# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

## FORM 8-K

### Current Report

**Pursuant to Section 13 or 15(d) of**
**The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) February 25, 2013**

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

| Delaware | 001-35219 | 45-2598330 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| 6649 Westwood Blvd., Orlando, FL | 32821 |
|---|---|
| (Address of principal executive offices) | (Zip Code) |

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

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

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

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

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

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

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

**Item 7.01 Regulation FD Disclosure**

Marriott Vacations Worldwide Corporation is furnishing the slides to be provided during a series of presentations to members of the investment community beginning on February 25, 2013 as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Current Report on Form 8-K, including the presentation slides furnished as Exhibit 99.1 hereto, shall not be deemed to be "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, and shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

| | |
|---|---|
| Exhibit 99.1 | Slide Presentation. |

## 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 hereunto duly authorized.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**
(Registrant)

Date: February 25, 2013

| | |
|---|---|
| By: | /s/ John E. Geller, Jr. |
| Name: | John E. Geller, Jr. |
| Title: | Executive Vice President and Chief Financial Officer |

**EXHIBIT INDEX**

| Exhibit No. | Description |
|---|---|
| 99.1 | Slide Presentation. |

Exhibit 99.1

MARRIOTT VACATIONS WORLDWIDE

# Marriott Vacations Worldwide Corporation

February 25, 2013

# Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of federal securities laws, including statements about earnings trends, estimates, and assumptions, and similar statements concerning anticipated future events and expectations that are not historical facts. We caution you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including volatility in the economy and the credit markets, supply and demand changes for vacation ownership and residential products, competitive conditions, the availability of capital to finance growth, and other matters referred to under the heading "Risk Factors" contained in our most recent annual report on Form 10-K filed with the U.S Securities and Exchange Commission (the "SEC") and in subsequent SEC filings, any of which could cause actual results to differ materially from those expressed in or implied in this presentation. These statements are made as of February 25, 2013 and we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Throughout this presentation we report certain financial measures, each identified with a double asterisk ("**"), that are not prescribed or authorized by United States generally accepted accounting principles ("GAAP"). We discuss our reasons for reporting these non-GAAP measures and reconcile each to the most directly comparable GAAP measure at the end of this presentation.

# Introduction

**Stephen P. Weisz**
President and
Chief Executive Officer

**John E. Geller, Jr.**
Executive Vice President and
Chief Financial Officer

**Jeff Hansen**
Vice President, Investor Relations

# Who We Are and What We Do

MARRIOTT VACATIONS WORLDWIDE[SM]

- **Who we are:**
  - Marriott Vacations Worldwide Corporation ("VAC") is an industry leader in the upscale and luxury vacation ownership segments
    - More than 420,000 owners
    - Over 60 global vacation and resort destinations
- **What we do:**
  - Sell vacation ownership products
  - Rent vacation ownership inventory
  - Finance consumer purchases of vacation ownership products
  - Manage resorts and provide services for owners and members
  - Revenues are derived from diverse sources and nearly half is recurring and stable

**Mission Statement:**

**Deliver Unforgettable Experiences That Make Vacation Dreams Come True!**

# Strategic Initiatives

MARRIOTT VACATIONS WORLDWIDE[SM]

Improve Development Margin:
- Marketing and Sales
- Cost of Vacation Ownership Products

Growth:
- New Timeshare Properties / Sales Distributions
- New Timeshare Business Opportunities

Rationalize Organizational Structure and Costs

Sell Excess Land and Luxury Inventory

# Segment Strategies

MARRIOTT VACATIONS WORLDWIDE SM

**NORTH AMERICA**

- Improve development margins
  - Leverage fixed marketing and sales costs through increased sales efficiency
  - Lower cost of vacation ownership products sold
- Improve rental margins
- Continue to enhance Marriott Vacation Club Destinations™ offerings.
- Add new resort inventory with new sales distributions and vacation experiences

**ASIA PACIFIC**

- Add new resort locations with on-site sales distribution
- Improve development margins
- Continue to enhance Asia points product offerings

# Segment Strategies

MARRIOTT VACATIONS WORLDWIDE

**EUROPE**

- Sell remaining developed inventory over next 2 years
- Enhanced value proposition through access to the North America points program

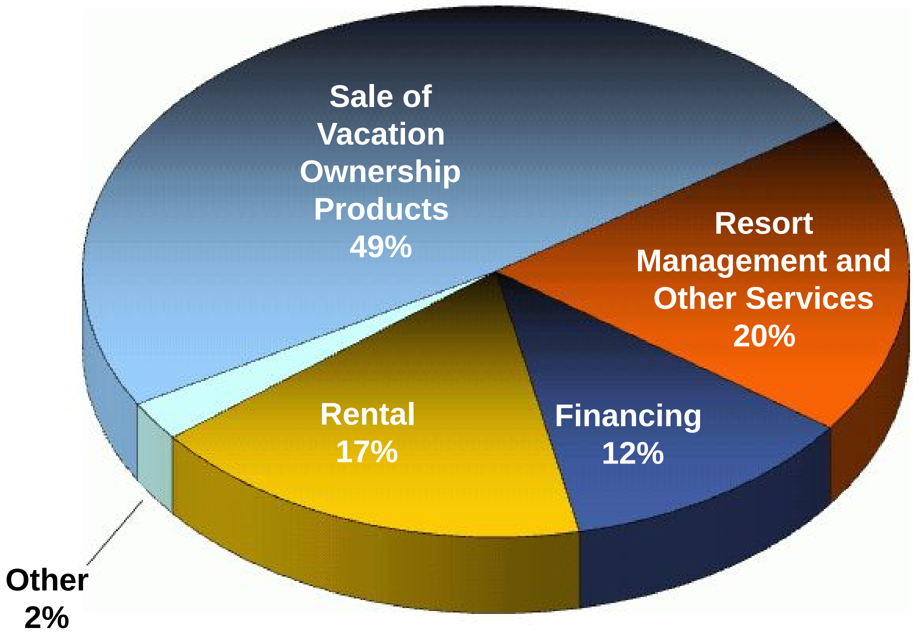
**LUXURY**

- Sell excess Luxury inventory through the North America points program over the next 2 to 3 years
- Reduce Luxury unsold maintenance fees
- Enhance offerings to existing Luxury fractional owners

# Diversified Revenue Sources

MARRIOTT VACATIONS WORLDWIDE

## 2012 Revenues**




**$1,286 Million****

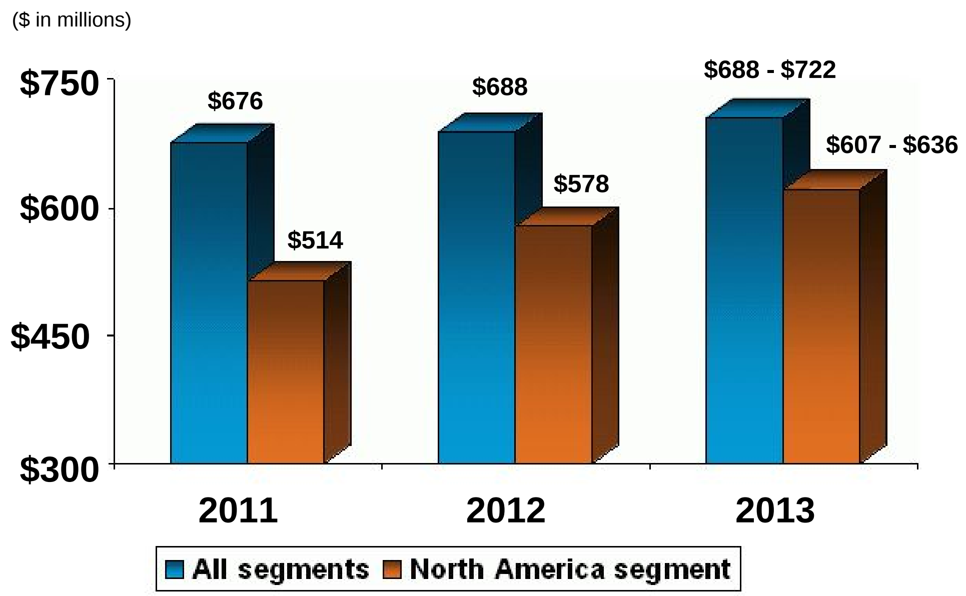
** 2012 revenues excludes cost reimbursements of $362 million. See non-GAAP financial measures.

# Gross Contract Sales Performance

MARRIOTT VACATIONS WORLDWIDE SM

**Total gross contract sales for 2013 are projected to be flat to 5% higher than 2012**

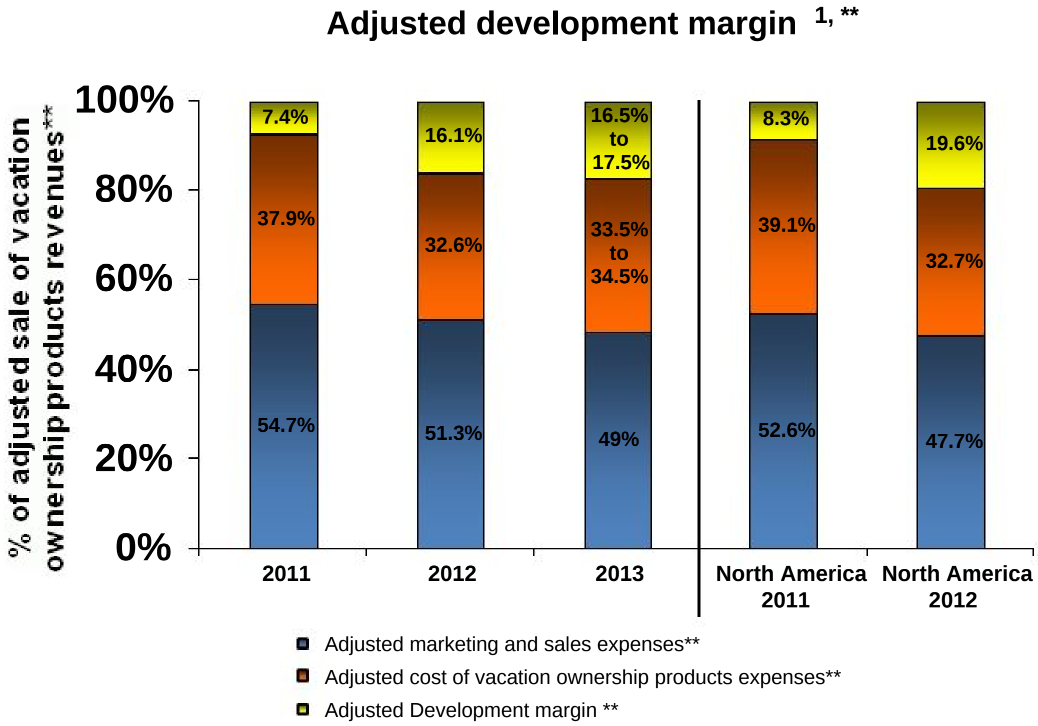
**North America gross contract sales are projected to increase 5% to 10% from 2012**




**North America 2013 Contract Sales projected to increase by $29 million to $58 million from 2012, driven by volume per guest increases.**

# Improving Development Margins

**1% pt margin improvement = ~$7M in Adj. EBITDA**



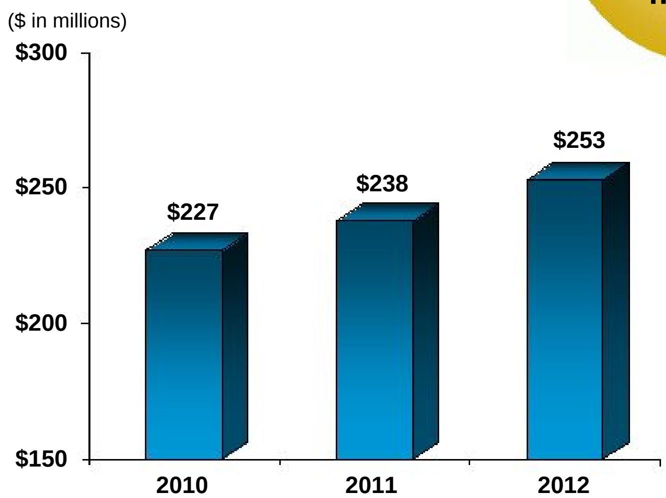

[1] Development margin represents sale of vacation ownership products revenues, net of expenses (sale of vacation ownership products revenues less the cost of vacation ownership products expenses and marketing and sales expenses) divided by sale of vacation ownership products revenues.

** See Non-GAAP Financial Measures for adjustments to Development margin.

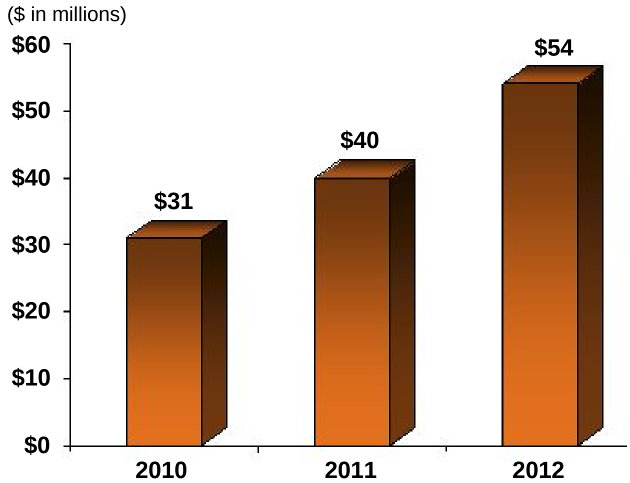
# Resort Management and Other Services revenues net of expenses

Increasing management fees and club dues; improving margins

Resort Management and Other Services revenues




Resort Management and Other Services revenues net of expenses

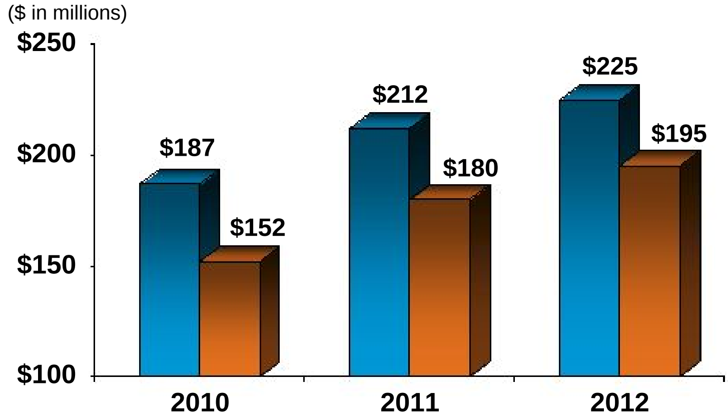



**Management fees increase from $60 million in 2010 to $67 million in 2012.**
**Club dues increase from $7 million in 2010 to $22 million in 2012.**

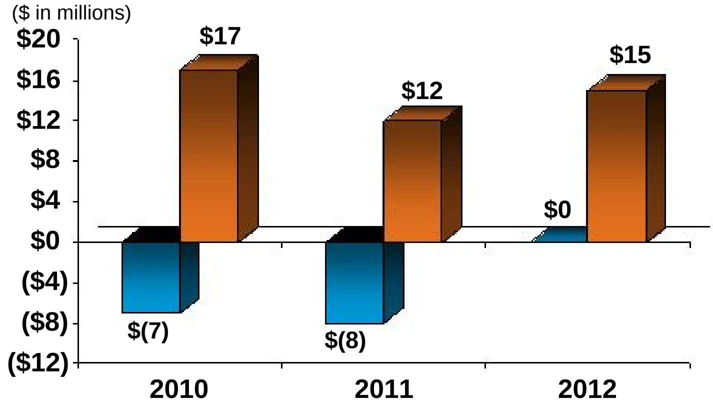
# Rental revenues net of expenses

**Improving rental margins**

**Rental revenues**



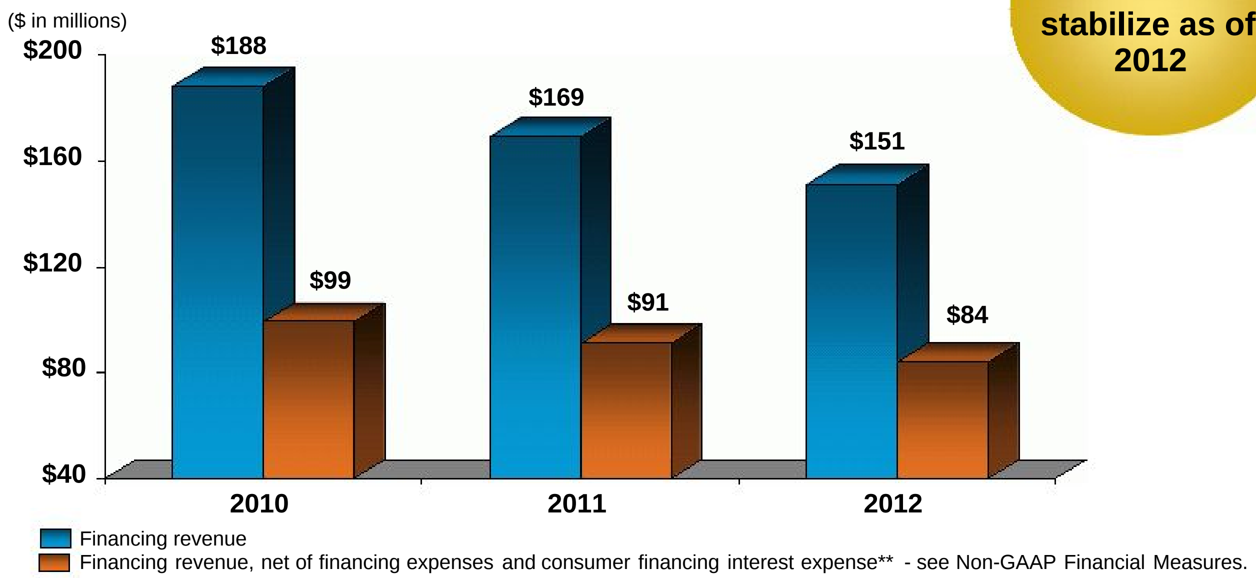

**Rental revenues net of expenses**




All segments   North America segment

**Maintenance fees from unsold inventory totaled $68 million in 2010, $65 million in 2011 and $60 million in 2012.**

# Financing revenues net of financing expenses and consumer financing interest expense




**Profits should stabilize as of 2012**

**Consumer financing interest expense decreases from $63 million on a pro forma basis in 2010 down to $41 million in 2012.**

# 2013 Guidance

MARRIOTT VACATIONS WORLDWIDE

| ($ in millions) | 2011 | 2012 | 2013 Outlook (ranges) | |
|---|---|---|---|---|
| Gross Contract Sales | $ 676 | $ 688 | $ 688 | $ 722 |
| Adjusted Development Margin** | 7.4% | 16.1% | 16.5% | 17.5% |
| Adjusted Net Income** | $ 20 | $ 50 | $ 66 | $ 74 |
| Adjusted EBITDA, as adjusted** | $ 96 | $ 138 | $ 150 | $ 165 |

** See Non-GAAP Financial Measures.

# Normalized Adjusted Free Cash Flow ** - 2013

MARRIOTT VACATIONS WORLDWIDE

| *($ in millions)* | 2013 Outlook Low | 2013 Outlook High | 2013 Outlook *Mid-Point* | *Adjustments* | | *2013 Normalized ** * |
|---|---|---|---|---|---|---|
| **Adjusted net income ** ** | $ 66 | $ 74 | *$ 70* | | | *$ 70* |
| *Adjustments to reconcile Adjusted net income to net cash provided by operating activities:* | | | | | | |
| Adjustments for non-cash items [1] | 84 | 86 | *85* | | | *85* |
| Deferred income taxes | (10) | (14) | *(12)* | *$ 12* | 2 | *-* |
| Net change in assets and liabilities: | | | | | | |
| Notes receivable originations | (275) | (285) | *(280)* | | | *(280)* |
| Notes receivable collections | 275 | 280 | *278* | | | *278* |
| Inventory | - | 10 | *5* | | | *5* |
| Liability for Marriott Rewards customer loyalty program | (40) | (45) | *(43)* | *43* | 3 | *-* |
| Organizational and separation related and litigation charges | (33) | (30) | *(32)* | *32* | 4 | *-* |
| Other working capital changes | (30) | (23) | *(27)* | *10* | 5 | *(17)* |
| **Net cash provided by operating activities** | 37 | 53 | *45* | *96* | | *141* |
| Capital expenditures for property and equipment: | | | | | | |
| Organizational and separation related capital expenditures | (7) | (10) | *(9)* | *9* | 4 | *-* |
| Other | (25) | (18) | *(22)* | | | *(22)* |
| Increase in restricted cash | (4) | (2) | *(3)* | | | *(3)* |
| **Free cash flow ** ** | 1 | 23 | *12* | *105* | | *117* |
| **Borrowings from securitization transactions** | 307 | 298 | *303* | | | *303* |
| **Repayment of debt related to securitizations** | (318) | (311) | *(315)* | | | *(315)* |
| Subtotal | (11) | (13) | *(12)* | - | | *(12)* |
| **Adjusted free cash flow ** ** | $ (10) | $ 10 | *$ -* | *$ 105* | | *$ 105* |

[1] Includes depreciation, amortization of debt issuance costs, provision for loan losses, gain/loss on disposals, and share-based compensation.

[2] Represents higher cash taxes resulting from the tax benefits remaining with Marriott International as part of the Spin-off.

[3] Represents payment for Marriott Rewards Points issued prior to the Spin-off. Liability to be fully paid in 2016.

[4] Represents costs associated with MVW's organizational and separation related efforts (efforts projected to be completed in 2014) as well as litigation cash settlements to be paid in 2013.

[5] Represents elimination of one-time cash outflows.

** See Non-GAAP Financial Measures.

# Inventory Calculation - Example

- Example assumes revenue from the sale of vacation ownership products grows annually at 5%.
- With those growth levels, MVW would target inventory of $514M on hand at the end of 2016 which represents 2 years of inventory on hand (considered stabilized level).
- As such, with inventory of $604M on hand at the beginning of 2013, MVW's inventory would need to be reduced by $90M by the end of 2016.

| **($ in millions)** | **2013** | **2014** | **2015** | **2016** |
|---|---|---|---|---|
| **Sale of vacation ownership products revenue** | $ 663 | $ 696 | $ 731 | $ 768 |
| **Cost of vacation ownership products** | $ 220 | $ 233 | $ 245 | $ 257 |
| **Product cost percentage** | 33% | 33% | 33% | 33% |
| | | | | |
| ***Inventory on-hand:*** | | | | |
| - Assume stablized inventory on-hand of 2 years | | | *Inventory Requirement:* | $ 514 |
| | | | | 2013 -2016 |
| | | | Balance at beginning of 2013[1] | $ 604 |
| | | | *Spending less than product cost* | (90) |
| | | | Balance desired at end of 2016 | $ 514 |

[1] Includes finished goods of $484M and work-in-progress of $120M at the beginning of 2013 (excludes land and infrastructure)

# Strategic Initiatives

Improve Development Margin:

- Marketing and Sales
- Cost of Vacation Ownership Products

Growth:

- New Timeshare Properties / Sales Distributions
- New Timeshare Business Opportunities

Rationalize Organizational Structure and Costs

Sell Excess Land and Luxury Inventory

# Appendix

# Normalized Adjusted Free Cash Flow ** - 2012

MARRIOTT VACATIONS WORLDWIDE

| *($ in millions)* | *2012 Actual* | *Adjustments* | | *2012 Normalized ***|
|---|---|---|---|---|
| **Adjusted net income **** | $ 50 | | | $ 50 |
| *Adjustments to reconcile Adjusted net income to net cash provided by operating activities:* | | | | |
| Adjustments for non-cash items [1] | 77 | | | 77 |
| Deferred income taxes | (50) | $ 50 | 4 | - |
| Net change in assets and liabilities: | | | | |
| Notes receivable originations | (262) | | | (262) |
| Notes receivable collections | 311 | | | 311 |
| Inventory | 68 | (68) | 5 | - |
| Liability for Marriott Rewards customer loyalty program | (64) | 64 | 6 | - |
| Organizational and separation related and litigation charges | (57) | 57 | 7 | - |
| Other working capital changes | 90 | (105) | 8 | (15) |
| **Net cash provided by operating activities** | 163 | (2) | | 161 |
| Capital expenditures for property and equipment: | | | | |
| Organizational and separation related capital expenditures | (2) | 2 | 7 | - |
| Other | (15) | | | (15) |
| Increase in restricted cash | 12 | | | 12 |
| **Free cash flow **** | 158 | - | | 158 |
| **Borrowings from securitization transactions** | 238 | | | 238 |
| **Repayment of debt related to securitizations** | (411) | | | (411) |
| Subtotal | (173) | - | | (173) |
| **Adjusted free cash flow **** | (15) | - | | (15) |
| Borrowings available from the securitization of sellable vacation ownership notes receivable through the Warehouse Credit Facility [2] | 109 | | | 109 |
| Litigation settlement [3] | 38 | (38) | | - |
| **Adjusted free cash flow, as adjusted ** (excluding Litigation settlement)** | $ 132 | $ (38) | | $ 94 |

[1] Includes depreciation, amortization of debt issuance costs, provision for loan losses, excess tax benefit on share-based compensation, share-based compensation, gain/loss on disposals, equity method loss, and impairment reversals on equity investment.

[2] Represents cash available to Marriott Vacations Worldwide to the extent the company securitized sellable vacation ownership notes receivable through the Warehouse Credit Facility at year end.

[3] Represents cash outflow not reflected in previous guidance.

[4] Represents higher cash taxes resulting from the tax benefits remaining with Marriott International as part of the Spin-off.

[5] Represents adjustment to align real estate inventory spending with real estate inventory costs (i.e., product costs).

[6] Represents payment for Marriott Rewards Points issued prior to the Spin-off. Liability to be fully paid in 2016.

[7] Represents costs associated with MVW's organizational and separation related efforts (efforts projected to be completed in 2014) as well as a litigation cash settlement paid in 2012.

[8] Represents elimination of one-time cash inflows mainly associated with the Spin-off (e.g., health and welfare plans, 401k plan, timing of other payments, etc.).

** See Non-GAAP Financial Measures.

# Non-GAAP Financial Measures

MARRIOTT VACATIONS WORLDWIDE

In this presentation we report certain financial measures that are not prescribed or authorized by United States generally accepted accounting principles ("GAAP"). We discuss management's reasons for reporting these non-GAAP financial measures below, and reconcile the most directly comparable GAAP financial measure to each non-GAAP financial measure that we refer to (identified by a double asterisk ("**") in this presentation). Although management evaluates and presents these non-GAAP financial measures for the reasons described below, please be aware that these non-GAAP financial measures have limitations and should not be considered in isolation or as a substitute for revenues, net income, earnings per share or any other comparable operating measure prescribed by GAAP. In addition, these non-GAAP financial measures may be calculated and / or presented differently than measures with the same or similar names that are reported by other companies, and as a result, the non-GAAP financial measures we report may not be comparable to those reported by others.

**Adjusted Net Income and Adjusted Pro Forma Net Income.** Management evaluates non-GAAP financial measures that (1) exclude charges incurred in the 16 weeks and 52 weeks ended December 28, 2012 and December 30, 2011, including non-cash impairment charges and other charges, (2) exclude the gain on the disposition of a Luxury segment golf course and related assets in the 16 weeks and 52 weeks ended December 28, 2012, and (3) include pro forma adjustments for the 16 weeks and 52 weeks ended December 30, 2011 to reflect results as if the company were a stand alone public company in such period, because those non-GAAP financial measures allow for period-over-period comparisons of our on-going core operations before the impact of material charges and the gain on the disposition of Luxury segment assets. These adjustments are itemized below and on the following pages. These non-GAAP financial measures also facilitate management's comparison of results from our on-going operations before material charges and the gain on the disposition of Luxury segment assets with results from other vacation ownership companies.

***Other Charges - 16 weeks and 52 weeks ended December 28, 2012.*** In our 16 weeks ended December 28, 2012 Statements of Operations, we recorded $52 million of pre-tax charges comprised of $39 million for a legal settlement related to a project in our Luxury segment under the "Litigation settlement" caption, $7 million of organizational and separation related costs under the "Organizational and separation related" caption, $4 million related to closing off-site sales locations in our Asia Pacific segment under the "Marketing and sales" caption, $1 million of severance in our Europe segment under the "Marketing and sales" caption, and $1 million of costs associated with removing the Ritz-Carlton brand from one of our properties in the Luxury segment under the "Resort management and other services" caption. In our 52 weeks ended December 28, 2012 Statements of Operations, we recorded $64 million of pre-tax charges comprised of $41 million for a legal settlement related to a project in our Luxury segment under the "Litigation settlement" caption, $16 million of organizational and separation related costs under the "Organizational and separation related" caption, $4 million related to closing off-site sales locations in our Asia Pacific segment under the "Marketing and sales" caption, $1 million of severance in our Luxury segment under the "Marketing and sales" caption, $1 million of severance in our Europe segment under the "Marketing and sales" caption, and $1 million of costs associated with removing the Ritz-Carlton brand from one of our properties in the Luxury segment under the "Resort management and other services" caption.

# Non-GAAP Financial Measures

MARRIOTT VACATIONS WORLDWIDE

**Adjusted Net Income and Adjusted Pro Forma Net Income (continued)**

***Other Charges - 16 weeks and 52 weeks ended December 30, 2011.*** In our 16 weeks ended December 30, 2011 Statements of Operations, we recorded $10 million of pre-tax charges comprised of $4 million of spin-off related charges under the "General and administrative" caption, $3 million of severance costs ($1 million under the "Marketing and sales" caption and $2 million under the "General and administrative" caption), and $3 million of legal related charges under the "Marketing and sales" caption. In our 52 weeks ended December 30, 2011 Statements of Operations, we recorded $18 million of pre-tax charges comprised of $5 million of severance costs ($3 million under the "Marketing and sales" caption and $2 million under the "General and administrative" caption), $4 million of spin-off related charges under the "General and administrative" caption, $3 million of costs related to ADA compliance and Hurricane Irene damage at a resort in the Bahamas under the "Cost of vacation ownership products" caption, $3 million for a legal settlement related to a project in our Luxury segment under the "Litigation settlement" caption, and $3 million of legal related charges under the "Marketing and sales" caption.

***Non-cash Impairment Charges - 16 weeks and 52 weeks ended December 28, 2012.*** In our 16 weeks ended December 28, 2012 Statements of Operations, we did not record any non-cash impairment charges. In our 52 weeks ended December 28, 2012 Statements of Operations, we reversed $2 million related to our previously recorded impairment of an equity investment in a Luxury segment vacation ownership joint venture project, because the actual costs incurred to suspend the marketing and sales operations were lower than previously estimated, under the "Impairment reversals on equity investment" caption.

***Non-cash Impairment Charges - 16 weeks and 52 weeks ended December 30, 2011.*** In our 16 weeks ended December 30, 2011 Statements of Operations, we did not record any non-cash impairment charges. In preparation for the spin-off from Marriott International, management assessed the intended use of excess undeveloped land and built inventory and the current market conditions for those assets. During 2011, management approved a plan to accelerate cash flow through the monetization of certain excess undeveloped land in the United States, Mexico, and the Bahamas and to accelerate sales of excess built Luxury fractional and residential inventory. As a result, in accordance with the guidance for accounting for the impairment or disposal of long-lived assets, because the nominal cash flows from the planned land sales and the estimated fair values of the land and excess built Luxury inventory were less than their respective carrying values, we recorded a pre-tax non-cash impairment charge of $324 million in our 36 weeks ended September 9, 2011 Statements of Operations under the “Impairment” caption. Additionally, in our 36 weeks ended September 9, 2011 Statements of Operations, under the "Impairment reversals on equity investment" caption, we reversed nearly $4 million of a more than $16 million funding liability we originally recorded in 2009 related to a Luxury segment vacation ownership joint venture project, based on facts and circumstances surrounding the project, including favorable resolution of certain construction related claims and contingent obligations to refund certain deposits relating to sales that have subsequently closed.

# Non-GAAP Financial Measures

**Adjusted Net Income and Adjusted Pro Forma Net Income (continued)**

***Gain on the disposition of a Luxury segment golf course and related assets - 16 weeks and 52 weeks ended December 28, 2012.*** In our 16 weeks and 52 weeks ended December 28, 2012 Statements of Operations, we recorded a net $8 million gain associated with the sale of the golf course, clubhouse and spa formally known as The Ritz-Carlton Golf Club and Spa, Jupiter in our Luxury segment under the "Gains and other income" caption.

***Pro Forma Adjustments - 16 weeks and 52 weeks ended December 30, 2011.*** In our 16 weeks ended December 30, 2011 Statements of Operations, we included $18 million of pre-tax pro forma adjustments comprised of $15 million of royalty fees, $2 million of interest expense and $1 million of dividends on mandatorily redeemable preferred stock of a consolidated subsidiary. In our 52 weeks ended December 30, 2011 Statements of Operations, we included $71 million of pre-tax pro forma adjustments comprised of $58 million of royalty fees, $9 million of interest expense and $4 million of dividends on mandatorily redeemable preferred stock of a consolidated subsidiary.

**Adjusted Development Margin (Adjusted Sale of Vacation Ownership Products Net of Expenses).** Management also evaluates Adjusted Development Margin (Adjusted Sale of Vacation Ownership Products Net of Expenses) as an indicator of operating performance. Our Adjusted Development Margin adjusts Sale of vacation ownership products revenues for the impact of revenue reportability, includes corresponding adjustments to both the Cost of vacation ownership products expense and the Marketing and sales expense associated with the change in revenues from the Sale of vacation ownership products, and includes adjustments for other charges itemized in our Adjusted Net Income and Adjusted Pro Forma Net Income non-GAAP financial measures explanation above. We evaluate Adjusted Development Margin because it allows for period-over-period comparisons of our ongoing core operations before the impact of revenue reportability and other charges on our Development margin.

**Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA").** EBITDA, a financial measure which is not prescribed or authorized by GAAP, reflects earnings excluding the impact of interest expense, provision for income taxes, depreciation and amortization. We consider EBITDA to be an indicator of operating performance, and we use it to measure our ability to service debt, fund capital expenditures and expand our business. We also use EBITDA, as do analysts, lenders, investors and others, because it 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 provision for income taxes can vary considerably among companies. EBITDA also excludes 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.

# Non-GAAP Financial Measures

**Adjusted EBITDA.** We also evaluate Adjusted EBITDA, another non-GAAP financial measure, as an indicator of performance. Our Adjusted EBITDA excludes the impact of non-cash impairment charges or reversals and restructuring charges and includes the impact of interest expense associated with the debt from the Warehouse Credit Facility and from the securitization of our vacation ownership notes receivable in the term ABS market, which together we refer to as consumer financing interest expense. We deduct consumer financing interest expense in determining Adjusted EBITDA since the debt is secured by vacation ownership notes receivable that have been sold to bankruptcy remote special purpose entities and is generally non-recourse to us. We evaluate Adjusted EBITDA, which adjusts for these items, to allow for period-over-period comparisons of our ongoing core operations before material charges. Adjusted EBITDA is also useful in measuring our ability to service our non-securitized debt. Together, EBITDA and Adjusted EBITDA facilitate our comparison of results from our ongoing operations with results from other vacation ownership companies.

**Adjusted EBITDA as adjusted and Adjusted Pro Forma EBITDA as adjusted.** Management also evaluates Adjusted EBITDA as adjusted and Adjusted Pro Forma EBITDA as adjusted, which reflect adjustments for other charges incurred in the 16 weeks and 52 weeks ended December 28, 2012 and December 30, 2011, as well as the gain on the disposition of a Luxury segment golf course and related assets in the 16 weeks and 52 weeks ended December 28, 2012, and include pro forma adjustments for the 16 weeks and 52 weeks ended December 30, 2011, as itemized in our Adjusted Net Income and Adjusted Pro Forma Net Income non-GAAP financial measures explanation. We evaluate Adjusted EBITDA as adjusted and Adjusted Pro Forma EBITDA as adjusted as indicators of operating performance because they allow for period-over-period comparisons of our ongoing core operations before the impact of material charges and the gain on the disposition of Luxury segment assets, and reflect results as if we were a stand alone public company in each period.

# Non-GAAP Financial Measures

MARRIOTT VACATIONS WORLDWIDE

**Free Cash Flow.** Management also evaluates Free Cash Flow as a liquidity measure that provides useful information to management and investors about the amount of cash provided by operating activities after capital expenditures for property and equipment and changes in restricted cash. Management considers Free Cash Flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business that can be used for strategic opportunities, including making acquisitions and strengthening the balance sheet. Analysis of Free Cash Flow also facilitates management's comparison of the Company's results to its competitors' results.

**Adjusted Free Cash Flow.** Management also evaluates Adjusted Free Cash Flow as a liquidity measure that provides useful information to management and investors about the amount of cash provided by operating activities after capital expenditures for property and equipment, changes in restricted cash, and the borrowing and repayment activity related to our securitizations. Management considers Adjusted Free Cash Flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business that can be used for strategic opportunities, including making acquisitions and strengthening the balance sheet. Analysis of Adjusted Free Cash Flow also facilitates management's comparison of the Company's results to its competitors' results.

**Normalized Adjusted Free Cash Flow.** Management also evaluates Normalized Adjusted Free Cash Flow as a liquidity measure that provides useful information to management and investors about the amount of cash provided by operating activities after capital expenditures for property and equipment, changes in restricted cash, the borrowing and repayment activity related to our securitizations, and adjustments to remove the impact of cash flow items not expected to occur on a regular basis. Adjustments in 2012 and 2013 eliminate the impact of excess cash taxes, payments of Marriott Rewards Points issued prior to the Spin-off, payments for organizational and separation related efforts, litigation cash settlements and other working capital changes. Adjustments in 2012 also eliminate the benefit of lower real estate inventory spending. Management considers Normalized Adjusted Free Cash Flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business that can be used for strategic opportunities, including making acquisitions and strengthening the balance sheet. Analysis of Normalized Adjusted Free Cash Flow also facilitates management's comparison of the Company's results to its competitors' results.

# Non-GAAP Financial Measures

**Financing Revenue, Net of Financing Expenses and Consumer Financing Interest Expense.** Financing revenue, net of financing expenses and consumer financing interest expense includes interest income earned on vacation ownership notes receivable as well as fees earned from servicing the existing loan portfolio, net of direct costs to support the financing, servicing and securitization processes, as well as consumer financing interest expense. We believe it is a meaningful measure as it highlights the overall profitability of our financing business.

| ($ in millions) | 2010 | 2011 | 2012 |
|---|---|---|---|
| Financing revenue | $ 188 | $ 169 | $ 151 |
| Less: financing expenses | (26) | (28) | (26) |
| Less: consumer financing interest expense [1] | (63) | (50) | (41) |
| Financing revenue, net of financing expenses and consumer financing interest expense** | $ 99 | $ 91 | $ 84 |

** Denotes non-GAAP financial measures.

[1]Consumer financing interest expense includes pro forma adjustments of $7 million and $3 million for 2010 and 2011, respectively.

**Total Revenues Excluding Cost Reimbursements.** Cost reimbursements revenue includes direct and indirect costs that property owners' associations and joint ventures we participate in reimburse to us, and relates, predominantly, to payroll costs where we are the employer. As we record cost reimbursements based upon costs incurred with no added markup, this revenue and related expense has no impact on net income attributable to us because cost reimbursements revenue net of reimbursed costs expense is zero. We consider total revenues excluding cost reimbursements to be a meaningful metric as it represents that portion of revenue that impacts net income attributable to us.

| ($ in millions) | 2012 |
|---|---|
| Total revenues | $ 1,648 |
| Less: cost reimbursements | (362) |
| Total revenues excluding cost reimbursements** | $ 1,286 |

** Denotes non-GAAP financial measures.

# Non-GAAP Financial Measures – Consolidated Adjusted Development Margin (Adjusted Sale of Vacation Ownership Products Net of Expenses)

MARRIOTT VACATIONS WORLDWIDE

## CONSOLIDATED GROSS COMPANY-OWNED CONTRACT SALES TO SALE OF VACATION OWNERSHIP PRODUCTS

| ($ in millions) | 52 Weeks Ended December 28, 2012 | 52 Weeks Ended December 30, 2011 |
|---|---|---|
| Gross company-owned contract sales [1] | $ 688 | $ 658 |
| Revenue recognition adjustments: | | |
| Reportability [2] | (6) | 25 |
| Sales Reserve [3] | (42) | (36) |
| Other | (13) | (13) |
| Sale of vacation ownership products | $ 627 | $ 634 |

1 Gross company-owned contract sales excludes sales generated under a marketing sales arrangement with a joint venture and cancellation reversals.

2 Adjustment for lack of required downpayment, contract sales in rescission period, or percentage completion accounting on company-owned contract sales.

3 Represents additional reserve for current year financed vacation ownership product sales, which we also refer to as sales reserve.

4 Adjustment for sales incentives that will not be recognized as Sale of vacation ownership products revenues.

## CONSOLIDATED ADJUSTED DEVELOPMENT MARGIN (ADJUSTED SALE OF VACATION OWNERSHIP PRODUCTS NET OF EXPENSES)**

| ($ in millions) | As Reported 52 Weeks Ended December 28, 2012 | Other Charges | Revenue Recognition Reportability Adjustment | As Adjusted 52 Weeks Ended December 28, 2012 ** | As Reported 52 Weeks Ended December 30, 2011 | Other Charges | Revenue Recognition Reportability Adjustment | As Adjusted 52 Weeks Ended December 30, 2011 ** |
|---|---|---|---|---|---|---|---|---|
| Sale of vacation ownership products | $ 627 | $ - | $ 6 | $ 633 | $ 634 | $ - | $ (25) | $ 609 |
| Less: | | | | | | | | |
| Cost of vacation ownership products | 205 | - | 2 | 207 | 242 | (3) | (9) | 230 |
| Marketing and sales | 330 | (6) | - | 324 | 342 | (6) | (3) | 333 |
| Development margin | $ 92 | $ 6 | $ 4 | $ 102 | $ 50 | $ 9 | $ (13) | $ 46 |
| *Development margin percentage* [1] | *14.8%* | | | *16.1%* | *8.0%* | | | *7.4%* |

** Denotes non-GAAP financial measures.

Note: We have reclassified certain prior year amounts to conform to our 2012 presentation.

1 Development margin percentage represents Development margin divided by Sale of vacation ownership products. Development margin percentage is calculated using whole dollars.

# Non-GAAP Financial Measures – North America
## Adjusted Development Margin (Adjusted Sale of Vacation Ownership Products Net of Expenses)

MARRIOTT VACATIONS WORLDWIDE SM

NORTH AMERICA GROSS COMPANY-OWNED CONTRACT SALES TO SALE OF VACATION OWNERSHIP PRODUCTS

| ($ in millions) | 52 Weeks Ended December 28, 2012 | 52 Weeks Ended December 30, 2011 |
|---|---|---|
| Gross company-owned contract sales | $ 578 | $ 514 |
| Revenue recognition adjustments: | | |
| Reportability [1] | (4) | 20 |
| Sales Reserve [2] | (32) | (37) |
| Other [3] | (13) | (13) |
| Sale of vacation ownership products | $ 529 | $ 484 |

[1] Adjustment for lack of required downpayment, contract sales in rescission period, or percentage completion accounting on company-owned contract sales.

[2] Represents additional reserve for current year financed vacation ownership product sales, which we also refer to as sales reserve.

[3] Adjustment for sales incentives that will not be recognized as Sale of vacation ownership products revenues.

NORTH AMERICA ADJUSTED DEVELOPMENT MARGIN (ADJUSTED SALE OF VACATION OWNERSHIP PRODUCTS NET OF EXPENSES)

| ($ in millions) | As Reported 52 Weeks Ended December 28, 2012 | Revenue Recognition Reportability Adjustment | As Adjusted 52 Weeks Ended December 28, 2012 ** | As Reported 52 Weeks Ended December 30, 2011 | Other Charges | Revenue Recognition Reportability Adjustment | As Adjusted 52 Weeks Ended December 30, 2011 ** |
|---|---|---|---|---|---|---|---|
| Sale of vacation ownership products | $ 529 | $ 4 | $ 533 | $ 484 | $ - | $ (20) | $ 464 |
| Less: | | | | | | | |
| Cost of vacation ownership products | 173 | 2 | 175 | 190 | (1) | (8) | 181 |
| Marketing and sales | 254 | - | 254 | 248 | (2) | (2) | 244 |
| Development margin | $ 102 | $ 2 | $ 104 | $ 46 | $ 3 | $ (10) | $ 39 |
| *Development margin percentage* [1] | *19.3%* | | *19.6%* | *9.5%* | | | *8.3%* |

** Denotes non-GAAP financial measures.

[1] Development margin percentage represents Development margin divided by Sale of vacation ownership products. Development margin percentage is calculated using whole dollars.

# Non-GAAP Financial Measures – 2012
## Adjusted Net Income and 2011 Adjusted Pro Forma Net Income

MARRIOTT VACATIONS WORLDWIDE

| ($ in millions) | As Reported 52 Weeks Ended December 28, 2012 | Other Charges | As Adjusted 52 Weeks Ended December 28, 2012 ** | As Reported 52 Weeks Ended December 30, 2011 | Other Charges | Pro-Forma | As Adjusted Pro-Forma 52 Weeks Ended December 30, 2011 ** |
|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | |
| Sale of vacation ownership products | $ 627 | $ - | $ 627 | $ 634 | $ - | $ - | $ 634 |
| Resort management and other services | 253 | - | 253 | 238 | - | - | 238 |
| Financing | 151 | - | 151 | 169 | - | - | 169 |
| Rental | 225 | - | 225 | 212 | - | - | 212 |
| Other | 30 | - | 30 | 29 | - | - | 29 |
| Cost reimbursements | 362 | - | 362 | 331 | - | - | 331 |
| Total revenues | 1,648 | - | 1,648 | 1,613 | - | - | 1,613 |
| **Expenses** | | | | | | | |
| Cost of vacation ownership products | 205 | - | 205 | 242 | (3) | - | 239 |
| Marketing and sales | 330 | (6) | 324 | 342 | (6) | - | 336 |
| Resort management and other services | 199 | (1) | 198 | 198 | - | - | 198 |
| Financing | 26 | - | 26 | 28 | - | - | 28 |
| Rental | 225 | - | 225 | 220 | - | - | 220 |
| Other | 14 | - | 14 | 13 | - | - | 13 |
| General and administrative | 86 | - | 86 | 81 | (6) | - | 75 |
| Organizational and separation related | 16 | (16) | - | - | - | - | - |
| Litigation settlement | 41 | (41) | - | 3 | (3) | - | - |
| Interest | 58 | - | 58 | 47 | - | 13 | 60 |
| Royalty fee | 61 | - | 61 | 4 | - | 58 | 62 |
| Impairment | - | - | - | 324 | (324) | - | - |
| Cost reimbursements | 362 | - | 362 | 331 | - | - | 331 |
| Total expenses | 1,623 | (64) | 1,559 | 1,833 | (342) | 71 | 1,562 |
| Gains and other income | 9 | (8) | 1 | 2 | - | - | 2 |
| Equity in earnings | 1 | - | 1 | - | - | - | - |
| Impairment reversals on equity investment | 2 | (2) | - | 4 | (4) | - | - |
| Income (loss) before income taxes | 37 | 54 | 91 | (214) | 338 | (71) | 53 |
| (Provision) benefit for income taxes | (21) | (20) | (41) | 36 | (96) | 27 | (33) |
| Net income (loss) | $ 16 | $ 34 | $ 50 | $ (178) | $ 242 | $ (44) | $ 20 |

| | Total Contract Sales 52 Weeks Ended December 28, 2012 | Total Contract Sales 52 Weeks Ended December 30, 2011 | Cancellation Reversal | Gross Contract Sales 52 Weeks Ended December 30, 2011 |
|---|---|---|---|---|
| Contract sales | $ 688 | $ 680 | $ (4) | $ 676 |

** Denotes non-GAAP financial measures.

# Non-GAAP Financial Measures – 2012 and 2011 EBITDA, Adjusted EBITDA, and Adjusted Pro Forma EBITDA as adjusted

MARRIOTT VACATIONS WORLDWIDE SM

| ($'s in millions) | As Reported 52 Weeks Ended December 28, 2012 | Other Charges | As Adjusted 52 Weeks Ended December 28, 2012 ** | As Reported 52 Weeks Ended December 30, 2011 | Other Charges | Pro-Forma | As Adjusted Pro-Forma 52 Weeks Ended December 30, 2011 ** |
|---|---|---|---|---|---|---|---|
| Net income | $ 16 | $ 34 | $ 50 | $ (178) | $ 242 | $ (44) | $ 20 |
| Interest expense | 58 | - | 58 | 47 | - | 13 | 60 |
| Tax provision | 21 | 20 | 41 | (36) | 96 | (27) | 33 |
| Depreciation and amortization | 30 | - | 30 | 33 | - | - | 33 |
| EBITDA ** | 125 | 54 | 179 | (134) | 338 | (58) | 146 |
| Impairment charges: | | | | | | | |
| Impairments | - | - | - | 324 | (324) | - | - |
| Impairment reversals on equity investment | (2) | 2 | - | (4) | 4 | - | - |
| Consumer financing interest expense | (41) | - | (41) | (47) | - | (3) | (50) |
| Adjusted EBITDA** | $ 82 | $ 56 | $ 138 | $ 139 | $ 18 | $ (61) | $ 96 |

** Denotes non-GAAP financial measures.

# Non-GAAP Financial Measures – 2013 Outlook (EBITDA and Adjusted EBITDA)

MARRIOTT VACATIONS WORLDWIDE

**2013 EBITDA and ADJUSTED EBITDA OUTLOOK**

| ($ in millions) | Fiscal Year 2013 (low) | Fiscal Year 2013 (high) |
|---|---|---|
| Adjusted net income | $ 66 | $ 74 |
| Interest expense | 43 | 45 |
| Tax provision | 51 | 58 |
| Depreciation and amortization | 23 | 23 |
| EBITDA, as adjusted** | $ 183 | $ 200 |
| Consumer financing interest expense | (33) | (35) |
| Adjusted EBITDA, as adjusted** | $ 150 | $ 165 |

** Denotes non-GAAP financial measures.