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

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**FORM 8-K**

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

**Date of Report (Date of earliest event reported): August 6, 2018**

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

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-35219**  
(Commission  
File Number)

**45-2598330**  
(IRS Employer  
Identification Number)

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

**32821**  
(Zip Code)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging growth company

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

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**Item 7.01. Regulation FD Disclosure.**

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

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

**Item 8.01. Other Events.**

On August 6, 2018, MVW issued a press release to announce that Marriott Ownership Resorts, Inc., its wholly owned subsidiary (the “Issuer”), intends, subject to market and other conditions, to offer \$750 million aggregate principal amount of senior unsecured notes due 2026 (the “Notes”) as set forth in a preliminary offering memorandum dated August 6, 2018 (the “Offering Memorandum”). A copy of the press release is attached to this Current Report as Exhibit 99.2 and is incorporated herein by reference.

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

**No Offer or Solicitation**

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

**Cautionary Statement Regarding Forward-Looking Statements**

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

Forward-looking statements are any statements other than statements of historical fact, including statements regarding MVW and ILG’s expectations, beliefs, hopes, intentions or strategies regarding the future. Among other things, these forward-looking statements may include statements regarding the proposed combination of MVW and ILG; our beliefs relating to value creation as a result of a potential combination of MVW and ILG; the expected timetable for completing the transactions; benefits and synergies of the transactions; future opportunities for the combined company; statements regarding the Notes; and any other statements regarding MVW’s and ILG’s future beliefs, expectations, plans, intentions, financial condition or performance. In some cases, forward-looking statements can be identified by the use of words such as “may,” “will,” “expects,” “should,” “believes,” “plans,” “anticipates,” “estimates,” “predicts,” “potential,” “continue,” or other words of similar meaning.

Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in, or implied by, the forward-looking statements. Factors that might cause such a difference include, but are not limited to, general economic conditions, our financial and business prospects, our capital requirements, our financing prospects, our relationships with associates and labor unions, our ability to

consummate potential acquisitions or dispositions, our relationships with the holders of licensed marks, and those additional factors disclosed as risks in other reports filed by us with the SEC, including those described in Part I of the MVW's most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K as well as in ILG's most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K and in the joint proxy statement/prospectus included in the registration statement on Form S-4 filed by MVW with the SEC, and any amendments thereto.

Other risks and uncertainties include the timing and likelihood of completion of the proposed transactions between MVW and ILG; the possibility that MVW's stockholders may not approve the issuance of the MVW shares to be issued in connection with the proposed transactions; the possibility that ILG's stockholders may not approve the proposed transactions; the possibility that the expected synergies and value creation from the proposed transactions will not be realized or will not be realized within the expected time period; the risk that the businesses of MVW and ILG will not be integrated successfully; the potential impact of disruption from the proposed transactions making it more difficult to maintain business and operational relationships; the risk that unexpected costs will be incurred; the ability to retain key personnel; the availability of financing; the possibility that the proposed transactions do not close, including due to the failure to satisfy the closing conditions; as well as more specific risks and uncertainties. You should carefully consider these and other relevant factors, including those risk factors in this communication and other risks and uncertainties that affect the businesses of MVW and ILG described in their respective filings with the SEC, when reviewing any forward-looking statement. These factors are noted as permitted under the Private Securities Litigation Reform Act of 1995. We caution readers that any such statements are based on currently available operational, financial and competitive information, and they should not place undue reliance on these forward-looking statements, which reflect management's opinion only as of the date on which they were made. Except as required by law, we disclaim any obligation to review or update these forward-looking statements to reflect events or circumstances as they occur.

### **Important Information and Where to Find It**

The proposed transactions involving MVW and ILG will be submitted to MVW's stockholders and ILG's stockholders for their consideration. In connection with the proposed transaction, on July 19, 2018, MVW filed with the SEC an amendment to the registration statement on Form S-4 that included a joint proxy statement/prospectus for the stockholders of MVW and ILG and was filed with the SEC on June 6, 2018. The registration statement was declared effective by the SEC on July 23, 2018. MVW and ILG mailed the definitive joint proxy statement/prospectus to their respective stockholders on or about July 25, 2018 and each of MVW and ILG intend to hold the special meeting of the stockholders of MVW and ILG on August 28, 2018. This communication is not intended to be, and is not, a substitute for such filings or for any other document that MVW or ILG may file with the SEC in connection with the proposed transaction. SECURITY HOLDERS ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE REGISTRATION STATEMENT ON FORM S-4 AND THE JOINT PROXY STATEMENT/PROSPECTUS, CAREFULLY AND IN THEIR ENTIRETY, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. The registration statement, the joint proxy statement/prospectus and other relevant materials and any other documents filed or furnished by MVW or ILG with the SEC may be obtained free of charge at the SEC's web site at [www.sec.gov](http://www.sec.gov). In addition, security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus from MVW by going to its investor relations page on its corporate web site at [www.marriottvacationsworldwide.com](http://www.marriottvacationsworldwide.com) and from ILG by going to its investor relations page on its corporate web site at [www.ilg.com](http://www.ilg.com).

## Participants in the Solicitation

MVW, ILG, their respective directors and certain of their respective executive officers and employees may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information about MVW's directors and executive officers is set forth in its Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the SEC on February 27, 2018 and in its definitive proxy statement filed with the SEC on April 3, 2018, and information about ILG's directors and executive officers is set forth in its Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the SEC on March 1, 2018, and in its definitive proxy statement filed with the SEC on May 7, 2018. These documents are available free of charge from the sources indicated above, and from MVW by going to its investor relations page on its corporate web site at [www.marriottvacationsworldwide.com](http://www.marriottvacationsworldwide.com) and from ILG by going to its investor relations page on its corporate web site at [www.ilg.com](http://www.ilg.com). Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed transactions is presented in the definitive joint proxy statement/prospectus included in the registration statement on Form S-4 filed by MVW with the SEC, and may be included in other relevant materials that MVW and ILG file with the SEC.

### Item 9.01. Financial Statements and Exhibits

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

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Certain Supplemental Information Regarding Marriott Vacations Worldwide Corporation and ILG, Inc.</a>
99.2	<a href="#">Press Release announcing Notes offering, dated August 6, 2018.</a>
99.3	<a href="#">Unaudited Pro Forma Combined Financial Statements of Marriott Vacations Worldwide Corporation.</a>

**SIGNATURES**

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

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**

(Registrant)

Date: August 6, 2018

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

Name: John E. Geller, Jr.

Title: Executive Vice President and Chief Financial and Administrative Officer

**Supplemental Information Regarding MVW and ILG****August 6, 2018**

*Except where the context otherwise suggests, as used herein, (i) “MVW” refers to Marriott Vacations Worldwide Corporation, a Delaware corporation and the parent company of the Marriott Ownership Resorts, Inc. (the “Issuer”), and its subsidiaries, (ii) “ILG” refers to ILG, Inc., a Delaware corporation and the parent company of Interval Acquisition Corp. (“IAC”), and its subsidiaries; (iii) “Combined Company” refers to MVW and its subsidiaries, following completion of the Combination Transactions (as defined below); (iv) “we,” “our” and “us” refer to MVW, ILG or the Combined Company, as the context requires.*

*On April 30, 2018, Marriott Vacations Worldwide Corporation entered into that certain 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, as it may be amended, restated or otherwise modified (the “Merger Agreement”), pursuant to which MVW agreed to acquire ILG through a series of business combinations (the “Combination Transactions”).*

*The below supplemental information reflects certain information included in the Offering Memorandum dated August 6, 2018.*

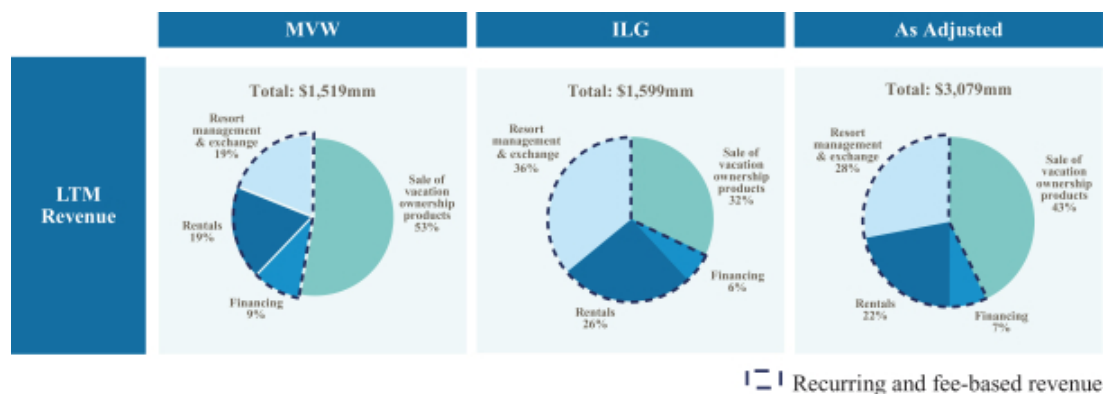
For the twelve months ended June 30, 2018, after giving effect to the Transactions, the Combined Company would have generated total pro forma revenue of \$4,049 million and would have generated as adjusted combined total revenue excluding cost reimbursements of \$2,976 million and Adjusted EBITDA of \$737 million, inclusive of an estimated \$75 million of annual cost synergies, which are expected to be fully realized within two years of the completion of the Combination Transactions, but exclusive of \$34 million of estimated lost Adjusted EBITDA from disruption of sales operations and rental and ancillary operations at certain MVW and ILG locations due to one or both of Hurricane Irma and Hurricane Maria in the second half of 2017 (the “2017 Hurricanes”). For information regarding MVW’s Adjusted EBITDA and a reconciliation of MVW’s Adjusted EBITDA to net income, the most directly comparable GAAP measure, on a pro forma basis for the Combination Transactions, see “—Summary Unaudited Pro Forma Combined Financial Data.”

\* \* \*

As of June 30, 2018, ILG had a total of 43 managed resorts within its Vistana and HVO businesses and managed more than 200 resorts and/or HOAs through its VRI, VRI Europe, TPI and Aqua-Aston businesses. Through the Interval Network, ILG served 1.8 million members, while providing access to nearly 3,200 resorts located in over 80 countries.

\* \* \*

**As Adjusted Net Revenue for the Twelve-Month Period Ended June 30, 2018**



Note: As adjusted revenues shown in the charts above exclude cost reimbursements and include an estimated adjustment of \$45 million, \$58 million and \$103 million for MVW, ILG and as adjusted, respectively, for the impact of the 2017 Hurricanes on revenues during the period.

\* \* \*

In addition, as of June 30, 2018, MVW and ILG had finished vacation ownership inventory balances of \$325 million and \$483 million, respectively. MVW's disciplined inventory approach and use of capital efficient deal structures, including working with third parties that develop new inventory or convert previously built units that are sold to us close to when such inventory is needed to support sales, is expected to support strong free cash flow generation.

We expect to have an attractive leverage profile after giving pro forma effect to the Transactions. As of June 30, 2018, on an as adjusted basis after giving effect to the Transactions, we would have had corporate net debt of approximately \$2,129 million, and for the twelve months ended June 30, 2018, on an as adjusted basis after giving effect to the Transactions, our Adjusted EBITDA would have been \$737 million (including an estimated \$75 million of annual cost synergies, but excluding of \$34 million of estimated lost Adjusted EBITDA from disruption of sales operations and rental and ancillary operations at certain MVW and ILG locations due to one or both of the 2017 Hurricanes), resulting in a ratio of as adjusted corporate net debt to Adjusted EBITDA of approximately 2.89x for the twelve-month period ended June 30, 2018. See "Presentation of Financial and Other Information" for an explanation of how we calculate corporate net debt and "—Summary Unaudited Pro Forma Combined Financial Data" for a reconciliation of Adjusted EBITDA to net income, the most directly comparable GAAP measure on a pro forma basis.

We intend to meet our ongoing liquidity needs through cash on hand, operating cash flow, a \$600 million five-year Revolving Credit Facility that we expect to enter into in connection with the Transactions, our existing \$250 million Warehouse Credit Facility (the "MVW Warehouse Credit Facility") and continued access to the asset-backed securities ("ABS") term financing market. We believe that this will enable the Combined Company to maintain a level of liquidity that ensures financial flexibility, which will allow us to optimize our cost of capital, de-lever, help us withstand potential future economic downturns and continue to pursue compelling new business opportunities.

\* \* \*

For the twelve months ended June 30, 2018, on a combined basis after giving effect to the Transactions, our non-guarantor subsidiaries represented 19% of our revenue, 41% of our income before income taxes and 29% of our Adjusted EBITDA. As of June 30, 2018, on a combined basis after giving effect to the Transactions, our non-guarantor subsidiaries represented 40% of our total assets and had \$1,971 million of total liabilities, including debt and trade payables but excluding intercompany liabilities.

\* \* \*

The aggregate amount of New Credit Facilities outstanding at the closing of the Transactions is expected to be \$951 million, including \$51 million under the Revolving Credit Facility (excluding \$5 million of expected outstanding letters of credit).



**SUMMARY UNAUDITED PRO FORMA COMBINED  
FINANCIAL DATA**

The following table shows summary unaudited pro forma combined financial data for the financial condition and results of operations of MVW after giving effect to the Combination Transactions and related transactions as further described in the section entitled “Unaudited Pro Forma Combined Financial Statements.” This information has been prepared using the acquisition method of accounting under GAAP, under which the assets and liabilities of ILG will be recorded by MVW at their respective fair values as of the date the Combination Transactions are completed. The summary unaudited pro forma combined balance sheet data as of June 30, 2018 and 2017 is presented as if the Combination Transactions had occurred on June 30, 2018 and 2017, respectively. The unaudited pro forma combined statement of income data for the six months ended June 30, 2018 and 2017, the fiscal year ended December 31, 2017 and the twelve months ended June 30, 2018 are presented as if the Combination Transactions occurred on December 31, 2016.

This summary unaudited pro forma combined financial data does not reflect the realization of any cost savings from operating efficiencies, synergies or other restructuring, or associated costs to achieve such savings, that may result from the Combination Transactions (other than as set forth below). Further, this data does not reflect the effect of any regulatory actions that may impact MVW when the Combination Transactions are completed. This data has been derived from and should be read in conjunction with the section entitled “Unaudited Pro Forma Combined Financial Statements” appearing elsewhere in this offering memorandum and the accompanying notes thereto. In addition, the summary unaudited pro forma combined financial statements were based on and should be read in conjunction with the historical consolidated financial statements and related notes of both MVW and ILG for the applicable periods, which have been incorporated in this offering memorandum by reference. The unaudited pro forma combined financial data for the twelve months ended June 30, 2018 is derived by taking the December 31, 2017 pro forma information, subtracting the June 30, 2017 pro forma information and then adding the June 30, 2018 pro forma information.

This summary unaudited pro forma combined financial data has been presented for informational purposes only and is not necessarily indicative of what MVW’s financial position or results of operations actually would have been had the Combination Transactions been completed as of the dates indicated. In addition, this summary unaudited pro forma combined financial data does not purport to project the future financial position or operating results of MVW. The unaudited summary pro forma combined financial data is based upon currently available information and estimates and assumptions that MVW’s management believes are reasonable as of the date hereof. Any of the factors underlying these estimates and assumptions may change or prove to be materially different, and the estimates and assumptions may not be representative of facts existing at the closing date of the Combination Transactions.

This summary unaudited pro forma combined financial data should be read in conjunction with MVW’s and ILG’s Current Reports on Form 8-K, each filed with the SEC on June 5, 2018, the sections entitled “Selected Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in MVW’s and ILG’s Current Reports on Form 8-K, each filed with the SEC on July 19, 2018 and MVW’s and ILG’s Quarterly Reports on Form 10-Q for the quarterly period ended June 30, 2018, and the sections entitled “The Transactions,” “Capitalization” and “Unaudited Pro Forma Combined Financial Statements,” appearing elsewhere in this offering memorandum.

(\$ in millions)	Six Months Ended June 30,		Year Ended December 31,	Twelve Months Ended June 30,
	2018	2017	2017	2018
<b>Consolidated Statement of Income Data:</b>				
Revenues				
Sale of vacation ownership products	\$ 624	\$ 589	\$ 1,221	\$ 1,256
Resort management and other services	433	372	757	818
Financing	110	104	214	220
Rental	373	344	653	682
Cost reimbursements	549	552	1,076	1,073
Total Revenues	<u>2,089</u>	<u>1,961</u>	<u>3,921</u>	<u>4,049</u>
Expenses				
Cost of vacation ownership products	170	155	298	313
Marketing and sales	371	334	675	712
Resort management and other services	204	140	310	374
Financing	16	16	35	35
Rental	261	267	518	512
General and administrative	191	198	394	387
Litigation settlement	16	—	4	20
Consumer financing interest	20	17	37	40
Royalty fee	53	53	106	106
Amortization expense of intangibles	22	22	45	45
Cost reimbursements	549	552	1,076	1,073
Total Expenses	<u>1,873</u>	<u>1,754</u>	<u>3,498</u>	<u>3,617</u>
(Losses) gains and other (expense) income, net	(6)	—	6	—
Interest expense	(67)	(59)	(122)	(130)
Other	(21)	12	2	(31)
Income Before Income Taxes and Non-Controlling Interests	122	160	309	271
(Benefit) provision for income taxes	(40)	(53)	20	33
Net Income	<u>82</u>	<u>107</u>	<u>329</u>	<u>304</u>
Net Income attributable to non-controlling interests	(2)	(1)	(3)	(4)
Net Income attributable to common stockholders	<u>\$ 80</u>	<u>\$ 106</u>	<u>\$ 326</u>	<u>\$ 300</u>

**Selected Balance Sheet Data:**

Cash and cash equivalents	\$ 190
Total assets	\$ 8,887
Total debt, gross	\$ 3,896
Total equity	\$ 3,493

**Credit Statistics:**

Adjusted EBITDA <sup>(1)</sup>	\$ 737
Secured corporate net debt <sup>(2)</sup>	745
Ratio of secured corporate net debt to Adjusted EBITDA	1.01x
Total corporate net debt <sup>(3)</sup>	\$ 2,109
Ratio of total corporate net debt to Adjusted EBITDA	2.86x

- (1) MVW defines EBITDA, a financial measure that is not prescribed by GAAP, as earnings, or net income, before interest expense (excluding consumer financing interest expense), income taxes, depreciation and amortization. MVW defines Adjusted EBITDA, a financial measure that is not prescribed by GAAP, as EBITDA adjusted for certain other items and excludes non-cash share-based compensation expense and the impact of the application of purchase accounting. For purposes of MVW’s EBITDA and Adjusted EBITDA calculations, MVW does not adjust for consumer financing interest expense as MVW considers it to be an operating expense of its business. EBITDA and Adjusted EBITDA have limitations and should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. See “Presentation of Financial and Other Information—Non-GAAP Financial Measures of MVW and ILG.”

The following table presents a reconciliation of MVW’s pro forma net income, the most directly comparable GAAP measure, to pro forma EBITDA and pro forma Adjusted EBITDA for the six months ended June 30, 2018 and 2017, the year ended December 31, 2017 and the twelve months ended June 30, 2018.

(\$ in millions)	Six Months Ended June 30,		Year Ended December 31,	Twelve Months Ended June 30,
	2018	2017	2017	2018
<b>Net income attributable to common stockholders</b>	\$ 80	\$ 106	\$ 326	\$ 300
Interest expense	67	59	122	130
Tax provision	40	53	(20)	(33)
Amortization expense of intangibles	22	22	45	45
Depreciation	42	40	81	83
<b>EBITDA</b>	\$ 251	\$ 280	\$ 554	\$ 525
Non-cash share-based compensation	21	20	38	39
Certain items <sup>(a)</sup>	39	4	34	69
Impact of purchase accounting <sup>(b)</sup>	14	5	20	29
Cost synergies <sup>(c)</sup>				75
<b>Adjusted EBITDA<sup>(d)</sup></b>	\$ 325	\$ 309	\$ 646	\$ 737

(a) “Certain items” includes various adjustments made by MVW and ILG in calculating each respective company’s historical Adjusted EBITDA. Included from the MVW historical Adjusted EBITDA table are the amounts reflected under the line item titled “Certain items,” and included from the ILG historical Adjusted EBITDA table are the amounts included in the line items titled “Other special items,” “Asset impairments,” “Acquisition-related and restructuring costs,” and “Less: Other non-operating (income) expense, net.” For further details regarding these historical adjustments to Adjusted EBITDA for MVW and ILG, respectively, see Note (2) under “Summary Historical Financial Data of MVW” and Note (3) under “Summary Historical Financial Data of ILG.” An incremental adjustment has been made to the historical Adjusted EBITDA adjustments related to acquisition costs to avoid double counting since they are eliminated as part of the pro forma adjustments and added back as part of the historical Adjusted EBITDA adjustments.

- (b) Reflects the remeasurement of assets and liabilities acquired in a business combination from book value to their respective fair values as a result of the application of purchase accounting. This adjustment includes the historical adjustments made to ILG's Adjusted EBITDA in connection with its previous acquisitions as well as the impact of the applicable pro forma adjustments related to purchase accounting associated with the Combination Transactions.
  - (c) Reflects cost savings and other synergies from the Combination Transactions as a result of restructuring activities and other cost savings initiatives that MVW expects to realize within two years following the consummation of the Combination Transactions. MVW currently anticipates that there will be one-time costs of \$85 million in order to achieve these cost savings and other synergies, which costs are expected to be incurred within two years following the consummation of the Combination Transactions. However, (i) there can be no assurance that such cost savings and other synergies will be achieved, (ii) it may take longer than anticipated to achieve such cost savings and other synergies and (iii) it may require additional costs to achieve these cost savings and other synergies. See "Risk factors—Risks Relating to the Combined Company Upon Completion of the Combination Transactions."
  - (d) Calculated excluding \$34 million of estimated lost Adjusted EBITDA from disruption of sales operations and rental and ancillary operations at certain MVW and ILG locations due to one or both of the 2017 Hurricanes, for which the Company expects to receive business interruption proceeds upon settlement of outstanding insurance claims.
- (2) Represents secured debt and includes indebtedness incurred under the New Credit Facilities of \$928 million and capital leases of \$7 million. See Note (1) to the unaudited pro forma combined financial statements presented under "Unaudited Pro Forma Combined Financial Statements." Excludes non-recourse, securitized debt, including any borrowings under the MVW Warehouse Credit Facility; net of cash and cash equivalents of \$190 million.
- (3) Includes indebtedness incurred under the New Credit Facilities of \$928 million, \$750 million of Notes offered hereby, \$353 million of Exchange Notes, \$230 million of Convertible Notes, \$7 million of capital leases and \$31 million of other debt. Excludes non-recourse securitized debt, including any borrowings under the MVW Warehouse Credit Facility; net of cash and cash equivalents of \$190 million.

## Non-GAAP Financial Information

Certain financial measures presented above are not calculated in accordance with U.S. generally accepted accounting principles (“GAAP”), including EBITDA, Adjusted EBITDA, adjusted free cash flow, pro forma EBITDA and pro forma Adjusted EBITDA.

MVW defines EBITDA as earnings, or net income, before interest expense (excluding consumer financing interest expense), income taxes, depreciation and amortization. MVW’s Adjusted EBITDA reflects EBITDA as adjusted for certain other items described under “Summary Historical Financial Data of MVW,” and excludes non-cash 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, and the impact of the application of purchase accounting. For purposes of MVW’s EBITDA and Adjusted EBITDA calculations, MVW does not adjust for consumer financing interest expense because MVW considers it to be an operating expense of its business. MVW considers EBITDA and Adjusted EBITDA to be indicators of operating performance, which it uses to measure its ability to service debt, fund capital expenditures and expand its business. MVW uses EBITDA and Adjusted EBITDA, as do analysts, lenders, investors and others, because these measures exclude 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. Together, EBITDA and Adjusted EBITDA facilitate MVW’s comparison of results from its ongoing core operations before the impact of these items with results from other vacation ownership companies.

MVW defines adjusted free cash flow as net cash, cash equivalents and restricted cash provided by operating activities less capital expenditures for property and equipment (excluding inventory), changes in restricted cash, and the borrowing and repayment activity related to MVW’s securitizations and certain other adjustments described in the section entitled “Summary Historical Financial Data of MVW.” MVW evaluates adjusted free cash flow as a liquidity measure that provides useful information to MVW management and investors about the amount of cash provided by operating activities after capital expenditures for property and equipment, changes in restricted cash, and the borrowing and repayment activity related to MVW’s securitizations, which cash can be used for strategic opportunities, including acquisitions and strengthening the balance sheet. Adjusted free cash flow allows for period-over-period comparisons of the cash generated by MVW’s business before the impact of these items. Analysis of adjusted free cash flow also facilitates MVW’s management’s comparison of its results with its competitors’ results.

MVW defines corporate debt as total gross debt outstanding less gross securitization debt.

### *ILG*

ILG defines EBITDA as net income attributable to common stockholders excluding, if applicable: (1) non-operating interest income and interest expense, (2) income taxes, (3) depreciation expense and (4) amortization expense of intangibles. ILG defines Adjusted EBITDA as EBITDA excluding, if applicable: (1) non-cash compensation expense, (2) goodwill and asset impairments, (3) acquisition-related and restructuring costs, (4) other non-operating income and expense, (5) the impact of the application of purchase accounting, and (6) other special items. ILG’s presentation of EBITDA and Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies. ILG believes the performance measures such as EBITDA and Adjusted EBITDA are useful to investors because they represent the consolidated operating results from its segments, excluding the effects of any non-core expenses or gains. ILG also believes these measures improve the transparency of its disclosures, provide a meaningful presentation of its results from its business operations, excluding the impact of certain items not related to its core business operations and improve the period-to-period comparability of results from business operations. These non-GAAP performance measures have certain limitations in that they do not take into account the impact of certain expenses to ILG’s statement of operations, such as non-cash compensation and acquisition-related and restructuring costs as it relates to Adjusted EBITDA.

ILG defines free cash flow as cash and restricted cash provided by operating activities less capital expenditures, plus net changes in financing-related restricted cash and net borrowing and repayment activity pertaining to securitizations, and excluding changes in operating-related restricted cash and certain payments unrelated to ILG’s ongoing core business, such as acquisition-related and restructuring costs.

## *Pro forma*

Pro forma EBITDA and pro forma Adjusted EBITDA present EBITDA and Adjusted EBITDA on a pro forma basis for the Combination Transactions. To the extent that MVW's and ILG's definitions of EBITDA and Adjusted EBITDA differ, pro forma EBITDA and pro forma Adjusted EBITDA are calculated using MVW's definitions of EBITDA and Adjusted EBITDA.

EBITDA, Adjusted EBITDA, adjusted free cash flow, pro forma EBITDA and pro forma 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 MVW's and ILG's industry may calculate EBITDA, Adjusted EBITDA, adjusted free cash flow, pro forma EBITDA and pro forma Adjusted EBITDA differently than MVW and ILG do or may not calculate them at all, limiting their usefulness as comparative measures.

### **Pro Forma Information**

Certain pro forma information is included herein. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the results that would have occurred if the Combination Transactions had been previously consummated, nor is it indicative of future results.

### **Disclaimer**

The information contained herein (unless otherwise indicated) has been provided by MVW solely for informational purposes. This information does not constitute a recommendation regarding the securities of MVW. This information does not constitute, or form part of, any offer, invitation to sell or issue, or any solicitation of any offer to subscribe for, purchase or otherwise acquire any securities of MVW, nor shall it, or the fact of its communication, form the basis of, or be relied upon in connection with, or act as any inducement to enter into any contract or commitment whatsoever with respect to such securities. The information herein is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require registration of licensing within such jurisdiction. The information contained herein is provided as of the date set forth above and is subject to change without notice. The information contained herein may be updated, completed, revised and amended and such information may change materially in the future. MVW is under no obligation to update or keep current the information contained herein.

# NEWS



Jeff Hansen  
 Investor Relations  
 Marriott Vacations Worldwide  
 407.206.6149  
[jeff.hansen@mvmc.com](mailto:jeff.hansen@mvmc.com)

Ed Kinney  
 Corporate Communications  
 Marriott Vacations Worldwide  
 407.206.6278  
[ed.kinney@mvmc.com](mailto:ed.kinney@mvmc.com)

## Marriott Vacations Worldwide Announces Offering of Senior Notes

**ORLANDO, Fla. – August 6, 2018** – Marriott Vacations Worldwide Corporation (NYSE: VAC) (“Marriott Vacations Worldwide,” “MVW,” “we,” “us” or “our”) today announced that its wholly owned subsidiary, Marriott Ownership Resorts, Inc. (the “Issuer”), intends to offer, subject to market and other conditions, \$750.0 million aggregate principal amount of senior notes due 2026 (the “Notes”). The Notes will be offered to qualified institutional buyers within the United States pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and in offshore transactions to non-U.S. persons pursuant to Regulation S under the Securities Act.

The Notes are being issued in connection with the previously announced proposed combination (the “Combination Transactions”) of Marriott Vacations Worldwide with ILG, Inc. (“ILG”). The Issuer intends to use the net proceeds from the Notes offering, together with borrowings under the New Credit Facilities (as defined below) and MVW’s and ILG’s cash on hand, to (i) pay the cash consideration for the Combination Transactions, (ii) repay borrowings outstanding under ILG’s revolving credit facility and (iii) in each case, pay transaction expenses and fees in connection therewith. As previously announced, in connection with the Combination Transactions, Marriott Vacations Worldwide also expects the Issuer, as the borrower, to enter into new senior secured credit facilities (the “New Credit Facilities”), comprising a \$900 million seven-year term loan credit facility and a \$600 million five-year revolving credit facility.

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

### No Offer or Solicitation

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

### About Marriott Vacations Worldwide Corporation

Marriott Vacations Worldwide Corporation is a leading global pure-play vacation ownership company, offering a diverse portfolio of quality products, programs and management expertise with over 65 resorts. Its brands include Marriott Vacation Club, The Ritz-Carlton Destination Club and Grand Residences by Marriott. Since entering the industry in 1984 as part of Marriott International, Inc., the company earned its position as a leader and innovator in vacation ownership products. The company preserves high standards of excellence in serving its customers, investors and associates while maintaining a long-term relationship with Marriott International.

## **About ILG**

ILG (Nasdaq: ILG) is a leading provider of professionally delivered vacation experiences and the exclusive global licensee for the Hyatt®, Sheraton®, and Westin® brands in vacation ownership. The company offers its owners, members, and guests access to an array of benefits and services, as well as world-class destinations through its international portfolio of resorts and clubs. ILG's operating businesses include Aqua-Aston Hospitality, Hyatt Vacation Ownership, Interval International, Trading Places International, Vacation Resorts International, VRI Europe, and Vistana Signature Experiences. Through its subsidiaries, ILG independently owns and manages the Hyatt Residence Club program and uses the Hyatt Vacation Ownership name and other Hyatt marks under license from affiliates of Hyatt Hotels Corporation. In addition, ILG's Vistana Signature Experiences, Inc. is the exclusive provider of vacation ownership for the Sheraton and Westin brands and uses related trademarks under license from Starwood Hotels & Resorts Worldwide, LLC. Headquartered in Miami, Florida, ILG has offices in 15 countries and more than 10,000 associates.

## **Forward-Looking Statements**

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

Forward-looking statements are any statements other than statements of historical fact, including statements regarding Marriott Vacations Worldwide and ILG's expectations, beliefs, hopes, intentions or strategies regarding the future. Among other things, these forward-looking statements may include statements regarding the proposed combination of Marriott Vacations Worldwide and ILG; our beliefs relating to value creation as a result of a potential combination of Marriott Vacations Worldwide and ILG; the expected timetable for completing the transactions; benefits and synergies of the transactions; future opportunities for the combined company; statements regarding the Notes offering, the Notes and the New Credit Facilities and any other statements regarding Marriott Vacations Worldwide's and ILG's future beliefs, expectations, plans, intentions, financial condition or performance. In some cases, forward-looking statements can be identified by the use of words such as "may," "will," "expects," "should," "believes," "plans," "anticipates," "estimates," "predicts," "potential," "continue," or other words of similar meaning.

Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in, or implied by, the forward-looking statements. Factors that might cause such a difference include, but are not limited to, general economic conditions, our financial and business prospects, our capital requirements, our financing prospects, our relationships with associates and labor unions, our ability to consummate potential acquisitions or dispositions, our relationships with the holders of licensed marks, and those additional factors disclosed as risks in other reports filed by us with the SEC, including those described in Part I of the Marriott Vacations Worldwide's most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K as well as in ILG's most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K and in the joint proxy statement/prospectus included in the registration statement on Form S-4 filed by Marriott Vacations Worldwide with the SEC, and any amendments thereto.

Other risks and uncertainties include the timing and likelihood of completion of the proposed transactions between Marriott Vacations Worldwide and ILG; the possibility that Marriott Vacations Worldwide's stockholders may not approve the issuance of the Marriott Vacations Worldwide shares to be issued in connection with the proposed transactions; the possibility that ILG's stockholders may not approve the proposed transactions; the possibility that the expected synergies and value creation from the proposed transactions will not be realized or will not be realized within the expected time period;



the risk that the businesses of Marriott Vacations Worldwide and ILG will not be integrated successfully; the potential impact of the disruption from the proposed transactions making it more difficult to maintain business and operational relationships; the risk that unexpected costs will be incurred; the ability to retain key personnel; the availability of financing; the possibility that the proposed transactions do not close; as well as more specific risks and uncertainties. You should carefully consider these and other relevant factors, including those risk factors in this communication and other risks and uncertainties that affect the businesses of Marriott Vacations Worldwide and ILG described in their respective filings with the SEC, when reviewing any forward-looking statement. These factors are noted as permitted under the Private Securities Litigation Reform Act of 1995. We caution readers that any such statements are based on currently available operational, financial and competitive information, and they should not place undue reliance on these forward-looking statements, which reflect management's opinion only as of the date on which they were made. Except as required by law, we disclaim any obligation to review or update these forward-looking statements to reflect events or circumstances as they occur.

### **Important Information and Where to Find It**

The proposed transactions involving Marriott Vacations Worldwide and ILG will be submitted to Marriott Vacations Worldwide's stockholders and ILG's stockholders for their consideration. In connection with the proposed transaction, on July 19, 2018, Marriott Vacations Worldwide filed with the SEC an amendment to the registration statement on Form S-4 that included a joint proxy statement/prospectus for the stockholders of Marriott Vacations Worldwide and ILG and was filed with the SEC on June 6, 2018. The registration statement was declared effective by the SEC on July 23, 2018. Marriott Vacations Worldwide and ILG mailed the definitive joint proxy statement/prospectus to their respective stockholders on or about July 25, 2018 and each of Marriott Vacations Worldwide and ILG intend to hold the special meeting of the stockholders of Marriott Vacations Worldwide and ILG on August 28, 2018. This communication is not intended to be, and is not, a substitute for such filings or for any other document that Marriott Vacations Worldwide or ILG may file with the SEC in connection with the proposed transaction. SECURITY HOLDERS ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE REGISTRATION STATEMENT ON FORM S-4 AND THE JOINT PROXY STATEMENT/PROSPECTUS, CAREFULLY AND IN THEIR ENTIRETY, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. The registration statement, the joint proxy statement/prospectus and other relevant materials and any other documents filed or furnished by Marriott Vacations Worldwide or ILG with the SEC may be obtained free of charge at the SEC's web site at [www.sec.gov](http://www.sec.gov). In addition, security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus from Marriott Vacations Worldwide by going to its investor relations page on its corporate web site at [www.marriottvacationsworldwide.com](http://www.marriottvacationsworldwide.com) and from ILG by going to its investor relations page on its corporate web site at [www.ilg.com](http://www.ilg.com).

### **Participants in the Solicitation**

Marriott Vacations Worldwide, ILG, their respective directors and certain of their respective executive officers and employees may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information about Marriott Vacations Worldwide's directors and executive officers is set forth in its Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the SEC on February 27, 2018 and in its definitive proxy statement filed with the SEC on April 3, 2018, and information about ILG's directors and executive officers is set forth in its Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the SEC on March 1, 2018, and in its definitive proxy statement filed with the SEC on May 7, 2018. These documents are available free of charge from the sources indicated above, and from Marriott Vacations Worldwide by going to its investor relations page on its corporate web site at [www.marriottvacationsworldwide.com](http://www.marriottvacationsworldwide.com) and from ILG by going to its investor relations page on its corporate web site at [www.ilg.com](http://www.ilg.com). Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed transactions is presented in the definitive joint proxy statement/prospectus included in the registration statement on Form S-4 filed by Marriott Vacations Worldwide with the SEC, and may be included in other relevant materials that Marriott Vacations Worldwide and ILG file with the SEC.

August 6, 2018

*Except where the context otherwise suggests, as used herein, (i) “MVW” refers to Marriott Vacations Worldwide Corporation, a Delaware corporation and the parent company of the Marriott Ownership Resorts, Inc. (the “Issuer”), and its subsidiaries, (ii) “ILG” refers to ILG, Inc., a Delaware corporation and the parent company of Interval Acquisition Corp. (“IAC”), and its subsidiaries; (iii) “Combined Company” refers to MVW and its subsidiaries, following completion of the Combination Transactions (as defined below); (iv) “we,” “our” and “us” refer to MVW, ILG or the Combined Company, as the context requires.*

*On April 30, 2018, Marriott Vacations Worldwide Corporation entered into that certain 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, as it may be amended, restated or otherwise modified (the “Merger Agreement”), pursuant to which MVW agreed to acquire ILG through a series of business combinations (the “Combination Transactions”).*

*The below “Unaudited Pro Forma Combined Financial Statements” were included in the Offering Memorandum dated August 6, 2018.*

## UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

On April 30, 2018, MVW and ILG entered into the merger agreement, under which MVW will combine with ILG through the Combination Transactions. After the completion of the Combination Transactions, ILG will be an indirect wholly-owned subsidiary of MVW.

The following unaudited pro forma combined financial statements present the combination of the historical financial statements of MVW and ILG, adjusted to give effect to the Combination Transactions.

These unaudited pro forma combined financial statements give effect to the proposed Combination Transactions. Specifically, MVW presents the pro forma combined balance sheet as if the Combination Transactions had occurred on June 30, 2018. MVW presents the pro forma combined statements of income for each of the six months ended June 30, 2018 and June 30, 2017, the fiscal year ended December 31, 2017 and the twelve months ended June 30, 2018 as if the Combination Transactions had occurred on December 31, 2016, the beginning of the earliest period presented.

The unaudited pro forma combined financial statements were prepared using purchase accounting with MVW considered the acquirer of ILG. Under purchase accounting, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair values, with any excess purchase price allocated to goodwill. The unaudited pro forma purchase price allocation was based on a preliminary estimate of the fair values of the tangible and intangible assets and liabilities of ILG. Following the effective date of the Combination Transactions, MVW expects to complete the purchase price allocation after considering the fair value of ILG's assets and liabilities at the level of detail necessary to finalize the required purchase price allocation. Accordingly, the unaudited pro forma purchase price allocations are preliminary and subject to further adjustments as additional information becomes available and as additional analyses are performed. The final purchase price allocation may be different than that reflected in the unaudited pro forma purchase price allocation presented herein, and this difference may be material.

In order to make these unaudited pro forma combined financial statements easier to read, MVW refers to unaudited pro forma combined financial statements, associated adjustments and related information as the "pro forma financial statements" throughout this offering memorandum. All such statements and information are unaudited and combined, except where such information by its presentation or context applies only to MVW or ILG.

The pro forma financial statements do not reflect the realization of any expected cost savings or other synergies from the acquisition of ILG as a result of restructuring activities and other cost savings initiatives. MVW currently estimates that synergies and planned restructuring activities will result in annual combined cost savings of at least \$75 million within two years following the consummation of the Combination Transactions, which are not reflected in the pro forma financial statements. Although MVW believes such cost savings and other synergies will be realized following the business combination, there can be no assurance that these cost savings or any other synergies will be achieved in full or at all. In addition, the pro forma financial statements do not reflect the planned restructuring charges associated with these cost savings, which are expected to be expensed in MVW's statement of income. Further, the pro forma financial statements do not reflect the effect of any regulatory actions that may impact the Combined Company when the Combination Transactions are completed.

The unaudited pro forma adjustments are based upon currently available information, estimates and assumptions that MVW's management believes are reasonable as of the date hereof. The pro forma adjustments and related assumptions are described in the accompanying notes presented on the following pages, which should be read together with the pro forma financial statements. Additionally, MVW is still in the process of identifying and evaluating any accounting policy differences that would require conformity of policy and any pro forma adjustments needed to reflect the same.

The pro forma financial statements are for informational purposes only and are not intended to represent or to be indicative of the actual results of operations or financial position that the combined MVW and ILG business would have reported had the Combination Transactions been completed as of the dates set forth in the pro forma financial statements and should not be taken as being indicative of future combined results of operations or financial position. The actual results may differ significantly from those reflected in the pro forma financial statements for a number of reasons, including, but not limited to, differences between the assumptions used to prepare the pro forma financial statements and actual amounts. As a result, the pro forma financial statements do not purport to be indicative of what the financial condition or results of operations would have been had the Combination Transactions been completed on the applicable dates of the unaudited pro forma financial statements. They also may not be useful in predicting the future financial condition and results of operations of the Combined Company.

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

- MVW consolidated financial statements as of and for (1) the year ended December 31, 2017 in its Current Report on Form 8-K filed with the SEC on June 5, 2018 and (2) each of the six months ended June 30, 2018 and June 30, 2017 in its Quarterly Report on Form 10-Q filed with the SEC on August 2, 2018; and
- ILG consolidated financial statements as of and for (1) the year ended December 31, 2017 in its Current Report on Form 8-K filed with the SEC on June 5, 2018 and (2) each of the six months ended June 30, 2018 and June 30, 2017 in its Quarterly Report on Form 10-Q filed with the SEC on August 3, 2018.

#### **Rounding**

Calculated values were determined using whole numbers.

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**  
**UNAUDITED PRO FORMA COMBINED BALANCE SHEET**  
As of June 30, 2018  
(In millions)

	Historical				Pro forma adjustments	Pro forma combined
	MVW	ILG(a)				
<b>ASSETS</b>						
Cash and cash equivalents	\$ 548	\$ 143	\$ (501)	(b)		\$ 190
Restricted cash	171	219				390
Accounts receivable, net	68	115	(14)	(c)		169
Vacation ownership notes receivable, net	1,168	734	52	(d)		1,954
Inventory	690	558	44	(e)		1,292
Investments in unconsolidated entities	—	54				54
Property and equipment	247	606	6	(f)		859
Goodwill	—	564	2,171	(g)		2,735
Intangible assets, net	—	428	432	(h)		860
Other	166	240	(22)	(i)		384
<b>TOTAL ASSETS</b>	<u>\$ 3,058</u>	<u>\$ 3,661</u>	<u>\$ 2,168</u>			<u>\$ 8,887</u>
<b>LIABILITIES AND EQUITY</b>						
Accounts payable	\$ 84	\$ 48	\$ (3)	(c)		\$ 129
Advance deposits	96	95				191
Accrued liabilities	100	161	(8)	(c)		253
Deferred revenue	99	259	(9)	(j)		349
Payroll and benefits liability	85	64				149
Deferred compensation liability	83	8				91
Debt, net	1,332	1,037	2	(k)		3,809
			1,438	(l)		
Other	11	110	(3)	(c)		118
Deferred taxes	102	142	60	(m)		304
<b>TOTAL LIABILITIES</b>	<u>1,992</u>	<u>1,924</u>	<u>1,477</u>			<u>5,393</u>
Redeemable non-controlling interest	—	1				1
Contingencies and Commitments						
Preferred stock	—	—				—
Common stock	—	1	(1)	(g)		—
			—	(n)		
Treasury stock	(696)	(164)	164	(g)		(696)
Additional paid-in capital	1,191	1,281	(1,281)	(g)		3,671
			2,443	(n)		
			37	(o)		
Accumulated other comprehensive income	16	(36)	36	(g)		16
Retained earnings	555	615	(615)	(g)		463
			(2)	(l)		
			(104)	(p)		
			14	(m)		
<b>TOTAL EQUITY BEFORE NON-CONTROLLING INTERESTS</b>	<u>1,066</u>	<u>1,697</u>	<u>691</u>			<u>3,454</u>
Non-controlling interests	—	39				39
<b>TOTAL EQUITY</b>	<u>1,066</u>	<u>1,736</u>	<u>691</u>			<u>3,493</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 3,058</u>	<u>\$ 3,661</u>	<u>\$ 2,168</u>			<u>\$ 8,887</u>

**Notes to Unaudited Pro Forma Combined Balance Sheet**

- (a) Certain reclassification adjustments have been made to the historical presentation of ILG financial information in order to conform to a combined unclassified MVW balance sheet. In order to prepare the pro forma financial statements, MVW performed a preliminary review of ILG's accounting policies to identify significant differences. After the Combination Transactions are completed, MVW will conduct an additional review of ILG's accounting policies to determine if differences in accounting policies require further adjustment or reclassification of ILG's results of operations, assets or liabilities to conform to MVW's accounting policies and classifications. As a result of that review, MVW may identify additional differences between the accounting policies of the two companies that, when conformed, could have a material impact on the pro forma financial statements.

(\$ in millions)	At June 30, 2018		
	ILG	Reclassification adjustments	ILG conformed to MVW's presentation
Restricted cash and cash equivalents—current	\$ 215	\$ (215)	\$ —
Restricted cash and cash equivalents—non-current	4	(4)	—
Restricted cash	—	219	219
	<u>\$ 219</u>	<u>\$ —</u>	<u>\$ 219</u>
Vacation ownership mortgages receivable, net— current	\$ 77	\$ (77)	\$ —
Vacation ownership mortgages receivable, net—non-current	657	(657)	—
Vacation ownership notes receivable, net	—	734	734
	<u>\$ 734</u>	<u>\$ —</u>	<u>\$ 734</u>
Vacation ownership inventory— current	\$ 486	\$ (486)	\$ —
Vacation ownership inventory—non-current	72	(72)	—
Inventory	—	558	558
	<u>\$ 558</u>	<u>\$ —</u>	<u>\$ 558</u>
Prepaid income taxes	\$ 36	\$ (36)	\$ —
Prepaid expenses	91	(91)	—
Other current assets	30	(30)	—
Other non-current assets	83	(83)	—
Other	—	240	240
	<u>\$ 240</u>	<u>\$ —</u>	<u>\$ 240</u>
Accrued expenses and other current liabilities	\$ 95	\$ (95)	\$ —
Advance deposits	—	95	95
	<u>\$ 95</u>	<u>\$ —</u>	<u>\$ 95</u>
Income taxes payable, non-current	\$ 2	\$ (2)	\$ —
Accounts payable	—	2	2
	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 2</u>
Other long-term liabilities	\$ 8	\$ (8)	\$ —
Deferred compensation liability	—	8	8
	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ 8</u>

(\$ in millions)	At June 30, 2018		
	ILG	Reclassification adjustments	ILG conformed to MVW's presentation
Current portion of securitized debt from VIEs	\$128	\$ (128)	\$ —
Securitized debt from VIEs—non-current	361	(361)	—
Debt, net	—	489	489
	<u>\$489</u>	<u>\$ —</u>	<u>\$ 489</u>
Deferred revenue—current	\$177	\$ (177)	\$ —
Deferred revenue—non-current	82	(82)	—
Deferred revenue	—	259	259
	<u>\$259</u>	<u>\$ —</u>	<u>\$ 259</u>

- (b) Represents net use of cash as part of consummating the Combination Transactions.
- (c) To reflect the elimination of intercompany balances between MVW and ILG.
- (d) To reflect the estimated purchase accounting adjustment to ILG's vacation ownership notes receivable remeasured at fair value. Fair value was determined using an income approach based on the expected future performance of the respective vacation ownership notes receivable portfolio.
- (e) To reflect the estimated purchase accounting adjustment to ILG's vacation ownership inventory remeasured at fair value. Fair value was determined using an income approach based on expected proceeds from sales of vacation ownership inventory, less costs to sell and a normal profit margin on these sales.
- (f) To reflect the estimated purchase accounting adjustment to property and equipment owned by ILG. Fair value was based on most recent available independent appraisals. Refer to note (g) to the "Notes to Unaudited Pro Forma Combined Statements of Income" for additional details regarding the pro forma adjustments related to remeasuring these items to fair value.
- (g) To reflect adjustments to remove ILG's historical goodwill and stockholders' equity, and to recognize goodwill generated by the Combination Transactions.

Under purchase accounting, the total estimated purchase consideration and non-controlling interests will be allocated to ILG's tangible and intangible assets and liabilities based on final determinations of fair value as of the date the Combination Transactions are completed. The purchase price will be computed using the value of MVW common stock and the number of outstanding shares of ILG common stock and equity-based awards on the closing date of the Combination Transactions. Therefore the actual purchase price and resulting goodwill will fluctuate with the market price of MVW common stock and the number of outstanding shares of ILG common stock and equity-based awards until the Combination Transactions are consummated. As a result, the final purchase price and goodwill could differ significantly from the current estimate, which could materially impact the pro forma financial statements.

Total purchase consideration noted in the table below was determined based on the issuance of approximately 20.5 million shares of MVW common stock using a stock price of \$119.13, the closing price as of July 27, 2018. At this stock price, the allocation of total estimated purchase consideration results in goodwill of \$2.7 billion, as detailed in table below. As a measure of sensitivity on total purchase consideration, a change of \$10 to the stock price used would change the total purchase consideration by approximately \$207 million. As a reference, MVW's stock price volatility over the period between January 1, 2018 and July 27, 2018 has ranged from a high of \$154.14 to a low of \$107.17.

The preliminary estimated allocation of the purchase consideration and non-controlling interests, on a pro forma basis, as if the Combination Transactions closed on June 30, 2018 is as follows. The preliminary estimated allocation will be subject to further refinement and may result in material changes. These changes will primarily relate to the allocation of consideration transferred and the fair value assigned to all tangible and intangible assets and liabilities acquired and identified.

(in millions, except per share data)

Equivalent shares of MVW common stock to be issued	20.5
MVW common stock price as of July 27, 2018	\$ 119.13
Estimated stock consideration to be transferred	2,443
Cash consideration to ILG stockholders	1,833
Fair value of MVW equity-based awards issued in exchange for vested ILG equity-based awards (see note(o))	37
Estimate of consideration expected to be transferred	4,313
Redeemable non-controlling interest <sup>(1)</sup>	1
Non-controlling interests <sup>(1)</sup>	39
Estimate of total value to allocate	\$ 4,353
ILG's book value of net assets before non-controlling interests	(1,697)
Redeemable non-controlling interest <sup>(1)</sup>	(1)
Non-controlling interests <sup>(1)</sup>	(39)
Adjustments to historical net book values:	
Vacation ownership notes receivable (see note(d))	(52)
Inventory (see note(e))	(44)
Property and equipment (see note(f))	(6)
Intangible assets (see note(h))	(432)
Other assets (see note(i))	22
Deferred revenue (see note(j))	(9)
Debt (see note(k))	2
Deferred taxes (see note(m))	74
Reversal of historical ILG goodwill	564
Goodwill	\$ 2,735

(1) Represents non-controlling interests remaining in ILG. These non-controlling interests include the CLC World Resorts & Hotels interest in VRI Europe (a fully consolidated joint venture resort management company of which ILG purchased 75.5% of the shares in connection with the VRI Europe transaction on November 4, 2013), the non-controlling interests held in ILG's fully consolidated joint venture entity acquired as part of the acquisition of the vacation ownership business of Hyatt Corporation on October 1, 2014, and the portion of ILG's consolidated HOAs related to individual or third-party vacation ownership product owners. For the purposes of these pro forma financial statements, the book value of the non-controlling interests was used for the purchase price allocation, which is preliminary and subject to further adjustments as additional information becomes available and as additional analyses are performed.

(h) To reflect adjustments to ILG's historical intangible assets, and to recognize the amount of the total estimated purchase consideration allocated to intangible assets with definite-lives and indefinite-lives, consisting of ILG's member relationships, management contracts, and trade names and trademarks. Refer to note (i) to the "Notes to Unaudited Pro Forma Combined Statements of Income" for additional details regarding the pro forma adjustments related to these intangible assets.

(i) In its adoption of ASC 606, MVW elected to apply the practical expedient permitted under the standard to expense costs rather than capitalize costs to obtain a contract as incurred whereas ILG elected to capitalize these costs. As MVW has an accounting policy to expense these costs as



incurred, this pro forma adjustment reflects the elimination of the assets recorded by ILG related to these capitalized costs and the associated amortization during the respective periods and recognizes an estimate of costs during the respective periods that would have been expensed in order to conform ILG's accounting policy to that of MVW.

- (j) To reflect the estimated purchase accounting adjustment to ILG's deferred revenue balances. Purchase accounting requires that the acquiring entity should recognize deferred revenue of the acquired company only if it relates to a legal performance obligation assumed by the acquiring entity. Consequently, ILG's pre-Combination Transactions deferred revenue as of the Combination Transactions date for which there is no remaining legal performance obligation post-Combination Transactions is eliminated in purchase accounting. The actual amount of the purchase accounting adjustment will be based on the deferred revenue balances at the close of the Combination Transactions.
- (k) To reflect the estimated purchase accounting adjustments related to the existing ILG debt re-measured at fair value.
- (l) Represents assumptions related to net changes to borrowings for purposes of funding the Combination Transactions. The Exchange Notes are expected to have substantially the same terms as the Existing IAC Notes exchanged and will be reflected in the pro forma combined balance sheet at estimated fair value as indicated in note (k). The actual amount drawn under the New Credit Facilities will be based on the cash balances available on the closing date of the Combination Transactions.

Approximately \$327 million of vacation ownership notes receivable were purchased by the 2018-1 Trust on June 28, 2018. On July 26, 2018, the 2018-1 Trust purchased an additional \$57 million of vacation ownership notes receivable and \$55 million was released from restricted cash. As of July 26, 2018, the 2018-1 Trust held \$51 million of the proceeds from the MVW Securitization, which will be released to MVW as the remaining vacation ownership notes receivable are purchased, which MVW expects will occur prior to September 30, 2018. See "Description of Other Indebtedness—Existing MVW Debt—MVW Securitization."

<i>(\$ in millions)</i>	<u>Term</u>	<u>At June 30, 2018</u>
Senior secured term loan—variable rate	7 years	\$ 900
Senior unsecured financing—fixed rate	8 years	750
Revolving credit facility—variable rate	5 years	28
Total amount issued or drawn as of June 30, 2018		1,678
Debt issuance costs and discounts		(37)
Repayment of outstanding ILG credit facility		(205)
Write off of historical debt issuance costs and discounts		2
		<u>\$ 1,438</u>

- (m) Represents deferred income tax adjustments recorded at an estimated statutory blended rate of 24.0% to reflect the differences in the carrying values of the acquired assets and the assumed liabilities, excluding goodwill, for financial reporting purposes and the cost basis for income tax purposes, which will be carried over as part of the Combination Transactions. Deferred taxes relating to goodwill for prior ILG acquisitions have also been removed from the pro forma financial statements. Also includes tax adjustments related to transaction costs, a portion of which are capitalized and a portion of which are deductible, and other pro forma adjustments noted herein.
- (n) To reflect the approximately 20.5 million share issuance calculated and priced as of July 27, 2018, which was partially offset by certain other pro forma adjustments impacting Additional paid-in capital. The actual number of shares of MVW common stock that MVW will issue to ILG stockholders upon closing of the Combination Transactions will be based on the actual number of shares of ILG common stock outstanding when the Combination Transactions close, and the valuation of those shares will be based on the trading price of MVW common stock at that time.

- (o) To reflect stock compensation adjustments related to the issuance of MVW equity-based awards to replace ILG equity-based awards for pre-Combination Transactions services. Under acquisition accounting, the fair value of replacement awards attributable to pre-Combination Transactions services are to be included in the consideration transferred and treated as Additional paid-in capital.
- (p) To reflect the amounts related to transaction costs directly attributable to the Combination Transactions which are not presented on the historical balance sheet.

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

	Historical		Pro forma adjustments		Pro forma combined
	MVW	ILG(a)			
<b>REVENUES</b>					
Sale of vacation ownership products	\$ 380	\$ 244	\$		\$ 624
Resort management and other services	148	298	(12)	(b)	433
			(1)	(c)	
Financing	71	47	(8)	(d)	110
Rental	149	224			373
Cost reimbursements	418	131			549
<b>TOTAL REVENUES</b>	<u>1,166</u>	<u>944</u>	<u>(21)</u>		<u>2,089</u>
<b>EXPENSES</b>					
Cost of vacation ownership products	103	61	6	(e)	170
Marketing and sales	215	159	(6)	(b)	371
			3	(f)	
Resort management and other services	79	132	(6)	(b)	204
			(1)	(f)	
Financing	8	8			16
Rental	119	142			261
General and administrative	62	155	—	(f)	191
			—	(g)	
			(26)	(h)	
Litigation settlement	16	—			16
Consumer financing interest	13	7			20
Royalty fee	31	22			53
Amortization expense of intangibles	—	10	12	(i)	22
Cost reimbursements	418	131			549
<b>TOTAL EXPENSES</b>	<u>1,064</u>	<u>827</u>	<u>(18)</u>		<u>1,873</u>
(Losses) gains and other (expense) income, net	(6)	—			(6)
Interest expense	(9)	(15)	(43)	(j)	(67)
Other	(23)	2			(21)
<b>EARNINGS BEFORE INCOME TAXES AND NON-CONTROLLING INTERESTS</b>					
INTERESTS	64	104	(46)		122
Provision for income taxes	(17)	(33)	10	(k)	(40)
<b>NET INCOME</b>	<u>47</u>	<u>71</u>	<u>(36)</u>		<u>82</u>
Net income attributable to non-controlling interests	—	(2)			(2)
<b>NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>	<u>\$ 47</u>	<u>\$ 69</u>	<u>\$ (36)</u>		<u>\$ 80</u>

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**  
**UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME**  
**SIX MONTHS ENDED JUNE 30, 2017**  
(In millions)

	Historical		Pro forma adjustments		Pro forma combined
	MVW	ILG(a)			
<b>REVENUES</b>					
Sale of vacation ownership products	\$ 366	\$ 223	\$		\$ 589
Resort management and other services	139	244	(11)	(b)	372
Financing	65	43	(4)	(d)	104
Rental	137	207			344
Cost reimbursements	384	168			552
<b>TOTAL REVENUES</b>	<b>1,091</b>	<b>885</b>	<b>(15)</b>		<b>1,961</b>
<b>EXPENSES</b>					
Cost of vacation ownership products	95	54	6	(e)	155
Marketing and sales	196	145	(6)	(b)	334
			(1)	(f)	
Resort management and other services	77	68	(5)	(b)	140
			—	(f)	
Financing	7	9			16
Rental	112	155			267
General and administrative	57	142	—	(f)	198
			—	(g)	
			(1)	(h)	
Litigation settlement	—	—			—
Consumer financing interest	12	5			17
Royalty fee	32	21			53
Amortization expense of intangibles	—	10	12	(i)	22
Cost reimbursements	384	168			552
<b>TOTAL EXPENSES</b>	<b>972</b>	<b>777</b>	<b>5</b>		<b>1,754</b>
Gains and other income, net	—	—			—
Interest expense	(3)	(12)	(44)	(j)	(59)
Other	(1)	13			12
<b>EARNINGS BEFORE INCOME TAXES AND NON-CONTROLLING INTERESTS</b>					
<b>INTERESTS</b>	115	109	(64)		160
Provision for income taxes	(39)	(38)	24	(k)	(53)
<b>NET INCOME</b>	<b>76</b>	<b>71</b>	<b>(40)</b>		<b>107</b>
Net income attributable to non-controlling interests	—	(1)			(1)
<b>NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>	<b>\$ 76</b>	<b>\$ 70</b>	<b>\$ (40)</b>		<b>\$ 106</b>

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**  
**UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME**  
**YEAR ENDED DECEMBER 31, 2017**  
(In millions)

	Historical		Pro forma adjustments	Pro forma combined
	MVW	ILG(a)		
<b>REVENUES</b>				
Sale of vacation ownership products	\$ 757	\$ 464	\$	\$ 1,221
Resort management and other services	279	501	(23) (b)	757
Financing	135	89	(10) (d)	214
Rental	262	391		653
Cost reimbursements	750	326		1,076
<b>TOTAL REVENUES</b>	<b>2,183</b>	<b>1,771</b>	<b>(33)</b>	<b>3,921</b>
<b>EXPENSES</b>				
Cost of vacation ownership products	194	90	14 (e)	298
Marketing and sales	395	293	(12) (b)	675
			(1) (f)	
Resort management and other services	155	165	(10) (b)	310
			— (f)	
Financing	18	17		35
Rental	223	295		518
General and administrative	110	285	— (f)	394
			— (g)	
			(1) (h)	
Litigation settlement	4	—		4
Consumer financing interest	25	12		37
Royalty fee	63	43		106
Amortization expense of intangibles	—	20	25 (i)	45
Cost reimbursements	750	326		1,076
<b>TOTAL EXPENSES</b>	<b>1,937</b>	<b>1,546</b>	<b>15</b>	<b>3,498</b>
Gains and other income, net	6	—		6
Interest expense	(10)	(26)	(86) (i)	(122)
Other	(2)	4		2
<b>EARNINGS BEFORE INCOME TAXES AND NON-CONTROLLING INTERESTS</b>	<b>240</b>	<b>203</b>	<b>(134)</b>	<b>309</b>
Provision for income taxes	(5)	(26)	51 (k)	20
<b>NET INCOME</b>	<b>235</b>	<b>177</b>	<b>(83)</b>	<b>329</b>
Net income attributable to non-controlling interests	—	(3)		(3)
<b>NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>	<b>\$ 235</b>	<b>\$ 174</b>	<b>\$ (83)</b>	<b>\$ 326</b>

**MARRIOTT VACATIONS WORLDWIDE CORPORATION**  
**UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME**  
**TWELVE MONTHS ENDED JUNE 30, 2018**  
(In millions)

	Historical		Pro forma adjustments	Pro forma combined
	MVW	ILG(a)		
<b>REVENUES</b>				
Sale of vacation ownership products	\$ 771	\$ 485	\$	\$ 1,256
Resort management and other services	288	555	(24) (b)	818
			(1) (c)	
Financing	141	93	(14) (d)	220
Rental	274	408		682
Cost reimbursements	784	289		1,073
<b>TOTAL REVENUES</b>	2,258	1,830	(39)	4,049
<b>EXPENSES</b>				
Cost of vacation ownership products	202	97	14 (e)	313
Marketing and sales	414	307	(12) (b)	712
			3 (f)	
Resort management and other services	157	229	(11) (b)	374
			1 (f)	
Financing	19	16		35
Rental	230	282		512
General and administrative	115	298	— (f)	387
			— (g)	
			(26) (h)	
Litigation settlement	20	—		20
Consumer financing interest	26	14		40
Royalty fee	62	44		106
Amortization expense of intangibles	—	20	25 (i)	45
Cost reimbursements	784	289		1,073
<b>TOTAL EXPENSES</b>	2,029	1,596	(8)	3,617
Gains and other income, net	—	—		—
Interest expense	(16)	(29)	(85) (i)	(130)
Other	(24)	(7)		(31)
<b>EARNINGS BEFORE INCOME TAXES AND NON-CONTROLLING INTERESTS</b>	189	198	(116)	271
Provision for income taxes	17	(21)	37 (k)	33
<b>NET INCOME</b>	206	177	(79)	304
Net income attributable to non-controlling interests	—	(4)		(4)
<b>NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>	\$ 206	\$ 173	\$ (79)	\$ 300

**Notes to Unaudited Pro Forma Combined Statements of Income**

- (a) Certain presentation changes have been made to the historical presentation of ILG financial information in order to conform to a combined MVW presentation. In order to prepare the pro forma financial statements, MVW performed a preliminary review of ILG's accounting policies to identify significant differences. After the Combination Transactions are completed, MVW will conduct an additional review of ILG's accounting policies to determine if differences in accounting policies require further adjustment or reclassification of ILG's results of operations, assets or liabilities to conform to MVW's accounting policies and classifications. As a result of that review, MVW may identify additional differences between the accounting policies of the two companies that, when conformed, could have a material impact on the pro forma financial statements.

(\$ in millions)	Six Months Ended June 30, 2018		
	ILG	Reclassification adjustments	ILG conformed to MVW's presentation
Service and membership related	\$ 300	\$ (300)	\$ —
Rental and ancillary services	222	(222)	—
Resort management and other services	—	298	298
Rental	—	224	224
	<u>\$ 522</u>	<u>\$ —</u>	<u>\$ 522</u>
Cost of service and membership related sales	\$ 132	\$ (132)	\$ —
Cost of sales of rental and ancillary services	142	(142)	—
Resort management and other services	—	132	132
Rental	—	142	142
	<u>\$ 274</u>	<u>\$ —</u>	<u>\$ 274</u>
Cost of consumer financing	\$ 15	\$ (15)	\$ —
Financing	—	8	8
Consumer financing interest	—	7	7
	<u>\$ 15</u>	<u>\$ —</u>	<u>\$ 15</u>
Depreciation expense	\$ 31	\$ (31)	\$ —
General and administrative	—	31	31
	<u>\$ 31</u>	<u>\$ —</u>	<u>\$ 31</u>
Interest income	\$ 1	\$ (1)	\$ —
Equity in earnings from unconsolidated entities	1	(1)	—
Other	—	2	2
	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 2</u>

## Six Months Ended June 30, 2017

<i>(\$ in millions)</i>	ILG	Reclassification adjustments	ILG conformed to MVW's presentation
Service and membership related	\$ 247	\$ (247)	\$ —
Rental and ancillary services	204	(204)	—
Resort management and other services	—	244	244
Rental	—	207	207
	<u>\$ 451</u>	<u>\$ —</u>	<u>\$ 451</u>
Cost of service and membership related sales	\$ 68	\$ (68)	\$ —
Cost of sales of rental and ancillary services	155	(155)	—
Resort management and other services	—	68	68
Rental	—	155	155
	<u>\$ 223</u>	<u>\$ —</u>	<u>\$ 223</u>
Cost of consumer financing	\$ 14	\$ (14)	\$ —
Financing	—	9	9
Consumer financing interest	—	5	5
	<u>\$ 14</u>	<u>\$ —</u>	<u>\$ 14</u>
Depreciation expense	\$ 30	\$ (30)	\$ —
General and administrative	—	30	30
	<u>\$ 30</u>	<u>\$ —</u>	<u>\$ 30</u>
Equity in earnings from unconsolidated entities	\$ 3	\$ (3)	\$ —
Other	—	3	3
	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ 3</u>



Year Ended December 31, 2017

<i>(\$ in millions)</i>	ILG	Reclassification adjustments	ILG conformed to MVW's presentation
Service and membership related	\$ 506	\$ (506)	\$ —
Rental and ancillary services	386	(386)	—
Resort management and other services	—	501	501
Rental	—	391	391
	<u>\$ 892</u>	<u>\$ —</u>	<u>\$ 892</u>
Cost of service and membership related sales	\$ 165	\$ (165)	\$ —
Cost of sales of rental and ancillary services	295	(295)	—
Resort management and other services	—	165	165
Rental	—	295	295
	<u>\$ 460</u>	<u>\$ —</u>	<u>\$ 460</u>
Cost of consumer financing	\$ 29	\$ (29)	\$ —
Financing	—	17	17
Consumer financing interest	—	12	12
	<u>\$ 29</u>	<u>\$ —</u>	<u>\$ 29</u>
Depreciation expense	\$ 60	\$ (60)	\$ —
General and administrative	—	60	60
	<u>\$ 60</u>	<u>\$ —</u>	<u>\$ 60</u>
Interest income	\$ 1	\$ (1)	\$ —
Gain on bargain purchase	2	(2)	—
Equity in earnings from unconsolidated entities	4	(4)	—
Other	—	7	7
	<u>\$ 7</u>	<u>\$ —</u>	<u>\$ 7</u>

**Twelve Months Ended June 30, 2018**

<i>(\$ in millions)</i>	ILG	Reclassification adjustments	ILG conformed to MVW's presentation
Service and membership related	\$ 559	\$ (559)	\$ —
Rental and ancillary services	404	(404)	—
Resort management and other services	—	555	555
Rental	—	408	408
	<u>\$ 963</u>	<u>\$ —</u>	<u>\$ 963</u>
Cost of service and membership related sales	\$ 229	\$ (229)	\$ —
Cost of sales of rental and ancillary services	282	(282)	—
Resort management and other services	—	229	229
Rental	—	282	282
	<u>\$ 511</u>	<u>\$ —</u>	<u>\$ 511</u>
Cost of consumer financing	\$ 30	\$ (30)	\$ —
Financing	—	16	16
Consumer financing interest	—	14	14
	<u>\$ 30</u>	<u>\$ —</u>	<u>\$ 30</u>
Depreciation expense	\$ 61	\$ (61)	\$ —
General and administrative	—	61	61
	<u>\$ 61</u>	<u>\$ —</u>	<u>\$ 61</u>
Interest income	\$ 2	\$ (2)	\$ —
Gain on bargain purchase	2	(2)	—
Equity in earnings from unconsolidated entities	2	(2)	—
Other	—	6	6
	<u>\$ 6</u>	<u>\$ —</u>	<u>\$ 6</u>

- (b) To reflect the elimination of intercompany revenue and expenses between MVW and ILG.
- (c) To record decreases in amortized deferred revenue related to the decreases in fair value of ILG's deferred revenue based on the purchase price allocation. Refer to note (j) to the "Notes to Unaudited Pro Forma Combined Balance Sheet" for additional details regarding the pro forma adjustments related to deferred revenue.
- (d) To reflect an adjustment to financing revenue to convert interest income recognition from acquired vacation ownership notes receivable to approximate the level-yield method pursuant to Accounting Standards Codification 310-30, *Receivables—Loans and Debt Securities Acquired with Deteriorated Credit Quality*. The level-yield method requires MVW to recognize as interest income the excess of the cash flows expected to be collected on the acquired vacation ownership notes receivable portfolio over the fair value of the portfolio.
- (e) To reflect the impact to cost of sales attributable to the purchase price adjustment remeasuring vacation ownership inventory to fair value, which has a recurring impact post-close of the Combination Transactions.
- (f) In its adoption of ASC 606, MVW elected to apply the practical expedient permitted under the standard to expense costs rather than capitalize costs to obtain a contract as incurred and ILG elected to capitalize these costs. As MVW has an accounting policy to expense these costs as

incurred, this pro forma adjustment reflects the elimination of the assets recorded by ILG related to these capitalized costs and the associated amortization during the respective periods and recognizes an estimate of costs during the respective periods that would have been expensed in order to conform ILG's accounting policy to that of MVW.

- (g) To reflect a preliminary pro forma adjustment to recognize changes to straight-line depreciation expense resulting from the fair value adjustments to acquired property and equipment. The pro forma adjustments for depreciation expense are based on the preliminary purchase price allocation which is subject to further adjustments as additional information becomes available and as additional analyses are performed.
- (h) To reflect the elimination of non-recurring transaction-related expenses incurred by MVW or ILG directly associated with the Combination Transactions.
- (i) To reflect a preliminary pro forma adjustment to recognize incremental straight-line amortization expense resulting from the allocation of purchase consideration to definite-lived intangible assets subject to amortization. The pro forma adjustments for amortization expense are as follows:

<i>(in millions)</i>	Fair Value	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Year Ended December 31, 2017	Twelve Months Ended June 30, 2018	Weighted average useful life (years)
Member relationships	\$524	\$ 17	\$ 17	\$ 35	\$ 35	15
Management contracts	\$216	5	5	10	10	22
		22	22	45	45	
Previously recorded amortization expense of intangibles		(10)	(10)	(20)	(20)	
		<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ 25</u>	<u>\$ 25</u>	

- (j) Pro forma interest expense includes estimates for the fixed and variable rate debt MVW intends to issue to fund the Combination Transactions, including the impact of changes to amortization of debt issuance costs, discounts and purchase accounting adjustments. The pro forma interest expense associated with newly issued debt is based on a weighted average interest rate of 5.6%. The actual interest rate will be based on market and other conditions. For each 1/8% (12.5 basis points) change in the estimated weighted average interest rate for the new variable rate senior secured term loan, the new fixed rate senior unsecured financing and the new variable rate credit facility, interest expense would increase or decrease by approximately \$2 million per year.

<i>(in millions)</i>	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Year Ended December 31, 2017	Twelve Months Ended June 30, 2018
Interest expense on new debt	\$ 46	\$ 47	\$ 92	\$ 91
Amortization of debt issuance costs	3	3	5	5
Less: historical interest expense on ILG credit facility	(4)	(4)	(9)	(9)
Less: historical amortization of debt issuance costs	(2)	(2)	(3)	(3)
Amortization of change in fair value of acquired debt	—	—	1	1
	<u>\$ 43</u>	<u>\$ 44</u>	<u>\$ 86</u>	<u>\$ 85</u>

- (k) To reflect the pro forma tax effect of the adjustments herein at an estimated statutory blended rate of 24.0% for the six months ended June 30, 2018, 37.5% for the six months ended June 30, 2017, 37.5% for the year ended December 31, 2017, and 32.2% for the twelve months ended June 30, 2018. The 2017 historical income statement includes the estimated impacts of the Tax Cuts and Jobs Act, which have not been reflected in the pro forma financial statements. For the purposes of these pro forma financial statements, MVW has not made adjustments related to the remeasurement of the deferred tax assets and liabilities due to the reduction the corporate tax rate from 35% to 21%, and the transition tax on un-repatriated earnings of foreign subsidiaries with respect to the Combined Company since these are non-recurring items and not directly attributable to the Combination Transactions.