markets to evaluate the effect that changes in market conditions may have on our ability to fund our liquidity needs.

Our corporate debt, net of cash and equivalents, to Adjusted EBITDA ratio was 3.5 at September 30, 2023. We have no material maturities of corporate debt until 2025.

At the end of the third quarter of 2023, the interest rate applicable to approximately 80% of our total corporate debt, excluding finance leases and including the impact of interest rate hedges, was effectively fixed. The weighted average interest rate of our total corporate debt, excluding finance leases and including the impact of interest rate hedges, was 3.9% as of September 30, 2023.

Sources of Liquidity

Cash from Operations

Our primary sources of funds from operations are (1) cash sales and down payments on financed sales, (2) cash from our financing operations, including principal and interest payments received on outstanding vacation ownership notes receivable, (3) cash from fee-based membership, exchange and rental transactions, and (4) net cash generated from our rental and resort management and other services operations.

Vacation Ownership Notes Receivable Securitizations

We periodically securitize, without recourse, through bankruptcy remote special purpose entities, the majority of the notes receivable originated in connection with the sale of vacation ownership products to institutional investors in the ABS term securitization market. These vacation ownership notes receivable securitizations provide liquidity for general corporate purposes. In a vacation ownership notes receivable term securitization, several classes of debt securities issued by a special purpose entity are generally collateralized by a single tranche of transferred assets, which consist of vacation ownership notes receivable. In connection with each vacation ownership notes receivable securitization, we may retain all or a portion of the securities that are issued. Typically, we receive cash at inception of the term securitization transaction for the amount of notes issued less fees and monies held in reserve and we receive cash during the life of the transaction in amounts reflecting the excess spread of interest received on the related vacation ownership notes receivable less the interest payable on the ABS securities, less administrative fees and amounts from related vacation ownership notes receivable that default.

Each of the securitized vacation ownership notes receivable transactions contains various triggers relating to the performance of the underlying vacation ownership notes receivable. If a pool of securitized vacation ownership notes receivable fails to perform within the pool's parameters (default or delinquency thresholds vary by transaction), transaction provisions effectively redirect the monthly excess spread of interest accruing on the related vacation ownership notes receivable less the interest accruing on the ABS securities and fees we would otherwise receive from that pool (attributable to the interests we retained) to accelerate the principal payments to investors (taking into account the subordination of the different tranches to the extent there are multiple tranches) until the performance trigger is cured. During the third quarter of 2023, and as of September 30, 2023, we had 14 term securitization transactions outstanding, all of which were in compliance with their respective required parameters. Since 2000, we have issued almost $8.5 billion of debt securities in securitization transactions in the term ABS market, excluding amounts securitized through warehouse credit facilities or private bank transactions.

On an ongoing basis, we have the ability to use our Warehouse Credit Facility to securitize, on a revolving non-recourse basis, eligible consumer loans derived from certain vacation ownership sales. Those loans may later be transferred to term securitization transactions in the ABS market, which typically occur twice a year. During the second quarter of 2023, we amended certain agreements associated with our Warehouse Credit Facility, which increased the borrowing capacity of the existing facility from $425 million to $500 million and extended the revolving period from July 28, 2024 to May 31, 2025. At September 30, 2023, we had $345 million of borrowings outstanding on our Warehouse Credit Facility.

As of September 30, 2023, $70 million of gross vacation ownership notes receivable were eligible for securitization.

Revolving Corporate Credit Facility

Our Revolving Corporate Credit Facility, which expires on March 31, 2027, provides for up to $750 million of aggregate borrowings for general corporate needs, including working capital, capital expenditures, letters of credit, and acquisitions. At September 30, 2023, $90 million of borrowings were outstanding on our Revolving Corporate Credit Facility, and $1 million of letters of credit were outstanding.

Redemption of Senior Secured Notes

During the first quarter of 2023, we redeemed, prior to maturity, the remaining $250 million of the 2025 Notes outstanding pursuant to a redemption notice issued in the fourth quarter of 2022 and the terms of the indenture governing the 2025 Notes. In connection with this redemption, we incurred charges of $10 million, including a redemption premium and the write-off of unamortized debt issuance costs, which were recorded in Gains (losses) and other income (expense), net on our Income Statement for the nine months ended September 30, 2023.

Uses of Cash

We minimize our working capital needs through cash management, strict credit-granting policies, and disciplined collection efforts. Our working capital needs fluctuate throughout the year given the timing of annual maintenance fees on unsold inventory we pay to owners' associations and certain annual compensation-related outflows. In addition, our cash from operations varies due to the timing of repayment by owners of vacation ownership notes receivable, the closing or recording of sales contracts for vacation ownership products, financing propensity, and cash outlays for inventory acquisitions and development.

Seasonality

Our cash flow from operations fluctuates during the year due to the timing of certain receipts and contractual and compensation-related payments. Significant changes in cash flow can result from the timing of our collection of maintenance fees, club dues, and other customer payments, which typically occur in either the fourth quarter or the first quarter of each year. Generally, cash outflows related to our payment of maintenance fees associated with unsold inventory occurs in the fourth quarter for our points-based products, and in the first quarter for our weeks-based products. In addition, during the first quarter of each year, we generally have significant variable compensation-related cash outflows associated with payment of annual bonuses.

Operations

In addition to net income or loss and adjustments for non-cash items, the following are key drivers of our cash flow from operating activities:

Inventory Spending Less Than Cost of Sales

	Nine Months Ended	
($ in millions)	**September 30, 2023**	**September 30, 2022**
Inventory spending	$ (56)	$ (108)
Purchase of property for future transfer to inventory	(27)	(12)
Inventory costs	137	183
Inventory spending less than cost of sales	$ 54	$ 63

Although we have significant excess inventory on hand, we intend to continue selectively pursuing growth opportunities by targeting high-quality inventory that allows us to add desirable new destinations to our systems with new on-site sales locations. Where possible, we will structure transactions that limit our up-front capital investment and allow us to purchase finished inventory closer to the time it is needed for sale. These capital efficient vacation ownership transaction structures may consist of the development of new inventory, or the conversion of previously built units, by third parties. In addition, we may develop inventory in key markets where opportunities generate acceptable risk adjusted returns.

Through our existing VOI repurchase program, we proactively acquire previously sold VOIs from owners' associations and individual owners at lower costs than would be required to develop new inventory. Among other reasons, by repurchasing inventory, we expect to be able to help stabilize the future cost of our vacation ownership products.

Our spending for real estate inventory in the first three quarters of 2023 was lower than cost of sales and was primarily related to purchases under our VOI repurchase programs. Purchase of property for future transfer to inventory included the acquisition of property in Savannah, Georgia and Charleston, South Carolina in 2023 (see Footnote 3 "Acquisitions and Dispositions"). We expect inventory spending to be less than cost of sales for 2023.

Vacation Ownership Notes Receivable Collections Less Than Originations

($ in millions)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Vacation ownership notes receivable collections — non-securitized	$ 119	$ 91
Vacation ownership notes receivable collections — securitized	342	378
Vacation ownership notes receivable originations	(749)	(728)
Vacation ownership notes receivable collections less than originations	$ (288)	$ (259)

Vacation ownership notes receivable collections were less than originations in each of the first three quarters of 2023 and 2022 due to the growth of the average vacation ownership notes receivable pool attributed to sales of VOIs.

Repurchase of Common Stock

The following table summarizes share repurchase activity under our current share repurchase program:

($ in millions, except per share amounts)	Number of Shares Repurchased	Cost Basis of Shares Repurchased	Average Price Paid per Share
As of December 31, 2022	22,773,218	$ 2,119	$ 93.06
For the first three quarters of 2023	1,936,855	248	128.03
As of September 30, 2023	24,710,073	$ 2,367	$ 95.80

See Footnote 13 "Shareholders' Equity" to our Financial Statements for further information related to our current share repurchase program.

Payment of Dividends to Common Shareholders

We distributed cash dividends to holders of common stock during the first three quarters of 2023 as follows:

Declaration Date	Shareholder Record Date	Distribution Date	Dividend per Share
December 1, 2022	December 22, 2022	January 5, 2023	$0.72
February 16, 2023	March 2, 2023	March 16, 2023	$0.72
May 11, 2023	May 25, 2023	June 8, 2023	$0.72

We declared cash dividends to holders of our common stock during the third quarter of 2023, and distributed such cash dividends subsequent to the end of the third quarter of 2023 as follows:

Declaration Date	Shareholder Record Date	Distribution Date	Dividend per Share
September 7, 2023	September 21, 2023	October 5, 2023	$0.72

We currently expect to pay quarterly dividends in the future, but any future dividend payments will be subject to Board of Directors approval, which will depend on our financial condition, results of operations and capital requirements, as well as applicable law, regulatory constraints, industry practice, and other business considerations that our Board of Directors considers relevant. In addition, our Corporate Credit Facility and the indentures governing our senior notes contain restrictions on our ability to pay dividends, and the terms of agreements governing debt that we may incur in the future may also limit or prohibit the payment of dividends. The payment of certain cash dividends may also result in an adjustment to the conversion rate of our convertible notes in a manner adverse to us. Accordingly, there can be no assurance that we will pay dividends in the future at any particular rate or at all.

Material Cash Requirements

The following table summarizes our future material cash requirements from known contractual or other obligations as of September 30, 2023:

		Payments Due by Period					
(*$ in millions*)	**Total**	**Remainder of 2023**	**2024**	**2025**	**2026**	**2027**	**Thereafter**
Contractual Obligations							
Debt[1]	$ 3,275	$ 33	$ 118	$ 882	$ 635	$ 723	$ 884
Securitized debt[1][2]	2,484	68	270	267	541	218	1,120
Purchase obligations[3]	453	37	181	132	70	17	16
Operating lease obligations[4]	130	7	24	22	20	13	44
Finance lease obligations[4][5]	528	4	17	15	13	12	467
Other long-term obligations	11	4	3	2	—	1	1
	$ 6,881	$ 153	$ 613	$ 1,320	$ 1,279	$ 984	$ 2,532

(1) Includes principal as well as interest payments and excludes unamortized debt discount and issuance costs.

(2) Payments based on estimated timing of cash flow associated with securitized notes receivable.

(3) Arrangements are considered purchase obligations if a contract specifies all significant terms, including fixed or minimum quantities to be purchased, a pricing structure, and approximate timing of the transaction. Amounts reflected herein represent expected funding under such contracts. Amounts reflected on the consolidated balance sheet as accounts payable and accrued liabilities are excluded from the table above.

(4) Includes interest.

(5) The lease term of the finance lease arrangement for our new global headquarters office building located in Orlando, Florida commenced for accounting purposes during the first quarter of 2023, upon substantial completion of construction. See Footnote 12 “Debt” to our Financial Statements for additional information on this lease.

In the normal course of our resort management business, we enter into purchase commitments on behalf of owners’ associations to manage the daily operating needs of our resorts. Since we are reimbursed for these commitments from the cash flows of the owners’ associations, these obligations have minimal impact on our net income and cash flow. These purchase commitments are excluded from the table above.

Supplemental Guarantor Information

The 2028 Notes are guaranteed by MVWC, Marriott Ownership Resorts, Inc. (“MORI”), and certain other subsidiaries whose voting securities are wholly owned directly or indirectly by MORI (such subsidiaries collectively, the “Senior Notes Guarantors”). These guarantees are full and unconditional and joint and several. The guarantees of the Senior Notes Guarantors are subject to release in limited circumstances only upon the occurrence of certain customary conditions.

The following tables present consolidating financial information as of September 30, 2023 and December 31, 2022, and for the nine months ended September 30, 2023 for MVWC and MORI on a stand-alone basis (collectively, the “Issuers”), the Senior Notes Guarantors, the combined non-guarantor subsidiaries of MVWC, and MVW on a consolidated basis.

Condensed Consolidating Statement of Income

($ in millions)	Nine Months Ended September 30, 2023: Issuers — MVWC	MORI	Senior Notes Guarantors	Non-Guarantor Subsidiaries	Total Eliminations	MVW Consolidated
Revenues	$ —	$ 679	$ 2,077	$ 808	$ (31)	$ 3,533
Expenses	(15)	(809)	(1,834)	(572)	31	(3,199)
Benefit from (provision for) income taxes	4	27	(76)	(70)	—	(115)
Equity in net income (loss) of subsidiaries	230	350	—	—	(580)	—
Net income (loss)	219	247	167	166	(580)	219
Net income attributable to noncontrolling interests	—	—	—	—	—	—
Net income (loss) attributable to common shareholders	$ 219	$ 247	$ 167	$ 166	$ (580)	$ 219

Condensed Consolidating Balance Sheet

($ in millions)	As of September 30, 2023: Issuers — MVWC	MORI	Senior Notes Guarantors	Non-Guarantor Subsidiaries	Total Eliminations	MVW Consolidated
Cash and cash equivalents	$ —	$ 46	$ 101	$ 118	$ —	$ 265
Restricted cash	—	27	63	148	—	238
Accounts and contracts receivable, net	13	115	72	97	1	298
Vacation ownership notes receivable, net	—	97	191	2,003	—	2,291
Inventory	—	207	323	112	—	642
Property and equipment, net	—	264	733	253	—	1,250
Goodwill	—	—	3,117	—	—	3,117
Intangibles, net	—	—	837	31	—	868
Investments in subsidiaries	3,463	3,985	—	—	(7,448)	—
Other	125	116	226	121	(104)	484
Total assets	$ 3,601	$ 4,857	$ 5,663	$ 2,883	$ (7,551)	$ 9,453
Accounts payable	$ 51	$ 38	$ 77	$ 72	$ —	$ 238
Advance deposits	—	67	85	17	—	169
Accrued liabilities	12	79	160	108	—	359
Deferred revenue	—	9	171	198	(7)	371
Payroll and benefits liability	—	102	65	26	—	193
Deferred compensation liability	—	118	35	3	—	156
Securitized debt, net	—	—	—	2,048	(22)	2,026
Debt, net	1,130	1,720	176	5	—	3,031
Other	—	1	147	17	—	165
Deferred taxes	—	124	281	4	(74)	335
MVW shareholders' equity	2,408	2,599	4,466	383	(7,448)	2,408
Noncontrolling interests	—	—	—	2	—	2
Total liabilities and equity	$ 3,601	$ 4,857	$ 5,663	$ 2,883	$ (7,551)	$ 9,453

($ in millions)	Issuers MVWC	Issuers MORI	Senior Notes Guarantors	Non-Guarantor Subsidiaries	Total Eliminations	MVW Consolidated
	As of December 31, 2022					
Cash and cash equivalents	$ 150	$ 119	$ 89	$ 166	$ —	$ 524
Restricted cash	—	25	145	160	—	330
Accounts and contracts receivable, net	10	120	116	73	(27)	292
Vacation ownership notes receivable, net	—	132	195	1,871	—	2,198
Inventory	—	204	375	81	—	660
Property and equipment, net	—	202	659	278	—	1,139
Goodwill	—	—	3,117	—	—	3,117
Intangibles, net	—	—	880	31	—	911
Investments in subsidiaries	3,417	4,076	—	—	(7,493)	—
Other	106	129	228	78	(73)	468
Total assets	$ 3,683	$ 5,007	$ 5,804	$ 2,738	$ (7,593)	$ 9,639
Accounts payable	$ 60	$ 45	$ 166	$ 85	$ —	$ 356
Advance deposits	—	63	79	16	—	158
Accrued liabilities	2	75	193	121	(22)	369
Deferred revenue	—	9	169	172	(6)	344
Payroll and benefits liability	—	139	86	26	—	251
Deferred compensation liability	—	110	27	2	—	139
Securitized debt, net	—	—	—	1,961	(23)	1,938
Debt, net	1,125	1,876	76	11	—	3,088
Other	—	1	148	18	—	167
Deferred taxes	—	89	291	—	(49)	331
MVW shareholders' equity	2,496	2,600	4,569	324	(7,493)	2,496
Noncontrolling interests	—	—	—	2	—	2
Total liabilities and equity	$ 3,683	$ 5,007	$ 5,804	$ 2,738	$ (7,593)	$ 9,639

Recent Accounting Pronouncements

See Footnote 2 “Significant Accounting Policies and Recent Accounting Standards” to our Financial Statements for a discussion of recently issued accounting pronouncements, including information on new accounting standards and the future adoption of such standards.

Critical Accounting Policies and Estimates

Our preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. We have discussed those policies and estimates that we believe are critical and require the use of complex judgment in their application in our most recent Annual Report on Form 10-K. Since the date of our most recent Annual Report on Form 10-K, there have been no material changes to our critical accounting policies or the methodologies or assumptions we apply under them.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk has not changed materially from that disclosed in Part I, Item 7A of the 2022 Annual Report, other than as set forth below.

We manage the interest rate risk on our corporate debt through the use of a combination of fixed-rate debt and interest rate swaps (certain of which expired in September 2023 and the remaining swaps will expire in April 2024) that fix a portion of our variable-rate debt. At September 30, 2023, after considering the impact of interest rate swap agreements and excluding finance leases, the interest rate applicable to approximately 80% of our total corporate debt was effectively fixed and the interest rate applicable to the remaining 20% (approximately $574 million) is variable. Assuming no outstanding balance on our Revolving Corporate Credit Facility, a 100 basis point increase in the underlying benchmark rate on our variable-rate debt would result in an increase of approximately $5 million in annual cash interest due to the impact of our hedging arrangements discussed in Footnote 12 “Debt” to our Financial Statements. Assuming we had no outstanding hedging arrangements and no outstanding balance on our Revolving Corporate Credit Facility, a 100 basis point increase in the underlying benchmark rate would result in an annual increase in cash interest of approximately $8 million.

The following table presents the scheduled maturities and the total fair value as of September 30, 2023 for our financial instruments that are impacted by market risks:

		Maturities by Period							
($ in millions)	**Average Interest Rate**	**Remainder of 2023**	**2024**	**2025**	**2026**	**2027**	**Thereafter**	**Total Carrying Value**	**Total Fair Value**
Assets – Maturities represent expected principal receipts; fair values represent assets									
Vacation ownership notes receivable — non-securitized	12.2%	$ 10	$ 50	$ 37	$ 37	$ 36	$ 236	$ 406	$ 408
Vacation ownership notes receivable — securitized	13.3%	$ 42	$ 174	$ 177	$ 182	$ 185	$ 1,125	$ 1,885	$ 1,947
Contracts receivable for financed VOI sales, net	13.3%	$ 2	$ 3	$ 3	$ 3	$ 3	$ 21	$ 35	$ 35
Liabilities – Maturities represent expected principal payments; fair values represent liabilities									
Securitized debt	4.3%	$ (46)	$ (188)	$ (191)	$ (482)	$ (176)	$ (965)	$ (2,048)	$ (1,937)
Term Loan	7.2%	$ —	$ —	$ (784)	$ —	$ —	$ —	$ (784)	$ (782)
Revolving Corporate Credit Facility	7.2%	$ —	$ —	$ —	$ —	$ (90)	$ —	$ (90)	$ (90)
Senior notes									
2028 Notes	4.8%	$ —	$ —	$ —	$ —	$ —	$ (350)	$ (350)	$ (306)
2029 Notes	4.5%	$ —	$ —	$ —	$ —	$ —	$ (500)	$ (500)	$ (419)
2026 Convertible Notes	—%	$ —	$ —	$ —	$ (575)	$ —	$ —	$ (575)	$ (508)
2027 Convertible Notes	3.3%	$ —	$ —	$ —	$ —	$ (575)	$ —	$ (575)	$ (496)
Non-interest bearing note payable	—%	$ —	$ (4)	$ —	$ —	$ —	$ —	$ (4)	$ (4)

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we evaluated, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), and management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which by their nature, can provide only reasonable assurance about management’s control objectives. Our disclosure controls and procedures have been designed to provide reasonable assurance of achieving the desired control objectives. However, the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. Based upon the foregoing evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2023, our disclosure controls and procedures were effective and operating to provide reasonable assurance that we record, process, summarize and report the information we are required to disclose in the reports that we file or submit under the Exchange Act within the time periods specified in the rules and forms of the SEC, and to provide reasonable assurance that we accumulate and communicate such information to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions about required disclosure.

Changes in Internal Control Over Financial Reporting

We made no changes in our internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

Currently, and from time to time, we are subject to claims in legal proceedings arising in the normal course of business, including, among others, the legal actions discussed under "Loss Contingencies" in Footnote 10 "Contingencies and Commitments" to our Financial Statements. While management presently believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not materially harm our financial position, cash flows, or overall trends in results of operations, legal proceedings are inherently uncertain, and unfavorable rulings could, individually or in aggregate, have a material adverse effect on our business, financial condition, or operating results.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in Item 1A to Part 1 of our 2022 Annual Report, except to the extent factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors, which is incorporated herein by reference.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share[2]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Maximum Dollar Amount of Shares That May Yet Be Purchased Under the Plans or Programs[1][2]
July 1, 2023 – July 31, 2023	—	$ —	—	$ 560,680,772
August 1, 2023 – August 31, 2023	440,300	$ 111.70	440,300	$ 511,501,091
September 1, 2023 – September 30, 2023	353,000	$ 101.27	353,000	$ 475,753,637
Total	793,300	$ 107.06	793,300	$ 475,753,637

(1) On September 13, 2021, our Board of Directors authorized a share repurchase program under which we were authorized to purchase shares of our common stock for an aggregate purchase price not to exceed $250 million, prior to December 31, 2022. On February 22, 2022, we announced that our Board of Directors authorized the repurchase of up to an additional $300 million of our common stock and extended the term of our share repurchase program to March 31, 2023. On August 1, 2022, we announced that our Board of Directors authorized the repurchase of up to an additional $500 million of our common stock and extended the term of our share repurchase program to June 30, 2023. On May 11, 2023, we announced that our Board of Directors increased the remaining authorization to authorize purchases of up to $600 million of our common stock and extended the term of our share repurchase program to December 31, 2024.

(2) The Inflation Reduction Act of 2022 imposed a nondeductible 1% excise tax on the net value of certain stock repurchases made after December 31, 2022. See Footnote 13 "Shareholders' Equity" to our Financial Statements for further information. All dollar amounts presented exclude such excise tax, as applicable.

Item 5. Other Information

(c) Trading Plans

During the quarter ended September 30, 2023, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

Item 6. Exhibits

All documents referenced below are being filed as a part of this Quarterly Report on Form 10-Q, unless otherwise noted.

Exhibit Number	Description	Filed Herewith	Incorporation By Reference From		
			Form	Exhibit	Date Filed
2.1	Agreement and Plan of Merger, dated as of April 30, 2018, by and among Marriott Vacations Worldwide Corporation, ILG, Inc., Ignite Holdco, Inc., Ignite Holdco Subsidiary, Inc., Volt Merger Sub, Inc., and Volt Merger Sub LLC*		8-K	2.1	5/1/2018
2.2	Agreement and Plan of Merger by and among Marriott Vacations Worldwide Corporation, Sommelier Acquisition Corp., Champagne Resorts, Inc., Welk Hospitality Group, Inc. and the Shareholder Representative, dated as of January 26, 2021		8-K	2.1	1/26/2021
3.1	Second Restated Certificate of Incorporation of Marriott Vacations Worldwide Corporation		8-K	3.2	5/15/2023
3.2	Restated Bylaws of Marriott Vacations Worldwide Corporation (effective May 12, 2023)		10-Q	3.3	8/4/2023
4.1	Form of certificate representing shares of common stock, par value $0.01 per share, of Marriott Vacations Worldwide Corporation		10	4.1	10/14/2011
4.2	Indenture, dated as of October 1, 2019, by and among Marriott Ownership Resorts, Inc., Marriott Vacations Worldwide Corporation, as guarantor, the other guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee		8-K	4.1	10/1/2019
4.3	Supplemental Indenture, dated December 31, 2019, by and among Marriott Ownership Resorts, Inc., MVW Vacations, LLC and the Bank of New York Mellon Trust Company, N.A., as trustee		10-K	4.12	3/2/2020
4.4	Second Supplemental Indenture, dated February 26, 2020, by and among Marriott Ownership Resorts, Inc., MVW Services Corporation, and the Bank of New York Mellon Trust Company, N.A., as trustee		10-K	4.13	3/2/2020
4.5	Form of 4.750% Senior Notes due 2028 (included as Exhibit A to Exhibit 4.2 above)		8-K	4.2	10/1/2019
4.6	Registration Rights Agreement, dated as of October 1, 2019, by and among Marriott Ownership Resorts, Inc., Marriott Vacations Worldwide Corporation, as guarantor, the other guarantors party thereto and J.P. Morgan Securities LLC		8-K	4.3	10/1/2019
4.7	Indenture, dated as of May 13, 2020, by and among Marriott Ownership Resorts, Inc., Marriott Vacations Worldwide Corporation, as guarantor, the other guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee and collateral agent		8-K	4.1	5/15/2020
4.8	Form of 6.125% Senior Secured Notes due 2025 (included as Exhibit A to Exhibit 4.7)		8-K	4.1	5/15/2020
4.9	Indenture, dated as of February 2, 2021, by and among Marriott Vacations Worldwide Corporation, Marriott Ownership Resorts, Inc. and the other guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee		8-K	4.1	2/3/2021
4.10	Form of 0.00% Convertible Senior Note due 2026 (included as Exhibit A to Exhibit 4.9 above)		8-K	4.1	2/3/2021
4.11	Indenture, dated as of June 21, 2021, by and among Marriott Ownership Resorts, Inc., Marriott Vacations Worldwide Corporation, as guarantor, the other guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee		8-K	4.1	6/22/2021
4.12	Form of 4.500% Senior Notes due 2029 (included as Exhibit A to Exhibit 4.11 above)		8-K	4.2	6/22/2021

Exhibit Number	Description	Filed Herewith	Incorporation By Reference From		
			Form	Exhibit	Date Filed
4.13	Indenture, dated as of December 8, 2022, by and among Marriott Vacations Worldwide Corporation, as issuer, Marriott Ownership Resorts, Inc. and the other guarantors party thereto from time to time and The New York Bank of Mellon Trust Company, N.A., as trustee		8-K	4.1	12/8/2022
4.14	Form of 3.25% Convertible Senior Notes due 2027 (included as Exhibit A to Exhibit 4.13 above)		8-K	4.2	12/8/2022
4.15	Description of Registered Securities		10-K	4.16	3/2/2020
10.1	Marriott Vacations Worldwide Corporation Change in Control Severance Plan**		10-Q	10.1	05/5/2023
10.2	Amendment No. 2 to Credit Agreement dated as of April 27, 2023, among Marriott Vacations Worldwide Corporation, Marriott Ownership Resorts, Inc., and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent		10-Q	10.2	08/4/2023
10.3	Form of Non-Employee Director Share Award Confirmation*		10-Q	10.3	08/4/2023
10.4	Form of Non-Employee Director Stock Appreciation Right Award Agreement*		10-Q	10.4	08/4/2023
10.5	Form of Director Stock Unit Agreement*		10-Q	10.5	08/4/2023
10.6	Amended and Restated Marriott Vacations Worldwide Corporation 2020 Equity Incentive Plan	X			
22.1	List of the Issuer and its Guarantor Subsidiaries		10-Q	22.1	08/4/2023
31.1	Certification by Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	X			
31.2	Certification by Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	X			
32.1	Certification by Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		Furnished		
32.2	Certification by Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		Furnished		
101	The following financial statements from the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, formatted in Inline XBRL: (i) Interim Consolidated Statements of Income, (ii) Interim Consolidated Statements of Comprehensive Income, (iii) Interim Consolidated Balance Sheets, (iv) Interim Consolidated Statements of Cash Flows, (v) Interim Consolidated Statements of Shareholders’ Equity, and (vi) Notes to Interim Consolidated Financial Statements				
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, formatted in Inline XBRL and contained in Exhibit 101				

* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplemental copies to the SEC of any omitted schedule upon request by the SEC.

** Management contract or compensatory plan or arrangement.

SIGNATURES

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

	MARRIOTT VACATIONS WORLDWIDE CORPORATION
Date: November 3, 2023	/s/ John E. Geller, Jr.
	John E. Geller, Jr.
	President and Chief Executive Officer
	/s/ Jason P. Marino
	Jason P. Marino
	Executive Vice President and Chief Financial Officer

Exhibit 10.6

Marriott Vacations Worldwide Corporation

2020 Equity Incentive Plan

PREAMBLE

Marriott Vacations Worldwide Corporation has established the Marriott Vacations Worldwide Corporation 2020 Equity Incentive Plan, which shall become effective on the Effective Date and shall remain in effect for the period set forth in Article 1.4 hereof.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
2020 EQUITY INCENTIVE PLAN

Article 1 Establishment, Objectives, and Duration

1.1 Establishment of the Plan. Marriott Vacations Worldwide Corporation, a Delaware corporation, hereby establishes an incentive compensation plan to be known as the Marriott Vacations Worldwide Corporation 2020 Equity Incentive Plan, as set forth in this document.

1.2 Purpose of the Plan. The purpose of the Plan is to promote and enhance the long-term growth of the Company by aligning the personal interests of Employees, Non-Employee Directors to those of Company shareholders and allowing such Employees and Non-Employee Directors to participate in the growth, development and financial success of the Company. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of key individuals.

1.3 History. Prior to the Effective Date, the Company had in effect the Marriott Vacations Worldwide Corporation Stock and Cash Incentive Plan (the "Prior Marriott Plan") and the Amended and Restated Interval Leisure Group, Inc. 2013 Stock and Incentive Compensation Plan (together with the Prior Marriott Plan, the "Prior Plans"). Upon shareholder approval of this Plan, the Prior Plans will terminate and no new awards will be granted under the Prior Plans, although awards granted under the Prior Plans and still outstanding will continue to be subject to all terms and conditions of the Prior Plans.

1.4 Duration of the Plan. The Plan shall commence on the Effective Date and shall remain in effect, subject to the right of the Board of Directors to terminate the Plan at any time pursuant to Article 14 hereof, until the earlier of the date all Shares subject to it shall have been purchased or acquired according to the Plan's provisions or the 10th anniversary of the date on which the stockholders of the Company have approved the Plan.

Article 2 Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized:

2.1 "Annual Meeting" means the annual meeting of the stockholders of the Company at which Directors are elected.

2.2 "Approved Retiree" means, unless otherwise specified in an Award Agreement, any awardee of an Award who (i) terminates employment by reason of a Disability, or (ii) (A) retires from employment with the Company with the specific approval of the Committee on or after such date on which the awardee has attained age fifty-five (55) and completed ten (10) Years of Service, and (B) has entered into and has not breached an agreement to refrain from Engaging in Competition in form and substance satisfactory to the Committee.

2.3 "Award" means, individually or collectively, a grant under this Plan of SARs, Nonqualified Stock Options, Incentive Stock Options, Restricted Stock, RSUs, Other Share-Based Awards, Non-Employee Director Share Awards, Stock Units, Director SARs and Director Options.

2.4 "Award Agreement" means an agreement entered into by the Company and each Participant setting forth the terms and provisions applicable to an Award granted under this Plan.

2.5 "Beneficial Owner" or "Beneficial Ownership" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

2.6 "Beneficiary" means the person or persons designated pursuant to Article 11 hereof.

2.7 "Board" or "Board of Directors" means the Board of Directors of the Company.

2.8 "Change in Control Price per Share" means (a) in the case of a Change in Control in which consideration is paid to the general stockholders of the Company, through a tender offer or otherwise, the price paid per Share to such stockholders as determined by the Committee in its sole discretion and (b) in the case of a Change in Control in which consideration is not paid to the general stockholders of the Company, such as a sale of all or substantially all of the Company's assets, the value of the consideration on a per Share basis as determined by the Committee in its sole discretion.

2.9 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.10 "Committee" means the Compensation Policy Committee of the Board, as specified in Article 3 hereof, or such other committee appointed by the Board to administer the Plan with respect to grants of Awards.

2.11 "Company" means Marriott Vacations Worldwide Corporation, together with any and all Subsidiaries, and any successor thereto as provided in Article 18 hereof.

2.12 "Director" means any member of the Board.

2.13 "Director SAR" and "Director Option" mean, respectively, a SAR and a Nonqualified Stock Option as described in Article 10 hereof.

2.14 "Disability" means a permanent and total disability, within the meaning of Code Section 22(e)(3), as determined by the Committee in good faith, upon receipt of sufficient competent medical advice from one or more individuals, selected by or satisfactory to the Committee, who are qualified to give professional medical advice.

2.15 "Effective Date" means the date of the 2020 Annual Meeting, subject to the approval of the Plan by the Company's stockholders at such meeting.

2.16 "Employee" means any individual who is, or will become, an active, non-union employee of the Company. Any Employee who, at the request of the Company, and on the written assignment of the Company specifically referencing this provision of the Plan, becomes an employee of another employer shall continue to be treated as an Employee for all purposes hereunder during the period of such assignment. Non-Employee Directors shall not be considered Employees under this Plan.

2.17 "Engaging in Competition" means (a) engaging, individually or as an employee, consultant, owner (more than five percent (5%)) or agent of any entity, in or on behalf of any business engaged in significant competition (or that transacts or cooperates with another business in activities of significant competition) with any business operated by the Company or with interests adverse to those of the Company; (b) soliciting and hiring a key employee of the Company in another business, whether or not in significant competition with any business operated by the Company; or (c) using or disclosing confidential or proprietary information, in each case, without the approval of the Company.

2.18 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

2.19 "Exercise Price" means the price at which a Share may be purchased by a Participant pursuant to an Option or the base price from which appreciation in Shares is measured under a SAR.

2.20 "Fair Market Value" means the average of the highest and lowest quoted selling prices for the Shares on the relevant date, or (if there were no sales on such date) the average so computed on the nearest day before or the nearest day after the relevant date, as reported in The Wall Street Journal or a similar publication selected by the Committee.

2.21 "Fee Deferral Election" means an election made by a Non-Employee Director to defer the receipt of Fees, as described in Article 10.3 hereof.

2.22 "Fees" means all or part of any retainer and/or fees payable to a Non-Employee Director in his or her capacity as such.

2.23 "Incentive Stock Option" or "ISO" means an option to purchase Shares granted under Article 6 hereof, which is designated as an Incentive Stock Option and which is intended to meet the requirements of Code Section 422.

2.24 "Insider" means an individual who is, on the relevant date, an officer, Director or more than ten percent (10%) beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act.

2.25 "Non-Employee Director" means a Director who is not an Employee of the Company.

2.26 "Non-Employee Director Share Award" shall mean an award of Shares to a Non-Employee Director, as described in Article 10.2 hereof.

2.27 "Nonqualified Stock Option" or "NQSO" means an option to purchase Shares granted under Article 6 hereof and which is not intended to meet the requirements of Code Section 422.

2.28 "Option" means an Incentive Stock Option or a Nonqualified Stock Option, as described in Article 6 hereof, or a Director Option as described in Article 10 hereof.

2.29 "Other Share-Based Award" means an Other Share-Based Award, as described in Article 9 hereof.

2.30 "Participant" means an individual who has an outstanding Award granted under the Plan.

2.31 "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock is limited in some way (based on the passage of time, the achievement of performance objectives, or upon the occurrence of other events as determined by the Committee, in its discretion), and the Shares are subject to a substantial risk of forfeiture, as provided in Article 7 hereof.

2.32 "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.

2.33 "Plan" means this Marriott Vacations Worldwide Corporation 2020 Stock and Cash Incentive Plan.

2.34 "Restricted Stock" means an Award of Shares granted to a Participant pursuant to Article 7 hereof.

2.35 "RSU" means a restricted stock unit Award granted to a Participant pursuant to Article 8 hereof.

2.36 "Shares" means shares of Common Stock of the Company or of any successor company adopting this Plan.

2.37 "SAR" means a stock appreciation right as described in Article 6 hereof, or a Director SAR as described in Article 10 hereof, which may be settled in Shares or cash as provided in the pertinent Award Agreement.

2.38 "Stock Units" means the credits to a Non-Employee Director's Stock Unit Account, each of which represents the right to receive one Share upon settlement of the Stock Unit Account.

2.39 "Stock Unit Account" means the bookkeeping account established by the Company pursuant to Article 10.3.

2.40 "Subsidiary" means any corporation, partnership, joint venture, trust or other entity in which the Company has a controlling interest as defined in Treasury Regulation Section 1.414(c)-2(b)(2), except that the threshold interest shall be "more than fifty percent (50%)" instead of "at least eighty percent (80%)."

2.41 "Termination of Service" means termination of service as a Non-Employee Director in any of the following circumstances:

(a) Where the Non-Employee Director voluntarily resigns or retires;

(b) Where the Non-Employee Director is not re-elected (or elected in the case of an appointed Non-Employee Director) to the Board by the shareholders;

(c) Where the Non-Employee Director ceases to perform services on account of a Disability; or

(d) Where the Non-Employee Director dies.

With respect to any Awards that are or become subject to Section 409A of the Code, Termination of Service shall not include any event that is not within the meaning of "separation from service" as set forth in Treasury Regulation Section 1.409A-1(h).

2.42 "Year of Service" means a period of twelve (12) consecutive calendar months during which an Employee is employed by the Company or any predecessor thereto as determined by the Committee.

Article 3 Administration

3.1 The Committee. The Plan shall be administered by the Committee or by any other committee appointed by the Board. The members of the Committee shall be appointed from time to time by, and shall serve at the discretion of, the Board of Directors. Any power of the Committee may also be exercised by the Board, except to the extent that the grant or exercise of such authority would cause any Award or transaction to become subject to (or lose an exemption under) the short-swing profit recovery provisions of Section 16 of the Exchange Act. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control.

3.2 Authority of the Committee. Except as limited by law or by the Articles of Incorporation or Bylaws of the Company, and subject to the provisions hereof, the Committee shall have full power to select Employees and Non-Employee Directors who shall participate in the Plan; determine the sizes and types of Awards; determine the terms and conditions of Awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan; establish, amend, or waive rules and regulations for the Plan's administration; subject to the provisions of Article 14 hereof, amend the terms and conditions of any outstanding Award to the extent such terms and conditions are within the discretion of the Committee as provided in the Plan; and approve corrections in the documentation or administration of any Award. Further, the Committee shall make all other determinations that may be necessary or advisable for the administration of the Plan. The Committee's determinations under the Plan (including without limitation, determinations of the persons to receive Awards, the form, amount and timing of such Awards, the terms and provisions of such Awards and the Award Agreements evidencing such Awards) need not be uniform and may be made by the Committee selectively among persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated. As permitted by law, the Committee may delegate its authority under the Plan to a Director or Employee.

3.3 Delegation. The Committee may delegate to one or more separate committees (any such committee a "Subcommittee") composed of one or more Directors (who may but need not be members of the Committee) the ability to grant Awards and take the other actions described in Article 3.2 hereof with respect to Participants who are not executive officers, and such actions shall be treated for all purposes as if taken by the Committee. The Committee may delegate to a Subcommittee of one or more officers of the Company the ability to grant Awards and take the other actions described in Article 3.2 hereof with respect to Participants (other than any such officers themselves) who are not Directors or executive officers, provided, however, that the resolution so authorizing such officer(s) shall specify the total number of rights or options such Subcommittee may so award, and such actions shall be treated for all purposes as if taken by the Committee. Any action by any such Subcommittee within the scope of such delegation shall be deemed for all purposes to have been taken by the Committee, and references in this Plan to the Committee shall include any such Subcommittee. The Committee may delegate the day to day administration of the Plan to an officer or officers of the Company, or one or more agents, and such administrator(s) may have the authority to execute and distribute agreements or other documents evidencing or relating to Awards granted by the

Committee under the Plan, to maintain records relating to the grant, vesting, exercise, forfeiture or expiration of Awards, to process or oversee the issuance of Shares upon the exercise, vesting and/or settlement of an Award, to interpret the terms of Awards and to take such other actions as the Committee may specify. Any action by any such administrator within the scope of its delegation shall be deemed for all purposes to have been taken by the Committee and references in the Plan to the Committee shall include any such administrator, provided that the actions and interpretations of any such administrator shall be subject to review and approval, disapproval or modification by the Committee.

3.4 Decisions Binding. All determinations and decisions made by the Committee or its designee pursuant to the provisions of the Plan and all related orders and resolutions of the Board shall be final, conclusive and binding on all parties.

3.5 Unanimous Consent in Lieu of Meeting. A memorandum signed by all members of the Committee shall constitute the act of the Committee without the necessity in such event to hold a meeting.

3.6 Serious Misconduct. Notwithstanding anything to the contrary in the Plan or any Award Agreement, if a Participant terminates employment for serious misconduct, including but not limited to engaging in a terminable offense set forth in the applicable associate handbook, the Committee may, in its sole discretion, refuse or revoke Approved Retiree status or other retirement approval for such Participant, or otherwise determine that such Participant may not receive, vest in or exercise any Awards or otherwise receive Shares thereunder to the extent the Awards are not granted, vested or fully exercised, or Shares are not received, as of such determination.

Article 4 Shares Subject to the Plan

4.1 Number of Shares.

(a) ***Reserve***. Subject to Article 4.2 hereof, an aggregate of one million, two hundred and sixty-five thousand (1,265,000) Shares, plus the Shares described in Article 4.1(b) (the “Reserve”), may be issued pursuant to Awards granted under the Plan. All of the Shares reserved for issuance under the Plan may be issued pursuant to ISOs.

(b) ***Prior Plans.*** The number of Shares which were reserved for issuance under the Prior Marriott Plan but which are not subject to any outstanding awards under such plan as of the Effective Date shall be considered part of the Reserve under Article 4.1(a). Further, after the Effective Date, if any Shares subject to or underlying awards granted under the Prior Plans would again become available for new grants under the terms of such plans if such plans were still in effect, then those Shares will be added to the Reserve, thereby increasing the number of Shares available for issuance under this Plan as determined under the first sentence of Article 4.1(a). Any such Shares will not be available for future awards under the terms of the Prior Plans, which are terminated as of the Effective Date.

(c) ***Depletion of Reserve***. When an Award is granted, the Reserve shall be depleted by the maximum number of Shares to which the Award relates, except that an Award that is valued in relation to a Share but that may only be settled in cash shall not deplete the Reserve.

(d) ***Replenishment of Reserve***. To the extent (i) an Award lapses, expires, terminates or is cancelled without the issuance of Shares under the Award, (ii) it is determined during or at the conclusion of the term of an Award that all or some portion of the Shares with respect to which the Award was granted will not be issuable on the basis that the conditions for such issuance will not be satisfied, (iii) Shares are forfeited under an Award, (iv) Shares are tendered or withheld in payment of the exercise price of an Option or as a result of the net settlement in Shares of an outstanding SAR; (v) Shares are tendered or withheld to satisfy federal, state or local tax withholding obligations; or (vi) Shares are issued under any Award and the Company subsequently reacquires them pursuant to rights reserved upon the issuance of the Shares, then such Shares shall be re-credited to the Reserve and may be used for new Awards under the Plan, provided that Shares re-credited to the Reserve pursuant to clause (vi) may not be issued pursuant to ISOs.

4.2 Adjustments in Authorized Shares and Awards. In the event of any change in corporate capitalization, such as a stock split, reverse stock split, stock dividend, share combination, recapitalization, or similar event affecting the equity capital structure of the Company, or in the event the Shares shall be changed into or exchanged for a different number or class of shares of stock or securities of the Company or of another corporation and/or for cash as a result of a corporate transaction, such as any merger, consolidation, separation, acquisition of property or shares, stock rights offering, spin-off, or other distribution of stock or property of the Company, any reorganization (whether or not such reorganization comes within the definition of such term in Code Section 368) or any partial or complete liquidation of the Company, or similar event affecting the Company, such adjustment shall be made in (a) the number and class of Shares which thereafter may be delivered under Article 4.1(a), (b) or (c), (b) the number and class of Shares subject to outstanding Awards, (c) the Exercise Price relating to any Award, and (d) the performance goals which may be applicable to any outstanding Awards, and such other equitable substitutions or adjustments may be made, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights. Without limiting the preceding sentence, in the case of any such transaction described in the preceding sentence, the adjustments made by the Committee or the board of directors, compensation committee or similar body of any other legal entity assuming the obligations of the Company hereunder, may consist of either (i) making appropriate provision for the protection of outstanding Awards by the substitution on an equitable basis of appropriate equity interests or awards similar to the Awards (or, in the event no such similar equity interests may be identified, a nonqualified deferred compensation account allocation of equivalent value), provided that the substitution neither enlarges nor diminishes the value and rights under the Awards; or (ii) upon written notice to the Participants, providing that Awards will be exercised, distributed, cashed out or exchanged for value pursuant to such terms and conditions (including the waiver of any existing terms or conditions including but not limited to vesting restrictions or exercise waiting periods) as shall be specified in the notice, provided that any Awards that are subject to Code Section 409A must not be exercised, distributed, cashed out or exchanged for value unless, to the extent required for compliance with Code Section 409A, the transaction qualifies as a "change in control event" as described under Code Section 409A(2)(A)(v) and the regulations thereunder. Any adjustment of an ISO under clause (i) of the preceding sentence in this paragraph shall be made in such a manner so as not to constitute a "modification" within the meaning of Section 424(h)(3) of the Code.

Article 5 Eligibility and Participation

5.1 Eligibility. Employees shall be eligible to participate in this Plan with respect to Awards specified in Articles 6 through 9. Non-Employee Directors shall be eligible to participate in the Plan with respect to Awards specified in Article 10.

5.2 Actual Participation by Employees. Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible Employees, those to whom Awards shall be granted and shall determine the nature and amount of each Award.

Article 6 SARs and Stock Options

6.1 Grant of SARs and Options. Subject to the terms and provisions of the Plan, SARs and/or Options may be granted to Employees in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee. No dividends or dividend equivalent rights may be granted with respect to SARs or Options.

6.2 Award Agreement. Each SAR and Option grant shall be evidenced by an Award Agreement that shall specify the Exercise Price, the duration of the Award, the number of Shares to which the Award pertains, and such other provisions as the Committee shall determine. The Award Agreement, if pertaining to an Option, also shall specify whether the Option is intended to be an ISO within the meaning of Code Section 422, or an NQSO whose grant is intended not to fall under the provisions of Code Section 422.

6.3 Exercise Price. The Exercise Price for each grant of a SAR or an Option under this Article 6 shall be at least equal to one hundred percent (100%) of the Fair Market Value of a Share on the date the SAR or Option is granted.

6.4 Duration of SARs and Options. Each SAR and Option granted under this Article 6 shall expire at such time as the Committee shall determine at the time of grant; provided, however, that no SAR or Option shall be exercisable later than the tenth (10th) anniversary date of its grant.

6.5 Exercise of SARs and Options. SARs and Options granted under this Article 6 shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant.

The ability of a Participant to exercise a SAR or an Option is conditioned upon the Participant not committing any criminal offense or malicious tort relating to or against the Company, or, as determined by the Committee in its sole discretion, engaging in willful acts or omissions or acts or omissions of gross negligence that are or potentially are injurious to the Company's operations, financial condition or business reputation.

6.6 Notice and Payment. SARs and Options granted under this Article 6 shall be exercised by the delivery of notice of exercise to the Company by such means as the Committee shall approve from time **to** time, setting forth the number of Shares with respect to which the SAR or Option is to be exercised, accompanied, in the case of Options, by full payment for the Shares.

The Exercise Price upon exercise of any Option shall be payable to the Company in full either: (a) in cash or its equivalent, (b) if permitted in the governing Award Agreement, by withholding of Shares deliverable upon exercise or tendering (either actually or by attestation) previously acquired Shares, in each case having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price, (c) withholding Shares subject to the Option, or (d) any combination of (a), (b) and (c).

The Committee also may allow cashless exercise as permitted under the Federal Reserve Board's Regulation T, subject to applicable securities law restrictions, or by any other means which the Committee determines to be consistent with the Plan's purpose and applicable law.

If a Participant shall dispose of Shares acquired through exercise of an ISO within either (i) two (2) years after the date the Option is granted or (ii) one (1) year after the date the Option is exercised (i.e., in a disqualifying disposition), such Participant shall notify the Company within seven (7) days of the date of such disqualifying disposition. In addition, if a Participant elects, under Code Section 83, to be taxed at the time an Award of Restricted Stock (or other property subject to such Code section) is made, rather than at the time the Award vests, such Participant shall notify the Company of such election within the time period prescribed by law.

6.7 Restrictions on Share Transferability. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of a SAR or an Option granted under this Article 6 as it may deem advisable, including, without limitation, restrictions under applicable Federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed or traded, and under any blue sky or state securities laws applicable to such Shares.

6.8 Termination of Employment or Leave of Absence. Except as otherwise approved by the Committee and set forth in the pertinent Award Agreement(s), in the event that a Participant who is an Employee, during his or her lifetime has been on leave of absence for a period of greater than twelve (12) months (except a leave of absence approved by the Board or the Committee, as the case may be), or ceases to be an Employee of the Company or of any Subsidiary for any reason, including retirement, the portion of any SAR or Option which is not exercisable on the date on which the Participant ceased to be an Employee or has been on leave for over twelve (12) months (except a leave of absence approved by the Board or the Committee, as the case may be) shall expire on such date and any unexercised portion thereof which was otherwise exercisable on such date shall expire unless exercised within a period of three (3) months from such date, but in no event after the expiration of the term for which the SAR or Option was granted; provided, however, that in the case of an awardee of a SAR or a NQSO who is an "Approved Retiree" (as hereinafter defined), the SAR or NQSO shall continue to vest for up to five years from the date of retirement and said awardee may exercise such SAR or NQSO, as applicable, until the soonest to occur of (i) the expiration of such SAR or NQSO in accordance with its original term; (ii) the expiration of five (5) years from the date of retirement; or (iii) with respect to SARs or Options granted less than one year before the date the Approved Retiree retires, expiration of the SAR or Option on such retirement date, except not with respect to that portion of the SARs or Options equal to such number of shares multiplied by the ratio of (I) the number of days between the grant date and the retirement date inclusive, over (II) the number of days in the twelve (12) month period following the grant date.

Notwithstanding the preceding paragraph, if the Committee subsequently determines, in its sole discretion, that an Approved Retiree has violated the provisions of the agreement to refrain from Engaging in Competition, or has engaged in willful acts or omissions or acts or omissions of gross negligence that are or potentially are injurious to the Company's operations, financial condition or business reputation, all SARs and Options shall be cancelled without consideration immediately.

In the event of the death of an awardee during the three (3) month period described above for exercise of a SAR or an Option by a terminated awardee or one on leave for over twelve (12) months (except a leave of absence approved by the Board or the Committee, as the case may be), the Option shall be exercisable by the awardee's personal representatives, heirs or legatees to the same extent and during the same period that the awardee could have exercised the SAR or Option if the awardee had not died.

Notwithstanding anything in Article 6.5 to the contrary, in the event of the death of an awardee while an Employee or Approved Retiree of the Company or any Subsidiary, an outstanding SAR or Option held by such awardee upon death shall become fully vested upon death and shall be exercisable by the awardee's personal representatives, heirs or legatees at any time prior to the expiration of one (1) year from the date of death of the awardee, but in no event after the expiration of the term for which the SAR or Option was granted.

6.9 Nontransferability of SARs and Options. No SAR, NQSO or ISO granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, all SARS, NQSOs and ISOs granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such Participant.

Article 7 Restricted Stock

7.1 Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to Employees in such amounts as the Committee shall determine.

7.2 Restricted Stock Agreement. Each Restricted Stock grant shall be evidenced by a Restricted Stock Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock granted, and such other provisions as the Committee shall determine.

7.3 Transferability. Except as provided in this Article 7, the Shares of Restricted Stock granted hereunder may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Committee and specified in the Restricted Stock Award Agreement, or upon earlier satisfaction of any other conditions, as specified by the Committee in its sole discretion and set forth in the Restricted Stock Award Agreement. All rights with respect to the Restricted Stock granted to a Participant under the Plan shall be available during his or her lifetime only to such Participant.

7.4 Other Restrictions. The Committee shall impose such conditions and/or restrictions on any Shares of Restricted Stock granted pursuant to the Plan as it may deem advisable including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock, restrictions based upon the achievement of specific performance objectives (Company-wide, business unit, and/or individual), time-based restrictions on vesting following the attainment of the performance objectives, and/or restrictions under applicable Federal or state securities laws.

The Company shall retain the certificates representing Shares of Restricted Stock in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied.

Except as otherwise provided in this Article 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan shall become freely transferable by the Participant after the last day of the applicable Period of Restriction.

Distribution of Shares of Restricted Stock is conditioned upon the Participant not committing any criminal offense or malicious tort relating to or against the Company or, as determined by the Committee in its sole discretion, engaging in willful acts or omissions or acts or omissions of gross negligence that are or potentially are injurious to the company's operations, financial condition or business reputation.

7.5 Voting Rights. During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares.

7.6 Dividends and Other Distributions. During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder shall be credited with regular dividends paid with respect to the underlying Shares while they are so held. Such dividends shall be converted into additional shares of Restricted Stock or deferred until such Restricted Stock vests, upon such terms as the Committee establishes, but in no event will any dividends be paid on unvested Restricted Stock.

The Committee may apply any additional restrictions to the dividends that the Committee deems appropriate. Without limiting the generality of the preceding sentence, if Restricted Stock is contingent on a performance condition, any dividends relating to such Restricted Stock may also be made subject to such performance conditions.

7.7 Termination of Employment. Except as otherwise approved by the Committee and set forth in the pertinent Award Agreement(s), (a) in the event that a Participant's employment with the Company is terminated during the Period of Restriction because the Participant is an Approved Retiree, the Committee shall have complete discretion in determining the percentage, if any, of a Participant's outstanding Shares of Restricted Stock as to which the Period of Restriction shall end; (b) in the event a Participant's employment with the Company is terminated because of the Participant's Disability or death during the Period of Restriction, the Period of Restriction shall end and, in the case of death, the Participant's rights thereunder shall inure to the benefit of his or her Beneficiary; and (c) in the event that a Participant's employment with the Company is terminated for any other reason during the Period of Restriction, such Participant's outstanding Shares of Restricted Stock shall be forfeited to the Company without payment.

Article 8 Restricted Stock Units

8.1 RSUs. Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Awards of RSUs to eligible Employees in such amounts as the Committee shall determine.

8.2 RSU and Common Stock Rights. RSUs shall represent an Employee's unsecured right to receive from the Company the transfer of title to Shares subject to the vesting schedule referenced in Article 8.3 below, provided that the Employee has satisfied the conditions of transfer set forth in Article 8.4 below. On each such vesting date, if it occurs, the Company shall transfer a corresponding number of Shares to an individual brokerage account established and maintained in the Employee's name. The Employee shall have all the rights of a stockholder with respect to such Shares transferred to the brokerage account, including but not limited to the right to vote the Shares, to sell, transfer, liquidate or otherwise dispose of the Shares, and to receive all dividends or other distributions paid or made with respect to the Shares from the time they are deposited in the account. The Employee shall have no voting, transfer, liquidation, or other rights of a Share stockholder with respect to RSUs prior to such time that the corresponding Shares are transferred, if at all, to the Employee's brokerage account. Notwithstanding the foregoing, RSU's may be granted with dividend equivalent rights at the discretion of the Committee and the Committee shall provide whether such dividend equivalents will be converted into additional RSUs (subject to the same terms and conditions as the underlying RSUs to which they relate) or deferred until such RSUs vest, but in no event will any dividends equivalents be paid with respect to unvested RSUs.

8.3 Vesting in RSUs. RSU Awards shall become vested in accordance with the vesting provisions set forth in the pertinent Award Agreement.

8.4 Conditions of Transfer. A transfer of Shares in accordance with Article 8.2 above shall be conditioned upon the Employee meeting both of the following conditions during the entire period from the grant date through the vesting date(s) relating to such RSUs:

(a) The Employee must continue to be an active employee of the Company or one of its Subsidiaries; and

(b) The Employee must refrain from committing any criminal offense or malicious tort relating to or against the Company or, as determined by the Committee in its discretion, engaging in willful acts or omissions or acts or omissions of gross negligence that are or potentially are injurious to the Company's operations, financial condition or business reputation.

If the Employee fails to meet the requirements of Article 8.4(a) or (b), then the Employee shall forfeit the right to vest in any RSUs that have not already vested as of the time such failure is determined, and the Employee shall accordingly forfeit the right to receive the transfer of title to any corresponding Shares. The forfeiture of rights with respect to unvested RSUs (and corresponding Shares) shall not affect the rights of the Employee with respect to any RSUs that already have vested nor with respect to any Shares the title of which has already been transferred to the Employee's brokerage account.

8.5 Effect of Termination of Employment. Notwithstanding contrary provisions of this Article 8, except as otherwise approved by the Committee and set forth in the pertinent Award Agreement(s):

(a) In the event the Employee's employment is terminated prior to the relevant vesting date on account of death, and if the Employee had otherwise met the requirements of Article 8.4(a) and (b) from the grant date through the date of such death, then the Employee's unvested RSUs shall immediately vest in full upon death and the Employee's rights hereunder with respect to any such RSUs shall inure to the benefit of the Employee's executors, administrators, personal representatives and assigns.

(b) In the event Employee's employment is terminated prior to the relevant vesting date on account of the Employee having a Disability or being an Approved Retiree, and if the Employee had otherwise met the requirements of Article 8.4(a) and (b) from the grant date through the date of the termination of employment date, and provided that the Employee continues to meet the requirements of Article 8.4(b), then the Employee's rights hereunder with respect to any outstanding, unvested RSUs shall continue in the same manner as if the Employee continued to meet the continuous employment requirement of Article 8.4(a) through the vesting dates related to the Award, except not for that portion of RSUs granted less than one (1) year prior to the Employee's termination equal to such number of shares multiplied by the ratio of (A) the number of days after the termination date and before the first (1^{st}) anniversary of the grant date, over (B) the number of days on and after the grant date and before the first (1^{st}) anniversary of the grant date.

(c) In the event Employee's employment is terminated prior to the relevant vesting date for any reason other than those circumstances described in paragraphs (a) and (b) of this Article 8.5, such Employee's outstanding RSUs shall be forfeited to the Company without payment.

Article 9 Other Share-Based Awards

9.1 Grant of Other Share-Based Awards. The Committee may grant Other Share-Based Awards to Participants in such number, and upon such terms, and at any time and from time to time, as shall be determined by the Committee.

9.2 Terms of Other Share-Based Awards. Other Share-Based Awards shall contain such terms and conditions as the Committee may from time to time specify and may be denominated in cash, in Shares, in Share-equivalent units, in Share appreciation units, in securities or debentures convertible into Shares or in a combination of the foregoing and may be paid in cash or in Shares, all as determined by the Committee, provided that any Other Share-Based Award that represent the right to receive value in the amount of the increase in the Fair Market Value of a Share rather than the full value of a Share shall have an exercise or grant price no lower than the Fair Market Value on the date of grant. Other Share-Based Awards may be issued alone or in tandem with other Awards granted to Employees. No dividend equivalent units may granted on an Other Shared-Based Award that is not a full-value award, and any dividends or dividend equivalents granted with respect to an Other

Share-Based Award that is a full-value award shall vest and be paid only if and to the same extent as the underlying Other Share-Based Award is vested and paid.

9.3 Other Share-Based Award Agreement. Each Other Share-Based Award shall be evidenced by an Award Agreement that shall specify such terms and conditions as the Committee shall determine.

Article 10 Directors' Share Awards, Fee Deferral Elections, and Director SARs and Options

10.1 Eligibility. Only Non-Employee Directors shall be eligible to receive Non-Employee Director Share Awards and Director SARs and Options and to make Fee Deferral Elections. All such awards are subject to prior approval by the Committee. The aggregate value of the cash fees paid, along with the grant date value of any Awards granted hereunder, to a Non-Employee Director during any fiscal year of the Company shall not exceed $750,000.

10.2 Non-Employee Director Share Awards. On the first (1st) full trading day immediately following each Annual Meeting, each Non- Employee Director designated by the Board may receive a Non-Employee Director Share Award of a number of Shares determined by the Board before such Annual Meeting. Each Non-Employee Director Share Award shall be fully vested and nonforfeitable when granted. Upon Termination of Service or at such other times as determined by the Committee, the Non-Employee Director Share Award awarded to a Non-Employee Director shall be paid to the Non-Employee Director.

10.3 Fee Deferral Elections.

(a) ***Elections to Defer Payment of Fees.*** Payment of all or any part of any Fees payable to a Non-Employee Director may be deferred by election of the Non-Employee Director. Each such election must be made in writing on a form prescribed by the Committee and irrevocably delivered to the Company in the year preceding the year which commences with the next Annual Meeting (the "Election Year"), and must be irrevocable for such Election Year. No election may be made under this Article 10.3(a) with respect to Fees for which an election is made under Article 10.5.

(b) ***Crediting Stock Units to Accounts***. Amounts deferred pursuant to a Fee Deferral Election shall be credited as of the date of the deferral to a Stock Unit Account in Stock Units. The number of Stock Units credited to a Stock Unit Account with respect to any Non-Employee Director shall equal (i) the amount deferred pursuant to the Fee Deferral Election divided by (ii) the Fair Market Value of a Share on the date on which the Fees subject to the Fee Deferral Election would have been paid but for the Fee Deferral Election, and, unless the Committee or the Board determines otherwise, rounded down to the nearest whole Stock Unit with the value of any fractional Stock Unit paid to the Director in cash.

(c) ***Fully Vested Stock Units.*** All Stock Units credited to a Non-Employee Director's Stock Unit Account pursuant to this Article 10.3 shall be at all times fully vested and nonforfeitable.

(d) ***Credit of Dividend Equivalents.*** Each Stock Unit credited to a Director's Stock Unit Account includes one dividend equivalent unit, which represents the Non-Employee Director's right to receive a cash payment equal to the dividend paid on one share. Such cash payment will be paid to the Non-Employee Director within 30 days of the dividend payment date. Notwithstanding the foregoing, the Committee may either require or allow a Non-Employee Director to elect (at the same time elections are made under paragraph (a) of this Article 10.3) to have the cash dividend equivalent unit payments reinvested in additional Stock Units. In such case, the amount of Stock Units credited to the Non-Employee Director's Stock Unit Account shall equal the quotient of (i) the amount of dividend equivalent payments that are to be reinvested in Stock Units, divided by (ii) the Fair Market Value of a Share on such dividend payment date, and unless the Committee or the Board determines otherwise, rounded down to the nearest whole Stock Unit with the value of any fractional Stock Unit paid to the Director in cash within 30 days of the dividend payment date. If dividends are paid on Shares in a form other than cash, then the Committee or the Board shall determine, in its discretion, whether to make payment (or credit the Stock Unit Account, as applicable) in-kind or notionally convert the dividend to cash.

(e) ***Payment of Stock Units.*** Upon Termination of Service or at such other times as determined by the Committee and irrevocably elected in writing by the Non-Employee Director at the time of the Non-Employee Director's election to defer Fees under Article 10.3(a), the Stock Units credited to a Non-Employee Director's Stock Unit Account shall be paid to the Non-Employee Director in an equal number of shares of Stock in a single lump sum or in substantially equal annual installments over a period not to exceed ten (10) years, as irrevocably elected in writing by the Non-Employee Director at the time of the Non-Employee Director's election to defer Fees under Article 10.3(a), pursuant to rules established from time to time by the Committee.

10.4 Unfunded Status. The interest of each Non-Employee Director in any Fees deferred under this Article 10 (and any Stock Units or Stock Unit Account relating thereto) or in any Director Stock Award shall be that of a general creditor of the Company. Stock Unit Accounts and Stock Units (and, if any, "in kind" dividends) credited thereto shall at all times be maintained by the Company as bookkeeping entries evidencing unfunded and unsecured general obligations of the Company.

10.5 Director SARs and Options.

(a) ***Elections to Receive Payment of Fees in the Form of SARs or Options.*** A Non-Employee Director may elect to receive payment of all or any part of his or her cash retainer in the form of Director SARs or Options, as determined by the Committee, in lieu of cash. Each such election must be made in writing on a form prescribed by the Committee and delivered to the Company in the calendar year preceding the calendar year in which occurs the Annual Meeting that marks the commencement of the annual period of service during which such Fees are earned. Each election is irrevocable for that annual period. Elections under this Article 10.5 may not be made with respect to Fees deferred under Article 10.3.

(b) ***Grant of Director SARs and Options.*** On the first (1^{st}) full trading day immediately following each Annual Meeting, each Non- Employee Director who has filed an election under Article 10.5(a) for the annual period of service that commences with such Annual Meeting shall be granted Director SARs or Options that have a value on the date of grant substantially equal to the amount of Fees otherwise payable to the Non-Employee Director in cash but for the election to receive Director SARs or Options. The value of Director SARs or Options shall be determined by the Committee in its sole discretion, at a meeting held prior to the Annual Meeting, based on a Black-Scholes option pricing model or other valuation model that the Committee determines to be appropriate in its sole discretion.

(c) ***Terms of Director SARs and Options.*** Each Director SAR and Option shall be evidenced by an Award Agreement that shall specify the Exercise Price, the duration of the SAR or Option, and the number of Shares to which the SAR or Option pertains. Each Director SAR and Option shall (i) have an Exercise Price equal to or greater than the Fair Market Value of a Share on the date the Award is granted; (ii) be immediately vested and exercisable; (iii) expire on the tenth (10^{th}) anniversary of the date of its grant; and (iv) be nontransferable unless otherwise specified by the Committee. No dividends or dividend equivalent rights may be granted with respect to SARs or Options.

(d) ***Payment.*** Director SARs and Options granted under this Article 10 shall be exercised by the delivery of notice of exercise to the Company in such manner as the Committee shall determine, setting forth the number of Shares with respect to which the SAR or Option is to be exercised, accompanied by full payment for the Shares. The Exercise Price upon exercise of any Director SAR or Option shall be payable to the Company in full either: (i) in cash or its equivalent, (ii) by withholding of Shares deliverable upon exercise or tendering (either actually or by attestation) previously acquired Shares, in each case having an aggregate Fair Market Value at the time of exercise equal to the total Exercise Price, or (iii) by a combination of (i) and (ii). The Committee also may allow cashless exercise as permitted under the Federal Reserve Board's Regulation T, subject to applicable securities law restrictions, or by any other means which the Committee determines to be consistent with the Plan's purpose and applicable law.

10.6 No Dividends Paid. No dividend or dividend equivalents will be paid with respect to any unvested Non-Employee Director Awards under this Article 10.

Article 11 Beneficiary Designation

Each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of the Participant's death before the Participant has received any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

Article 12 Change in Control

12.1 Treatment of Awards. If an Award Agreement specifies the treatment of an Award in connection with a Change in Control, then the terms of such Award Agreement shall apply in lieu of the provisions of this Article 12.1. In the absence of such provisions in an Award Agreement, and unless otherwise determined by the Committee in its sole discretion prior to a Change in Control, if a Participant who is actively employed by the Company incurs a Covered Termination of Employment (as defined in Article 12.2 below) on or within twelve (12) months following a Change in Control (as defined in Article 12.3 below), or if a Change in Control occurs in connection with which no Awards, publicly-traded Shares or substitute equity interests are available, then the following shall occur:

(a) ***Restricted Stock and RSUs.*** With respect to any Restricted Stock, RSUs or any Other Share-Based Awards taking a form substantially the same as Restricted Stock or RSUs, the restrictions, forfeiture conditions, deferral of settlement and conditions on distribution other than those imposed by law applicable to such Awards shall lapse, and all such Awards shall be deemed fully vested, as of the date of the Participant's Covered Termination of Employment, and the subject Shares, or equity interests that are substituted for the subject Shares as a result of the Change in Control, shall be distributed to the Participant immediately following such Covered Termination of Employment. Notwithstanding the preceding sentence, in the event no Awards, publicly-traded Shares or substitute equity interests are available in connection with the Change in Control, the restrictions, forfeiture conditions, deferral of settlement and conditions on distribution other than those imposed by law applicable to such Restricted Stock, RSU and Other Share-Based Awards shall lapse, and all such Awards shall be deemed fully vested, as of the date of the Change in Control, and the Awards shall be distributed to the Participant immediately following the Change in Control. In the Committee's discretion, the distribution of Awards as described in this Article 12.1(a) may be made in the form of a cash payment equal to the product of (i) the per Share value, which shall be (I) in the case of a payment made immediately following a Covered Termination of Employment, the Fair Market Value per Share as of the date of the Covered Termination of Employment, or (II) in the case of a payment made immediately after the Change in Control, the Change in Control Price per Share in connection with the transaction resulting in the Change in Control, and (ii) the number of subject Shares or substitute equity awards that otherwise would be distributed to the Participant if available and the Committee had not determined to pay cash.

(b) ***Options and SARs.*** As of the date of the Participant's Covered Termination of Employment, all of the unvested or unexercisable Options, SARs or Other Share-Based Awards taking a form substantially the same as Options or SARs held by the Participant shall be deemed to be fully vested and exercisable with respect to the subject Shares, or other equity interests that are substituted for the Shares as a result of the Change in Control, and any other conditions on such Awards shall lapse, other than those imposed by law. Such Awards shall remain exercisable until the earlier of (i) the end of their original term, or (ii) twelve (12) months (or in the case of an Approved Retiree, five (5) years) following the Participant's Covered Termination of Employment. Notwithstanding the preceding sentence, in the event no Awards, publicly-traded Shares or substitute equity interests are available in connection with the Change in Control, the restrictions, forfeiture conditions, deferral of settlement and conditions on distribution other than those imposed by law applicable to such Options, SARs and Other Share-Based Awards shall lapse, and all such Awards shall be deemed fully vested, as of the date of the Change in Control. In the Committee's discretion, a cash payment may be made to the Participant immediately following the Participant's Covered Termination of Employment or the date of the Change in Control, whichever is the date upon which the Participant is deemed to be fully vested as determined under this Article 12.1(b), in an amount equal to (i) the per Share value, which shall be (I) in the case of a payment made immediately following a Covered Termination of Employment, the Fair Market Value per Share as of the date of the Covered Termination of Employment, or (II) in the case of a payment made immediately after the Change in Control, the Change in Control Price per Share in connection with the transaction resulting in the Change in Control,

(ii) less the Exercise Price, and (iii) multiplied by the number of subject Shares or substitute equity awards that otherwise would be distributed to the Participant if available and the Committee had not determined to pay cash.

(c) ***Other Share-Based Awards.*** All of the Participant's Other Share-Based Awards subject to performance-based vesting for which the performance period has not expired shall be deemed to be fully vested as of the Participant's Covered Termination of Employment and be paid out immediately thereafter, where such payment shall be based on a target level of performance, pro-rated for the days of such performance period through the date of the Covered Termination of Employment. Notwithstanding the preceding sentence, in the event no Awards, publicly-traded Shares or substitute equity interests are available in connection with the Change in Control, the restrictions, forfeiture conditions, deferral of settlement and conditions on distribution other than those imposed by law applicable to such Other Share-Based Awards shall lapse, and all such Awards shall be deemed to be fully vested, as of the date of the Change in Control, in which case payment shall be based on a target level of performance pro rated for the days of such performance period through the date of the Change in Control. Any Other Share-Based Awards other than those described in Articles 12.1(a) and (b), and other than as described above in this Article 12.1(c), shall be treated in a manner similar to that described in Articles 12.1(a) and (b).

12.2 Covered Termination of Employment. For purposes of this Article 12, "Covered Termination of Employment" shall mean any involuntary termination of employment of a Participant, provided that such termination does not result from the Participant's serious misconduct within the meaning of Article 3.6.

12.3 Change in Control Definition. A Change in Control shall occur if:

(a) ***Acquisition of Voting Securities.*** Any Person directly or indirectly becomes the Beneficial Owner of more than thirty percent (30%) of the Company's then outstanding voting securities (measured on the basis of voting power), provided that the Person (i) has not acquired such voting securities directly from the Company, (ii) is not the Company or any of its Subsidiaries, (iii) is not a trustee or other fiduciary holding voting securities under an employee benefit plan of the Company or any of its Subsidiaries, (iv) is not an underwriter temporarily holding the voting securities in connection with an offering thereof, and (v) is not a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Company stock; or

(b) ***Merger or Consolidation.*** The Company merges or consolidates with any other corporation, other than a merger or consolidation resulting in the voting securities of the Company outstanding immediately prior to such merger or consolidation representing fifty percent (50%) or more of the combined voting power of the voting securities of the Company, the other corporation (if such corporation is the surviving corporation) or the parent of the Company or other corporation, in each case outstanding immediately after such merger or consolidation; or

(c) ***Change in Majority of Board.*** Continuing Directors cease to represent a majority of the Board, where "Continuing Directors" shall mean the directors of the Board immediately after the Effective Date , and any other director whose appointment, election or nomination for election by the stockholders is approved by at least a majority of the Continuing Directors at such time; or

(d) ***Sale, Liquidation or Other Disposition.*** The stockholders of the Company approve a plan of complete liquidation of the Company or the Company sells or disposes of all or substantially all of its assets.

Notwithstanding the foregoing provisions of Article 12.3, with respect to any Award that is subject to Code Section 409A, in order to be treated as a Change in Control, any event described in this Article 12.3 also must qualify as a "change in control event" within the meaning of Code Section 409A(a)(2)(A)(v) and the regulations thereunder to the extent required for compliance with Code Section 409A.

12.4 Section 280G Cut-back in Benefits. Notwithstanding the other provisions of this Plan, unless otherwise specifically provided by the Committee in an Award Agreement, in the event that the amount of payments or other benefits payable to any Participant under this Plan, together with any payments or benefits payable under any other plan, program, arrangement or agreement maintained by the Company or one of its affiliates, would constitute an "excess parachute payment" (within the meaning of Section 280G or the Code), the payments under this Plan shall be reduced in a manner determined by the Company (by the minimum possible amounts) until no amount payable to the Participant under the Plan constitutes an "excess parachute payment" (within the meaning of Section 280G of the Code). All determinations required to be made under this Article 12.4, including whether a payment would result in an "excess parachute payment" and the assumptions utilized in arriving at such determination, shall be made by a registered public accounting firm selected by the Company.

Article 13 Rights of Participants

13.1 Employment or Service. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or service at any time, nor confer upon any Participant any right to continue in the employ or service of the Company.

13.2 Participation. No Employee shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

Article 14 Amendment, Modification, and Termination

14.1 Amendment, Modification, and Termination. The Board may at any time and from time to time, alter, amend, suspend or terminate the Plan in whole or in part; provided, however, that the Board may, in its sole discretion, condition the adoption of any amendment of the Plan on the approval thereof by the requisite vote of the shareholders of the Company entitled to vote thereon. The Board shall condition the adoption of an amendment on such a shareholder vote to the

extent required by applicable law or the requirements of the principal securities exchange or market on which the Shares are then traded, or to the extent such amendment would diminish the protections afforded by Article 14.3.

14.2 Adjustment of Awards upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Article 4.2 hereof) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

14.3 Awards Previously Granted; No Repricing or Cash Buyouts of Options or SARs.

(a) ***Awards Previously Granted*.** No termination, amendment, or modification of the Plan or any Award shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award; provided that Participant consent shall not be required for the termination, amendment or modification of an Award pursuant to the provisions of Article 4.2 or Article 12 or the termination, amendment or modification of an Award to the extent deemed necessary to comply with any applicable law, the listing requirements of any principal securities exchange or market on which the Shares are then traded, or to preserve favorable accounting or tax treatment of any Award for the Company.

(b) ***Repricing and Cash Buyouts Prohibited***. Except as provided under Article 14.2, an outstanding SAR or Option may not be (i) amended to reduce its Exercise Price, (ii) cancelled in exchange for the re-grant of a SAR or Option with a reduced Exercise Price, nor (iii) except in the case of SARs or Options with an Exercise Price above the then-current Share price, cancelled in exchange for other Awards or for a payment made in cash or Shares, unless approved by shareholders.

14.4 Substitution of Awards in Mergers and Acquisitions. Awards may be granted under the Plan from time to time in substitution for awards held by employees or directors of entities who become or are about to become employees or

directors of the Company or a Subsidiary as the result of a merger, consolidation or other acquisition of the employing entity or the acquisition by the Company or a Subsidiary of the assets or stock of the employing entity, and such Awards shall not deplete the number of Shares reserved under Article 4.1. The terms and conditions of any substitute awards so granted may vary from the terms and conditions set forth hereof to the extent that the Committee deems appropriate at the time of grant to conform the substitute awards to the provisions of the awards for which they are substituted.

Article 15 Withholding

15.1 Tax Withholding. The Company shall have the power and the right to deduct from any amount otherwise due to the Participant, or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy Federal, state, and local income, employment or other related taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

15.2 Share Withholding. With respect to withholding required in connection with any Award, the Company may require, or the Committee may permit a Participant to elect, that the withholding requirement be satisfied, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined up to the maximum statutory total tax which could be withheld on the transaction. Any election by a Participant shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

Article 16 Indemnification

Except as prohibited by law, each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from any loss, cost, liability or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan, other than by willful misconduct, and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Article 17 Code Section 409A

17.1 General. To the extent that Code Section 409A may apply to any Awards under the Plan, it is intended that the terms of the Plan and such Awards meet the applicable requirements of Code Section 409A so that a Participant is not taxed under Code Section 409A with respect to such Awards until such time as Shares or other amounts are distributed to the Participant in accordance with the Plan's and the Awards' terms. For this purpose, the Plan and the Awards will be administered and interpreted to comply with Code Section 409A and any applicable Treasury or IRS guidance.

17.2 Delay for Specified Employees. To the extent that any Awards under the Plan may be subject to Code Section 409A(a)(2)(B)(i), distributions of Shares or other amounts pursuant to such Awards on account of a termination of employment of a Participant who is a Specified Employee (as defined as follows) shall be made or commence not before the date which is six (6) months following the termination of employment, except in the event of the Participant's death. Any distribution that is delayed under this Article 17.2 shall be distributed on the first day of the seventh month following the Specified Employee's termination of employment (without affecting the timing of any subsequent installment that is not within the six-month period following termination of employment). For this purpose, a Specified Employee is a person described under Treasury Regulation section 1.409A-1(i), applying the default rules thereunder, except that the definition of compensation for purposes of identifying Specified Employees is the safe harbor definition of compensation set forth under Treasury Regulation section 1.415(c)- 2(d)(4).

Article 18 Successors

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, of all or substantially all of the business and/or assets of the Company, or a merger, consolidation or otherwise.

Article 19 Legal Construction; Miscellaneous

19.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used hereof also shall include the feminine, the plural shall include the singular and the singular shall include the plural.

19.2 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

19.3 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

19.4 Securities Law Compliance. With respect to Insiders, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the Exchange Act. To the extent any provision of the plan or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

19.5 Governing Law. To the extent not preempted by Federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Florida.

19.6 No Guarantee of Tax Treatment. Notwithstanding any provision of the Plan, the Company does not guarantee to any Participant or any other person with an interest in an Award that (a) any Award intended to be exempt from Code Section 409A or Code Section 457A shall be so exempt, (b) any Award intended to comply with Code Section 409A or Code Section 422 shall so comply, (c) any Award shall otherwise receive a specific tax treatment under any other applicable tax law, nor in any such case will the Company or any affiliate indemnify, defend or hold harmless any individual with respect to the tax consequences of any Award.

19.7 Compensation Recoupment Policies. Any Awards granted pursuant to this Plan, and any Shares issued or cash paid pursuant to an Award, shall be subject to (a) any recoupment, clawback, equity holding, Share ownership or similar policies adopted by the Company from time to time and (b) any recoupment, clawback, equity holding, Share ownership or similar requirements made applicable to the Company from time to time by law, regulation or listing standards.

19.8 Limitations on Actions. Any legal action or proceeding with respect to this Plan, any Award or any award agreement, must be brought within one (1) year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint.

Exhibit 31.1

Certification by Chief Executive Officer
Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, John E. Geller, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Marriott Vacations Worldwide Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2023

/s/ John E. Geller, Jr.
John E. Geller, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification by Chief Financial Officer
Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Jason P. Marino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Marriott Vacations Worldwide Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 3, 2023

/s/ Jason P. Marino
Jason P. Marino
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification by Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, John E. Geller, Jr., President and Chief Executive Officer of Marriott Vacations Worldwide Corporation (the “Company”) certify that:

1. the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2023 (the “Quarterly Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 3, 2023

/s/ John E. Geller, Jr.
John E. Geller, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification by Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Jason P. Marino, Executive Vice President and Chief Financial Officer of Marriott Vacations Worldwide Corporation (the “Company”) certify that:

1. the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2023 (the “Quarterly Report”), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 3, 2023

/s/ Jason P. Marino
Jason P. Marino
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)