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 March 31, 2022

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 May 2, 2022 was 41,432,080.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
FORM 10-Q TABLE OF CONTENTS

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, service marks, and trade names 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.

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 year ended December 31, 2021 (the "2021 Annual Report"). When discussing our properties or markets, we refer to the United States, Mexico, Central America, and the Caribbean as "North America."

The COVID-19 pandemic has caused significant disruptions in international and U.S. economies and markets, and has also had an unprecedented impact on the travel and hospitality industries, as well as the Company. We discuss the impacts of the COVID-19 pandemic and its potential future implications throughout this report; however, the COVID-19 pandemic, and any recovery therefrom, continues to evolve and further potential impacts on our business in the future remain uncertain.

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	
	March 31, 2022	**March 31, 2021**
REVENUES		
Sale of vacation ownership products	$ 310	$ 163
Management and exchange	222	193
Rental	133	89
Financing	71	59
Cost reimbursements	316	255
TOTAL REVENUES	1,052	759
EXPENSES		
Cost of vacation ownership products	60	40
Marketing and sales	182	109
Management and exchange	127	117
Rental	81	82
Financing	21	21
General and administrative	61	46
Depreciation and amortization	33	41
Litigation charges	3	3
Royalty fee	27	25
Cost reimbursements	316	255
TOTAL EXPENSES	911	739
Gains and other income, net	4	6
Interest expense	(27)	(43)
Transaction and integration costs	(28)	(19)
INCOME (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	90	(36)
(Provision for) benefit from income taxes	(32)	11
NET INCOME (LOSS)	58	(25)
Net income attributable to noncontrolling interests	—	(3)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 58	$ (28)
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS		
Basic	$ 1.36	$ (0.68)
Diluted	$ 1.23	$ (0.68)
CASH DIVIDENDS DECLARED PER SHARE	$ 0.62	$ —

See Notes to Interim Consolidated Financial Statements

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

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
NET INCOME (LOSS)	$ 58	$ (25)
Foreign currency translation adjustments	4	(3)
Derivative instrument adjustment, net of tax	16	6
OTHER COMPREHENSIVE GAIN, NET OF TAX	20	3
Net income attributable to noncontrolling interests	—	(3)
Other comprehensive income attributable to noncontrolling interests	—	—
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	—	(3)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 78	$ (25)

See Notes to the Interim Consolidated Financial Statements

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

	Unaudited March 31, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 354	$ 342
Restricted cash (including $78 and $139 from VIEs, respectively)	296	461
Accounts receivable, net (including $12 and $12 from VIEs, respectively)	234	279
Vacation ownership notes receivable, net (including $1,661 and $1,662 from VIEs, respectively)	2,030	2,045
Inventory	693	719
Property and equipment, net	1,162	1,136
Goodwill	3,142	3,150
Intangibles, net	978	993
Other (including $74 and $76 from VIEs, respectively)	614	488
TOTAL ASSETS	$ 9,503	$ 9,613
LIABILITIES AND EQUITY		
Accounts payable	$ 212	$ 265
Advance deposits	194	160
Accrued liabilities (including $2 and $2 from VIEs, respectively)	347	345
Deferred revenue	507	453
Payroll and benefits liability	214	201
Deferred compensation liability	136	142
Securitized debt, net (including $1,799 and $1,877 from VIEs, respectively)	1,779	1,856
Debt, net	2,751	2,631
Other	206	224
Deferred taxes	333	350
TOTAL LIABILITIES	6,679	6,627
Contingencies and Commitments (Note 11)		
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; 75,721,548 and 75,519,049 shares issued, respectively	1	1
Treasury stock — at cost; 33,971,376 and 33,235,671 shares, respectively	(1,474)	(1,356)
Additional paid-in capital	3,945	4,072
Accumulated other comprehensive loss	4	(16)
Retained earnings	338	275
TOTAL MVW SHAREHOLDERS' EQUITY	2,814	2,976
Noncontrolling interests	10	10
TOTAL EQUITY	2,824	2,986
TOTAL LIABILITIES AND EQUITY	$ 9,503	$ 9,613

The abbreviation VIEs above means Variable Interest Entities.

See Notes to Interim Consolidated Financial Statements

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

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
OPERATING ACTIVITIES		
Net income (loss)	$ 58	$ (25)
Adjustments to reconcile net income (loss) to net cash, cash equivalents and restricted cash provided by (used in) operating activities:		
Depreciation and amortization of intangibles	33	41
Amortization of debt discount and issuance costs	5	11
Vacation ownership notes receivable reserve	29	14
Share-based compensation	8	8
Deferred income taxes	18	15
Net change in assets and liabilities:		
Accounts receivable	45	51
Vacation ownership notes receivable originations	(205)	(108)
Vacation ownership notes receivable collections	188	165
Inventory	28	(26)
Other assets	(134)	(138)
Accounts payable, advance deposits and accrued liabilities	12	(30)
Deferred revenue	54	102
Payroll and benefit liabilities	13	31
Deferred compensation liability	(7)	(2)
Other liabilities	(3)	5
Deconsolidation of certain Consolidated Property Owners' Associations	—	(71)
Purchase of vacation ownership units for future transfer to inventory	(12)	(99)
Other, net	(1)	(4)
Net cash, cash equivalents and restricted cash provided by (used in) operating activities	129	(60)
INVESTING ACTIVITIES		
Capital expenditures for property and equipment (excluding inventory)	(9)	(7)
Purchase of company owned life insurance	(4)	(1)
Dispositions, net	3	—
Net cash, cash equivalents and restricted cash used in investing activities	(10)	(8)

Continued

See Notes to Interim Consolidated Financial Statements

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

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
FINANCING ACTIVITIES		
Borrowings from securitization transactions	102	—
Repayment of debt related to securitization transactions	(178)	(159)
Proceeds from debt	30	561
Repayments of debt	(30)	(100)
Purchase of convertible note hedges	—	(100)
Proceeds from issuance of warrants	—	70
Finance lease payment	(2)	—
Payment of debt issuance costs	(4)	(2)
Repurchase of common stock	(119)	—
Payment of dividends	(49)	—
Payment of withholding taxes on vesting of restricted stock units	(22)	(15)
Net cash, cash equivalents and restricted cash (used in) provided by financing activities	(272)	255
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	—	(1)
Change in cash, cash equivalents and restricted cash	(153)	186
Cash, cash equivalents and restricted cash, beginning of period	803	992
Cash, cash equivalents and restricted cash, end of period	$ 650	$ 1,178
SUPPLEMENTAL DISCLOSURES		
Non-cash transfer from property and equipment to inventory	$ 2	$ 3
Non-cash transfer from inventory to property and equipment	31	2
Non-cash transfer of other assets to property and equipment	13	22
Non-cash issuance of debt in connection with asset acquisition	11	—
Non-cash issuance of treasury stock for employee stock purchase plan	1	—
Interest paid, net of amounts capitalized	30	53
Income tax refunds, net of income taxes paid	(7)	(30)

See Notes to Interim 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 (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

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
75.3	**BALANCE AT DECEMBER 31, 2020**	$ 1	$ (1,334)	$ 3,760	$ (48)	$ 272	$ 2,651	$ 31	$ 2,682
—	Net (loss) income	—	—	—	—	(28)	(28)	3	(25)
—	Foreign currency translation adjustments	—	—	—	(3)	—	(3)	—	(3)
—	Derivative instrument adjustment	—	—	—	6	—	6	—	6
0.2	Share-based compensation plans	—	—	(4)	—	—	(4)	—	(4)
—	Equity component of convertible notes, net of issuance costs	—	—	117	—	—	117	—	117
—	Purchase of convertible note hedges	—	—	(100)	—	—	(100)	—	(100)
—	Issuance of warrants	—	—	70	—	—	70	—	70
—	Deconsolidation of certain Consolidated Property Owners' Associations	—	—	—	—	—	—	(5)	(5)
75.5	**BALANCE AT MARCH 31, 2021**	$ 1	$ (1,334)	$ 3,843	$ (45)	$ 244	$ 2,709	$ 29	$ 2,738

See Notes to Interim 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 these Notes to Interim 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, 2021 (the "2021 Annual Report"). We 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 those variable interest entities ("VIEs") for which Marriott Vacations Worldwide is the primary beneficiary 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, allocations of the purchase price paid in business combinations, 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 uncertainty created by the COVID-19 pandemic, and the ongoing efforts to mitigate it, has made it more challenging to make these estimates. Accordingly, ultimate 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, the impact of the COVID-19 pandemic and seasonal and short-term variations. 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 2021 Annual Report.

Acquisition of Welk

On April 1, 2021, we completed the acquisition of Welk Hospitality Group, Inc. ("Welk") through a series of transactions (the "Welk Acquisition"), after which Welk became our indirect wholly-owned subsidiary. We refer to the business and brands that we acquired as "Legacy-Welk." See Footnote 3 "Acquisitions" for more information on the Welk Acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING STANDARDS

New Accounting Standards

Accounting Standards Update 2020-06 – "*Debt — Debt With Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity"* ("ASU 2020-06")

In the first quarter of 2022, we adopted accounting standards update ("ASU") 2020-06, using the modified retrospective method. Under ASU 2020-06, we no longer separate our convertible notes into liability and equity components, and we are required to calculate the impact of our convertible notes on diluted earnings per share using the "if-converted" method, regardless of intent to settle or partially settle the debt in cash. Under the "if-converted" method, diluted earnings per share would generally be calculated assuming that all of our convertible notes were converted solely into shares of common stock at the beginning of the reporting period, unless the result would be anti-dilutive. The application of the "if- converted" method reduces our reported diluted earnings per share. The impacts of the adoption were recorded as a cumulative effect in the opening balance of retained earnings and the conversion feature related to our convertible notes was reclassified from equity to liabilities. In addition, we eliminated the related equity adjustment associated with the deferred tax liability. The adoption of ASU 2020-06 on January 1, 2022 resulted in an increase in debt of $107 million, a decrease in additional paid-in capital of $111 million, and a decrease in deferred taxes of $27 million, as well as a cumulative effect adjustment to the opening balance of retained earnings of $31 million. The remaining debt issuance costs will continue to be amortized over the term of our convertible notes. The prior period consolidated financial statements have not been retrospectively restated and continue to be reported under the accounting standards in effect for those periods.

Accounting Standards Update 2021-08 - "*Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers"* ("ASU 2021-08")

In the first quarter of 2022, we adopted ASU 2021-08, which amended ASC 805 to require entities to apply ASC 606 to recognize and measure contract assets and contract liabilities from contracts with customers in a business combination. The adoption of ASU 2021-08 on January 1, 2022 did not have a material impact on our financial statements and disclosure. In the event that we complete business combinations in the future, the application of ASU 2021-08 could result in higher acquired deferred revenue.

Future Adoption of Accounting Standards

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

In March 2020, the 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 LIBOR and other interbank offered rates to alternative reference rates. This update was effective upon issuance and issuers may generally elect to adopt the optional expedients and exceptions over time through December 31, 2022. As of March 31, 2022, the interest rate applicable to borrowings under our existing Term Loan (as defined in Footnote 13 "Debt") and Warehouse Credit Facility (as defined in Footnote 12 "Securitized Debt") generally continue to reference LIBOR, as do certain interest rate swaps and collars. These instruments have not yet discontinued the use of LIBOR. To the extent these instruments are amended to reference a different benchmark interest rate, we may elect to utilize the relief available in ASU 2020-04. When we renew or amend our remaining existing debt instruments, we will determine a replacement rate for LIBOR. We have not adopted any of the optional expedients or exceptions as of March 31, 2022, but will continue to evaluate their adoption during the effective period as circumstances evolve.

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

In March 2022, the FASB issued ASU 2022-02, which eliminates the recognition and measurement guidance applicable to troubled debt restructurings for creditors and enhances 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. This update is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted. We are evaluating the impact that adoption of ASU 2022-02, including the timing of implementation, will have on our financial statements and disclosures; however, we do not expect adoption to have a material effect on our financial statements or disclosures other than disclosure changes related to vintage disclosures for financing receivables.

3. ACQUISITIONS

Welk Acquisition

On April 1, 2021 (the "Welk Acquisition Date"), we completed the Welk Acquisition. The following table presents the fair value of each type of consideration transferred at the Welk Acquisition Date, as finalized at March 31, 2022.

(in millions, except per share amounts)	
Equivalent shares of Marriott Vacations Worldwide common stock issued	1.4
Marriott Vacations Worldwide common stock price per share as of Welk Acquisition Date	$ 174.18
Fair value of Marriott Vacations Worldwide common stock issued	248
Cash consideration to Welk, net of cash and restricted cash acquired of $48 million	157
Total consideration transferred, net of cash and restricted cash acquired	$ 405

Fair Values of Assets Acquired and Liabilities Assumed

We accounted for the Welk Acquisition as a business combination, which required us to record the assets acquired and liabilities assumed at fair value as of the Welk Acquisition Date. The values attributed to Vacation ownership notes receivable, Inventory, Property and equipment, Intangible assets, and Securitized debt from VIEs are based on valuations prepared using Level 3 inputs and assumptions in accordance with ASC Topic 820, "*Fair Value Measurements*" ("ASC 820"). The value attributed to Debt is based on Level 2 inputs in accordance with ASC 820. During the first quarter of 2022, we finalized our allocation of the purchase price to the acquired assets and liabilities. The following table presents the fair values of the assets that we acquired and the liabilities that we assumed in connection with the business combination as previously reported at December 31, 2021, and as finalized at March 31, 2022. During the first quarter of 2022, we refined our valuation models related to certain acquired assets and liabilities as follows:

($ in millions)	**April 1, 2021 (as reported at December 31, 2021)**	**Adjustments**	**April 1, 2021 (as finalized at March 31, 2022)**
Vacation ownership notes receivable, net	$ 255	$ —	$ 255
Inventory	111	—	111
Property and equipment	83	—	83
Intangible assets	102	—	102
Other assets	19	—	19
Deferred taxes	(32)	8	(24)
Debt	(189)	—	(189)
Securitized debt	(184)	—	(184)
Other liabilities	(93)	—	(93)
Net assets acquired	72	8	80
Goodwill[(1)]	333	(8)	325
	$ 405	$ —	$ 405

(1) Goodwill is calculated as total consideration transferred, net of cash acquired, less identified net assets acquired. It represents the value that we expect to obtain from growth opportunities from our combined operations and is not deductible for tax purposes.

Pro Forma Results of Operations

The following unaudited pro forma information presents the combined results of operations of Marriott Vacations Worldwide and Welk as if we had completed the Welk Acquisition on December 31, 2019, the last day of our 2019 fiscal year, but using the fair values of assets and liabilities as of the Welk Acquisition Date set forth above. As required by GAAP, these unaudited pro forma results do not reflect any synergies from operating efficiencies. Accordingly, these unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations of the combined company would have been if the Welk Acquisition had occurred at the beginning of the period presented, nor are they indicative of future results of operations.

There were no Welk Acquisition-related costs included in the unaudited pro forma results below for the three months ended March 31, 2021.

($ in millions, except per share data)	**Three Months Ended March 31, 2021**	
Revenues	$	806
Net loss	$	(12)
Net loss attributable to common shareholders	$	(15)
LOSS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS		
Basic	$	(0.36)
Diluted	$	(0.36)

Welk Results of Operations

The following table presents the results of Welk operations included in our Income Statement for the three months ended March 31, 2022.

($ in millions)	**Three Months Ended March 31, 2022**	
Revenue	$	51
Net income	$	8

Other Acquisitions

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 with the purchase price allocated to Property and equipment. As consideration for the acquisition, we paid $12 million in cash and issued a non-interest bearing note payable for $11 million. Further, we reclassified $13 million of previous deposits associated with the project from Other assets to Property and equipment.

4. REVENUE AND RECEIVABLES

Sources of Revenue by Segment

The following tables detail the sources of revenue by segment for the time periods presented.

	Three Months Ended March 31, 2022							
($ in millions)	**Vacation Ownership**		**Exchange & Third-Party Management**		**Corporate and Other**		**Total**	
Sale of vacation ownership products	$	310	$	—	$	—	$	310
Ancillary revenues		54		1		—		55
Management fee revenues		42		10		(3)		49
Exchange and other services revenues		30		53		35		118
Management and exchange		126		64		32		222
Rental		122		11		—		133
Cost reimbursements		327		9		(20)		316
Revenue from contracts with customers		885		84		12		981
Financing		71		—		—		71
Total Revenues	$	956	$	84	$	12	$	1,052

($ in millions)	Three Months Ended March 31, 2021 Vacation Ownership	Exchange & Third-Party Management	Corporate and Other	Total
Sale of vacation ownership products	$ 163	$ —	$ —	$ 163
Ancillary revenues	28	—	—	28
Management fee revenues	38	5	(6)	37
Exchange and other services revenues	28	55	45	128
Management and exchange	94	60	39	193
Rental	77	12	—	89
Cost reimbursements	268	14	(27)	255
Revenue from contracts with customers	602	86	12	700
Financing	59	—	—	59
Total Revenues	$ 661	$ 86	$ 12	$ 759

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 March 31, 2022 Vacation Ownership	Exchange & Third-Party Management	Corporate and Other	Total
Services transferred over time	$ 517	$ 38	$ 12	$ 567
Goods or services transferred at a point in time	368	46	—	414
Revenue from contracts with customers	$ 885	$ 84	$ 12	$ 981

($ in millions)	Three Months Ended March 31, 2021 Vacation Ownership	Exchange & Third-Party Management	Corporate and Other	Total
Services transferred over time	$ 408	$ 37	$ 12	$ 457
Goods or services transferred at a point in time	194	49	—	243
Revenue from contracts with customers	$ 602	$ 86	$ 12	$ 700

Sale of Vacation Ownership Products

Revenue recognized during the first quarter of 2022 due to changes in our estimates of variable consideration for performance obligations that were satisfied in prior periods was $1 million.

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 March 31, 2022 or December 31, 2021.

($ in millions)	At March 31, 2022		At December 31, 2021	
Receivables from Contracts with Customers				
Accounts receivable	$	140	$	172
Vacation ownership notes receivable, net		2,030		2,045
	$	2,170	$	2,217
Contract Liabilities				
Advance deposits	$	194	$	160
Deferred revenue		507		453
	$	701	$	613

Revenue recognized during the first quarter of 2022 that was included in our contract liabilities balance at December 31, 2021 was $126 million.

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 March 31, 2022, approximately 86% of this amount is expected to be recognized as revenue over the next two years.

Accounts Receivable

Accounts receivable is comprised of amounts due from customers, primarily owners' associations, resort developers 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 receivable balances:

($ in millions)	At March 31, 2022		At December 31, 2021	
Receivables from contracts with customers	$	140	$	172
Interest receivable		14		14
Tax receivable		34		48
Indemnification assets		21		22
Employee tax credit receivable		17		19
Other		8		4
	$	234	$	279

5. INCOME TAXES

Our provision for income taxes is calculated using an estimated annual effective tax rate, based upon expected annual income, less losses in certain jurisdictions, permanent items, statutory rates and planned tax strategies in the various jurisdictions in which we operate. However, discrete items related to prior year tax items are treated separately.

Our interim effective tax rate was 35.6% and 29.8% for the three months ended March 31, 2022 and March 31, 2021, respectively. The change in the effective tax rate is predominately attributable to an increase in pre-tax income and an increase in the reserve for uncertain tax benefits.

Unrecognized Tax Benefits

The following table summarizes the activity related to our unrecognized tax benefits (excluding interest and penalties) during the three months ended March 31, 2022. 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, 2021	$ 26
Increases related to tax positions taken during a prior period	2
Balance at March 31, 2022	$ 28

The total amount of gross interest and penalties accrued was $45 million at March 31, 2022 and $42 million at December 31, 2021. We anticipate $14 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 2019. The amount of the unrecognized tax benefit may increase or decrease 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.

	March 31, 2022			**December 31, 2021**		
($ in millions)	**Originated**	**Acquired**	**Total**	**Originated**	**Acquired**	**Total**
Securitized	$ 1,345	$ 316	$ 1,661	$ 1,308	$ 354	$ 1,662
Non-securitized						
Eligible for securitization[1]	102	1	103	96	1	97
Not eligible for securitization[1]	249	17	266	267	19	286
Subtotal	351	18	369	363	20	383
	$ 1,696	$ 334	$ 2,030	$ 1,671	$ 374	$ 2,045

(1) Refer to Footnote 7 “Financial Instruments” for a 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.

	Three Months Ended	
($ in millions)	**March 31, 2022**	**March 31, 2021**
Interest income associated with vacation ownership notes receivable — securitized	$ 59	$ 48
Interest income associated with vacation ownership notes receivable — non-securitized	10	9
Total interest income associated with vacation ownership notes receivable	$ 69	$ 57

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 March 31, 2022.

	Acquired Vacation Ownership Notes Receivable		
($ in millions)	**Non-Securitized**	**Securitized**	**Total**
2022, remaining	$ 2	$ 52	$ 54
2023	2	47	49
2024	2	47	49
2025	2	44	46
2026	2	39	41
Thereafter	8	87	95
Balance at March 31, 2022	$ 18	$ 316	$ 334
Weighted average stated interest rate	13.8%	14.2%	14.1%
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.

	Acquired Vacation Ownership Notes Receivable Reserve		
($ in millions)	**Non-Securitized**	**Securitized**	**Total**
Balance at December 31, 2021	$ 47	$ 23	$ 70
Write-offs	(11)	—	(11)
Recoveries	7	—	7
Defaulted vacation ownership notes receivable repurchase activity[(1)]	8	(8)	—
(Decrease) increase in vacation ownership notes receivable reserve	(5)	5	—
Balance at March 31, 2022	$ 46	$ 20	$ 66

(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 repurchase securitized vacation ownership notes receivable.

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 March 31, 2022.

	Originated Vacation Ownership Notes Receivable		
($ in millions)	**Non-Securitized**	**Securitized**	**Total**
2022, remaining	$ 45	$ 97	$ 142
2023	29	130	159
2024	27	132	159
2025	27	135	162
2026	27	140	167
Thereafter	196	711	907
Balance at March 31, 2022	$ 351	$ 1,345	$ 1,696
Weighted average stated interest rate	12.8%	12.9%	12.9%
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, 2021	$ 193	$ 140	$ 333
Increase in vacation ownership notes receivable reserve	25	4	29
Securitizations[1]	(21)	21	—
Write-offs	(19)	—	(19)
Defaulted vacation ownership notes receivable repurchase activity[2]	15	(15)	—
Balance at March 31, 2022	$ 193	$ 150	$ 343

(1) Reflects the change attributable to the transfer of the reserve from the non-securitized vacation ownership notes receivable reserve to the securitized vacation ownership notes receivable reserve, when MVW 2021-2 LLC purchased the remaining vacation ownership notes receivable that were securitized during the fourth quarter of 2021, and when we securitized vacation ownership notes receivable under our Warehouse Credit Facility (as defined in Footnote 12 "Securitized Debt") during the first quarter of 2022.

(2) 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 repurchase securitized vacation ownership notes receivable.

Credit Quality of Vacation Ownership Notes Receivable

Legacy-MVW Vacation Ownership Notes Receivable

For both Legacy-MVW non-securitized and securitized vacation ownership notes receivable, we estimated average remaining default rates of 6.71% as of March 31, 2022, and 6.74% as of December 31, 2021. 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 $6 million as of both March 31, 2022 and December 31, 2021.

We use the aging of the vacation ownership notes receivable as the primary credit quality indicator for our Legacy-MVW vacation ownership notes receivable, as historical performance indicates that there is a relationship between the default behavior of borrowers and the age of the receivable associated with the vacation ownership interest.

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

	Legacy-MVW Vacation Ownership Notes Receivable		
($ in millions)	**Non-Securitized**	**Securitized**	**Total**
Investment in vacation ownership notes receivable on non-accrual status at March 31, 2022	$ 84	$ 9	$ 93
Investment in vacation ownership notes receivable on non-accrual status at December 31, 2021	$ 88	$ 8	$ 96

The following table shows the aging of the recorded investment in principal, before reserves, in Legacy-MVW vacation ownership notes receivable as of March 31, 2022 and December 31, 2021.

	Legacy-MVW Vacation Ownership Notes Receivable					
	As of March 31, 2022			As of December 31, 2021		
($ in millions)	Non-Securitized	Securitized	Total	Non-Securitized	Securitized	Total
31 – 90 days past due	$ 6	$ 18	$ 24	$ 6	$ 20	$ 26
91 – 150 days past due	3	9	12	4	8	12
Greater than 150 days past due	81	—	81	84	—	84
Total past due	90	27	117	94	28	122
Current	163	1,042	1,205	180	1,027	1,207
Total vacation ownership notes receivable	$ 253	$ 1,069	$ 1,322	$ 274	$ 1,055	$ 1,329

The following table details the origination year of our Legacy-MVW vacation ownership notes receivable as of March 31, 2022.

	Legacy-MVW Vacation Ownership Notes Receivable		
($ in millions)	Non-Securitized	Securitized	Total
Year of Origination			
2022	$ 83	$ 16	$ 99
2021	37	349	386
2020	19	151	170
2019	42	226	268
2018	26	145	171
2017 & Prior	46	182	228
	$ 253	$ 1,069	$ 1,322

Legacy-ILG and Legacy-Welk Vacation Ownership Notes Receivable

At March 31, 2022 and December 31, 2021, the weighted average FICO score within our consolidated Legacy-ILG and Legacy-Welk vacation ownership notes receivable pools was 708 and 707, respectively, based upon the FICO score of the borrower at the time of origination. The average estimated rate for all future defaults for our Legacy-ILG and Legacy-Welk consolidated outstanding pool of vacation ownership notes receivable was 17.14% as of March 31, 2022 and 17.33% as of December 31, 2021. A 0.5 percentage point increase in the estimated default rate on the Legacy-ILG and Legacy-Welk vacation ownership notes receivable would have resulted in an increase in the related vacation ownership notes receivable reserve of $4 million as of both March 31, 2022 and December 31, 2021.

We use the origination of the vacation ownership notes receivable by brand (Westin, Sheraton, Hyatt, Welk) and the FICO scores of the customer as the primary credit quality indicators for our Legacy-ILG and Legacy-Welk vacation ownership notes receivable, as historical performance indicates that there is a relationship between the default behavior of borrowers and the brand associated with the vacation ownership interest they have acquired, supplemented by the FICO scores of the customers. Vacation ownership notes receivable with no FICO score in the tables below primarily relate to non-U.S. resident borrowers.

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

	Legacy-ILG and Legacy-Welk Vacation Ownership Notes Receivable		
($ in millions)	Non-Securitized	Securitized	Total
Investment in vacation ownership notes receivable on non-accrual status at March 31, 2022	$ 115	$ 9	$ 124
Investment in vacation ownership notes receivable on non-accrual status at December 31, 2021	$ 114	$ 10	$ 124

The following table shows the aging of the recorded investment in principal, before reserves, in Legacy-ILG and Legacy-Welk vacation ownership notes receivable as of March 31, 2022 and December 31, 2021.

	Legacy-ILG and Legacy-Welk Vacation Ownership Notes Receivable					
	As of March 31, 2022			As of December 31, 2021		
($ in millions)	Non-Securitized	Securitized	Total	Non-Securitized	Securitized	Total
31 – 90 days past due	$ 11	$ 21	$ 32	$ 16	$ 24	$ 40
91 – 120 days past due	4	5	9	4	6	10
Greater than 120 days past due	111	4	115	110	4	114
Total past due	126	30	156	130	34	164
Current	229	732	961	219	735	954
Total vacation ownership notes receivable	$ 355	$ 762	$ 1,117	$ 349	$ 769	$ 1,118

The following tables show the Legacy-ILG and Legacy-Welk acquired vacation ownership notes receivable, before reserves, by brand and FICO score.

	Acquired Vacation Ownership Notes Receivable as of March 31, 2022				
($ in millions)	700 +	600 - 699	< 600	No Score	Total
Westin	$ 48	$ 30	$ 3	$ 7	$ 88
Sheraton	49	43	7	19	118
Hyatt	7	5	1	—	13
Welk	102	71	1	2	176
Other	1	1	—	2	4
	$ 207	$ 150	$ 12	$ 30	$ 399

	Acquired Vacation Ownership Notes Receivable as of December 31, 2021				
($ in millions)	700 +	600 - 699	< 600	No Score	Total
Westin	$ 52	$ 32	$ 3	$ 8	$ 95
Sheraton	54	48	8	23	133
Hyatt	8	6	1	—	15
Welk	115	79	1	2	197
Other	2	—	—	2	4
	$ 231	$ 165	$ 13	$ 35	$ 444

The following tables detail the origination year of our Legacy-ILG and Legacy-Welk acquired vacation ownership notes receivable by brand and FICO score as of March 31, 2022.

	Acquired Vacation Ownership Notes Receivable 2018 & Prior			
($ in millions)	Westin	Sheraton	Hyatt & Other	Total
700 +	$ 48	$ 49	$ 8	$ 105
600 - 699	30	43	6	79
< 600	3	7	1	11
No Score	7	19	2	28
	$ 88	$ 118	$ 17	$ 223

	Acquired Vacation Ownership Notes Receivable - Welk				
($ in millions)	2021	2020	2019	2018 & Prior	Total
700 +	$ 8	$ 22	$ 26	$ 46	$ 102
600 - 699	4	13	19	35	71
< 600	—	1	—	—	1
No Score	—	—	1	1	2
	$ 12	$ 36	$ 46	$ 82	$ 176

The following tables show the Legacy-ILG and Legacy-Welk originated vacation ownership notes receivable, before reserves, by brand and FICO score.

	Originated Vacation Ownership Notes Receivable as of March 31, 2022				
($ in millions)	700 +	600 - 699	< 600	No Score	Total
Westin	$ 148	$ 68	$ 9	$ 40	$ 265
Sheraton	138	98	20	46	302
Hyatt	23	11	1	—	35
Welk	79	34	1	1	115
	$ 388	$ 211	$ 31	$ 87	$ 717

	Originated Vacation Ownership Notes Receivable as of December 31, 2021				
($ in millions)	700 +	600 - 699	< 600	No Score	Total
Westin	$ 143	$ 66	$ 8	$ 34	$ 251
Sheraton	136	94	20	46	296
Hyatt	22	11	—	—	33
Welk	65	27	1	1	94
	$ 366	$ 198	$ 29	$ 81	$ 674

The following tables detail the origination year of our Legacy-ILG and Legacy-Welk originated vacation ownership notes receivable by brand and FICO score as of March 31, 2022.

	Originated Vacation Ownership Notes Receivable - Westin					
($ in millions)	**2022**	**2021**	**2020**	**2019**	**2018**	**Total**
700 +	$ 21	$ 61	$ 20	$ 38	$ 8	$ 148
600 - 699	6	29	9	20	4	68
< 600	1	3	2	2	1	9
No Score	18	9	4	8	1	40
	$ 46	$ 102	$ 35	$ 68	$ 14	$ 265

	Originated Vacation Ownership Notes Receivable - Sheraton					
($ in millions)	**2022**	**2021**	**2020**	**2019**	**2018**	**Total**
700 +	$ 17	$ 56	$ 21	$ 35	$ 9	$ 138
600 - 699	8	43	14	25	8	98
< 600	1	9	4	5	1	20
No Score	5	11	8	18	4	46
	$ 31	$ 119	$ 47	$ 83	$ 22	$ 302

	Originated Vacation Ownership Notes Receivable - Hyatt					
($ in millions)	**2022**	**2021**	**2020**	**2019**	**2018**	**Total**
700 +	$ 5	$ 9	$ 3	$ 5	$ 1	$ 23
600 - 699	3	4	1	2	1	11
< 600	—	1	—	—	—	1
No Score	—	—	—	—	—	—
	$ 8	$ 14	$ 4	$ 7	$ 2	$ 35

	Originated Vacation Ownership Notes Receivable - Welk					
($ in millions)	**2022**	**2021**	**2020**	**2019**	**2018**	**Total**
700 +	$ 24	$ 55	$ —	$ —	$ —	$ 79
600 - 699	11	23	—	—	—	34
< 600	—	1	—	—	—	1
No Score	1	—	—	—	—	1
	$ 36	$ 79	$ —	$ —	$ —	$ 115

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 receivable, deposits included in Other assets, Accounts payable, Advance deposits, and Accrued liabilities, all of which had fair values approximating their carrying amounts due to the short maturities and liquidity of these instruments.

	At March 31, 2022		At December 31, 2021	
($ in millions)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Vacation ownership notes receivable	$ 2,030	$ 2,091	$ 2,045	$ 2,102
Other assets	74	74	76	76
Total financial assets	$ 2,104	$ 2,165	$ 2,121	$ 2,178
Securitized debt, net	$ (1,779)	$ (1,745)	$ (1,856)	$ (1,900)
2025 Notes, net	(248)	(257)	(248)	(261)
2028 Notes, net	(346)	(338)	(346)	(362)
2029 Notes, net	(493)	(474)	(493)	(505)
Term Loan, net	(777)	(763)	(776)	(784)
2022 Convertible Notes, net(1)	(229)	(265)	(224)	(280)
2026 Convertible Notes, net(1)	(563)	(632)	(461)	(682)
Non-interest bearing note payable, net	(11)	(11)	—	—
Total financial liabilities	$ (4,446)	$ (4,485)	$ (4,404)	$ (4,774)

(1) Prior period amounts have not been adjusted due to our adoption of ASU 2020-06 under the modified retrospective method. See Footnote 2 "Significant Accounting Policies and Recent Accounting Standards" for information on our adoption of ASU 2020-06.

Vacation Ownership Notes Receivable

	At March 31, 2022		At December 31, 2021	
($ in millions)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Vacation ownership notes receivable				
Securitized	$ 1,661	$ 1,715	$ 1,662	$ 1,712
Eligible for securitization	103	110	97	104
Not eligible for securitization	266	266	286	286
Non-securitized	369	376	383	390
	$ 2,030	$ 2,091	$ 2,045	$ 2,102

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 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.

Other Assets

Other assets include $74 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.

Senior Notes

We estimate the fair value of our 2025 Notes, 2028 Notes, and 2029 Notes (each as defined in Footnote 13 "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.

Term Loan

We estimate the fair value of our Term Loan (as defined in Footnote 13 "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.

Convertible Notes

We estimate the fair value of our 2022 Convertible Notes and 2026 Convertible Notes (each as defined in Footnote 13 "Debt" and referred to collectively as 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. The difference between the carrying value and the fair value is primarily attributed to the underlying conversion feature and the spread between the conversion price and the market value of the shares underlying the convertible notes.

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, because the imputed interest rate used to discount this note payable is consistent with current market rates. 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.

We adopted ASU 2020-06 on January 1, 2022 using the modified retrospective method. ASU 2020-06 was applicable to our convertible notes outstanding as of adoption and requires us to calculate the impact of our convertible notes on diluted earnings per share using the "if-converted" method, regardless of our intent to settle or partially settle the debt in cash. Under the "if-converted" method, shares issuable upon conversion of our convertible notes are assumed to be converted into common stock at the beginning of the period, to the extent dilutive. Earnings per share for the three months ended March 31, 2021 have not been retrospectively restated and continue to be reported under the accounting standards in effect for that period.

The shares issuable on 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 either 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 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. See Footnote 13 "Debt" for further information on our convertible notes.

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

	Three Months Ended	
(in millions, except per share amounts)	**March 31, 2022[1]**	**March 31, 2021**
Computation of Basic Earnings (Loss) Per Share Attributable to Common Shareholders		
Net income (loss) attributable to common shareholders	$ 58	$ (28)
Shares for basic earnings (loss) per share	42.4	41.4
Basic earnings (loss) per share	$ 1.36	$ (0.68)
Computation of Diluted Earnings (Loss) Per Share Attributable to Common Shareholders		
Net income (loss) attributable to common shareholders	$ 58	$ (28)
Add back of interest expense related to convertible notes subsequent to the adoption of ASU 2020-06, net of tax	1	—
Numerator used to calculate diluted EPS	$ 59	$ (28)
Shares for basic earnings (loss) per share	42.4	41.4
Effect of dilutive shares outstanding [2]		
Employee SARs	0.2	—
Restricted stock units	0.3	—
2022 Convertible Notes ($230 million of principal)	1.6	—
2026 Convertible Notes ($575 million of principal)	3.4	—
Shares for diluted earnings (loss) per share	47.9	41.4
Diluted earnings (loss) per share	$ 1.23	$ (0.68)

(1) The computation of diluted earnings per share attributable to common shareholders excludes approximately 300,000 shares of common stock, the maximum number of shares issuable as of March 31, 2022, 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.

(2) For the first quarter of 2021, the following potentially dilutive securities were excluded from the above calculation of diluted net loss per share attributable to common shareholders during the periods presented, as the effects of including these securities would have been anti-dilutive.

(in millions)	Three Months Ended March 31, 2021
Employee SARs	0.2
Restricted stock units	0.5
2022 Convertible Notes ($230 million of principal)	0.1
	0.8

In accordance with the applicable accounting guidance for calculating earnings per share, for the first quarter of 2022, we excluded from our calculation of diluted earnings per share 126,169 shares underlying stock appreciation rights (“SARs”) that may settle in shares of common stock because the exercise price of $173.88 of such SARs was greater than the average market price for the applicable period.

9. INVENTORY

The following table shows the composition of our inventory balances:

($ in millions)	At March 31, 2022	At December 31, 2021
Real estate inventory[(1)]	$ 684	$ 710
Other	9	9
	$ 693	$ 719

(1) Represents completed inventory that is registered for sale as vacation ownership interests and vacation ownership inventory expected to be reacquired pursuant to estimated future foreclosures.

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 $7 million during the first quarter of 2022 and by $1 million during the first quarter of 2021.

In addition to the above, at March 31, 2022 and December 31, 2021, we had $496 million and $460 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. GOODWILL AND INTANGIBLES

Goodwill

The following table details the carrying amount of our goodwill at March 31, 2022 and December 31, 2021, and reflects goodwill attributed to the ILG Acquisition and the Welk Acquisition.

($ in millions)	Vacation Ownership Reporting Unit	Exchange & Third-Party Management Reporting Unit	Total Consolidated
Balance at December 31, 2021	$ 2,778	$ 372	$ 3,150
Measurement period adjustments	(8)	—	(8)
Balance at March 31, 2022	$ 2,770	$ 372	$ 3,142

Intangible Assets

The following table details the composition of our intangible asset balances:

($ in millions)	At March 31, 2022		At December 31, 2021	
Definite-lived intangible assets				
Member relationships	$	671	$	671
Management contracts		452		452
		1,123		1,123
Accumulated amortization		(209)		(194)
		914		929
Indefinite-lived intangible assets				
Trade names		64		64
	$	978	$	993

11. CONTINGENCIES AND COMMITMENTS

Commitments and Letters of Credit

As of March 31, 2022, 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 $97 million, of which we expect $43 million, $30 million, $13 million, $8 million, and $3 million will be paid in the remainder of 2022, 2023, 2024, 2025, and 2026 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 16 "Variable Interest Entities" for additional information and our activities relating to the VIE involved in this transaction.
- We have commitments to acquire inventory from our managed owners' associations in the remainder of 2022 for $79 million.

Surety bonds issued as of March 31, 2022 totaled $120 million, the majority of which were requested by federal, state, or local governments in connection with our operations.

As of March 31, 2022, we had $2 million of letters of credit outstanding under our Revolving Corporate Credit Facility (as defined in Footnote 13 "Debt"). In addition, as of March 31, 2022, we had $2 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 our vacation rental business either retains the balance (if any) as its fee or makes up the deficit. At March 31, 2022, our maximum exposure under fixed dollar guarantees was $8 million, of which $1 million, $2 million, $2 million, $1 million, $1 million, and $1 million relate to the remainder of 2022, 2023, 2024, 2025, 2026, 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 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 March 31, 2022, our expected commitment for the remainder of 2022 is $10 million, which will ultimately be recorded as a component of rental expense on our income statement.

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, with respect to which the plaintiff was granted leave to amend its complaint. The plaintiff has filed an amended complaint and has appealed the dismissal of the other claims.

In April 2019, a purported class-action lawsuit was filed by Alan and Marjorie Helman and others against us in the Superior Court of the Virgin Islands, Division of St. Thomas alleging that their fractional interests were devalued by the affiliation of The Ritz-Carlton Club, St. Thomas and other Ritz-Carlton Clubs with our MVCD program. The lawsuit was subsequently removed to the U.S. District Court for the District of the Virgin Islands. The plaintiffs are seeking unspecified damages, disgorgement of profits, fees and costs.

We believe we have meritorious defenses to the claims in each of the above matters and intend to vigorously defend each matter.

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 any of the pending matters described above and we cannot estimate a range of the potential liability associated with these pending matters, 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 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.

Leases That Have Not Yet Commenced

During 2020, we entered into a finance lease arrangement, which was then amended in 2021, for our new global headquarters office building, which is being constructed in Orlando, Florida. The initial lease term is approximately 16 years with total lease payments of $137 million for the aforementioned period. We expect the new office building to be completed in 2023. Upon commencement of the lease term, a right-of-use asset and corresponding liability will be recorded on our balance sheet.

12. SECURITIZED DEBT

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

($ in millions)	At March 31, 2022	At December 31, 2021
Vacation ownership notes receivable securitizations, gross[(1)]	$ 1,698	$ 1,877
Unamortized debt discount and issuance costs	(19)	(21)
	1,679	1,856
Warehouse Credit Facility, gross	101	—
Unamortized debt issuance costs[(2)]	(1)	—
	100	—
	$ 1,779	$ 1,856

(1) Interest rates as of March 31, 2022 range from 1.5% to 4.4%, with a weighted average interest rate of 2.3%.

(2) Excludes $2 million of unamortized debt issuance costs as of December 31, 2021, as no cash borrowings were outstanding on the Warehouse Credit Facility at that time.

All of our securitized debt is non-recourse to MVWC. See Footnote 16 "Variable Interest Entities" for a discussion of the collateral for the non-recourse debt associated with our securitized debt.

The following table shows scheduled future principal payments for our securitized debt as of March 31, 2022.

($ in millions)	Vacation Ownership Notes Receivable Securitizations	Warehouse Credit Facility	Total
Payments Year			
2022, remaining	$ 135	$ 3	$ 138
2023	182	5	187
2024	185	93	278
2025	185	—	185
2026	183	—	183
Thereafter	828	—	828
	$ 1,698	$ 101	$ 1,799

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 first quarter of 2022, and as of March 31, 2022, 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.

Warehouse Credit Facility

Our warehouse credit facility (the "Warehouse Credit Facility"), which has a borrowing capacity of $350 million, allows for the securitization of vacation ownership notes receivable on a revolving non-recourse basis. During the first quarter of 2022, we securitized vacation ownership notes receivable under our Warehouse Credit Facility. The carrying amount of the vacation ownership notes receivable securitized was $125 million. The average advance rate was 81%, which resulted in gross proceeds of $102 million. Net proceeds were $101 million due to the funding of reserve accounts of $1 million.

13. DEBT

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

($ in millions)	At March 31, 2022	At December 31, 2021
Senior Secured Notes		
2025 Notes	$ 250	$ 250
Unamortized debt discount and issuance costs	(2)	(2)
	248	248
Senior Unsecured Notes		
2028 Notes	350	350
Unamortized debt discount and issuance costs	(4)	(4)
	346	346
2029 Notes	500	500
Unamortized debt discount and issuance costs	(7)	(7)
	493	493
Corporate Credit Facility		
Term Loan	784	784
Unamortized debt discount and issuance costs	(7)	(8)
	777	776
Convertible Notes		
2022 Convertible Notes	230	230
Unamortized debt discount and issuance costs	(1)	(6)
	229	224
2026 Convertible Notes	575	575
Unamortized debt discount and issuance costs	(12)	(114)
	563	461
Non-interest bearing note payable	11	—
Finance Leases	84	83
	$ 2,751	$ 2,631

The following table shows scheduled future principal payments for our debt, excluding finance leases, as of March 31, 2022.

($ in millions)	2025 Notes	2028 Notes	2029 Notes	Term Loan	2022 Convertible Notes	2026 Convertible Notes	Non-Interest Bearing Note Payable	Total
Payments Year								
2022, remaining	$ —	$ —	$ —	$ —	$ 230	$ —	$ —	$ 230
2023	—	—	—	—	—	—	7	7
2024	—	—	—	—	—	—	4	4
2025	250	—	—	784	—	—	—	1,034
2026	—	—	—	—	—	575	—	575
Thereafter	—	350	500	—	—	—	—	850
	$ 250	$ 350	$ 500	$ 784	$ 230	$ 575	$ 11	$ 2,700

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 of principal was outstanding as of March 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").

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 bears interest at LIBOR plus 1.75%, and a revolving credit facility (the "Revolving Corporate Credit Facility") that includes a letter of credit sub-facility of $75 million.

During the first quarter of 2022, we entered into an amendment to the Revolving Corporate Credit Facility (the "Amendment"), which increased the borrowing capacity of the existing revolving credit facility from $600 million to $750 million and extended the maturity date from August 31, 2023 to March 31, 2027. The Amendment modified the interest rate applicable to borrowings under the Revolving Corporate Credit Facility to reference the Secured Overnight Financing Rate ("SOFR") and to be based on "Adjusted Term SOFR," which is calculated as Term SOFR (as defined in the Amendment), plus a 0.10% adjustment, subject to a 0.00% floor. Interest rates for other select non-U.S. dollar borrowings were also amended to be based on updated variable rate indices. The applicable margins with respect to the Revolving Corporate Credit Facility were amended to be based on leverage-based measures instead of credit ratings-based measures. The Amendment made no other material changes to the Corporate Credit Facility.

Prior to 2020, we entered into $250 million of interest rate swaps under which we pay a fixed rate of 2.9625% and receive a floating interest rate through September 2023 and $200 million of interest rate swaps under which we pay a fixed rate of 2.2480% and receive a floating interest rate through April 2024, in each case to hedge a portion of our interest rate risk on the Term Loan. We also entered into a $100 million interest rate collar with a cap strike rate of 2.5000% and a floor strike rate of 1.8810% through April 2024 to further hedge our interest rate risk on the Term Loan. Both the interest rate swaps and the interest rate collar have been designated and qualify as cash flow hedges of interest rate risk and recorded in Other liabilities on our Balance Sheet as of March 31, 2022 and December 31, 2021. We characterize payments we make in connection with these derivative instruments as interest expense and a reclassification of accumulated other comprehensive income for presentation purposes.

The following table reflects the activity in accumulated other comprehensive loss related to our derivative instruments during the first quarters of 2022 and 2021. There were no reclassifications to the Income Statement for either of the periods presented below.

($ in millions)	2022	2021
Derivative instrument adjustment balance, January 1	$ (18)	$ (39)
Other comprehensive gain before reclassifications	16	6
Derivative instrument adjustment balance, March 31	$ (2)	$ (33)

Convertible Notes

2022 Convertible Notes

During 2017, we issued $230 million of aggregate principal amount of convertible senior notes (the "2022 Convertible Notes") that bear interest at a rate of 1.50%, payable in cash semi-annually. The 2022 Convertible Notes mature on September 15, 2022, 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 March 31, 2022 to 6.8402 shares of common stock per $1,000 principal amount of 2022 Convertible Notes (equivalent to a conversion price of $146.19 per share of our common stock), as a result of the dividends we declared since issuance of the 2022 Convertible Notes that were greater than the quarterly dividend we paid when the 2022 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 March 31, 2022, the effective interest rate was 2.19%.

The following table shows the net carrying value of the 2022 Convertible Notes.

($ in millions)	At March 31, 2022	At December 31, 2021
Liability component		
Principal amount	$ 230	$ 230
Unamortized debt discount[1]	—	(5)
Unamortized debt issuance costs	(1)	(1)
Net carrying amount of the liability component	$ 229	$ 224
Carrying amount of equity component, net of issuance costs[1]	$ —	$ 33

(1) As a result of the adoption of ASU 2020-06 during the first quarter of 2022, we no longer account for the liability and equity components of the convertible notes separately, and we reclassified the conversion feature related to the 2022 Convertible Notes from equity to liabilities. Prior period amounts have not been adjusted due to our adoption of ASU 2020-06 under the modified retrospective method. See Footnote 2 "Significant Accounting Policies and Recent Accounting Standards" for information on our adoption of ASU 2020-06.

The following table shows interest expense information related to the 2022 Convertible Notes.

	Three Months Ended	
($ in millions)	March 31, 2022	March 31, 2021
Contractual interest expense	$ 1	$ 1
Amortization of debt discount	—	2
	$ 1	$ 3

2022 Convertible Note Hedges and Warrants

In connection with the offering of the 2022 Convertible Notes, we concurrently entered into the following privately-negotiated separate transactions: convertible note hedge transactions with respect to our common stock ("2022 Convertible Note Hedges"), covering a total of approximately 1.6 million shares of our common stock, and warrant transactions ("2022 Warrants"), whereby we sold to the counterparties to the 2022 Convertible Note Hedges warrants to acquire approximately 1.6 million shares of our common stock. As of March 31, 2022, the strike prices of the 2022 Convertible Note Hedges and the 2022 Warrants were subject to adjustment to approximately $148.29 and $176.80, respectively, and no 2022 Convertible Note Hedges or 2022 Warrants have been exercised.

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 March 31, 2022 to 5.9122 shares of common stock per $1,000 principal amount of 2026 Convertible Notes (equivalent to a conversion price of $169.14 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 March 31, 2022, the effective interest rate was 0.55%.

The following table shows the net carrying value of the 2026 Convertible Notes.

($ in millions)	At March 31, 2022	At December 31, 2021
Liability component		
Principal amount	$ 575	$ 575
Unamortized debt discount[(1)]	—	(104)
Unamortized debt issuance costs	(12)	(10)
Net carrying amount of the liability component	$ 563	$ 461
Carrying amount of equity component, net of issuance costs[(1)]	$ —	$ 117

(1) As a result of adoption of ASU 2020-06 during the first quarter of 2022, we no longer account for the liability and equity components of the convertible notes separately, and we reclassified the conversion feature related to the 2026 Convertible Notes from equity to liabilities. Prior period amounts have not been adjusted due to our adoption of ASU 2020-06 under the modified retrospective method. See Footnote 2 "Significant Accounting Policies and Recent Accounting Standards" for information on our adoption of ASU 2020-06.

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

	Three Months Ended	
($ in millions)	March 31, 2022	March 31, 2021
Amortization of debt discount	$ —	$ 5
Amortization of debt issuance costs	1	—
	$ 1	$ 5

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 ("2026 Convertible Note Hedges"), covering a total of approximately 3.4 million shares of our common stock, and warrant transactions ("2026 Warrants"), whereby we sold to the counterparties to the 2026 Convertible Note Hedges, warrants to acquire approximately 3.4 million shares of our common stock. As of March 31, 2022, the strike prices of the 2026 Convertible Note Hedges and the 2026 Warrants were subject to adjustment to approximately $169.14 and $211.43, respectively, and no 2026 Convertible Note Hedges or 2026 Warrants have been exercised.

Security and Guarantees

Amounts borrowed under the Corporate Credit Facility and the 2025 Notes, 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 2025 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 bankruptcy remote special purpose subsidiaries.

Non-Interest Bearing Note Payable

During the first quarter of 2022, we issued a non-interest bearing note payable in connection with the acquisition of vacation ownership units located in Bali, Indonesia. See Footnote 3 "Acquisitions" for additional information on this transaction.

14. SHAREHOLDERS' EQUITY

Marriott Vacations Worldwide has 100,000,000 authorized shares of common stock, par value of $0.01 per share. At March 31, 2022, there were 75,721,548 shares of Marriott Vacations Worldwide common stock issued, of which 41,750,172 shares were outstanding and 33,971,376 shares were held as treasury stock. At December 31, 2021, there were 75,519,049 shares of Marriott Vacations Worldwide common stock issued, of which 42,283,378 shares were outstanding and 33,235,671 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 March 31, 2022 or December 31, 2021.

Share Repurchase Program

During the third quarter of 2021, our Board of Directors authorized a share repurchase program under which we may purchase shares of our common stock for an aggregate purchase price not to exceed $250 million, prior to December 31, 2022. 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. Acquired shares of our common stock are held as treasury shares carried at cost in our Financial Statements. In connection with the 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.

During the first quarter of 2022, our Board of Directors authorized the repurchase of up to an additional $300 million of our common stock, as well as the extension of the term of our existing share repurchase program to March 31, 2023.

As of March 31, 2022, $353 million remained available for repurchase under the share repurchase program approved by the Board of Directors. 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.

The following table summarizes share repurchase activity under our share repurchase programs:

($ in millions, except per share amounts)	Number of Shares Repurchased	Cost of Shares Repurchased	Average Price Paid per Share
As of December 31, 2021	17,681,395	$ 1,418	$ 80.17
For the first quarter of 2022	764,824	119	$ 156.50
As of March 31, 2022	18,446,219	$ 1,537	$ 83.34

Dividends

We declared cash dividends to holders of common stock during the quarter ended March 31, 2022 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 18, 2022	March 3, 2022	March 17, 2022	$0.62

Noncontrolling Interests - Owners' Associations

We consolidate certain owners' associations. Noncontrolling interests represent the portion of the owners' associations related to third-party vacation ownership interest owners. Noncontrolling interests of $10 million as of both March 31, 2022 and December 31, 2021 are included on our Balance Sheets as a component of equity.

15. 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 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 March 31, 2022, approximately 1.0 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	
($ in millions)	March 31, 2022	March 31, 2021
Service-based RSUs	$ 7	$ 6
Performance-based RSUs	—	1
	7	7
SARs	1	1
	$ 8	$ 8

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

($ in millions)	At March 31, 2022	At December 31, 2021
Service-based RSUs	$ 51	$ 33
Performance-based RSUs	10	—
	61	33
SARs	5	2
	$ 66	$ 35

Restricted Stock Units

We granted 165,392 service-based RSUs, which are subject to time-based vesting conditions, with a weighted average grant-date fair value of $153.25, to our employees and non-employee directors during the first quarter of 2022. During the first quarter of 2022, we also granted performance-based RSUs, which are subject to performance-based vesting conditions, to members of management. A maximum of 135,012 RSUs may be earned under the performance-based RSU awards granted during the first quarter of 2022.

Stock Appreciation Rights

We granted 77,037 SARs, with a weighted average grant-date fair value of $59.68 and a weighted average exercise price of $159.27, to members of management during the first quarter of 2022. 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 quarter of 2022:

Expected volatility	42.86%
Dividend yield	1.53%
Risk-free rate	1.77%
Expected term (in years)	6.25

16. 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 us and transfer the economic risks and substantially all the benefits of the consumer loans we originate to third parties. 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 a portion of the securities, subordinated tranches, interest-only strips, subordinated interests in accrued interest and fees on the securitized vacation ownership notes receivable or, in some cases, overcollateralization and cash reserve accounts.

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 March 31, 2022:

($ in millions)	Vacation Ownership Notes Receivable Securitizations	Warehouse Credit Facility	Total
Consolidated Assets			
Vacation ownership notes receivable, net of reserves	$ 1,552	$ 109	$ 1,661
Interest receivable	11	1	12
Restricted cash	73	5	78
Total	$ 1,636	$ 115	$ 1,751
Consolidated Liabilities			
Interest payable	$ 1	$ 1	$ 2
Securitized Debt	1,698	101	1,799
Total	$ 1,699	$ 102	$ 1,801

The following table shows the interest income and expense recognized as a result of our involvement with these VIEs during the first quarter of 2022:

($ in millions)	Vacation Ownership Notes Receivable Securitizations	Warehouse Credit Facility	Total
Interest income	$ 57	$ 2	$ 59
Interest expense to investors	$ 10	$ —	$ 10
Debt issuance cost amortization	$ 2	$ —	$ 2

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

	Three Months Ended	
($ in millions)	March 31, 2022	March 31, 2021
Cash Inflows		
Principal receipts	$ 139	$ 130
Interest receipts	58	50
Reserve release[(1)]	57	—
Total	254	180
Cash Outflows		
Principal to investors	(155)	(129)
Voluntary repurchases of defaulted vacation ownership notes receivable	(23)	(30)
Interest to investors	(11)	(11)
Total	(189)	(170)
Net Cash Flows	$ 65	$ 10

(1) Relates to the release of funds when MVW 2021-2 LLC purchased the remaining vacation ownership notes receivable that were securitized during the fourth quarter of 2021.

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:

	Three Months Ended	
($ in millions)	March 31, 2022	March 31, 2021
Cash Inflows		
Proceeds from vacation ownership notes receivable securitizations	$ 102	$ —
Principal receipts	4	—
Interest receipts	1	—
Total	107	—
Cash Outflows		
Funding of restricted cash	(1)	—
Total	(1)	—
Net Cash Flows	$ 106	$ —

Other Variable Interest Entities

We have a commitment to purchase a property located in Waikiki, Hawaii, which we assigned to a third party during 2020. The property is held by a VIE for which we are not the primary beneficiary. Accordingly, we have not consolidated the VIE. As of March 31, 2022, our Balance Sheet reflected $1 million in Accounts Receivable, including a note receivable of less than $1 million. We believe that our maximum exposure to loss as a result of our involvement with this VIE is approximately $1 million as of March 31, 2022. Subsequent to the end of the first quarter of 2022, we extended a loan to the VIE for $47 million and amended the terms of this commitment. As a result of the amended commitment, if we are unable to negotiate a capital efficient inventory arrangement under which a third party will purchase the property and agree to resell it to us at a later date, we are committed to purchase the property, in its then current form, for $80 million in the fourth quarter of 2022, unless it has been sold to another party. The loan extended to the VIE is due in full upon the earlier of sale of the property, including a sale to us, or an amendment and restatement of our purchase commitment. In the latter case, the existing loan of $47 million would be repaid to us as part of that revised purchase commitment on the part of MVW.

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 the 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 March 31, 2022, the value of the assets held in the rabbi trust was $74 million, which is included in the Other line within assets on our Balance Sheets.

17. 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 Residence 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 Destination 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 exchange networks and membership programs, as well as provision of management services to other resorts and lodging properties. We provide these services through a variety of brands including Interval International, Trading Places International ("TPI"), Vacation Resorts International ("VRI"), and Aqua-Aston. Exchange & Third-Party Management revenue generally is fee-based

and derived from membership, exchange and rental transactions, owners' association management, and other related products and services.

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, 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 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 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	
($ in millions)	**March 31, 2022**	**March 31, 2021**
Vacation Ownership	$ 956	$ 661
Exchange & Third-Party Management	84	86
Total segment revenues	1,040	747
Corporate and other	12	12
	$ 1,052	$ 759

Adjusted EBITDA and Reconciliation to Net Income or Loss Attributable to Common Shareholders

	Three Months Ended	
($ in millions)	**March 31, 2022**	**March 31, 2021**
Adjusted EBITDA Vacation Ownership	$ 199	$ 68
Adjusted EBITDA Exchange & Third-Party Management	43	41
Reconciling items:		
Corporate and other	(54)	(40)
Interest expense	(27)	(43)
Tax (provision) benefit	(32)	11
Depreciation and amortization	(33)	(41)
Share-based compensation expense	(8)	(8)
Certain items	(30)	(16)
Net income (loss) attributable to common shareholders	$ 58	$ (28)

Assets

($ in millions)	**At March 31, 2022**	**At December 31, 2021**
Vacation Ownership	$ 7,946	$ 7,897
Exchange & Third-Party Management	903	911
Total segment assets	8,849	8,808
Corporate and other	654	805
	$ 9,503	$ 9,613

We conduct business globally, and our operations outside the United States represented approximately 11% and 9% of our revenues, excluding cost reimbursements, for the three months ended March 31, 2022 and March 31, 2021, respectively.

18. SUBSEQUENT EVENT

In April 2022, we disposed of the VRI and TPI after determining that these businesses did not meet our future growth strategy and operating model, for net proceeds of approximately $60 million. Both of these businesses are components of our Exchange and Third-Party Management segment.

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, among other things, the information concerning: our possible or assumed future results of operations; business strategies, such as our plans to continue to increase our focus on sales of vacation ownership products to first-time buyers and our expectations regarding resulting increases in financing propensity; financing plans; competitive position; potential growth opportunities; potential operating performance improvements, including the expectations that contract sales, resort management, and rental occupancies will continue to remain strong and/or improve throughout 2022 and that interest income will increase in 2022; our expectations regarding availability of inventory for Getaways; the effects of competition; and the ongoing effect of the COVID-19 pandemic and actions we or others may take in response to the COVID-19 pandemic. 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 continuing effects of the COVID-19 pandemic, including variations in demand for vacation ownership and exchange products and services, volatility in the international and national economy and credit markets, worker absenteeism, quarantines or other government-imposed travel or health-related restrictions; the length and severity of the COVID-19 pandemic, including its short and longer-term impact on the demand for travel and on consumer confidence; the impact of the availability and distribution of effective vaccines on the demand for travel and consumer confidence; the effectiveness of available vaccines against variants of the virus; the pace of recovery following the COVID-19 pandemic or as effective treatments or vaccines become widely available; competitive conditions; the availability of capital to finance growth; the effects of steps we have taken and may continue to take to reduce operating costs and/or enhance health and cleanliness protocols at our resorts due to the COVID-19 pandemic; political or social strife, 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 discussed in our future filings with the U.S. Securities and Exchange Commission (the “SEC”). You should not put undue reliance on any forward-looking statements in this Report. 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. We do not have any intention or obligation to update forward-looking statements after the date of this Quarterly Report on Form 10-Q, 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 to our 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 Residence 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 Destination 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 exchange networks and membership programs, as well as provision of management services to other resorts and lodging properties. As of the end of the first quarter of 2022, we provided these services through a variety of brands including Interval International, VRI, TPI, and Aqua-Aston. Exchange & Third-Party Management revenue generally is fee-based and derived from membership, exchange and rental transactions, property and association management, and other related products and services. Subsequent to the end of the first quarter of 2022, we disposed of the VRI and TPI businesses. See Footnote 18 "Subsequent Event" to our Financial Statements for further information regarding this disposition.

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").

Acquisition of Welk

On April 1, 2021, we completed the Welk Acquisition, after which Welk became our indirect wholly-owned subsidiary. We refer to Welk's business and brands that we acquired as "Legacy-Welk." In April 2022, we introduced the Hyatt Vacation Club and rebranded Welk's vacation ownership program as the Hyatt Vacation Club Platinum Program, enabling Legacy-Welk sales centers to sell a Hyatt-branded vacation ownership product. Most Legacy-Welk resorts are now available for rental stays through Hyatt.com.

COVID-19 Pandemic

The COVID-19 pandemic has caused significant disruptions in international and U.S. economies and markets, and has had an unprecedented impact on the travel and hospitality industries, as well as our Company. We discuss the impacts of the COVID-19 pandemic and its potential future implications throughout this report; however, the COVID-19 pandemic, and any recovery therefrom, continues to evolve and further potential impacts on our business in the future remain uncertain.

Significant Accounting Policies Used in Describing Results of Operations

Sale of Vacation Ownership Products

We recognize revenues from the sale of vacation ownership products ("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 the contracts with the customer and business practices, control of the vacation ownership product is transferred to the customer at closing for Marriott-branded and Legacy-Welk transactions and upon expiration of the statutory rescission period for Sheraton-,Westin-, and Hyatt-branded transactions. Sales of vacation ownership products may be made for cash or we may provide financing. In addition, we recognize settlement fees associated with the transfer of vacation ownership products and commission revenues from sales of vacation ownership products on behalf of third parties, which we refer to as "resales revenue."

We also provide sales incentives to certain purchasers. These sales incentives typically include Marriott Bonvoy points, World of Hyatt points or an alternative sales incentive that we refer to as "plus points." These plus points are redeemable for stays at our resorts or for use in other third-party offerings, generally up to two years from the date of issuance. Typically, sales incentives are only awarded if the sale is closed.

Finally, as more fully described in "*Financing*" below, we record the difference between the vacation ownership note receivable and the consideration to which we expect to be entitled (also known as a vacation ownership notes receivable reserve or a sales reserve) as a reduction of revenues from the sale of vacation ownership products at the time we recognize revenues from a sale.

We report, on a supplemental basis, contract sales for our Vacation Ownership segment. Contract sales consist of the total amount of vacation ownership product sales under contract signed during the period where we have generally received a down payment of at least 10% 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 a customer applies 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. We consider contract sales to be an important operating measure because it reflects the pace of sales in our business.

Cost of vacation ownership products includes costs to develop and construct our projects (also known as real estate inventory costs), other non-capitalizable costs associated with the overall project development process and settlement expenses associated with the closing process. For each project, we expense real estate inventory costs in the same proportion as the revenue recognized. Consistent with the applicable accounting guidance, to the extent there is a change in the estimated sales revenues or inventory costs for the project in a period, a non-cash adjustment is recorded on our income statements to true-up costs in that period to those that would have been recorded historically if the revised estimates had been used. These true-ups, which we refer to as product cost true-up activity, can have a positive or negative impact on our income statements.

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. Development profit margin is calculated by dividing Development profit by revenues from the Sale of vacation ownership products.

Management and Exchange

Our management and exchange revenues include revenues generated from fees we earn for managing each of our vacation ownership resorts, providing property management, owners' association management and related services to third-party vacation ownership resorts and fees we earn for providing rental services and related hotel, condominium resort, and owners' association management services to vacation property owners.

In addition, we earn revenue from ancillary offerings, including food and beverage outlets, golf courses and other retail and service outlets located at our Vacation Ownership resorts. We also receive annual membership fees, club dues and certain transaction-based fees from members, owners and other third parties.

Management and exchange expenses include costs to operate the food and beverage outlets and other ancillary operations and to provide overall customer support services, including reservations, and certain transaction-based expenses relating to external exchange service providers.

In our Vacation Ownership segment and Consolidated Property Owners' Associations, we refer to these activities as "Resort Management and Other Services."

Financing

We offer financing to qualified customers for the purchase of most types of our vacation ownership products. The average FICO score of customers who were U.S. citizens or residents who financed a vacation ownership purchase was as follows:

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
Average FICO score	736	732

The typical financing agreement provides for monthly payments of principal and interest with the principal balance of the loan fully amortizing over the term of the related vacation ownership note receivable, which is generally ten to fifteen years. Included within our vacation ownership notes receivable are originated vacation ownership notes receivable and vacation ownership notes receivable acquired in connection with the ILG Acquisition and the Welk Acquisition.

The interest income earned from our vacation ownership financing arrangements is earned on an accrual basis on the principal balance outstanding over the contractual life of the arrangement and is recorded as Financing revenues on our Income Statements. Financing revenues also include fees earned from servicing the existing vacation ownership notes receivable portfolio. The amount of interest income earned in a period depends on the amount of outstanding vacation ownership notes receivable, which is impacted positively by the origination of new vacation ownership notes receivable and negatively by principal collections. We calculate financing propensity as contract sales volume of financed contracts originated in the period divided by contract sales volume of all contracts originated in the period. We do not include resales contract sales in the financing propensity calculation. Financing propensity was 50% in the first quarter of 2022 and 46% in the first quarter of 2021; the higher financing propensity in the first quarter of 2022 is due to a higher percentage of sales during this period to first-time buyers, who tend to have a higher financing propensity. We expect to continue offering financing incentive programs in 2022. We also plan to shift back to the increased focus we placed pre-pandemic on sales to first-time buyers, who are more likely to finance their purchases, which should further increase propensity and increase interest income as new originations of vacation ownership notes receivable outpace the decline in principal of existing vacation ownership notes receivable.

Acquired vacation ownership notes receivable are accounted for using the purchased credit deteriorated assets provision of the current expected credit loss model. The estimates of 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 estimated value of collateral securing the acquired vacation ownership notes receivable. See Footnote 6 “Vacation Ownership Notes Receivable” to our Financial Statements for further information regarding the accounting for acquired vacation ownership notes receivable.

In the event of a default, we generally have the right to foreclose on or revoke the underlying VOI. We return VOIs that we reacquire through foreclosure or revocation back to inventory. As discussed above, for originated vacation ownership notes receivable, we record a reserve at the time of sale and classify the reserve as a reduction to revenues from the sale of vacation ownership products on our Income Statements. Revisions to estimates of variable consideration from the sale of vacation ownership products impact the reserve on originated vacation ownership notes receivable and can increase or decrease revenues. In contrast, for acquired vacation ownership notes receivable, we record changes to the reserve, net of collateral value, as an adjustment to Financing expenses on our Income Statements.

Historical default rates, which represent defaults as a percentage of each year’s beginning gross vacation ownership notes receivable balance, were as follows:

	Three Months Ended	
	March 31, 2022	**March 31, 2021**
Historical default rates	1.1%	1.3%

The decrease in default rates in 2022 reflects the return of the performance of our notes receivable portfolio to pre-pandemic levels.

Financing expenses include consumer financing interest expense, which represents interest expense associated with the securitization of our vacation ownership notes receivable, costs to support the financing, servicing and securitization processes and changes in expected credit losses related to acquired vacation ownership notes receivable. We distinguish consumer financing interest expense from all other interest expense because the debt associated with the consumer financing interest expense is secured by vacation ownership notes receivable that have been sold to bankruptcy remote special purpose entities and is generally non-recourse to us.

Rental

In our Vacation Ownership segment, we operate a rental business to provide owner flexibility and to help mitigate carrying costs associated with our inventory. We generate revenue from rentals of inventory that we hold for sale as interests in our vacation ownership programs, inventory that we control because our owners have elected alternative usage options permitted under our vacation ownership programs and rentals of owned-hotel properties. We also recognize rental revenue from the utilization of plus points under our points-based products when the points are redeemed for rental stays at one of our resorts or in other third-party offerings, or upon expiration of the points. We obtain rental inventory from unsold inventory and inventory we control because owners have elected alternative usage options offered through our vacation ownership programs. For rental revenues associated with vacation ownership products which we own and which are registered and held for sale, to the extent that the revenues from rental are less than costs, revenues are reported net in accordance with ASC Topic 978, “*Real Estate - Time-Sharing Activities*” (“ASC 978”). The rental activity associated with discounted vacation packages requiring a tour (“preview stays”) is not included in transient rental metrics, and because the majority of these preview stays are sourced directly or indirectly from unsold inventory, the associated revenues and expenses are reported net in Marketing and sales expense.

In our Exchange & Third-Party Management segment, we offer vacation rental opportunities at managed properties. We also offer vacation rental opportunities known as Getaways to members of the Interval International network and certain other membership programs. Getaways allow us to monetize excess availability of resort accommodations within the applicable exchange network, as well as provide additional vacation opportunities to members. Resort accommodations typically become available as Getaways as a result of seasonal oversupply or underutilized space in the applicable exchange program. We also source resort accommodations specifically for the Getaways program.

Rental expenses include:

- Maintenance and other fees on unsold inventory;
- Costs to provide alternative usage options, including Marriott Bonvoy points, World of Hyatt points and offerings available as part of third-party offerings, for owners who elect to exchange their inventory;
- Marketing costs and direct operating and related expenses in connection with the rental business (such as housekeeping, labor costs, credit card expenses and reservation services); and
- Costs to secure resort accommodations for use in Getaways.

Rental metrics, including the average daily transient rate or the number of transient keys rented, may not be comparable between periods given fluctuation in available occupancy by location, unit size (such as two bedroom, one bedroom or studio unit), owner use and exchange behavior. In addition, rental metrics may not correlate with rental revenues due to the requirement to report certain rental revenues net of rental expenses in accordance with ASC 978 (as discussed above). Further, as our ability to rent certain luxury and other inventory is often limited on a site-by-site basis, rental operations may not generate adequate rental revenues to cover associated costs. Our Vacation Ownership segment units are either "full villas" or "lock-off" villas. Lock-off villas are units that can be separated into a master unit and a guest room. Full villas are "non-lock-off" villas because they cannot be separated. A "key" is the lowest increment for reporting occupancy statistics based upon the mix of non-lock-off and lock-off villas. Lock-off villas represent two keys and non-lock-off villas represent one key. The "transient keys" metric represents the blended mix of inventory available for rent and includes all of the combined inventory configurations available in our resort system.

Cost Reimbursements

Cost reimbursements include direct and indirect costs that are reimbursed to us by customers under management contracts. All costs reimbursed to us by customers, with the exception of taxes assessed by a governmental authority, are reported on a gross basis. We recognize cost reimbursements when we incur the related reimbursable costs. Cost reimbursements consist of actual expenses with no added margin.

Interest Expense

Interest expense consists of all interest expense other than consumer financing interest expense, which is included within Financing expense.

Transaction and Integration Costs

Transaction and integration costs represent costs related to the ILG and Welk Acquisitions, primarily for financial advisory, legal, and other professional service fees, as well as certain tax related accruals. Transaction and integration costs also include charges for employee retention, severance and other termination related benefits, fees paid to change-management consultants and technology-related costs related to the integration of ILG and Welk.

Other Items

We measure operating performance using the following key metrics:

- Contract sales from the sale of vacation ownership products;
  - Total contract sales include contract sales from the sale of vacation ownership products including joint ventures, and
  - Consolidated contract sales exclude contract sales from the sale of vacation ownership products for non-consolidated joint ventures;
- Development profit margin;
- Volume per guest ("VPG"), which we calculate by dividing consolidated vacation ownership contract sales, excluding fractional sales, telesales, resales, joint venture sales 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;
- Total active members, which is the number of Interval International network active members at the end of the applicable period; and
- Average revenue per member, which we calculate by dividing membership fee revenue, transaction 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.

NM = Not meaningful.

Consolidated Results

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
REVENUES		
Sale of vacation ownership products	$ 310	$ 163
Management and exchange	222	193
Rental	133	89
Financing	71	59
Cost reimbursements	316	255
TOTAL REVENUES	1,052	759
EXPENSES		
Cost of vacation ownership products	60	40
Marketing and sales	182	109
Management and exchange	127	117
Rental	81	82
Financing	21	21
General and administrative	61	46
Depreciation and amortization	33	41
Litigation charges	3	3
Royalty fee	27	25
Cost reimbursements	316	255
TOTAL EXPENSES	911	739
Gains and other income, net	4	6
Interest expense	(27)	(43)
Transaction and integration costs	(28)	(19)
INCOME (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	90	(36)
(Provision for) benefit from income taxes	(32)	11
NET INCOME (LOSS)	58	(25)
Net income attributable to noncontrolling interests	—	(3)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 58	$ (28)

Operating Statistics

2022 First Quarter

(Contract sales $ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Vacation Ownership				
Total contract sales	$ 403	$ 232	$ 171	74%
Consolidated contract sales	$ 394	$ 226	$ 168	75%
Joint venture contract sales	$ 9	$ 6	$ 3	45%
VPG	$ 4,706	$ 4,644	$ 62	1%
Exchange & Third-Party Management				
Total active members at end of period (000's)(1)	1,606	1,479	127	9%
Average revenue per member(1)	$ 44.33	$ 47.13	$ (2.80)	(6%)

(1) Only includes members of the Interval International exchange network.

Revenues

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Vacation Ownership	$ 956	$ 661	$ 295	45%
Exchange & Third-Party Management	84	86	(2)	(1%)
Total Segment Revenues	1,040	747	293	39%
Consolidated Property Owners' Associations	12	12	—	(6%)
Total Revenues	$ 1,052	$ 759	$ 293	39%

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 (excluding consumer financing interest expense associated with term loan securitization transactions), income taxes, depreciation and amortization. Adjusted EBITDA reflects additional adjustments for certain items described below, and excludes share-based compensation expense to address considerable variability among companies in recording compensation expense because companies use share-based payment awards differently, both in the type and quantity of awards granted. For purposes of our EBITDA and Adjusted EBITDA calculations, we do not adjust for consumer financing interest expense associated with term loan 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 and expand our business. 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 provision 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 vacation 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 (loss) attributable to common shareholders, which is the most directly comparable GAAP financial measure.

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Net income (loss) attributable to common shareholders	$ 58	$ (28)	$ 86	NM
Interest expense	27	43	(16)	(37%)
Provision for (benefit from) income taxes	32	(11)	43	NM
Depreciation and amortization	33	41	(8)	(21%)
EBITDA	150	45	105	NM
Share-based compensation expense	8	8	—	—%
Certain items	30	16	14	97%
Adjusted EBITDA	$ 188	$ 69	$ 119	NM

Certain items for the first quarter of 2022 consisted of $28 million of transaction and integration costs (including $25 million of ILG Acquisition and integration related costs and $3 million of Welk Acquisition and integration related costs), $3 million of purchase accounting adjustments, and $3 million of litigation charges, partially offset by $4 million of gains and other income, net (including $3 million of business interruption insurance proceeds received during the quarter and $1 million of foreign currency translation gains).

Certain items for the first quarter of 2021 consisted of $19 million of transaction costs (including $17 million of ILG Acquisition and integration related costs and $2 million of Welk Acquisition and integration related costs) and $3 million of litigation charges, partially offset by $4 million of foreign currency translation gains, and $2 million of miscellaneous gains and other income.

Segment Adjusted EBITDA

2022 First Quarter

	Three Months Ended			
($ in millions)	**March 31, 2022**	**March 31, 2021**	**Change**	**% Change**
Vacation Ownership	$ 199	$ 68	$ 131	NM
Exchange & Third-Party Management	43	41	2	4%
Segment adjusted EBITDA	242	109	133	NM
General and administrative	(54)	(40)	(14)	(35%)
Consolidated property owners' associations	—	—	—	NM
Adjusted EBITDA	$ 188	$ 69	$ 119	NM

Vacation Ownership

2022 First Quarter

	Three Months Ended			
($ in millions)	**March 31, 2022**	**March 31, 2021**	**Change**	**% Change**
Segment adjusted EBITDA	$ 199	$ 68	$ 131	NM
Depreciation and amortization	(22)	(19)	(3)	(14%)
Share-based compensation expense	(1)	(1)	—	(22%)
Certain items	(3)	(4)	1	17%
Segment financial results	$ 173	$ 44	$ 129	NM

Certain items in the Vacation Ownership segment for the first quarter of 2022 consisted of $3 million of litigation charges and $3 million of purchase accounting adjustments, offset by $3 million of gains and other income, net related to business interruption insurance proceeds received during the quarter.

Certain items in the Vacation Ownership segment for the first quarter of 2021 consisted of $3 million of litigation charges and $1 million of restructuring costs.

Exchange & Third-Party Management

2022 First Quarter

	Three Months Ended			
($ in millions)	**March 31, 2022**	**March 31, 2021**	**Change**	**% Change**
Segment adjusted EBITDA	$ 43	$ 41	$ 2	4%
Depreciation and amortization	(9)	(20)	11	56%
Share-based compensation expense	(1)	—	(1)	(40%)
Certain items	—	—	—	NM
Segment financial results	$ 33	$ 21	$ 12	59%

Business Segments

Our business is grouped into two reportable business segments: Vacation Ownership and Exchange & Third-Party Management. See Footnote 17 "Business Segments" to our Financial Statements for further information on our segments.

Vacation Ownership

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
REVENUES		
Sale of vacation ownership products	$ 310	$ 163
Resort management and other services	126	94
Rental	122	77
Financing	71	59
Cost reimbursements	327	268
TOTAL REVENUES	956	661
EXPENSES		
Cost of vacation ownership products	60	40
Marketing and sales	182	109
Resort management and other services	54	35
Rental	90	96
Financing	21	21
Depreciation and amortization	22	19
Litigation charges	3	3
Restructuring	—	1
Royalty fee	27	25
Cost reimbursements	327	268
TOTAL EXPENSES	786	617
Gains and other income, net	3	—
SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 173	$ 44

Contract Sales

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Total consolidated contract sales	$ 394	$ 226	$ 168	75%
Joint venture contract sales	9	6	3	45%
Total contract sales	$ 403	$ 232	$ 171	74%

Sale of Vacation Ownership Products

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Total contract sales	$ 403	$ 232	$ 171	74%
Less: resales contract sales	(9)	(5)	(4)	
Less: joint venture contract sales	(9)	(6)	(3)	
Consolidated contract sales, net of resales	385	221	164	74%
Plus:				
Settlement revenue	7	5	2	
Resales revenue	4	2	2	
Revenue recognition adjustments:				
Reportability	(33)	(36)	3	
Sales reserve	(29)	(14)	(15)	
Other[1]	(24)	(15)	(9)	
Sale of vacation ownership products	$ 310	$ 163	$ 147	90%

(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.

The higher contract sales performance reflects the continued ramp-up of the business subsequent to the initial impact of the COVID-19 pandemic, as well as $24 million in contract sales relating to the Welk Acquisition, which we acquired in the second quarter of 2021. Higher settlement revenue, sales incentives issued, and sales reserve activity were driven primarily by the higher contract sales volumes as well as the Welk Acquisition.

Development Profit

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Sale of vacation ownership products	$ 310	$ 163	$ 147	90%
Cost of vacation ownership products	(60)	(40)	(20)	(52%)
Marketing and sales	(182)	(109)	(73)	(66%)
Development profit	$ 68	$ 14	$ 54	NM

The increase in Development profit reflects $51 million as a result of higher contract sales volumes, in part from continued strong VPGs, and lower marketing and sales spending as a percentage of revenue and $9 million of favorable product cost, due to the sale of lower cost inventory as well as favorable product cost true-up activity, partially offset by $5 million of higher sales reserve activity due to higher contract sales volumes and $1 million of unfavorable revenue reportability.

Resort Management and Other Services Revenues, Expenses and Profit

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Management fee revenues	$ 42	$ 38	$ 4	12%
Ancillary revenues	54	28	26	93%
Other management and exchange revenues	30	28	2	7%
Resort management and other services revenues	126	94	32	34%
Resort management and other services expenses	(54)	(35)	(19)	(54%)
Resort management and other services profit	$ 72	$ 59	$ 13	22%
Resort management and other services profit margin	57.5%	63.0%	(5.5 pts)	

Resort management and other services revenues reflects higher ancillary revenues, including revenues from food and beverage and golf offerings, as a result of the continued ramp-up of the business subsequent to the initial impact of the COVID-19 pandemic, higher management fees, and $6 million of revenues from the Welk Acquisition. Resort occupancies continued to increase since the initial impact of the pandemic as travel and tourism trends continue to recover. We expect this trend in business improvement to continue throughout 2022.

The increase in resort management and other services profit reflects the higher ancillary expenses as a result of the higher ancillary revenues mentioned above.

Rental Revenues, Expenses and Profit

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Rental revenues	$ 122	$ 77	$ 45	58%
Rental expenses	(90)	(96)	6	6%
Rental profit (loss)	$ 32	$ (19)	$ 51	NM
Rental profit margin	25.8%	NM		

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Transient keys rented[(1)]	539,559	385,745	153,814	40%
Average transient key rate	$ 275.49	$ 230.32	$ 45.17	20%
Resort occupancy	87.6%	66.7%	20.9 pts	

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

The improvement in rental profit resulted from an increase in transient keys rented and a higher average transient rate due to the continued ramp-up of the business subsequent to the initial impact of the COVID-19 pandemic as COVID-19-related restrictions continued to ease, as well as from higher plus point revenue. These increases were partially offset by higher inventory carrying costs (due to low sales volumes in 2021 as a result of the COVID-19 pandemic, the acquisition of new inventory in 2021, and higher utilization in 2022 of third-party vacation offerings for owners who elect to exchange the usage of their inventory).

As the majority of the governmental restrictions in response to the pandemic that caused rental activity to decline, such as travel restrictions and quarantine requirements, have been lifted, we expect rental occupancies to continue to remain strong throughout the remainder of 2022. However, we do not expect this part of our business to fully recover to pre-pandemic levels in 2022 as a result of reduced rental inventory availability due to higher owner usage as well as higher inventory carry costs.

Financing Revenues, Expenses and Profit

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Financing revenues	71	59	12	21%
Financing expenses	(9)	(8)	(1)	(12%)
Consumer financing interest expense	(12)	(13)	1	5%
Financing profit	$ 50	$ 38	$ 12	31%
Financing propensity	50.3%	46.0%		

Financing revenues increased due primarily to the Welk Acquisition, which contributed $10 million in the first quarter of 2022. Excluding the impact of the Welk Acquisition, financing revenues increased $2 million due mainly to lower plus point financing incentive costs year-over-year. New loan originations are beginning to offset the continued pay-down of the existing vacation ownership notes receivable portfolio, such that interest income is relatively flat compared to the prior year quarter. As contract sales volumes continue to grow, we expect that the growth from new loan originations will more than offset the normal decline in the existing vacation ownership notes receivable portfolio due to loan payment activity, and cause interest income to increase. Financing expenses increased due to the Welk Acquisition and increased foreclosure costs, offset partially by the timing of when lien fee income is recognized. The higher financing propensity reflects a higher mix of sales to first-time buyers, who tend to have a higher financing propensity. As we move through 2022, we expect to continue to increase our focus on sales to first-time buyers, which should further increase financing propensity.

Royalty Fee

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Royalty fee	$ 27	$ 25	$ 2	8%

Litigation Charges

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Litigation charges	$ 3	$ 3	$ —	(5%)

During the first quarter of 2022 and the first quarter of 2021, the litigation charges related primarily to projects in Europe.

Gains and Other Income

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Gains and other income, net	$ 3	$ —	$ 3	NM

During the first quarter of 2022, we recorded $3 million of gains and other income, net related to business interruption insurance proceeds received during the quarter.

Exchange & Third-Party Management

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
REVENUES		
Management and exchange	$ 64	$ 60
Rental	11	12
Cost reimbursements	9	14
TOTAL REVENUES	84	86
EXPENSES		
Management and exchange	33	31
Depreciation and amortization	9	20
Cost reimbursements	9	14
TOTAL EXPENSES	51	65
SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 33	$ 21

Rental Revenues, Expenses and Profit

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Rental revenues	$ 11	$ 12	$ (1)	(8%)
Rental expenses	—	—	—	NM
Rental profit	$ 11	$ 12	$ (1)	(8%)
Rental profit margin	100.0%	100.0%	— pts	

Results reflect a 12% decline in Getaways transactions, offset partially by a 15% increase in average fees. The decline in transactions reflects increased owner usage which is putting pressure on the volume of member deposits available as inventory for Getaways as members choose to occupy their accommodations rather than exchange usage through Interval International, offset partially by pricing increases.

Management and Exchange Profit

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Management and exchange revenue	$ 64	$ 60	$ 4	7%
Management and exchange expense	(33)	(31)	(2)	(6%)
Management and exchange profit	$ 31	$ 29	$ 2	8%
Management and exchange profit margin	48.6%	48.0%	0.6 pts	

The increase in management and exchange revenue and profit reflects higher management fees at Aqua-Aston managed properties due to the continued ramp-up of the business in Hawaii subsequent to the initial impact of the COVID-19 pandemic. For Interval International, average revenue per member decreased 6% over the prior year comparable period. This decline was due in part to new, recently added affiliations for which we expect any exchange activity to take time to ramp-up as many of the new members have already booked near term travel plans.

Depreciation and Amortization

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
Depreciation and amortization	$ 9	$ 20	$ (11)	(56%)

The decrease in depreciation expense relates to a true-up made in the prior year to accelerate depreciation on a technology asset.

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 the Consolidated Property Owners' Associations.

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
REVENUES		
Resort management and other services	$ 32	$ 39
Cost reimbursements	(20)	(27)
TOTAL REVENUES	12	12
EXPENSES		
Resort management and other services	40	51
Rental	(9)	(14)
General and administrative	61	46
Depreciation and amortization	2	2
Restructuring	—	(1)
Cost reimbursements	(20)	(27)
TOTAL EXPENSES	74	57
Gains and other income, net	1	6
Interest expense	(27)	(43)
Transaction and integration costs	(28)	(19)
FINANCIAL RESULTS BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	(116)	(101)
(Provision for) benefit from income taxes	(32)	11
Net income attributable to noncontrolling interests	—	(3)
FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (148)	$ (93)

Consolidated Property Owners' Associations

The following table illustrates the impact of certain Consolidated Property Owners' Associations under the relevant accounting guidance, which represents the portion related to third-party VOI owners.

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
REVENUES		
Resort management and other services	$ 32	$ 39
Cost reimbursements	(20)	(27)
TOTAL REVENUES	12	12
EXPENSES		
Resort management and other services	40	51
Rental	(9)	(14)
Cost reimbursements	(20)	(27)
TOTAL EXPENSES	11	10
Gains and other income, net	—	2
FINANCIAL RESULTS BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	1	4
Net income attributable to noncontrolling interests	—	(3)
FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 1	$ 1

General and Administrative

2022 First Quarter

	Three Months Ended			
($ in millions)	**March 31, 2022**	**March 31, 2021**	**Change**	**% Change**
General and administrative	$ 61	$ 46	$ 15	33%

For the first quarter of 2022, General and administrative expenses increased due primarily to $11 million of higher salary costs due to reduced work week programs in the prior year, $3 million related to higher bonus expense, and a $2 million decrease in credits related to incentives under the CARES Act, partially offset by $1 million in lower overall spending.

Restructuring

2022 First Quarter

	Three Months Ended			
($ in millions)	**March 31, 2022**	**March 31, 2021**	**Change**	**% Change**
Restructuring	$ —	$ (1)	$ 1	(100%)

No restructuring costs were recorded for the first quarter of 2022. During the first quarter of 2021, we reversed an accrual for $1 million associated with a restructuring plan that we adopted as a result of the COVID-19 pandemic.

Gains / Losses and Other Income / Expense

2022 First Quarter

	Three Months Ended			
($ in millions)	**March 31, 2022**	**March 31, 2021**	**Change**	**% Change**
Gains and other income, net	$ 1	$ 6	$ (5)	(74%)

We recorded $1 million and $6 million of foreign currency translation gains in the first quarter of 2022 and the first quarter of 2021, respectively.

Interest Expense

2022 First Quarter

	Three Months Ended			
($ in millions)	**March 31, 2022**	**March 31, 2021**	**Change**	**% Change**
Interest expense	$ (27)	$ (43)	$ 16	37%

Interest expense decreased $16 million, including $13 million due to the early redemption of the 2026 Notes in 2021, $6 million due to the adoption of new accounting guidance related to our convertible debt (see Footnote 2 “Significant Accounting Policies and Recent Accounting Standards”), and $4 million due to the early redemption of a portion of the 2025 Notes, partially offset by $6 million due to the issuance of the 2029 Notes in 2021 and $1 million of higher interest related to a leased asset.

Transaction and Integration Costs

2022 First Quarter

	Three Months Ended			
($ in millions)	**March 31, 2022**	**March 31, 2021**	**Change**	**% Change**
Transaction and integration costs	$ (28)	$ (19)	$ (9)	(49%)

In the first quarter of 2022, Transaction and integration costs included $25 million of ILG Acquisition and integration related costs, and $3 million of Welk Acquisition and integration related costs.

In the first quarter of 2021, Transaction and integration costs included $17 million of ILG Acquisition and integration related costs, and $2 million of Welk Acquisition and integration related costs.

Income Tax

2022 First Quarter

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change	% Change
(Provision for) benefit from income taxes	$ (32)	$ 11	$ (43)	NM

The change in the (Provision for) benefit from income taxes is predominately attributable to an increase in pre-tax income and an increase in the reserve for unrecognized tax benefits for the three months ended March 31, 2022.

Liquidity and Capital Resources

Typically, our capital needs are supported by cash on hand ($0.4 billion at the end of the first quarter of 2022), cash generated from operations, our ability to raise capital through securitizations in the asset-backed securities market, our ability to issue new, and refinance existing, debt and, to the extent necessary, our ability to access funds under the Warehouse Credit Facility and the Revolving Corporate Credit Facility. 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.

During the first quarter of 2022, we entered into an amendment to the Revolving Corporate Credit Facility (the "Amendment"), which increased the borrowing capacity of the existing revolving credit facility from $600 million to $750 million and extended the maturity date from August 31, 2023 to March 31, 2027.

At March 31, 2022, we had $4.6 billion of total gross debt outstanding, which included $1.8 billion of non-recourse debt associated with vacation ownership notes receivable securitizations, $1.1 billion of senior notes, $0.8 billion of convertible notes, $0.8 billion of debt under our Corporate Credit Facility, $84 million related to finance lease obligations, and $11 million related to a non-interest bearing note payable.

At March 31, 2022, we had $684 million of completed real estate inventory on hand. In addition, we had $496 million of completed vacation ownership units that have been classified as a component of Property and equipment until the time at which they are legally registered and available for sale as vacation ownership products.

Our material cash requirements from known contractual or other obligations were $6 billion as of March 31, 2022, of which we expect $748 million to be payable during 2022. These obligations primarily relate to our debt, securitized debt and purchase obligations. Please see "Material Cash Requirements" below for additional information.

The following table summarizes the changes in cash, cash equivalents and restricted cash:

($ in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Cash, cash equivalents and restricted cash provided by (used in):		
Operating activities	$ 129	$ (60)
Investing activities	(10)	(8)
Financing activities	(272)	255
Effect of change in exchange rates on cash, cash equivalents and restricted cash	—	(1)
Net change in cash, cash equivalents and restricted cash	$ (153)	$ 186

Cash from Operating Activities

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. Outflows include spending for the development of new phases of existing resorts, the acquisition of additional inventory, enhancement of our inventory exchange network of resorts and related technology infrastructure and funding our working capital needs.

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 acquisition and development.

Excluding the impact of changes in net income or loss and adjustments for non-cash items, the change in cash flows from operations increased as a result of lower inventory spending, higher operational expense accruals, higher sales and rental deposits due to the continued ramp-up of the business, and higher collections of vacation ownership notes receivable, partially offset by timing of certain employee benefit payments.

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

Inventory Spending Less Than (In Excess of) Cost of Sales

	Three Months Ended	
($ in millions)	**March 31, 2022**	**March 31, 2021**
Inventory spending	$ (22)	$ (57)
Purchase of vacation ownership units for future transfer to inventory	(12)	(99)
Inventory costs	50	31
Inventory spending less than (in excess of) cost of sales	$ 16	$ (125)

While we have significant inventory on hand, we will continue to selectively pursue growth opportunities in North America and Asia Pacific by targeting high-quality inventory that allows us to add desirable new destinations to our system with new on-site sales locations through 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 deal structures may consist of the development of new inventory, or the conversion of previously built units by third parties, just prior to sale.

Our spending for real estate inventory in the first quarter of 2022 was lower than real estate inventory costs due to our strategy to minimize spending because we have a significant amount of inventory on hand.

Through our existing vacation ownership interest repurchase program, we proactively buy back previously sold vacation ownership interests at lower costs than would be required to develop new inventory. By repurchasing inventory, we expect to be able to help stabilize the future cost of vacation ownership products.

Vacation Ownership Notes Receivable Collections (Less Than) In Excess of Originations

	Three Months Ended	
($ in millions)	**March 31, 2022**	**March 31, 2021**
Vacation ownership notes receivable collections — non-securitized	$ 67	$ 42
Vacation ownership notes receivable collections — securitized	121	123
Vacation ownership notes receivable originations	(205)	(108)
Vacation ownership notes receivable collections (less than) in excess of originations	$ (17)	$ 57

Vacation ownership notes receivable collections increased during the first quarter of 2022, as compared to the first quarter of 2021, due to an increase in the portfolio of outstanding vacation ownership notes receivable. Vacation ownership notes receivable originations in the first quarter of 2022 increased, as compared to the first quarter of 2021, due to higher sales combined with a higher financing propensity. Financing propensity increased to 50% for the first quarter of 2022, compared to 46% for the first quarter of 2021, reflecting a higher mix of sales to first-time buyers, who tend to have a higher financing propensity.

Cash from Investing Activities

Capital Expenditures for Property and Equipment

In the first quarter of 2022, capital expenditures for property and equipment included $9 million to support business operations (including $6 million for ancillary and other operations assets and $3 million for sales locations).

In the first quarter of 2021, capital expenditures for property and equipment of $7 million included $5 million to support business operations (including $3 million for ancillary and other operations assets and $2 million for sales locations) and $2 million for technology.

Cash from Financing Activities

Borrowings from / Repayment of Debt Related to Securitization Transactions

During the first quarter of 2022, we securitized vacation ownership notes receivable under our Warehouse Credit Facility. The carrying amount of the vacation ownership notes receivable securitized was $125 million. The average advance rate was 81%, which resulted in gross proceeds of $102 million. Net proceeds were $101 million due to the funding of reserve accounts of $1 million.

As of March 31, 2022, $120 million of gross vacation ownership notes receivable were eligible for securitization.

Proceeds from / Repayments of Debt

Borrowings from / Repayment of Corporate Credit Facility

Our Corporate Credit Facility includes the Term Loan and our Revolving Corporate Credit Facility, which is further discussed in Footnote 13 "Debt" to our Financial Statements. No principal payments were made on our Term Loan during the first quarter of 2022. During the first quarter of 2022, we borrowed $30 million under our Revolving Corporate Credit Facility, all of which was repaid prior to the end of the quarter. There were no borrowed amounts outstanding under our Revolving Corporate Credit Facility as of March 31, 2022. As of March 31, 2022, we had $2 million of letters of credit outstanding under our Revolving Corporate Credit Facility.

During the first quarter of 2021, we repaid $100 million of the amount outstanding under the Term Loan. We had no borrowings or repayments under our Revolving Corporate Credit Facility during the first quarter of 2021.

Finance Lease Payment

During the first quarter of 2022, we paid $2 million related to our finance lease obligations for technology and business operations equipment.

Debt Issuance Costs

During the first quarter of 2022, we paid $4 million of debt issuance costs associated with an amendment to the Revolving Corporate Credit Facility, which is further discussed in Footnote 13 "Debt" to our Financial Statements.

During the first quarter of 2021, we paid $2 million of debt issuance costs, which included $1 million associated with the 2026 Convertible Notes and $1 million associated with the extension of the Waiver which suspended certain requirements under the Revolving Corporate Credit Facility.

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 of Shares Repurchased**	**Average Price Paid per Share**
As of December 31, 2021	17,681,395	$ 1,418	$ 80.17
For the first quarter of 2022	764,824	119	156.50
As of March 31, 2022	18,446,219	$ 1,537	$ 83.34

See Footnote 14 "Shareholders' Equity" to our Financial Statements for further information related to our share repurchase program, including the additional share repurchase authorization approved by our Board of Directors during the first quarter of 2022.

Dividends

We distributed cash dividends to holders of our common stock during the first quarter of 2022 as follows:

Declaration Date	**Shareholder Record Date**	**Distribution Date**	**Dividend per Share**
December 9, 2021	December 23, 2021	January 6, 2022	$0.54
February 18, 2022	March 3, 2022	March 17, 2022	$0.62

We currently expect to pay quarterly dividends in the future, but any future dividend payments will be subject to Board 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 March 31, 2022:

		Payments Due by Period			
($ in millions)	**Total**	**Remainder of 2022**	**Years 2023 - 2024**	**Years 2025 - 2026**	**Thereafter**
Contractual Obligations					
Debt obligations[1]	$ 3,088	$ 294	$ 155	$ 1,710	$ 929
Securitized debt[1][2]	1,994	167	529	410	888
Purchase obligations[3]	377	250	86	41	—
Operating lease obligations	122	18	44	35	25
Finance lease obligations[4]	283	6	11	7	259
Other long-term obligations[5]	24	13	7	3	1
	$ 5,888	$ 748	$ 832	$ 2,206	$ 2,102

(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) Primarily relates to our 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 maintenance fees, of $10 million.

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 resorts, these obligations have minimal impact on our net income and cash flow. These purchase commitments are excluded from the table above.

Leases That Have Not Yet Commenced

During 2020, we entered into a finance lease arrangement, that was amended in 2021, for our new global headquarters office building, which is being constructed in Orlando, Florida. The new Orlando corporate office building is currently expected to be completed in 2023, at which time the lease term will commence and a right-of-use asset and corresponding liability will be recorded on our balance sheet. The initial lease term is approximately 16 years with total lease payments of $137 million for the aforementioned period.

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 March 31, 2022 and December 31, 2021, and for the three months ended March 31, 2022 for MVWC and MORI on a stand-alone basis (collectively, the "Issuers"), the Senior Notes Guarantors, the combined non-guarantor subsidiaries of MVW, and MVW on a consolidated basis.

Condensed Consolidating Balance Sheet

	As of March 31, 2022					
	Issuers					
($ in millions)	**MVWC**	**MORI**	**Senior Notes Guarantors**	**Non-Guarantor Subsidiaries**	**Total Eliminations**	**MVW Consolidated**
Cash and cash equivalents	$ —	$ 129	$ 77	$ 148	$ —	$ 354
Restricted cash	—	22	76	198	—	296
Accounts receivable, net	4	55	117	67	(9)	234
Vacation ownership notes receivable, net	—	109	204	1,717	—	2,030
Inventory	—	227	374	92	—	693
Property and equipment	—	196	641	325	—	1,162
Goodwill	—	—	3,142	—	—	3,142
Intangibles, net	—	—	827	151	—	978
Investments in subsidiaries	3,582	4,211	—	—	(7,793)	—
Other	74	116	275	189	(40)	614
Total assets	$ 3,660	$ 5,065	$ 5,733	$ 2,887	$ (7,842)	$ 9,503
Accounts payable	$ 48	$ 15	$ 91	$ 58	$ —	$ 212
Advance deposits	—	83	85	26	—	194
Accrued liabilities	5	102	147	102	(9)	347
Deferred revenue	—	10	241	276	(20)	507
Payroll and benefits liability	1	100	88	25	—	214
Deferred compensation liability	—	109	25	2	—	136
Securitized debt, net	—	—	—	1,799	(20)	1,779
Debt, net	792	1,871	76	12	—	2,751
Other	—	3	171	32	—	206
Deferred taxes	—	60	272	—	1	333
MVW shareholders' equity	2,814	2,712	4,537	545	(7,794)	2,814
Noncontrolling interests	—	—	—	10	—	10
Total liabilities and equity	$ 3,660	$ 5,065	$ 5,733	$ 2,887	$ (7,842)	$ 9,503

($ in millions)	As of December 31, 2021 Issuers MVWC	 MORI	 Senior Notes Guarantors	 Non-Guarantor Subsidiaries	 Total Eliminations	 MVW Consolidated
Cash and cash equivalents	$ —	$ 126	$ 77	$ 139	$ —	$ 342
Restricted cash	—	18	94	349	—	461
Accounts receivable, net	14	49	172	119	(75)	279
Vacation ownership notes receivable, net	—	127	203	1,715	—	2,045
Inventory	—	244	381	94	—	719
Property and equipment	—	200	644	292	—	1,136
Goodwill	—	—	2,841	309	—	3,150
Intangibles, net	—	—	840	153	—	993
Investments in subsidiaries	3,645	4,371	—	—	(8,016)	—
Other	76	108	211	107	(14)	488
Total assets	$ 3,735	$ 5,243	$ 5,463	$ 3,277	$ (8,105)	$ 9,613
Accounts payable	$ 63	$ 22	$ 121	$ 59	$ —	$ 265
Advance deposits	—	69	70	21	—	160
Accrued liabilities	12	151	145	114	(77)	345
Deferred revenue	—	11	151	291	—	453
Payroll and benefits liability	—	102	72	27	—	201
Deferred compensation liability	—	114	25	3	—	142
Securitized debt, net	—	—	—	1,877	(21)	1,856
Debt, net	684	1,870	76	1	—	2,631
Other	—	19	172	33	—	224
Deferred taxes	—	91	250	—	9	350
MVW shareholders' equity	2,976	2,794	4,381	841	(8,016)	2,976
Noncontrolling interests	—	—	—	10	—	10
Total liabilities and equity	$ 3,735	$ 5,243	$ 5,463	$ 3,277	$ (8,105)	$ 9,613

Condensed Consolidating Statements of Income

($ in millions)	Three Months Ended March 31, 2022 Issuers MVWC	 MORI	 Senior Notes Guarantors	 Non-Guarantor Subsidiaries	 Total Eliminations	 MVW Consolidated
Revenues	$ —	$ 161	$ 658	$ 241	$ (8)	$ 1,052
Expenses	(2)	(236)	(533)	(199)	8	(962)
Benefit (provision) for income taxes	—	24	(38)	(18)	—	(32)
Equity in net income (loss) of subsidiaries	60	117	—	—	(177)	—
Net (loss) income	58	66	87	24	(177)	58
Net income attributable to noncontrolling interests	—	—	—	—	—	—
Net (loss) income attributable to common shareholders	$ 58	$ 66	$ 87	$ 24	$ (177)	$ 58

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 our Annual Report on Form 10-K for the year ended December 31, 2021.

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 March 31, 2022, 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 other than changes in control over financial reporting to integrate the business we acquired in the Welk Acquisition.

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 11 “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

The COVID-19 pandemic has heightened, and in some cases, manifested, certain of the risks we normally face in our business, including those disclosed in the 2021 Annual Report. There have been no material changes from the risk factors disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the “2021 Annual Report”).

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	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)
January 1, 2022 – January 31, 2022	112,662	$ 162.72	112,662	$ 153,963,268
February 1, 2022 – February 28, 2022	198,735	$ 161.69	198,735	$ 421,829,349
March 1, 2022 – March 31, 2022	453,427	$ 152.68	453,427	$ 352,598,477
Total	764,824	$ 156.50	764,824	$ 352,598,477

(1) On September 10, 2021, our Board of Directors authorized a share repurchase program under which we may purchase shares of our common stock for an aggregate purchase price not to exceed $250 million, prior to December 31, 2022. On February 18, 2022, our Board of Directors authorized the repurchase of up to an additional $300 million of our common stock, as well as the extension of the duration of our existing share repurchase program to March 31, 2023.

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	Restated Certificate of Incorporation of Marriott Vacations Worldwide Corporation		8-K	3.1	11/22/2011
3.2	Restated Bylaws of Marriott Vacations Worldwide Corporation		8-K	3.2	11/22/2011
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 between Marriott Vacations Worldwide Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee, dated September 25, 2017		10-Q	4.1	11/2/2017
4.3	Form of 1.50% Convertible Senior Note due 2022 (included as Exhibit A to Exhibit 4.2 above)		10-Q	4.1	11/2/2017
4.4	Joinder Agreement to Registration Rights Agreement, dated as of September 1, 2018, by and among ILG, LLC, the guarantors party thereto and Merrill Lynch, Pierce, Fenner & Smith Incorporated as the representative of the initial purchasers		8-K	4.8	9/5/2018
4.5	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
4.6	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
4.7	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

Exhibit Number	Description	Filed Herewith	Incorporation By Reference From		
			Form	Exhibit	Date Filed
4.8	Form of 4.750% Senior Notes due 2028 (included as Exhibit A to Exhibit 4.5 above)		8-K	4.2	10/1/2019
4.9	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
4.10	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
4.11	Form of 6.125% Senior Secured Notes due 2025 (included as Exhibit A to Exhibit 4.10)		8-K	4.1	5/15/2020
4.12	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
4.13	Form of 0.00% Convertible Senior Note due 2026 (included as Exhibit A to Exhibit 4.12 above)		8-K	4.1	2/3/2021
4.14	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
4.15	Form of 4.500% Senior Notes due 2029 (included as Exhibit A to Exhibit 4.14 above)		8-K	4.2	6/22/2021
4.16	Description of Registered Securities		10-K	4.16	3/2/2020
10.1	Incremental Facility Amendment, dated as of March 31, 2022, by and among Marriott Vacations Worldwide Corporation, Marriott Ownership Resorts, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, and the incremental lenders party thereto		8-K	10.1	04/4/2022
10.2	Umbrella IP Amendment, dated as of March 4, 2022, to the Marriott License, Services and Development Agreement for Marriott Projects dated November 19, 2011, by and among Marriott International, Inc., Marriott Worldwide Corporation, and Marriott Vacations Worldwide Corporation.	X			
22.1	List of the Issuer and its Guarantor Subsidiaries		10-K	22.1	03/1/2022
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	X			
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	X			
32.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002	Furnished			
32.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) and 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 March 31, 2022, 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 March 31, 2022, 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.

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: May 9, 2022

/s/ Stephen P. Weisz

Stephen P. Weisz
Chief Executive Officer

/s/ Anthony E. Terry

Anthony E. Terry
Executive Vice President and Chief Financial Officer

March 4, 2022

Marriott International, Inc.
10400 Fernwood Rd,
Bethesda, MD 20817

Re: Marriott License, Services and Development Agreement for Marriott Projects dated November 19, 2011 – Umbrella IP Amendment

Ladies and Gentlemen:

Marriott International, Inc. ("MII") and Marriott Worldwide Corporation ("MWC") (together, "Marriott"), and Marriott Vacations Worldwide Corporation ("MVW") are parties to that certain License, Services and Development Agreement for Marriott Projects dated November 19, 2011, as amended by that certain First Amendment to License, Services, and Development Agreement dated February 26, 2018, that certain letter regarding Consent to Limited Marketing Access dated February 26, 2018, and that certain Letter of Acknowledgment (the "Merger Letter Agreement") regarding MVW's acquisition of the Vistana Destination Club Business (defined below) dated September 1, 2018 (as may be further amended, collectively, the "MVW License Agreement"), under which Marriott granted MVW the right to operate the Licensed Business in accordance with the terms and conditions of the MVW License Agreement.

Starwood Hotels & Resorts Worldwide, LLC (formerly known as Starwood Hotels & Resorts Worldwide, Inc.) ("Starwood"), an Affiliate of Marriott, and Vistana Signature Experiences, Inc. ("Vistana") and ILG, LLC (as successor to ILG, Inc., formerly known as Interval Leisure Group, Inc. ("ILG")), both Affiliates of MVW, are parties to that certain License, Services and Development Agreement (as amended, the "Vistana License Agreement") dated effective May 11, 2016 pursuant to which Vistana was granted a license to operate the Licensed Business in accordance with the terms of, and as defined in, the Vistana License Agreement (referred to herein as the "Vistana Destination Club Business").

Pursuant to the Merger Letter Agreement, Marriott and MVW agreed, among other things, to amend the MVW License Agreement and related agreements to encompass (i) the Sheraton and Westin brands, (ii) with respect to the Specified Fractional Projects, the St. Regis and Luxury Collection brands and (iii) the Licensed Unbranded Projects (as defined below). The parties anticipated that the integration and combination of the MVW Licensed Destination Club Business and Vistana Destination Club Business would occur in steps and phases. This agreement (the "Umbrella IP Amendment") is the first in a series of amendments (the "Track Amendments") that align with such steps and phases and, together with the Merger Letter Agreement, will ultimately be incorporated into the A&R MVW License Agreement (as defined below) entered into in connection with the consolidation of the Vistana License Agreement into the A&R MVW License Agreement. The parties have agreed that, following the execution of this Umbrella IP Amendment and the Track Amendments, the Combination Amendment (as defined in the Merger Letter Agreement) will take the form of an amendment and restatement of the MVW License Agreement (the "A&R MVW License Agreement"), which A&R MVW License Agreement will govern with respect to the combined Licensed Business and Vistana Destination Club Business after the effective date of the A&R MVW License Agreement. This Umbrella IP Amendment modifies certain intellectual property-related provisions and definitions in the MVW License Agreement with the intent of integrating applicable portions of the corresponding intellectual property-related provisions of the Vistana License Agreement into the MVW License Agreement such that the MVW License Agreement can replace the Vistana License Agreement in its entirety with respect to such provisions. The amendments in this Umbrella IP Amendment are effective as of date of this Umbrella IP Amendment and supersede the corresponding provisions in the Vistana License Agreement, as noted after each amendment in brackets (if any), in their entirety such that the amended provision in the MVW License Agreement will govern in all respects from and after the date of this Umbrella IP Amendment (including with respect to any provisions of the Vistana License Agreement that are in effect at any time between the date of this Umbrella IP Amendment and the effective date of the A&R MVW License Agreement). In addition, the following provisions of the Vistana License Agreement (together with any provisions of the Vistana License Agreement that will be superseded by a provision in the MVW License Agreement pursuant to any Track Amendment, the "Superseded Provisions") will no longer be effective as of the date of this Umbrella IP Amendment or the relevant Track Amendment (as applicable): Sections 2.3 (superseded by MVW License Agreement Section 2.3), 2.4 (superseded by MVW License Agreement Section 2.4), 8.2 (superseded by MVW License Agreement Section 9.2), 13.3 (superseded by MVW License Agreement Section 13.3), 13.4 (superseded by MVW License Agreement Section 13.6), and 16.1 (superseded by MVW License Agreement Section 16.1). Each of the Track Amendments will include a list of additional provisions from the Vistana License Agreement that will no longer apply after the date of such Track Amendment and if there is a conflict between this Umbrella IP Amendment and any of the Track Amendments, this Umbrella IP Amendment will control with respect to such conflict unless the Track Amendment expressly states that it is amending this Umbrella Agreement. Each side letter to the MVW License Agreement and to the Vistana License Agreement that is in effect as of the date of this Umbrella IP Amendment will remain in full force and effect, unless and until such side letter is amended or terminated in connection with a Track Amendment or otherwise after the date of this Umbrella IP Amendment by mutual written agreement, and, for the avoidance of doubt, after the date of this Umbrella IP Amendment, any references in such side letters to a Superseded Provision will be treated as references to the applicable provision of the MVW License Agreement that superseded such Superseded Provision. All initially capitalized terms used but not defined herein have the meaning set forth in the MVW License Agreement.

In furtherance thereof and for good and valuable consideration, the parties hereto agree as follows:

1. Preamble. The Preamble of the MVW License Agreement is amended to include Starwood as a "Licensor" (collectively with MII and MWC) and Vistana and ILG each as "Licensee" (collectively with MVW) solely with respect to the provisions of the MVW License Agreement that are modified by this Umbrella IP Amendment or any Track Amendment.

2. Amended Definitions. The following definitions in Exhibit A to the MVW License Agreement are amended and restated in their entirety solely with respect to (i) the provisions of the MVW License Agreement that supersede the Superseded Provisions pursuant to this

Umbrella IP Amendment or any Track Amendment and (ii) the provisions of the MVW License Agreement that are modified by this Umbrella IP Amendment or any Track Amendment:

"Brand Style and Communications Standards" means those standards related to use, style, and presentation of the Licensed Marks and other communications regarding the Licensed Business as set forth in the Brand Style and Communications Standards documents as they exist on March 4, 2022**,** as they may be modified pursuant to Section 7.2.

"Licensed Destination Club Business" means the Destination Club Business operated under (x) the name "Marriott Vacation Club," "Grand Residences by Marriott," "Westin Vacation Club," and/or "Sheraton Vacation Club" and, (y) insofar as it relates to the Specified Fractional Projects, the Specified Fractional Licensed Marks and Specified Fractional Licensed Names, and, in each case, operated under the System and using other Licensed Marks (as applicable) in accordance with the terms of this Agreement. The Licensed Destination Club Business does not include the business of managing or franchising hotels, other overnight lodging accommodation products offered for transient rental, except as specifically provided in Section 9.2, or any Condominium Hotel. The Licensed Destination Club Business licensed hereunder also excludes any passenger cruise ship or cruise line interests, usage rights, products or services; provided, however, that Licensee shall have the right to include as part of the Licensed Destination Club Business Destination Club Units on passenger cruise ships approved by Licensor as to quality, services and brand positioning, using the Licensed Marks (provided that the number of units on each such passenger cruise ship shall not exceed 20 units), and Licensee shall have the right to offer usage rights on third party passenger cruise ships through an Exchange Program associated solely with Licensed Destination Club Products provided to Members.

"Licensed Destination Club Products" means Destination Club Products existing as of the Effective Date or to be developed in future, and which are sold, marketed, developed, and/or operated under the name "Marriott Vacation Club," "Grand Residences by Marriott," "Westin Vacation Club," and/or "Sheraton Vacation Club" or the System or using other Licensed Marks (which Licensed Marks, for the avoidance of doubt, shall exclude the Specified Fractional Licensed Marks and Specified Fractional Licensed Names, except to the extent permitted under this Agreement in connection with the Specified Fractional Projects), all pursuant to this Agreement. Licensed Destination Club Products shall exclude hotels and other overnight lodging accommodation products offered for transient rental, subject to Licensee's rights set forth in Section 9.2.

"Licensed Destination Club Units" means Destination Club Units existing as of the Effective Date or to be developed in future, and which are sold, marketed, developed, and/or operated under the name "Marriott Vacation Club." "Grand Residences by Marriott," "Westin Vacation Club," and/or "Sheraton Vacation Club" or the System or using other Licensed Marks (which Licensed Marks, for the avoidance of doubt, shall exclude the Specified Fractional Licensed Marks and Specified Fractional Licensed Names, except to the extent permitted under this Agreement in connection with the Specified Fractional Projects), all pursuant to this Agreement.

"Licensed Marks" is amended to read as follows: (i) (a) the name and mark "Marriott" solely as used in the names and marks "Marriott Vacation Club" and "Grand Residences by Marriott", in the corporate name "Marriott Vacations Worldwide", in the Permitted Licensee Affiliate Names, and in the domain names documented by the parties, and the name and mark "Marriott's" solely as used in the name of Projects, but not the name "Marriott" or "Marriott's" used by itself or with other words, terms, designs or other elements, and (b) the Licensed Project Names; (ii) the trademark "Marriott" in stylized script format solely as used in the names and marks "Marriott Vacation Club" and "Marriott Vacation Club International" but not to be used by itself or with other words, terms, designs, or other elements; (iii) the Sun Logo used in association with Marriott Vacation Club; (iv) the stylized M "script design" solely as used in the composite M Marriott Vacation Club logo; (v) the name and mark "Marriott" solely as used in the name and mark "Marriott Golf" pursuant to the terms set forth in Section 1.B, but not the name "Marriott" used by itself or with other words, terms, designs or other elements; (vi) the names and marks "Sheraton" and "Westin" solely as used in the names and marks "Sheraton Vacation Club" and "Westin Vacation Club" and, subject to Section 13.2A(3)(viii), in the Permitted Legacy Starwood Affiliate Names; (vii) the names and marks "St Regis" and "The Luxury Collection," each solely as used in the names and marks of the applicable Specified Fractional Projects, but not otherwise by itself or with other words, terms, designs or other elements (the "Specified Fractional Licensed Marks"); (viii) the names and marks "St Regis" and "The Luxury Collection," each solely as used in the names and marks "St. Regis Residence Club" and "The Luxury Collection Residence Club" (the "Specified Fractional Licensed Names"); (ix) subject to the terms and conditions of any applicable side letters, the additional names and marks set forth on Exhibit M hereto; and (x) certain specified additional names and marks on an exclusive or non-exclusive basis that Licensor may specify in writing from time to time. The Licensed Marks shall not include other hotel brands or marks or other marks owned by Licensor or its Affiliate. The Licensed Marks do not include the Licensee Marks.

"Licensed Project Names" is amended to read: means the components of the full name and mark for one or more individual Projects, but excluding the names and marks "Marriott" or "Marriott's", "Sheraton," "Westin," "St. Regis," or "Luxury Collection" in any form. For example, "Cypress Harbour" would constitute the Licensed Project Name for a Project with respect to which the full name is "Marriott's Cypress Harbour". Notwithstanding the foregoing, the Licensed Project Names do not include (i) the name and mark "Kauai Lagoons" and the related design mark, which has been assigned by Licensor or its Affiliate to Licensee and is a Licensee Mark, (ii) the project names and marks "Nanea Ocean Villas", "Los Cabos Ocean Villas", "Vistana Beach Club", "Vistana Resort", "Vistana Villas" and "Lagunamar Ocean Resort", which were listed in the disclosure schedule related to Section 5.20 of the Merger Agreement as Vistana Registered Intellectual Property (as defined in the Merger Agreement) and (iii) the project names and marks of the Vistana Legacy Projects not referenced in item (ii) of this definition.

"Licensee Marks" is amended to read: all trademarks, service marks, trade names, symbols, emblems, logos, insignias, slogans and designs and other indicia of origin (including restaurant names, lounge names, and other outlet names) which are currently exclusively used to identify or are otherwise used in connection with the Licensed Business (and not in any of Licensor's or its Affiliates' other businesses) (whether registered or unregistered, and whether used alone or in connection with any other words, trademarks, service marks, trade names, symbols, emblems, logos, insignias, indicia of origin, slogans, and designs) other than the Licensed Marks and other than any marks or names that contain the word "Marriott" or other Licensor Intellectual Property. The Licensee Marks include the name and mark "Horizons", the name and mark "Grand Residences", the names and marks "Vistana" and "Vistana Signature Experiences", and all trademarks and names assigned by Licensor to Licensee under Section 13.7.A. The Licensee Marks do not include any of the Proprietary Marks.

3. Additional Definitions. The following definitions are added to Exhibit A to the MVW License Agreement:

"Future Conversion Lodging Properties" means hotels or other lodging facilities acquired by Licensee with the intent of having the same become Licensor Lodging Facilities and for the purpose of converting such Licensor Lodging Facilities to Licensed Destination Club Projects.

"Licensed Unbranded Projects" means the Vistana Beach Club and Harborside Resort at Atlantis Destination Club Projects existing as of March 4, 2022.

"Permitted Legacy Starwood Affiliate Names" is defined in Section 13.2A(3)(viii).

"Specified Fractional Licensed Marks" has the meaning set forth in the definition of "Licensed Marks."

"Specified Fractional Licensed Names" has the meaning set forth in the definition of "Licensed Marks."

"Specified Fractional Projects" means the fractional Destination Club Units existing as of March 4, 2022, located at: The St. Regis Residence Club, New York; The St. Regis Residence Club, Aspen; and The Phoenician Residences, The Luxury Collection Residence Club, and which are marketed, developed and/or operated under the Specified Fractional Licensed Marks using the System.

"Transferred Lodging Properties" means the two (2) properties contributed by Starwood Hotels & Resorts Worldwide, Inc. ("Starwood") to Vistana pursuant to the Amended and Restated Separation Agreement among Starwood, Vistana and ILG. dated as of April 18, 2016, for conversion, in whole or in part, into Licensed Destination Club Projects, such properties being The Westin Resort and Spa, Cancun; and The Westin Resort and Spa, Puerto Vallarta.

"Vistana Legacy Projects" means all Destination Club Projects that use a name that includes "Sheraton," "Westin," "St. Regis," or "Luxury Collection" in any form as of March 4, 2022, which are set forth on Attachment 1 to this Umbrella IP Amendment.

4. License. Section 1.A(i) of the MVW License Agreement is amended and restated as follows:

> "(i) (x) a limited, exclusive license during the Term to use the Licensed Marks and the System for the activities described in (i) through (vi) of the definition of Destination Club Business, (y) a limited, exclusive license during the Term to use the names and marks described in (i) through (iv) and (vi) through (viii) of the definition of Licensed Marks for the activities described in (vii) of the definition of Destination Club Business, and (z) a limited, non-exclusive license during the Term to use the names and marks described in (v), (ix) and (x) of the definition of Licensed Marks and the System for the activities described in (vii) of the definition of Destination Club Business, all in connection with the operation of the Licensed Destination Club Business, including the operation of Existing Projects and the development and operation of New Projects, in accordance with the System and this Agreement; and"

5. Specified Fractional Projects and Licensed Unbranded Projects. The "and" after Section 1.A(i) of the MVW License Agreement is deleted and the following provisions are added to the MVW License Agreement immediately after Section 1.A(ii):

"(iii) the limited exclusive right for the Destination Club Business, solely to the extent it relates to the Specified Fractional Projects, to be sold, marketed, managed, operated and/or financed under the Specified Fractional Licensed Names using the System;

(iv) the limited exclusive right for the Specified Fractional Projects to be marketed, managed, developed and/or operated under the Specified Fractional Licensed Marks using the System; and

(v) the limited right for the Licensed Unbranded Projects to be marketed, developed and/or operated using the System. For the avoidance of doubt, all provisions of this Agreement shall apply to the Licensed Unbranded Projects in the same manner as all Licensed Destination Club Projects, except solely to the extent such provisions relate to the use of the Licensed Marks (including the application of Brand Style and Communication Standards relating to the Licensed Marks) and other brand-specific requirements. Notwithstanding anything to the contrary in this Agreement, Licensor does not grant Licensee any rights to use the Licensed Marks with respect to the Licensed Unbranded Projects."

[Section 1.A and Section 1.B of the Vistana License Agreement are superseded by Section 1.A and Section 1.B of the MVW License Agreement]

6. Condominium Hotels. Section 1.C of the MVW License Agreement is replaced in its entirety with the following:

"C. Licensee shall have no right to use the Licensed Marks or Branded Elements in connection with the development or sales or the marketing, operating, managing or financing of units in a Condominium Hotel (other than the Transferred Lodging Properties or any Future Conversion Lodging Properties pursuant to the applicable hotel management or franchise agreement entered into between Licensee and Licensor, or their respective Affiliates).

[Section 1.C of the Vistana License Agreement is superseded by Section 1.C of the MVW License Agreement]

7. Exclusivity. Section 2.2.A(i) of the MVW License Agreement is amended and restated as follows:

"(i) use, or license any third party to use, the Licensed Marks or the names and marks "Marriott", "Westin" or "Sheraton" (other than as part of one or more corporate names of Licensor or its Affiliates) or the Branded Elements in connection with (u) developing or operating Destination Club Projects; (v) developing, selling, marketing, managing, operating, or financing Destination Club Products or Destination Club Units; (w) developing, selling, marketing, or operating Exchange Programs; (x) managing rental programs associated with Destination Club Products; (y) establishing or operating sales facilities for Destination Club Products; or (z) managing member services related to Destination Club Products;"

[Section 2.2 of the Vistana License Agreement is superseded by Section 2.2 of the MVW License Agreement]

8. Licensor Reserved Rights. Section 2.3.B and Section 2.3.C of the MVW License Agreement are amended and restated as follows:

> "B. For avoidance of doubt, Licensor and its Affiliates expressly retain the right to use the names and marks "Marriott," "Sheraton," "Westin," "St. Regis" and "Luxury Collection" (but not the names and marks "Marriott Vacation Club," "Grand Residences by Marriott," "Sheraton Vacation Club," or "Westin Vacation Club," in such exact order and form) in connection with branding a passenger ship or cruise line or lodging facilities on a passenger ship or cruise line, provided, that Licensor and its Affiliates shall not use the Branded Elements for developing, selling, marketing, managing, operating, or financing Destination Club Products or Destination Club Units on a passenger ship or cruise line.
>
> C. Licensee agrees that Licensor and its Affiliates expressly retain the right to (i) engage in the Lodging Business and any other business operations except the exclusively licensed aspects of the Destination Club Business, subject to the Ritz-Carlton License Agreement, and Sections 2.2 and 2.5; (ii) allow other Licensor Lodging Facilities operated, licensed, or franchised by Licensor or its Affiliates to use various components of the System (including the Reservation System) that are not used exclusively in connection with the Destination Club Business; and (iii) use the names and marks "Marriott," Sheraton," "Westin," "St. Regis" and "Luxury Collection" (but not the names and marks "Marriott Vacation Club," "Grand Residences by Marriott," "Sheraton Vacation Club," or "Westin Vacation Club," in such exact order and form) and Branded Elements in connection with developing, selling, marketing, managing, operating, and financing units in a Condominium Hotel; all provided that, unless Licensee otherwise agrees in writing, no such activities above may involve or utilize in any way the Licensee Intellectual Property."

9. Modification of Brand Standards. Section 7.2.B(ii)(5) of the MVW License Agreement is amended and restated as follows:

> "(5) the Brand Standards related to any of the Licensed Marks described in (ix) and/or (x) of the definition of Licensed Marks and/or the appearance, including the color, font, stylization, script, or format, of the words "Marriott," "Sheraton," "Westin," "St. Regis," or "Luxury Collection" used as part of the Licensed Marks, subject in each case to the requirements of Section 13.2.B(3);"

10. Logoed Collateral Merchandise. The following is added immediately before the definition of "Illegal Facilities" in Section 9.1.G of the MVW License Agreement: "or in a manner that fails to comply with the International Labor Organization's Minimum Age Convention No. 138 and the Worst Forms of Child Labour Convention No. 182".

[Section 8.1.D of the Vistana License Agreement is superseded by Section 9.1G of the MVW License Agreement]

11. Marketing Alliances and Exchange Affiliations. The reference to "Effective Date" in Section 9.3.A of the MVW License Agreement is replaced with "May 11, 2016".

[Section 8.3 of the Vistana License Agreement is superseded by Section 9.3 of the MVW License Agreement]

12. Vulnerable Registrations. Section 13.1.C(2) of the MVW License Agreement is amended and restated in its entirety as follows:

"(2) Licensor has the right to grant the license contemplated hereunder, subject to the following: (a) neither Licensor nor its Affiliates own trademark registrations or applications for the Licensed Marks for some or all of the Licensed Services in every country or jurisdiction of the Territory and some countries or jurisdictions do not permit registration of service marks or do not have trademark registration systems (each, an "Unregistered Area"), and (b) Licensor or its Affiliates own trademark registrations for the Licensed Marks for the Licensed Services in countries or jurisdictions in the Territory in which it does not currently render Licensed Services and/or hotel services under the Licensed Marks, and some of these registrations may be susceptible to cancellation in whole or in part for nonuse or abandonment now or in the future ("Vulnerable Registrations"). Upon written request from Licensee with respect to the use of a Licensed Mark in a specific country or jurisdiction, Licensor will inform Licensee within sixty (60) days if there are any Vulnerable Registrations in such country or jurisdiction. This provision does not require Licensor to obtain opinions or advice from foreign counsel or other counsel regarding the potential vulnerability of the registrations, but rather only requires Licensor to identify if any such country or jurisdiction may have Vulnerable Registrations based on the information possessed by Licensor at the time."

[Section 13.1 of the Vistana License Agreement (except for Section 13.1.A., which remains effective and is not superseded by Section 13.1.A. of the MVW License Agreement) is superseded by Section 13.1 of the MVW License Agreement.]

13. Social Media. Section 13.2.A(8) of the MVW License Agreement is amended and restated in its entirety as follows:

"If Licensee or any of its Affiliates registers or has registered or directly or indirectly controls any domain name or social media name or handle that is determined by Licensor to be similar to the domain names owned by Licensor or its Affiliates as described in Section 13.2.B(1) below or that incorporate any of the Proprietary Marks (or any variation thereof), Licensee or its Affiliates, as applicable, must unconditionally assign such domain names and social media names and handles to Licensor or its Affiliate;"

[Section 13.2 of the Vistana License Agreement is superseded by Section 13.2 of the MVW License Agreement (as further amended immediately below)]

14. Corporate Names. The following is added as new Section 13.2A(3)(viii) of the MVW License Agreement:

"For the avoidance of doubt, Licensee shall have no right to use the names or marks "Sheraton," "Westin," "St. Regis" or "Luxury Collection" as (or as a part of) Licensee's or its Affiliates' legal entity names, except for the Permitted Legacy Starwood Affiliate Names or except with Licensor's prior written consent, which may be withheld in its sole discretion. If Licensee or its Affiliates use any such names or any variation thereof in violation of this Section 13.2A(viii), then, in addition to any damages that Licensor or its Affiliates may be entitled to hereunder or under Applicable Law, Licensor will have the right to require Licensee or its Affiliates, as applicable, to pay royalties with respect to Licensee's or its Affiliates' use of such name or variation thereof. If Licensor in its sole discretion does consent to use of "Sheraton," "Westin," "St. Regis" or "Luxury Collection" or a variation thereof as part of a legal entity name by a Licensee or its Affiliate, such consent or agreement by Licensor to the use of the names and variations (as applicable) is given solely for such use as part of the legal entity names and DBAs, during the applicable time period designated for each such name, and in accordance with the terms and conditions governing the use thereof, in each case, as set forth on Exhibit N attached hereto and for no other purpose (such legal entity names and DBAs set forth in Exhibit N, the "Permitted Legacy Starwood Affiliate Names"). If Licensee materially fails to fulfill any obligations or conditions, or breaches any restrictions, in each case, required to be complied with pursuant to this Section 13.2A(3)(viii), Licensor shall have the right (i) to revoke its consent to Licensee's use of the applicable Proprietary Mark (and applicable abbreviations and variations thereof) as part of the Permitted Legacy Starwood Affiliate Names in which case Licensee or its applicable Affiliates shall as soon as reasonably practicable make all necessary filings with all governmental authorities necessary to effect the elimination of the applicable Proprietary Mark (and applicable abbreviations and variations thereof) from the relevant Permitted Legacy Starwood Affiliate Names, and (ii) to institute any and all proceedings permitted by Applicable Law or in equity with respect to such failure, including, without limitation, actions for injunctive and/or declaratory relief (including specific performance) and/or damages."

15. Discontinuation or Modification of Licensed Marks. Section 13.2.B(3)(a) of the MVW License Agreement is amended and restated as follows:

" (a) Licensor may require Licensee to discontinue or modify Licensee's use of any of the Licensed Marks or to use one or more additional or substitute or modified marks; provided, however, that Licensor shall not amend, modify, delete, or change the words "Marriott," "Sheraton," "Westin," "St. Regis" or "Luxury Collection" in any of the Licensed Marks described in clauses (i) through (iv) or (vi) through (viii) of the definition of "Licensed Marks" as used in connection with the Licensed Business (other than the appearance, including the color, font, stylization, script, or format of the words "Marriott," "Sheraton," "Westin," "St. Regis" or "Luxury Collection" used as part of such Licensed Marks, provided that Licensor will not change the size or location of the word "Marriott" in relation to the other components of the marks described in (i) through (iv) or (vi) through (viii) of the definition of Licensed Marks) without Licensee's prior written consent in its sole discretion. Notwithstanding the foregoing, Licensee will not be required to discontinue using or change any Licensed Mark that is used solely in connection with the Licensed Business and is not the same as or similar to any mark owned by Licensor or its Affiliates for use in connection with Licensor Lodging Facilities or other businesses and activities of Licensor and its Affiliates; and"

16. Vistana Legacy Project Names. Licensor and Licensee acknowledge that the Vistana License Agreement will continue to govern the project names of the Vistana Legacy Projects until such time as the MVW License Agreement is amended to govern such project names or the Vistana License Agreement is consolidated into the A&R MVW License Agreement.

Licensor and Licensee will work in good faith to agree on a mutually satisfactory treatment of the project names for the Vistana Legacy Projects in connection with the negotiation of the A&R MVW License Agreement. Licensee acknowledges that Licensor's agreement to include the carve-out in item (iii) of the amended definition of "Licensed Project Names" should not be construed against Licensor in any manner in connection with the negotiation of the treatment of the project names for the Vistana Legacy Projects under the A&R MVW License Agreement.

17. Exhibits. The Exhibits to the MVW License Agreement are amended as follows:

a. Exhibit M hereto is added as new Exhibit M to the MVW License Agreement.

b. Exhibit N hereto is added as new Exhibit N to the MVW License Agreement.

[Signatures Appear on Following Pages]

Sincerely,

MARRIOTT VACATIONS WORLDWIDE CORPORATION

By: /s/ Ralph Lee Cunningham

Name: Ralph Lee Cunningham

Title: Executive Vice President & Chief Operating Officer - Vacation Ownership

ILG, LLC

By: /s/ John E. Geller, Jr.

Name: John E. Geller, Jr.

Title: Manager

VISTANA SIGNATURE EXPERIENCES, INC.

By: /s/ John E. Geller, Jr.

Name: John E. Geller, Jr.

Title: Executive Vice President

ACKNOWLEDGED AND AGREED
THIS 4th DAY OF MARCH, 2022

MARRIOTT INTERNATIONAL, INC.

By: /s/ Timothy Grisius

Name: Timothy Grisius

Title: Global Real Estate Officer

MARRIOTT WORLDWIDE CORPORATION

By: /s/ Timothy Grisius

Name: Timothy Grisius

Title: Authorized Signatory

STARWOOD HOTELS & RESORTS WORLDWIDE, LLC

By: /s/ Timothy Grisius

Name: Timothy Grisius

Title: Authorized Signatory

EXHIBIT M

ADDITIONAL LICENSED MARKS,

Mark	Exclusive or Non-Exclusive	Duration of Use	Purpose
Sheraton Flex	Exclusive	From the Effective Date until the earlier of the date on which (1) the "Sheraton Flex" Licensed Non-Site Specific Destination Club Program is Deflagged, and (2) this Agreement expires or terminates	Solely for the operation, marketing, sales and promotion of the "Sheraton Flex" Licensed Non-Site Specific Destination Club Program
Sheraton Vacations	Non-Exclusive	From the Effective Date until the date on which this Agreement expires or terminates.	Solely on marketing materials that are used to promote preview stays at "Sheraton"-branded Licensed Destination Club Projects or Licensor Lodging Facilities where no tour or sales presentation is required to be attended in order to receive such promotional stay or related benefits, in conjunction with disclaimers, logo lockups and other disclosure required or permitted, as applicable, by Licensor and its Affiliates
Westin Vacations	Non-Exclusive	From the Effective Date until the date on which this Agreement expires or terminates.	Solely on marketing materials that are used to promote preview stays at "Westin"-branded Licensed Destination Club Projects or Licensor Lodging Facilities where no tour or sales presentation is required to be attended in order to receive such promotional stay or related benefits, in conjunction with disclaimers, logo lockups and other disclosure required or permitted, as applicable, by Licensor and its Affiliates
StarOptions	Exclusive	From the Effective Date until the date on which this Agreement expires or terminates.	For use as the name of the points in the internal exchange program for Vistana Signature Network

EXHIBIT N

USE OF LICENSOR NAMES IN CORPORATE NAMES

APPROVED CORPORATE NAME	TIME PERIOD (UNLESS EARLIER REVOKED PURSUANT TO NOTE A BELOW)	PURPOSE
Developer Entities		
St. Regis Residence Club, New York Inc.	From the Effective Date until such time as Licensee takes steps to update its Offering Documents for The St. Regis Residence Club, New York, or otherwise takes steps to register or take similar action with any governmental authority with respect to such Specified Fractional Project, in either case, to enable Licensee to re-commence sales of Destination Club Products for such Specified Fractional Project.	Solely to be used as part of the legal entity name for the entity that acts as the developer for The St. Regis Residence Club, New York. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the legal entity name is required to be disclosed in the relevant Offering Documents in effect as of the Effective Date or in reasonably necessary ordinary course communications with existing owners.
St. Regis Residence Club of Colorado, Inc.	From the Effective Date until such time as Licensee takes steps to update its Offering Documents for The St. Regis Residence Club, Aspen, or otherwise takes steps to register or take similar action with any governmental authority with respect to such Specified Fractional Project, in either case, to enable Licensee to re-commence sales of Destination Club Products for such Specified Fractional Project.	Solely to be used as part of the legal entity name for the entity that acts as the developer for The St. Regis Residence Club, Aspen. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the legal entity name is required to be disclosed in the relevant Offering Documents in effect as of the Effective Date or in reasonably necessary ordinary course communications with existing owners.
Sheraton Flex Vacations, LLC	From the Effective Date until such time as the “Sheraton Flex” Licensed Non-Site Specific Destination Club Program has been Deflagged.	Solely to be used as part of the legal entity name for the entity that sells interests in, markets and promotes the “Sheraton Flex” Licensed Non-Site Specific Destination Club Program. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the legal entity name is required to be disclosed in the relevant Offering Documents. For the avoidance of doubt, the foregoing sentence does not limit Licensee’s right to use the “Sheraton Flex” Licensed Mark pursuant to the terms of the License Agreement.

APPROVED CORPORATE NAME	TIME PERIOD (UNLESS EARLIER REVOKED PURSUANT TO NOTE A BELOW)	PURPOSE
Westin St. John Hotel Company, Inc.	From the Effective Date until the earlier of such time that (i) The Westin St. John Resort & Villas (or The Westin St. John Resort Villas) is no longer in operation, and (ii) there is no longer any material tax consequence to Licensee associated with changing the entity's name.	Solely to be used as part of the legal entity name for the entity that acts as (i) the operator of the hotel portion of The Westin St. John Resort & Villas, and (ii) the developer for The Westin St. John Resort & Villas or The Westin St. John Resort Villas, as applicable. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the legal entity name is required to be disclosed in the relevant Offering Documents.
Management Entities		
St. Regis Colorado Management, Inc.	From the Effective Date until such time as Licensee takes steps to update its Offering Documents for The St. Regis Residence Club, Aspen, or otherwise takes steps to register or take similar action with any governmental authority with respect to such Specified Fractional Project, in either case, to enable Licensee to re-commence sales of Destination Club Products for such Specified Fractional Project.	Solely to be used as part of the legal entity name for the entity that acts as the manager for The St. Regis Residence Club, Aspen. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the legal entity name is required to be disclosed in the relevant Offering Documents in effect as of the Effective Date or in reasonably necessary ordinary course communications with existing owners.
St. Regis New York Management, Inc.	From the Effective Date until such time as Licensee takes steps to update its Offering Documents for The St. Regis Residence Club, New York, or otherwise takes steps to register or take similar action with any governmental authority with respect to such Specified Fractional Project, in either case, to enable Licensee to re-commence sales of Destination Club Products for such Specified Fractional Project.	Solely to be used as part of the legal entity name for the entity that acts as the manager for The St. Regis Residence Club, New York. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the legal entity name is required to be disclosed in the relevant Offering Documents in effect as of the Effective Date or in reasonably necessary ordinary course communications with existing owners.

APPROVED CORPORATE NAME	TIME PERIOD (UNLESS EARLIER REVOKED PURSUANT TO NOTE A BELOW)	PURPOSE
Westin Vacation Management Company (USVI)	From the Effective Date until the earlier of such time that (i) The Westin St. John Resort & Villas (or The Westin St. John Resort Villas) is no longer in operation, and (ii) there is no longer any material tax consequence to Licensee associated with changing the entity's name.	Solely to be used as part of the legal entity name for the entity that acts as the manager for The Westin St. John Resort & Villas or The Westin St. John Resort Villas, as applicable. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the legal entity name is required to be disclosed in the relevant Offering Documents or in reasonably necessary ordinary course communications with existing owners.
Marketing Entities		
Westin Sheraton Vacation Services, Inc.	From the Effective Date for so long as Licensee has a license to both SHERATON VACATIONS and WESTIN VACATIONS in accordance with the License Agreement.	Solely to be used as part of the legal entity name for the entity that promotes preview stays at "Westin" or "Sheraton"-branded Licensed Destination Club Projects or Licensor Lodging Facilities, provided no tour or sales presentation is required to be attended in order to receive such promotional stay or related benefit and such disclosure is in conjunction with disclaimers, logo lockups and other disclosure required or permitted, as applicable, by Licensor and its Affiliates.
Securitization Entities		
SVO 2011-A VOI Mortgage LLC	From the Effective Date until the earlier of (i) December 31, 2022, and (ii) such time as Licensor reasonably determines that the use of such name poses any actual risk of material liability to Licensor or its Affiliates (including any credible threat of a trademark infringement or other claim), and notifies Licensee that it and its Affiliates must immediately change such name.	Solely to be used as part of the legal entity name for the entity that pledged the receivables associated with the securitization in effect as of the Effective Date. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the legal entity name is required to be disclosed in the relevant financing documents or in reasonably necessary ordinary course communications with the obligors of the pledged receivables.
SVO 2011-A VOI Mortgage Corp.	From the Effective Date until the earlier of (i) December 31, 2022, and (ii) such time as Licensor reasonably determines that the use of such name	Solely to be used as part of the legal entity name for the entity that is the sole member of SVO 2011-A VOI Mortgage LLC.

APPROVED CORPORATE NAME	TIME PERIOD (UNLESS EARLIER REVOKED PURSUANT TO NOTE A BELOW)	PURPOSE
	risk of material liability to Licensor or its Affiliates (including any credible threat of a trademark infringement or other claim), and notifies Licensee that it and its Affiliates must immediately change such name.	Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the legal entity name is required to be disclosed in the relevant financing documents.
SVO 2012-A VOI Mortgage Corp.	From the Effective Date until the earlier of (i) December 31, 2022, and (ii) such time as Licensor reasonably determines that the use of such name poses any actual risk of material liability to Licensor or its Affiliates (including any credible threat of a trademark infringement or other claim), and notifies Licensee that it and its Affiliates must immediately change such name.	Solely to be used as part of the legal entity name for the entity that is the sole member of SVO 2012-A VOI Mortgage LLC. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the legal entity name is required to be disclosed in the relevant financing documents.
SVO 2012-A VOI Mortgage LLC	From the Effective Date until the earlier of (i) December 31, 2022, and (ii) such time as Licensor reasonably determines that the use of such name poses any actual risk of material liability to Licensor or its Affiliates (including any credible threat of a trademark infringement or other claim), and notifies Licensee that it and its Affiliates must immediately change such name.	Solely to be used as part of the legal entity name for the entity that pledged the receivables associated with the securitization in effect as of the Effective Date. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the legal entity name is required to be disclosed in the relevant financing documents or in reasonably necessary ordinary course communications with the obligors of the pledged receivables.
SVOP Intermediate Corp.	From the Effective Date until the earlier of (i) December 31, 2022, and (ii) such time as Licensor reasonably determines that the use of such name poses any actual risk of material liability to Licensor or its Affiliates (including any credible threat of a trademark infringement or other claim), and notifies Licensee that it and its Affiliates must immediately change such name.	Solely to be used as part of the legal entity name for the entity that serves as an intermediate special purpose entity for the 2009 – 2012 securitizations in effect as of the Effective Date Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the legal entity name is required to be disclosed in the relevant financing documents.

APPROVED DBA NAME	AGENCY WHERE FILED	TIME PERIOD (UNLESS EARLIER REVOKED PURSUANT TONOTE A BELOW)	PURPOSE
Sheraton Kauai	Hawaii, State of	From the Effective Date until the earlier of (i) such time as the registration lapses, and (ii) the date on which the relevant Licensed Destination Club Project or Transferred Lodging Property is Deflagged.	Solely to be used as the fictitious or "doing business as" name for Kauai Blue, Inc. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the name is required to be disclosed in the relevant Offering Documents relating to the relevant Licensed Destination Club Projects or the Sheraton Kauai Resort or in reasonably necessary ordinary course communications with existing owners of such property.
Westin Ka'anapali Ocean Resort Villas	Hawaii, State of	From the Effective Date until the earlier of (i) such time as the registration lapses, and (ii) the date on which the relevant Licensed Destination Club Project is Deflagged.	Solely to be used as the fictitious or "doing business as" name for VSE Pacific, Inc. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the name is required to be disclosed in the relevant Offering Documents relating to the relevant Licensed Destination Club Project or in reasonably necessary ordinary course communications with existing owners of such property.
The St. Regis Residence Club, New York	New York, State of	From the Effective Date until the earlier of (i) such time as the registration lapses, and (ii) the date on which the relevant Licensed Destination Club Project is Deflagged.	Solely to be used as the fictitious or "doing business as" name for Fifth and Fifty-Fifth Residence Club Association, Inc. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the name is required to be disclosed in the relevant Offering Documents relating to the relevant Licensed Destination Club Project or in reasonably necessary ordinary course communications with existing owners of such property.
The Westin St. John Resort & Villas	USVI Corp Division	From the Effective Date until the earlier of (i) such time as the registration lapses, and (ii) the date on which the relevant Licensed Destination	Solely to be used as the fictitious or "doing business as" name for Westin St. John Hotel Company, Inc. Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the name is required to be

		Club Project is Deflagged.	disclosed in the relevant Offering Documents relating to the relevant Licensed Destination Club Project or in reasonably necessary ordinary course communications with existing owners of such property.
Sheraton Steamboat Resort	Colorado, State of	From the Effective Date until the earlier of (i) such time as the registration lapses, and (ii) the date on which the relevant Licensed Destination Club Project is Deflagged.	Solely to be used as the fictitious or "doing business as" name for Steamboat Resort Village LLC Not to be used for marketing purposes or in any other consumer-facing capacity, other than to the extent the name is required to be disclosed in the relevant Offering Documents relating to the relevant Licensed Destination Club Project or in reasonably necessary ordinary course communications with existing owners of such property.

ATTACHMENT 1

VISTANA LEGACY PROJECTS[1]

Name of Project	Address of Project
Sheraton Vistana Resort	Orlando, Florida
Sheraton Vistana Villages	Orlando, Florida
Sheraton PGA Vacation Resort	Port St. Lucie, Florida
The Westin Nanea Ocean Villas	Maui, Hawaii
The Westin Ka'anapali Ocean Resort Villas	Maui, Hawaii
The Westin Ka'anapali Ocean Resort Villas North	Maui, Hawaii
The Westin Princeville Ocean Resort Villas	Kauai, Hawaii
Sheraton Kaua'i Resort Villas	Kauai, Hawaii
The Westin Lagunamar Ocean Resort Villas & Spa	Cancún, Mexico
The Westin Los Cabos Resort Villas & Spa	Los Cabos, Mexico
The Westin St. John Resort Villas	St. John, USVI
Sheraton Broadway Plantation	Myrtle Beach, South Carolina
The Westin Mission Hills Resort Villas	Rancho Mirage, California
The Westin Desert Willow Villas, Palm Desert	Palm Desert, California
The Westin Kierland Villas	Scottsdale, Arizona
Sheraton Desert Oasis	Scottsdale, Arizona
Sheraton Mountain Vista	Vail Valley, Colorado
The Westin Riverfront Mountain Villas	Vail Valley, Colorado
Sheraton Lakeside Terrace Villas at Mountain Vista	Vail Valley, Colorado
Sheraton Steamboat Resort Villas	Steamboat Springs, Colorado
The St. Regis Residence Club, New York	New York, New York
The St. Regis Residence Club, Aspen	Aspen, Colorado
The Phoenician Residences, The Luxury Collection Residence Club	Scottsdale, Arizona

[1] The Licensed Unbranded Projects, Vistana Beach Club and Harborside at Atlantis, are not included on the above list.

Exhibit 31.1

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

I, Stephen P. Weisz, 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: May 9, 2022

/s/ Stephen P. Weisz

Stephen P. Weisz
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Anthony E. Terry, 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: May 9, 2022

/s/ Anthony E. Terry

Anthony E. Terry
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification
Pursuant to Rule 13a-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Sections 1350(a) and (b))

I, Stephen P. Weisz, 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 March 31, 2022 (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: May 9, 2022

/s/ Stephen P. Weisz

Stephen P. Weisz
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification
Pursuant to Rule 13a-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Sections 1350(a) and (b))

I, Anthony E. Terry, 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 March 31, 2022 (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: May 9, 2022

/s/ Anthony E. Terry

Anthony E. Terry
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)