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 June 30, 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 August 3, 2022 was 39,285,977.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
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Throughout this report, we refer to Marriott Vacations Worldwide Corporation, together with its consolidated subsidiaries, as "Marriott Vacations Worldwide," "MVW," "we," "us," or "the Company." We also refer to brands that we own, as well as those brands that we license, as our brands. All brand names, trademarks, 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."

Impact of the COVID-19 Pandemic

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		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
REVENUES				
Sale of vacation ownership products	$ 425	$ 296	$ 735	$ 459
Management and exchange	203	220	425	413
Rental	140	121	273	210
Financing	72	68	143	127
Cost reimbursements	324	274	640	529
TOTAL REVENUES	1,164	979	2,216	1,738
EXPENSES				
Cost of vacation ownership products	80	67	140	107
Marketing and sales	214	164	396	273
Management and exchange	102	126	229	243
Rental	87	81	168	163
Financing	23	21	44	42
General and administrative	64	66	125	112
Depreciation and amortization	32	36	65	77
Litigation charges	2	3	5	6
Royalty fee	29	27	56	52
Impairment	—	5	—	5
Cost reimbursements	324	274	640	529
TOTAL EXPENSES	957	870	1,868	1,609
Gains (losses) and other income (expense), net	37	(2)	41	4
Interest expense	(30)	(44)	(57)	(87)
Transaction and integration costs	(37)	(29)	(65)	(48)
Other	1	1	1	1
INCOME (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	178	35	268	(1)
Provision for income taxes	(43)	(27)	(75)	(16)
NET INCOME (LOSS)	135	8	193	(17)
Net loss (income) attributable to noncontrolling interests	1	(2)	1	(5)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 136	$ 6	$ 194	$ (22)
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS				
Basic	$ 3.30	$ 0.15	$ 4.64	$ (0.52)
Diluted	$ 2.97	$ 0.15	$ 4.18	$ (0.52)
CASH DIVIDENDS DECLARED PER SHARE	$ 0.62	$ —	$ 1.24	$ —

See Notes to Interim Consolidated Financial Statements

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

	Three Months Ended		Six Months Ended	
	June 30, 2022	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
NET INCOME (LOSS)	$ 135	$ 8	$ 193	$ (17)
Foreign currency translation adjustments	(2)	4	2	1
Reclassification of foreign currency translation adjustments realized upon disposition of entities	(10)	—	(10)	—
Derivative instrument adjustment, net of tax	7	3	23	9
OTHER COMPREHENSIVE (LOSS) GAIN, NET OF TAX	(5)	7	15	10
Net loss (income) attributable to noncontrolling interests	1	(2)	1	(5)
Other comprehensive income attributable to noncontrolling interests	—	—	—	—
COMPREHENSIVE LOSS (INCOME) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1	(2)	1	(5)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 131	$ 13	$ 209	$ (12)

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 June 30, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 324	$ 342
Restricted cash (including $108 and $139 from VIEs, respectively)	282	461
Accounts receivable, net (including $12 and $12 from VIEs, respectively)	244	279
Vacation ownership notes receivable, net (including $1,659 and $1,662 from VIEs, respectively)	2,075	2,045
Inventory	695	719
Property and equipment, net	1,151	1,136
Goodwill	3,117	3,150
Intangibles, net	941	993
Other (including $71 and $76 from VIEs, respectively)	511	488
TOTAL ASSETS	$ 9,340	$ 9,613
LIABILITIES AND EQUITY		
Accounts payable	$ 217	$ 265
Advance deposits	195	160
Accrued liabilities (including $2 and $2 from VIEs, respectively)	330	345
Deferred revenue	372	453
Payroll and benefits liability	204	201
Deferred compensation liability	130	142
Securitized debt, net (including $1,868 and $1,877 from VIEs, respectively)	1,846	1,856
Debt, net	2,748	2,631
Other	210	224
Deferred taxes	342	350
TOTAL LIABILITIES	6,594	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; 75,741,585 and 75,519,049 shares issued, respectively	1	1
Treasury stock — at cost; 35,377,001 and 33,235,671 shares, respectively	(1,666)	(1,356)
Additional paid-in capital	3,963	4,072
Accumulated other comprehensive loss	(1)	(16)
Retained earnings	448	275
TOTAL MVW SHAREHOLDERS' EQUITY	2,745	2,976
Noncontrolling interests	1	10
TOTAL EQUITY	2,746	2,986
TOTAL LIABILITIES AND EQUITY	$ 9,340	$ 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)

	Six Months Ended	
	June 30, 2022	June 30, 2021
OPERATING ACTIVITIES		
Net income (loss)	$ 193	$ (17)
Adjustments to reconcile net income (loss) to net cash, cash equivalents and restricted cash provided by operating activities:		
Depreciation and amortization of intangibles	65	77
Amortization of debt discount and issuance costs	10	22
Vacation ownership notes receivable reserve	66	42
Share-based compensation	20	22
Impairment charges	—	5
Gains and other income, net	(47)	(1)
Deferred income taxes	29	36
Net change in assets and liabilities:		
Accounts receivable	59	60
Vacation ownership notes receivable originations	(483)	(320)
Vacation ownership notes receivable collections	365	362
Inventory	25	14
Other assets	(63)	(66)
Accounts payable, advance deposits and accrued liabilities	8	(9)
Deferred revenue	19	48
Payroll and benefit liabilities	7	35
Deferred compensation liability	4	11
Other liabilities	—	4
Deconsolidation of certain Consolidated Property Owners' Associations	(48)	(87)
Purchase of vacation ownership units for future transfer to inventory	(12)	(99)
Other, net	1	9
Net cash, cash equivalents and restricted cash provided by operating activities	218	148
INVESTING ACTIVITIES		
Acquisition of a business, net of cash and restricted cash acquired	—	(157)
Proceeds from disposition of subsidiaries, net of cash and restricted cash transferred	93	—
Capital expenditures for property and equipment (excluding inventory)	(23)	(11)
Issuance of note receivable to VIE	(47)	—
Purchase of company owned life insurance	(11)	(8)
Other, net	3	—
Net cash, cash equivalents and restricted cash provided by (used in) investing activities	15	(176)

Continued

See Notes to Interim Consolidated Financial Statements

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

	Six Months Ended	
	June 30, 2022	June 30, 2021
FINANCING ACTIVITIES		
Borrowings from securitization transactions	477	425
Repayment of debt related to securitization transactions	(485)	(420)
Proceeds from debt	125	1,061
Repayments of debt	(125)	(289)
Purchase of convertible note hedges	—	(100)
Proceeds from issuance of warrants	—	70
Finance lease payment	(2)	(1)
Payment of debt issuance costs	(9)	(15)
Repurchase of common stock	(312)	—
Payment of dividends	(75)	—
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	(428)	716
Effect of changes in exchange rates on cash, cash equivalents and restricted cash	(2)	—
Change in cash, cash equivalents and restricted cash	(197)	688
Cash, cash equivalents and restricted cash, beginning of period	803	992
Cash, cash equivalents and restricted cash, end of period	$ 606	$ 1,680
SUPPLEMENTAL DISCLOSURES		
Non-cash issuance of debt in connection with asset acquisition	$ 11	$ —
Non-cash issuance of treasury stock for employee stock purchase plan	2	2
Non-cash issuance of treasury stock in connection with Welk Acquisition	—	248
Non-cash transfer from inventory to property and equipment	45	3
Non-cash transfer from property and equipment to inventory	2	2
Non-cash transfer of other assets to property and equipment	15	22
Non-cash reduction of debt associated with bifurcation of conversion feature on the 2022 Convertible Notes	5	—
Non-cash adjustment to additional paid-in capital for 2022 Convertible Note Hedges	6	—
Interest paid, net of amounts capitalized	69	89
Income taxes paid, net of refunds (income tax refunds, net of income taxes paid)	33	(27)

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
—	Net income (loss)	—	—	—	—	136	136	(1)	135
—	Foreign currency translation adjustments	—	—	—	(2)	—	(2)	—	(2)
—	Reclassification of foreign currency translation adjustments realized upon disposition of entities	—	—	—	(10)	—	(10)	—	(10)
—	Derivative instrument adjustment	—	—	—	7	—	7	—	7
—	Adjustment for 2022 Convertible Note Hedges	—	—	6	—	—	6	—	6
—	Share-based compensation plans	—	1	12	—	—	13	—	13
—	Repurchase of common stock	—	(193)	—	—	—	(193)	—	(193)
—	Deconsolidation of certain Consolidated Property Owners' Associations	—	—	—	—	—	—	(8)	(8)
—	Dividends	—	—	—	—	(26)	(26)	—	(26)
75.7	**BALANCE AT JUNE 30, 2022**	$ 1	$ (1,666)	$ 3,963	$ (1)	$ 448	$ 2,745	$ 1	$ 2,746

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
75.3	**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
—	Net income	—	—	—	—	6	6	2	8
—	Welk Acquisition	—	55	193	—	—	248	—	248
—	Foreign currency translation adjustments	—	—	—	4	—	4	—	4
—	Derivative instrument adjustment	—	—	—	3	—	3	—	3
—	Share-based compensation plans	—	1	9	—	—	10	—	10
—	Deconsolidation of certain Consolidated Property Owners' Associations	—	—	—	—	—	—	(1)	(1)
—	Employee stock plan issuance	—	—	2	—	—	2	—	2
75.5	**BALANCE AT JUNE 30, 2021**	$ 1	$ (1,278)	$ 4,047	$ (38)	$ 250	$ 2,982	$ 30	$ 3,012

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.

Pursuant to a change in control of certain consolidated owners’ associations, we recorded a non-cash loss of $3 million in Gains (losses) and other income (expense), net on our Income Statement for each of the three and six months ended June 30, 2022, and deconsolidated $110 million of assets, inclusive of $48 million of restricted cash, and $99 million of liabilities, for a decrease in Noncontrolling interests of $8 million during the first half of 2022. We continue to act as manager for these owners’ associations pursuant to existing management contracts and retain membership interests via our ownership of vacation ownership interests.

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 uncertainty of the success of ongoing efforts to mitigate the effects of the COVID-19 pandemic, have made it more challenging to make these estimates. Actual results could differ from our estimates, and such differences may be material.

In our opinion, our Financial Statements reflect all normal and recurring adjustments necessary to present fairly our financial position, the results of our operations, and cash flows for the periods presented. Interim results may not be indicative of fiscal year performance because of, among other reasons, 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 and Dispositions” for more information on the Welk Acquisition.

Disposition of VRI Americas

Our Financial Statements reflect the disposition of the Vacation Resorts International ("VRI") and Trading Places International ("TPI") businesses (together the "VRI Americas" business) on April 29, 2022. See Footnote 3 "Acquisitions and Dispositions" for more information on the disposition of VRI Americas.

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. Upon adoption of ASU 2020-06, our convertible notes were no longer separated 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 is generally calculated assuming that all of our convertible notes are 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 respective terms 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. See Footnote 13 "Debt" for further information on accounting for the 2022 Convertible Notes and the 2022 Convertible Note Hedges (as defined in Footnote 13 "Debt"), subsequent to the adoption of ASU 2020-06.

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 disclosures. 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 June 30, 2022, the interest rates 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 continued to reference LIBOR, as did certain interest rate swaps and collars. Subsequent to June 30, 2022, we amended the terms of our Warehouse Credit Facility to, among other things, reference SOFR (as defined in Footnote 12 "Securitized Debt") rather than LIBOR. Our Term Loan and certain interest rate swaps and collars 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 June 30, 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 AND DISPOSITIONS

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 were 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 was 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 Legacy-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 six months ended June 30, 2021.

($ in millions, except per share data)	**Six Months Ended June 30, 2021**
Revenues	$ 1,785
Net loss	$ (4)
Net loss attributable to common shareholders	$ (10)
LOSS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS	
Basic	$ (0.24)
Diluted	$ (0.24)

Legacy-Welk Results of Operations

The following table presents the results of Legacy-Welk operations included in our Income Statement for the three months and six months ended June 30, 2022 and June 30, 2021.

	Three Months Ended		**Six Months Ended**	
($ in millions)	**June 30, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
Revenue	$ 56	$ 48	$ 107	$ 48
Net income	$ 5	$ 5	$ 12	$ 5

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.

Dispositions

On April 29, 2022, we disposed of VRI Americas for proceeds of $55 million, net of cash and restricted cash transferred to the buyer of $12 million, after determining that this business was not a core component of our future growth strategy and operating model. The results of VRI Americas are included in our Exchange and Third-Party Management segment through the date of the sale. The net carrying value of VRI Americas as of the date of the disposition was $51 million, including $25 million of goodwill and $20 million of intangible assets. As a result of the disposition, we recorded a gain of $16 million in Gains (losses) and other income (expense), net on our Income Statements for the three and six months ended June 30, 2022.

Additionally, on June 28, 2022, we disposed of entities that owned and operated a Vacation Ownership segment hotel in Puerto Vallarta, Mexico, for proceeds of $38 million, net of cash and restricted cash transferred to the buyer of $3 million, consistent with our development strategy to dispose of non-strategic assets. The net carrying value of the business disposed of as of the date of the disposition, excluding the cumulative translation adjustment, was $18 million, substantially all of which was property and equipment. As a result of this disposition, we recorded a gain of $33 million in Gains (losses) and other income (expense), net on our Income Statements for the three and six months ended June 30, 2022, which included the realization of cumulative foreign currency translation gains of $10 million associated with the disposition of these entities.

4. REVENUE AND RECEIVABLES

Sources of Revenue by Segment

	Three Months Ended June 30, 2022			
($ in millions)	**Vacation Ownership**	**Exchange & Third-Party Management**	**Corporate and Other**	**Total**
Sale of vacation ownership products	$ 425	$ —	$ —	$ 425
Ancillary revenues	66	1	—	67
Management fee revenues	41	11	(1)	51
Exchange and other services revenues	33	46	6	85
Management and exchange	140	58	5	203
Rental	129	11	—	140
Cost reimbursements	325	5	(6)	324
Revenue from contracts with customers	1,019	74	(1)	1,092
Financing	72	—	—	72
Total Revenues	$ 1,091	$ 74	$ (1)	$ 1,164

	Three Months Ended June 30, 2021			
($ in millions)	**Vacation Ownership**	**Exchange & Third-Party Management**	**Corporate and Other**	**Total**
Sale of vacation ownership products	$ 296	$ —	$ —	$ 296
Ancillary revenues	52	1	—	53
Management fee revenues	39	9	(5)	43
Exchange and other services revenues	32	50	42	124
Management and exchange	123	60	37	220
Rental	110	11	—	121
Cost reimbursements	286	15	(27)	274
Revenue from contracts with customers	815	86	10	911
Financing	68	—	—	68
Total Revenues	$ 883	$ 86	$ 10	$ 979

($ in millions)	Six Months Ended June 30, 2022 Vacation Ownership	Exchange & Third-Party Management	Corporate and Other	Total
Sale of vacation ownership products	$ 735	$ —	$ —	$ 735
Ancillary revenues	120	2	—	122
Management fee revenues	83	21	(4)	100
Exchange and other services revenues	63	99	41	203
Management and exchange	266	122	37	425
Rental	251	22	—	273
Cost reimbursements	652	14	(26)	640
Revenue from contracts with customers	1,904	158	11	2,073
Financing	143	—	—	143
Total Revenues	$ 2,047	$ 158	$ 11	$ 2,216

($ in millions)	Six Months Ended June 30, 2021 Vacation Ownership	Exchange & Third-Party Management	Corporate and Other	Total
Sale of vacation ownership products	$ 459	$ —	$ —	$ 459
Ancillary revenues	80	1	—	81
Management fee revenues	77	14	(11)	80
Exchange and other services revenues	60	105	87	252
Management and exchange	217	120	76	413
Rental	187	23	—	210
Cost reimbursements	554	29	(54)	529
Revenue from contracts with customers	1,417	172	22	1,611
Financing	127	—	—	127
Total Revenues	$ 1,544	$ 172	$ 22	$ 1,738

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.

	Three Months Ended June 30, 2022			
($ in millions)	**Vacation Ownership**	**Exchange & Third-Party Management**	**Corporate and Other**	**Total**
Services transferred over time	$ 523	$ 34	$ (1)	$ 556
Goods or services transferred at a point in time	496	40	—	536
Revenue from contracts with customers	$ 1,019	$ 74	$ (1)	$ 1,092

	Three Months Ended June 30, 2021			
($ in millions)	**Vacation Ownership**	**Exchange & Third-Party Management**	**Corporate and Other**	**Total**
Services transferred over time	$ 463	$ 43	$ 10	$ 516
Goods or services transferred at a point in time	352	43	—	395
Revenue from contracts with customers	$ 815	$ 86	$ 10	$ 911

	Six Months Ended June 30, 2022			
($ in millions)	**Vacation Ownership**	**Exchange & Third-Party Management**	**Corporate and Other**	**Total**
Services transferred over time	$ 1,041	$ 72	$ 11	$ 1,124
Goods or services transferred at a point in time	863	86	—	949
Revenue from contracts with customers	$ 1,904	$ 158	$ 11	$ 2,073

	Six Months Ended June 30, 2021			
($ in millions)	**Vacation Ownership**	**Exchange & Third-Party Management**	**Corporate and Other**	**Total**
Services transferred over time	$ 871	$ 80	$ 22	$ 973
Goods or services transferred at a point in time	546	92	—	638
Revenue from contracts with customers	$ 1,417	$ 172	$ 22	$ 1,611

Sale of Vacation Ownership Products

Revenue declined during the second quarter and first half of 2022 by $3 million and $5 million, respectively, due to changes in our estimates of variable consideration for performance obligations that were satisfied in prior periods.

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

The following table shows the composition of our receivables from contracts with customers and contract liabilities. We had no contract assets at either June 30, 2022 or December 31, 2021.

($ in millions)	**At June 30, 2022**	**At December 31, 2021**
Receivables from Contracts with Customers		
Accounts receivable, net	$ 118	$ 172
Vacation ownership notes receivable, net	2,075	2,045
	$ 2,193	$ 2,217
Contract Liabilities		
Advance deposits	$ 195	$ 160
Deferred revenue	372	453
	$ 567	$ 613

Revenue recognized during the second quarter and first half of 2022 that was included in our contract liabilities balance at December 31, 2021 was $117 million and $243 million, respectively.

Remaining Performance Obligations

Our remaining performance obligations represent the expected transaction price allocated to our contracts that we expect to recognize as revenue in future periods when we perform under the contracts. At June 30, 2022, approximately 87% 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 June 30, 2022	At December 31, 2021
Receivables from contracts with customers, net	$ 118	$ 172
Note receivable from variable interest entity[(1)]	47	—
Interest receivable	15	14
Tax receivable	22	48
Indemnification assets	19	22
Employee tax credit receivable	17	19
Other	6	4
	$ 244	$ 279

(1) See Footnote 16 "Variable Interest Entities" for additional information on the loan extended to a VIE during the second quarter of 2022 when we amended our commitment to purchase a property located in Waikiki, Hawaii.

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 24.3% and 75.4% for the three months ended June 30, 2022 and June 30, 2021, respectively. Our interim effective tax rate was 28.1% and (1,737.7%) for the six months ended June 30, 2022 and June 30, 2021, respectively. The change in the effective tax rate for both the three and six months ended June 30, 2022 is predominately attributable to an increase in pre-tax income.

Unrecognized Tax Benefits

The following table summarizes the activity related to our unrecognized tax benefits (excluding interest and penalties) during the six months ended June 30, 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
Decreases as a result of a lapse of the applicable statute of limitations	(1)
Balance at June 30, 2022	$ 27

The total amount of gross interest and penalties accrued was $47 million at June 30, 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 2020. The amount of the unrecognized tax benefits may increase or decrease within the next twelve months as a result of audits or audit settlements.

6. VACATION OWNERSHIP NOTES RECEIVABLE

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

	June 30, 2022			December 31, 2021		
($ in millions)	**Originated**	**Acquired**	**Total**	**Originated**	**Acquired**	**Total**
Securitized	$ 1,390	$ 269	$ 1,659	$ 1,308	$ 354	$ 1,662
Non-securitized						
Eligible for securitization[1]	89	1	90	96	1	97
Not eligible for securitization[1]	305	21	326	267	19	286
Subtotal	394	22	416	363	20	383
	$ 1,784	$ 291	$ 2,075	$ 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		Six Months Ended	
($ in millions)	**June 30, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
Interest income associated with vacation ownership notes receivable — securitized	$ 60	$ 57	$ 119	$ 105
Interest income associated with vacation ownership notes receivable — non-securitized	9	8	19	18
Total interest income associated with vacation ownership notes receivable	$ 69	$ 65	$ 138	$ 123

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 June 30, 2022.

	Acquired Vacation Ownership Notes Receivable		
($ in millions)	**Non-Securitized**	**Securitized**	**Total**
2022, remaining	$ 2	$ 20	$ 22
2023	3	41	44
2024	3	41	44
2025	2	39	41
2026	2	36	38
Thereafter	10	92	102
Balance at June 30, 2022	$ 22	$ 269	$ 291
Weighted average stated interest rate	13.9%	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
Securitizations	(1)	1	—
Clean-up call	1	(1)	—
Write-offs	(29)	—	(29)
Recoveries	18	—	18
Defaulted vacation ownership notes receivable repurchase activity(1)	14	(14)	—
(Decrease) increase in vacation ownership notes receivable reserve	(14)	14	—
Balance at June 30, 2022	$ 36	$ 23	$ 59

(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 June 30, 2022.

	Originated Vacation Ownership Notes Receivable		
($ in millions)	Non-Securitized	Securitized	Total
2022, remaining	$ 37	$ 64	$ 101
2023	34	130	164
2024	30	133	163
2025	30	135	165
2026	31	141	172
Thereafter	232	787	1,019
Balance at June 30, 2022	$ 394	$ 1,390	$ 1,784
Weighted average stated interest rate	12.7%	13.0%	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	56	10	66
Securitizations	(55)	55	—
Clean-up call	15	(15)	—
Write-offs	(58)	—	(58)
Defaulted vacation ownership notes receivable repurchase activity[1]	32	(32)	—
Balance at June 30, 2022	$ 183	$ 158	$ 341

(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.

Credit Quality of 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 6.81% as of June 30, 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 June 30, 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 June 30, 2022	$ 75	$ 6	$ 81
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 June 30, 2022 and December 31, 2021.

	Legacy-MVW Vacation Ownership Notes Receivable					
	As of June 30, 2022			As of December 31, 2021		
($ in millions)	Non-Securitized	Securitized	Total	Non-Securitized	Securitized	Total
31 – 90 days past due	$ 6	$ 19	$ 25	$ 6	$ 20	$ 26
91 – 150 days past due	3	6	9	4	8	12
Greater than 150 days past due	72	—	72	84	—	84
Total past due	81	25	106	94	28	122
Current	190	1,058	1,248	180	1,027	1,207
Total vacation ownership notes receivable	$ 271	$ 1,083	$ 1,354	$ 274	$ 1,055	$ 1,329

The following table details the origination year of our Legacy-MVW vacation ownership notes receivable as of June 30, 2022.

	Legacy-MVW Vacation Ownership Notes Receivable		
($ in millions)	Non-Securitized	Securitized	Total
Year of Origination			
2022	$ 124	$ 112	$ 236
2021	31	339	370
2020	18	135	153
2019	37	205	242
2018	23	130	153
2017 & Prior	38	162	200
	$ 271	$ 1,083	$ 1,354

Credit Quality of Legacy-ILG and Legacy-Welk Vacation Ownership Notes Receivable

At June 30, 2022 and December 31, 2021, the weighted average FICO score within our consolidated Legacy-ILG and Legacy-Welk vacation ownership notes receivable pools was 709 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 16.85% as of June 30, 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 $5 million as of June 30, 2022 and $4 million as of 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 June 30, 2022	$ 95	$ 9	$ 104
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 June 30, 2022 and December 31, 2021.

	Legacy-ILG and Legacy-Welk Vacation Ownership Notes Receivable					
	As of June 30, 2022			As of December 31, 2021		
($ in millions)	Non-Securitized	Securitized	Total	Non-Securitized	Securitized	Total
31 – 90 days past due	$ 9	$ 20	$ 29	$ 16	$ 24	$ 40
91 – 120 days past due	4	5	9	4	6	10
Greater than 120 days past due	91	4	95	110	4	114
Total past due	104	29	133	130	34	164
Current	259	728	987	219	735	954
Total vacation ownership notes receivable	$ 363	$ 757	$ 1,120	$ 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 June 30, 2022					As of December 31, 2021				
($ in millions)	700 +	600 - 699	< 600	No Score	Total	700 +	600 - 699	< 600	No Score	Total
Westin	$ 42	$ 26	$ 2	$ 6	$ 76	$ 52	$ 32	$ 3	$ 8	$ 95
Sheraton	43	37	6	15	101	54	48	8	23	133
Hyatt	6	4	1	—	11	8	6	1	—	15
Welk	93	63	1	2	159	115	79	1	2	197
Other	1	1	—	1	3	2	—	—	2	4
	$ 185	$ 131	$ 10	$ 24	$ 350	$ 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 June 30, 2022.

	Acquired Vacation Ownership Notes Receivable 2018 & Prior			
($ in millions)	Westin	Sheraton	Hyatt & Other	Total
700 +	$ 42	$ 43	$ 7	$ 92
600 - 699	26	37	5	68
< 600	2	6	1	9
No Score	6	15	1	22
	$ 76	$ 101	$ 14	$ 191

	Acquired Vacation Ownership Notes Receivable - Welk				
($ in millions)	2021	2020	2019	2018 & Prior	Total
700 +	$ 7	$ 20	$ 24	$ 42	$ 93
600 - 699	4	12	16	31	63
< 600	—	1	—	—	1
No Score	—	—	1	1	2
	$ 11	$ 33	$ 41	$ 74	$ 159

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 June 30, 2022				
($ in millions)	700 +	600 - 699	< 600	No Score	Total
Westin	$ 155	$ 73	$ 8	$ 44	$ 280
Sheraton	146	104	20	41	311
Hyatt	25	12	1	—	38
Welk	99	39	2	1	141
	$ 425	$ 228	$ 31	$ 86	$ 770

	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 June 30, 2022.

Originated Vacation Ownership Notes Receivable - Westin

($ in millions)	2022	2021	2020	2019	2018	Total
700 +	$ 39	$ 56	$ 19	$ 34	$ 7	$ 155
600 - 699	15	27	9	18	4	73
< 600	2	3	1	2	—	8
No Score	25	7	4	7	1	44
	$ 81	$ 93	$ 33	$ 61	$ 12	$ 280

Originated Vacation Ownership Notes Receivable - Sheraton

($ in millions)	2022	2021	2020	2019	2018	Total
700 +	$ 39	$ 51	$ 19	$ 29	$ 8	$ 146
600 - 699	24	40	13	21	6	104
< 600	3	8	3	5	1	20
No Score	8	10	7	13	3	41
	$ 74	$ 109	$ 42	$ 68	$ 18	$ 311

Originated Vacation Ownership Notes Receivable - Hyatt

($ in millions)	2022	2021	2020	2019	2018	Total
700 +	$ 10	$ 8	$ 2	$ 4	$ 1	$ 25
600 - 699	4	4	1	2	1	12
< 600	—	1	—	—	—	1
No Score	—	—	—	—	—	—
	$ 14	$ 13	$ 3	$ 6	$ 2	$ 38

Originated Vacation Ownership Notes Receivable - Welk

($ in millions)	2022	2021	2020	2019	2018	Total
700 +	$ 52	$ 47	$ —	$ —	$ —	$ 99
600 - 699	19	20	—	—	—	39
< 600	1	1	—	—	—	2
No Score	1	—	—	—	—	1
	$ 73	$ 68	$ —	$ —	$ —	$ 141

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, Accrued liabilities, and derivative instruments, all of which had fair values approximating their carrying amounts due to the short maturities and liquidity of these instruments.

	At June 30, 2022		At December 31, 2021	
($ in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Vacation ownership notes receivable, net	$ 2,075	$ 2,160	$ 2,045	$ 2,102
Other assets	71	71	76	76
Total financial assets	$ 2,146	$ 2,231	$ 2,121	$ 2,178
Securitized debt, net	$ (1,846)	$ (1,754)	$ (1,856)	$ (1,900)
2025 Notes, net	(248)	(249)	(248)	(261)
2028 Notes, net	(346)	(304)	(346)	(362)
2029 Notes, net	(494)	(416)	(493)	(505)
Term Loan, net	(777)	(745)	(776)	(784)
2022 Convertible Notes, net[(1)]	(225)	(225)	(224)	(280)
2026 Convertible Notes, net[(1)]	(564)	(520)	(461)	(682)
Non-interest bearing note payable, net	(10)	(10)	—	—
Total financial liabilities	$ (4,510)	$ (4,223)	$ (4,404)	$ (4,774)

(1) Prior period amounts have not been adjusted to reflect 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 June 30, 2022		At December 31, 2021	
($ in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Vacation ownership notes receivable, net				
Securitized	$ 1,659	$ 1,736	$ 1,662	$ 1,712
Eligible for securitization	90	98	97	104
Not eligible for securitization	326	326	286	286
Non-securitized	416	424	383	390
	$ 2,075	$ 2,160	$ 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 $71 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 the 2026 Convertible Notes (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 the 2026 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 2026 Convertible notes.

Prior to June 2022, we estimated the fair value of the 2022 Convertible Notes (as defined in Footnote 13 "Debt") using the same approach as the aforementioned 2026 Convertible Notes. In June 2022, the fair value of the 2022 Convertible Notes was calculated using the "with and without" approach (Level 2) based upon comparable debt yields.

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 is 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. We issued notice of our intent to settle the 2022 Convertible Notes in cash, which became irrevocable on June 15, 2022, and as a result, we suspended the use of the “if-converted” method for the 2022 Convertible Notes at that time, as there was no longer a share settlement option. Earnings per share for the three and six months ended June 30, 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 earnings or loss per share attributable to common shareholders.

	Three Months Ended		**Six Months Ended**	
(in millions, except per share amounts)	**June 30, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
Computation of Basic Earnings (Loss) Per Share Attributable to Common Shareholders				
Net income (loss) attributable to common shareholders	$ 136	$ 6	$ 194	$ (22)
Shares for basic earnings (loss) per share	41.3	42.9	41.9	42.1
Basic earnings (loss) per share	$ 3.30	$ 0.15	$ 4.64	$ (0.52)

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

(in millions, except per share amounts)	Three Months Ended June 30, 2022[(1)]	Three Months Ended June 30, 2021[(1)]	Six Months Ended June 30, 2022[(1)]	Six Months Ended June 30, 2021[(1)]
Computation of Diluted Earnings (Loss) Per Share Attributable to Common Shareholders				
Net income (loss) attributable to common shareholders	$ 136	$ 6	$ 194	$ (22)
Add back of interest expense related to convertible notes subsequent to the adoption of ASU 2020-06, net of tax	2	—	3	—
Numerator used to calculate diluted EPS	$ 138	$ 6	$ 197	$ (22)
Shares for basic earnings (loss) per share	41.3	42.9	41.9	42.1
Effect of dilutive shares outstanding[(2)]				
Employee SARs	0.2	0.2	0.2	—
Restricted stock units	0.3	0.5	0.3	—
2022 Convertible Notes ($230 million of principal)[(3)]	1.3	0.2	1.4	—
2026 Convertible Notes ($575 million of principal)	3.4	—	3.4	—
Shares for diluted earnings (loss) per share	46.5	43.8	47.2	42.1
Diluted earnings (loss) per share	$ 2.97	$ 0.15	$ 4.18	$ (0.52)

(1) The computations of diluted earnings per share attributable to common shareholders exclude approximately 293,000 and 299,000 shares of common stock, the maximum number of shares issuable as of June 30, 2022 and June 30, 2021, respectively, upon the vesting of certain performance-based awards, because the performance conditions required to be met for the shares subject to such awards to vest were not achieved by the end of the reporting period.

(2) For the first half 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)	Six Months Ended June 30, 2021
Employee SARs	0.2
Restricted stock units	0.5
2022 Convertible Notes ($230 million of principal)	0.2
	0.9

(3) We had the option to settle the 2022 Convertible Notes in cash, stock, or a combination of the two. Therefore, from the beginning of the period through the date on which our notice of our intent to settle the 2022 Convertible Notes in cash became irrevocable, we included shares in the denominator of the diluted earnings per share calculation, applying the "if-converted" method. For the period from June 15, 2022 through June 30, 2022, we excluded the related shares from the denominator of the diluted earnings per share calculation.

In accordance with the applicable accounting guidance for calculating earnings per share, for the second quarter of 2022, we excluded from our calculation of diluted earnings per share 252,314 shares underlying stock appreciation rights ("SARs") that may settle in shares of common stock because the exercise prices of such SARs, which ranged from $143.38 to $173.88, were greater than the average market price of our common stock for the applicable period.

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

For the second quarter of 2021, we excluded from our calculation of diluted earnings per share 127,857 shares underlying 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 of our common stock for the applicable period.

9. INVENTORY

The following table shows the composition of our inventory balances:

($ in millions)	At June 30, 2022	At December 31, 2021
Real estate inventory[1]	$ 686	$ 710
Other	9	9
	$ 695	$ 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 $10 million during the first half of 2022 and by $1 million during the first half of 2021.

In addition to the above, at June 30, 2022 and December 31, 2021, we had $506 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 June 30, 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)
Disposition of VRI Americas	—	(25)	(25)
Balance at June 30, 2022	$ 2,770	$ 347	$ 3,117

Intangible Assets

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

($ in millions)	At June 30, 2022	At December 31, 2021
Definite-lived intangible assets		
Member relationships	$ 670	$ 671
Management contracts	427	452
	1,097	1,123
Accumulated amortization	(219)	(194)
	878	929
Indefinite-lived intangible assets		
Trade names	63	64
	$ 941	$ 993

11. CONTINGENCIES AND COMMITMENTS

Commitments and Letters of Credit

As of June 30, 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 $81 million, of which we expect $28 million, $30 million, $13 million, $7 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 $30 million.

Surety bonds issued as of June 30, 2022 totaled $127 million, the majority of which were requested by federal, state, or local governments in connection with our operations.

As of June 30, 2022, we had $1 million of letters of credit outstanding under our Revolving Corporate Credit Facility (as defined in Footnote 13 "Debt"). In addition, as of June 30, 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 we either retain the balance (if any) as our fee or we make up the deficit. At June 30, 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 June 30, 2022, our expected commitment for the remainder of 2022 is $5 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 June 30, 2022	At December 31, 2021
Vacation ownership notes receivable securitizations, gross[(1)]	$ 1,868	$ 1,877
Unamortized debt discount and issuance costs	(22)	(21)
	$ 1,846	$ 1,856

(1) Interest rates as of June 30, 2022 range from 1.5% to 4.6%, with a weighted average interest rate of 2.7%.

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 June 30, 2022.

($ in millions)	Vacation Ownership Notes Receivable Securitizations
Payments Year	
2022, remaining	$ 90
2023	183
2024	188
2025	189
2026	191
Thereafter	1,027
	$ 1,868

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 second quarter of 2022, and as of June 30, 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.

During the second quarter of 2022, we completed the securitization of a pool of $383 million of vacation ownership notes receivable. Approximately $342 million of the vacation ownership notes receivable were purchased by MVW 2022-1 LLC (the "2022-1 LLC") during the second quarter of 2022, and as of June 30, 2022, the 2022-1 LLC held $40 million of the proceeds, which was released as the remaining vacation ownership notes receivable were purchased subsequent to June 30, 2022.

In connection with the securitization, investors purchased $375 million in vacation ownership loan backed notes issued by the 2022-1 LLC in a private placement. The 2022-1 LLC issued four classes of vacation ownership loan backed notes: $220 million of Class A Notes, $77 million of Class B Notes, $48 million of Class C Notes, and $30 million of Class D Notes. The Class A Notes have an interest rate of 4.15%, the Class B Notes have an interest rate of 4.40%, the Class C Notes have an interest rate of 5.23%, and the Class D Notes have an interest rate of 7.35%, for an overall weighted average interest rate of 4.59%. Of the $375 million in proceeds from the transaction, approximately $98 million was used to repay all outstanding amounts previously drawn under our Warehouse Credit Facility (as defined below), approximately $7 million was used to pay transaction expenses and fund required reserves, and the remaining $176 million will be used for general corporate purposes. In connection with this securitization, we redeemed the remaining vacation ownership loan backed notes issued in a prior securitization transaction for approximately $38 million. The majority of the loans acquired through the redemption were purchased by the 2022-1 LLC.

Subsequent to the end of the second quarter of 2022, the 2022-1 LLC purchased the remaining $41 million of vacation ownership notes receivable and $40 million was released from restricted cash.

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. As of June 30, 2022, there were no cash borrowings outstanding under our Warehouse Credit Facility.

Subsequent to the end of the second quarter of 2022, we amended certain agreements associated with our Warehouse Credit Facility (the "Warehouse Amendment"). The Warehouse Amendment increased the borrowing capacity of the existing facility from $350 million to $425 million and extended the revolving period from April 21, 2023 to July 28, 2024. The Warehouse Amendment also modified the interest rate applicable to most borrowings under the Warehouse Credit Facility. The Warehouse Credit Facility now uses a U.S. Treasury overnight financing rate (Secured Overnight Financing Rate or "SOFR") plus a 0.10% adjustment ("Adjusted SOFR") replacing 1-month LIBOR as its benchmark interest rate. As part of the Warehouse Amendment, the credit spread remained at 135 basis points over Adjusted SOFR. The Warehouse Amendment made no other material changes to the Warehouse Credit Facility.

13. DEBT

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

($ in millions)	At June 30, 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	(6)	(7)
	494	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	(5)	(6)
	225	224
2026 Convertible Notes	575	575
Unamortized debt discount and issuance costs	(11)	(114)
	564	461
Non-interest bearing note payable	10	—
Finance Leases	84	83
	$ 2,748	$ 2,631

The following table shows scheduled principal payments for our debt, excluding finance leases, as of June 30, 2022.

($ in millions)	2025 Notes	2028 Notes	2029 Notes	Term Loan	2022 Convertible Notes	2026 Convertible Notes	Non-Interest Bearing Note Payable	Total
Year Payments								
2022, remaining	$ —	$ —	$ —	$ —	$ 230	$ —	$ —	$ 230
2023	—	—	—	—	—	—	6	6
2024	—	—	—	—	—	—	4	4
2025	250	—	—	784	—	—	—	1,034
2026	—	—	—	—	—	575	—	575
Thereafter	—	350	500	—	—	—	—	850
	$ 250	$ 350	$ 500	$ 784	$ 230	$ 575	$ 10	$ 2,699

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 June 30, 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") which 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 "Revolver 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 Revolver Amendment modified the interest rate applicable to borrowings under the Revolving Corporate Credit Facility to reference SOFR and to be based on "Adjusted Term SOFR," which is calculated as Term SOFR (as defined in the Revolver 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 Revolver 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 assets on our Balance Sheet as of June 30, 2022 and in Other liabilities on our Balance Sheet as of 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 or loss for presentation purposes.

The following table reflects the activity in accumulated other comprehensive income or loss related to our derivative instruments during the first half 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)
Other comprehensive gain before reclassifications	7	3
Derivative instrument adjustment balance, June 30	$ 5	$ (30)

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 June 30, 2022 to 6.8540 shares of common stock per $1,000 principal amount of 2022 Convertible Notes (equivalent to a conversion price of $145.90 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. As of June 30, 2022, the effective interest rate was 10.85%.

The following table reflects the activity related to our 2022 Convertible Notes during the first half of 2022.

($ in millions)	**Principal Amount**	**Unamortized Debt Discount**	**Unamortized Debt Issuance Costs**	**Debt, net**	**Carrying Amount of Equity Component, net of Issuance Costs**
At December 31, 2021	$ 230	$ (5)	$ (1)	$ 224	$ 33
Adoption of ASU 2020-06[(1)]	—	5	—	5	(33)
At January 1, 2022	230	—	(1)	229	—
Amortization of debt issuance costs	—	—	1	1	—
Fair value of conversion option transferred to other liabilities[(2)]	—	(5)	—	(5)	—
At June 30, 2022	$ 230	$ (5)	$ —	$ 225	$ —

(1) As a result of the adoption of ASU 2020-06 during the first quarter of 2022, we no longer accounted 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 to reflect 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.

(2) We issued notice of our intent to settle the 2022 Convertible Notes in cash, which became irrevocable on June 15, 2022, and as a result, our previous exception to derivative accounting no longer applied and we were required to fair value the conversion feature on the 2022 Convertible Notes at that time. The fair value of the conversion feature of $5 million was recorded as a debt discount and a corresponding increase to Other liabilities on our balance sheet. Subsequent changes to the fair value of the conversion feature will be recorded on our income statement.

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

	Three Months Ended		**Six Months Ended**	
($ in millions)	**June 30, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
Contractual interest expense	$ 1	$ 1	$ 2	$ 2
Amortization of debt discount	—	2	—	4
Amortization of debt issuance costs	1	—	1	—
	$ 2	$ 3	$ 3	$ 6

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 June 30, 2022, the strike prices of the 2022 Convertible Note Hedges and the 2022 Warrants were subject to adjustment to approximately $147.99 and $176.45, respectively, and no 2022 Convertible Note Hedges or 2022 Warrants have been exercised.

The 2022 Note Hedges are required to follow the same settlement provisions as the 2022 Convertible Notes. As such, upon issuance of the irrevocable notice of our intent to settle the 2022 Convertible Notes in cash, our previous exception to the derivative accounting for the 2022 Convertible Note Hedges no longer applied and we were required to fair value the 2022 Convertible Note Hedges at that time. The fair value of the 2022 Convertible Note Hedges of $6 million was estimated using the Black-Scholes model based on historical and implied volatility and the U.S. Treasury risk-free rate (Level 2 inputs) and recorded in Other assets and Additional paid-in capital on our balance sheet. Subsequent changes to the fair value of the 2022 Convertible Note Hedges will be recorded on our income statement.

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 June 30, 2022 to 5.9395 shares of common stock per $1,000 principal amount of 2026 Convertible Notes (equivalent to a conversion price of $168.36 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 June 30, 2022, the effective interest rate was 0.55%.

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

($ in millions)	**At June 30, 2022**	**At December 31, 2021**
Liability component		
Principal amount	$ 575	$ 575
Unamortized debt discount[1]	—	(104)
Unamortized debt issuance costs	(11)	(10)
Net carrying amount of the liability component	$ 564	$ 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 to reflect 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		**Six Months Ended**	
($ in millions)	**June 30, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
Amortization of debt discount	$ —	$ 5	$ —	$ 10
Amortization of debt issuance costs	—	1	1	1
	$ —	$ 6	$ 1	$ 11

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 June 30, 2022, the strike prices of the 2026 Convertible Note Hedges and the 2026 Warrants were subject to adjustment to approximately $168.36 and $210.45, 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 and Dispositions" 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 June 30, 2022, there were 75,741,585 shares of Marriott Vacations Worldwide common stock issued, of which 40,364,584 shares were outstanding and 35,377,001 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 June 30, 2022 or December 31, 2021.

Share Repurchase Program

From time to time, with the approval of our Board of Directors, we may undertake programs to purchase our own shares (each, a "Share Repurchase Program" and collectively, the "Share Repurchase Programs"). During the third quarter of 2021, our Board of Directors authorized us to purchase shares of our common stock under a Share Repurchase Program for an aggregate purchase price not to exceed $250 million, prior to December 31, 2022. During the first quarter of 2022, our Board of Directors authorized the purchase of up to an additional $300 million of our common stock under this program, as well as the extension of the term of this program to March 31, 2023.

As of June 30, 2022, approximately $160 million remained available for share repurchases under the Share Repurchase Program.

Subsequent to the end of the second quarter of 2022, our Board of Directors authorized the repurchase of up to an additional $500 million of our common stock, as well as the extension of the term of the Share Repurchase Program to June 30, 2023.

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

The 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 half of 2022	2,187,336	312	$ 143.02
As of June 30, 2022	19,868,731	$ 1,730	$ 87.09

Dividends

We declared cash dividends to holders of common stock during the first half of 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
May 12, 2022	May 26, 2022	June 9, 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 $1 million and $10 million, as of June 30, 2022 and December 31, 2021, respectively, 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 June 30, 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		Six Months Ended	
($ in millions)	**June 30, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
Service-based RSUs	$ 10	$ 9	$ 17	$ 15
Performance-based RSUs	1	2	1	3
	11	11	18	18
SARs	1	3	2	4
	$ 12	$ 14	$ 20	$ 22

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

($ in millions)	**At June 30, 2022**	**At December 31, 2021**
Service-based RSUs	$ 42	$ 33
Performance-based RSUs	9	—
	51	33
SARs	3	2
	$ 54	$ 35

Restricted Stock Units

We granted 177,951 service-based RSUs, which are subject to time-based vesting conditions, with a weighted average grant-date fair value of $152.18, to our employees and non-employee directors during the first half of 2022. During the first half 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 half 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 half 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 half 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 liquidity for general corporate purposes. In a vacation ownership notes receivable securitization, various classes of debt securities issued by a special purpose entity are generally collateralized by a single tranche of transferred assets, which consist of vacation ownership notes receivable. With each vacation ownership notes receivable securitization, we may retain 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 June 30, 2022:

($ in millions)	**Vacation Ownership Notes Receivable Securitizations**	**Warehouse Credit Facility**	**Total**
Consolidated Assets			
Vacation ownership notes receivable, net of reserves	$ 1,659	$ —	$ 1,659
Interest receivable	12	—	12
Restricted cash	108	—	108
Total	$ 1,779	$ —	$ 1,779
Consolidated Liabilities			
Interest payable	$ 2	$ —	$ 2
Securitized debt	1,868	—	1,868
Total	$ 1,870	$ —	$ 1,870

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

($ in millions)	Vacation Ownership Notes Receivable Securitizations	Warehouse Credit Facility	Total
Interest income	$ 59	$ 1	$ 60
Interest expense to investors	$ 11	$ 1	$ 12
Debt issuance cost amortization	$ 2	$ —	$ 2

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

($ in millions)	Vacation Ownership Notes Receivable Securitizations	Warehouse Credit Facility	Total
Interest income	$ 116	$ 3	$ 119
Interest expense to investors	$ 21	$ 1	$ 22
Debt issuance cost amortization	$ 4	$ 1	$ 5
Administrative expenses	$ 1	$ —	$ 1

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

	Six Months Ended	
($ in millions)	June 30, 2022	June 30, 2021
Cash Inflows		
Net proceeds from vacation ownership notes receivable securitizations	$ 371	$ 421
Principal receipts	280	286
Interest receipts	116	108
Reserve release	113	108
Total	880	923
Cash Outflows		
Principal to investors	(299)	(290)
Voluntary repurchases of defaulted vacation ownership notes receivable	(46)	(58)
Voluntary clean-up call	(39)	(72)
Interest to investors	(21)	(22)
Funding of restricted cash	(96)	(109)
Total	(501)	(551)
Net Cash Flows	$ 379	$ 372

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:

	Six Months Ended	
($ in millions)	**June 30, 2022**	**June 30, 2021**
Cash Inflows		
Proceeds from vacation ownership notes receivable securitizations	$ 102	$ —
Principal receipts	8	—
Interest receipts	3	—
Reserve release	1	—
Total	114	—
Cash Outflows		
Principal to investors	(3)	—
Repayment of Warehouse Credit Facility	(98)	—
Interest to investors	(1)	(1)
Funding of restricted cash	(1)	—
Total	(103)	(1)
Net Cash Flows	$ 11	$ (1)

Other Variable Interest Entities

We have a commitment to purchase a property located in Waikiki, Hawaii which is held by a VIE for which we are not the primary beneficiary. Accordingly, we have not consolidated the VIE. During the second quarter of 2022, we extended a loan to the VIE for $47 million and amended the terms of this commitment. If we are unable to negotiate a capital efficient inventory arrangement under which a third party will develop 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. As of June 30, 2022, our Balance Sheet reflected $48 million in Accounts Receivable, including the note receivable of $47 million. We believe that our maximum exposure to loss as a result of our involvement with this VIE is approximately $48 million as of June 30, 2022.

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 June 30, 2022, the value of the assets held in the rabbi trust was $71 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 Interval International 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. VRI Americas was part of the Exchange & Third-Party Management segment through the date of sale in April 2022. See Footnote 3 "Acquisitions and Dispositions" for more information on the disposition of VRI Americas.

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		Six Months Ended	
($ in millions)	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Vacation Ownership	$ 1,091	$ 883	$ 2,047	$ 1,544
Exchange & Third-Party Management	74	86	158	172
Total segment revenues	1,165	969	2,205	1,716
Corporate and other	(1)	10	11	22
	$ 1,164	$ 979	$ 2,216	$ 1,738

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

	Three Months Ended		Six Months Ended	
($ in millions)	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Adjusted EBITDA Vacation Ownership	$ 274	$ 182	$ 473	$ 250
Adjusted EBITDA Exchange & Third-Party Management	35	37	78	78
Reconciling items:				
Corporate and other	(54)	(55)	(108)	(95)
Interest expense	(30)	(44)	(57)	(87)
Tax provision	(43)	(27)	(75)	(16)
Depreciation and amortization	(32)	(36)	(65)	(77)
Share-based compensation expense	(12)	(14)	(20)	(22)
Certain items	(2)	(37)	(32)	(53)
Net income (loss) attributable to common shareholders	$ 136	$ 6	$ 194	$ (22)

Assets

($ in millions)	At June 30, 2022	At December 31, 2021
Vacation Ownership	$ 7,969	$ 7,897
Exchange & Third-Party Management	837	911
Total segment assets	8,806	8,808
Corporate and other	534	805
	$ 9,340	$ 9,613

We conduct business globally, and our operations outside the United States represented approximately 11% and 10% of our revenues, excluding cost reimbursements, for the three months ended June 30, 2022 and June 30, 2021, respectively, and 11% and 9% of our revenues, excluding cost reimbursements, for the six months ended June 30, 2022 and June 30, 2021, respectively.

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 resort occupancies will continue to remain strong for the remainder of 2022 and that interest income will increase in 2022; our expectations regarding availability of inventory for Getaways and exchange transactions; 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 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 consumer confidence and demand for travel, and the pace of recovery following the COVID-19 pandemic or as effective treatments or vaccines against variants of the COVID-19 virus become widely available; variations in demand for vacation ownership and exchange products and services; worker absenteeism; price inflation; global supply chain disruptions; volatility in the international and national economy and credit markets, including as a result of the COVID-19 pandemic and the ongoing conflict between Russia and Ukraine and related sanctions and other measures; our ability to attract and retain our global workforce; competitive conditions; the availability of capital to finance growth; the 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 as may be updated in our future periodic filings with the U.S. Securities and Exchange Commission (the "SEC").

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

Our Financial Statements (as defined below), which we discuss below, reflect our historical financial condition, results of operations and cash flows. However, the financial information discussed below and included in this Quarterly Report on Form 10-Q may not necessarily reflect what our financial condition, results of operations or cash flows may be in the future. In order to make this report easier to read, we refer to (i) our Interim Consolidated Financial Statements as our "Financial Statements," (ii) our Interim Consolidated Statements of Income as our "Income Statements," (iii) our Interim Consolidated Balance Sheets as our "Balance Sheets" and (iv) our Interim Consolidated Statements of Cash Flows as our "Cash Flows." In addition, references throughout to numbered "Footnotes" refer to the numbered Notes 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 second quarter of 2022, we provided these services through Interval International 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. In April 2022, we disposed of VRI Americas after determining that the business was not a core component of our future growth strategy and operating model. This business was a component of our Exchange and Third-Party Management segment through the date of the sale. See Footnote 3 "Acquisitions and Dispositions" 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").

Integration of Marriott, Sheraton and Westin Branded Vacation Ownership Products

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

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 (also referred to as vacation ownership interests or "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.

Revenue Recognition Change Commencing in August 2022

In connection with the affiliation of the Marriott-, Sheraton-, and Westin-branded vacation ownership products discussed above, in mid-August, we intend to modify our business practices and the terms of our Marriott-branded VOI sales contracts to be consistent with the existing terms of our Sheraton- and Westin-branded VOI sales contracts. As a result of these modifications, control of Marriott-branded vacation ownership products will be transferred to the customer upon expiration of the statutory rescission period, consistent with the current method for Sheraton- and Westin-branded vacation ownership products. This will result in the acceleration of revenue and a one-time benefit to development profit, net income attributable to common shareholders and Adjusted EBITDA (defined below), however at this time we are unable to quantify the magnitude of this impact. Marriott-branded VOI sales contracts executed prior to these modifications will continue to be accounted for as outlined above, with transfer of control of the VOI occurring at closing.

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 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:

	Six Months Ended	
	June 30, 2022	**June 30, 2021**
Average FICO score	735	733

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. While we adjust interest rates from time to time, such changes are typically not made in step with the timing and magnitude of changes in broader market rates. We do use incentives to encourage our customers to take our financing. 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 53% in the second quarter of 2022 and 52% in the second quarter of 2021. We expect to continue offering financing incentive programs throughout the remainder of 2022. Growing sales to first-time buyers, who are more likely to finance their purchases, remains an integral part of our overall marketing and sales strategy. We expect the current financing incentives and other initiatives to increase sales to first-time buyers to further increase propensity and 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 reserves, net of collateral value, as adjustments 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:

	Six Months Ended	
	June 30, 2022	**June 30, 2021**
Historical default rates	2.1%	2.4%

The decrease in default rates in 2022 reflects the continued improvement in the performance of our vacation ownership notes receivable portfolio subsequent to the increased default rates experienced in 2020 as a result of the COVID-19 pandemic.

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 revenues associated with Getaways are reported net of related expenses.

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 primary 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 include fees paid to change-management consultants and technology-related costs associated with the integration of ILG and Welk and charges for employee retention, severance and other termination related benefits. Transaction and integration costs also include 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.

Other Items

We measure operating performance using the key metrics described below.

- *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.

  We consider contract sales to be an important operating measure because it reflects the pace of our business.
- *Volume per guest* ("VPG") is calculated by dividing consolidated vacation ownership contract sales, excluding fractional sales, telesales, resales, and other sales that are not attributed to a tour at a sales location, by the number of tours at sales locations in a given period. We believe that this operating metric is valuable in evaluating the effectiveness of the sales process as it combines the impact of average contract price with the number of touring guests who make a purchase.
- *Total active members* is the number of Interval International network active members at the end of the applicable period. We consider active members to be an important metric as it provides the population of owners eligible to book transactions using the Interval International network.
- *Average revenue per member* is calculated by dividing membership fee revenue, transaction revenue, rental revenue, and other member revenue for the Interval International network by the monthly weighted average number of Interval International network active members during the applicable period. We believe this metric is valuable in measuring the overall engagement of our members.
- *Segment financial results attributable to common shareholders* represents revenues less expenses directly attributable to each applicable reportable business segment (Vacation Ownership and Exchange & Third-Party Management). We consider this measure to be important in evaluating the performance of our reportable business segments. See Footnote 17 "Business Segments" to our Financial Statements for further information on our reportable business segments.

NM = Not meaningful.

Consolidated Results

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
REVENUES				
Sale of vacation ownership products	$ 425	$ 296	$ 735	$ 459
Management and exchange	203	220	425	413
Rental	140	121	273	210
Financing	72	68	143	127
Cost reimbursements	324	274	640	529
TOTAL REVENUES	1,164	979	2,216	1,738
EXPENSES				
Cost of vacation ownership products	80	67	140	107
Marketing and sales	214	164	396	273
Management and exchange	102	126	229	243
Rental	87	81	168	163
Financing	23	21	44	42
General and administrative	64	66	125	112
Depreciation and amortization	32	36	65	77
Litigation charges	2	3	5	6
Royalty fee	29	27	56	52
Impairment	—	5	—	5
Cost reimbursements	324	274	640	529
TOTAL EXPENSES	957	870	1,868	1,609
Gains (losses) and other income (expense), net	37	(2)	41	4
Interest expense	(30)	(44)	(57)	(87)
Transaction and integration costs	(37)	(29)	(65)	(48)
Other	1	1	1	1
INCOME (LOSS) BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	178	35	268	(1)
Provision for income taxes	(43)	(27)	(75)	(16)
NET INCOME (LOSS)	135	8	193	(17)
Net loss (income) attributable to noncontrolling interests	1	(2)	1	(5)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 136	$ 6	$ 194	$ (22)

Operating Statistics

2022 Second Quarter

(Contract sales $ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Vacation Ownership				
Total contract sales	$ 516	$ 372	$ 144	39%
Consolidated contract sales	$ 506	$ 362	$ 144	40%
Joint venture contract sales	$ 10	$ 10	$ —	6%
VPG	$ 4,613	$ 4,304	$ 309	7%
Exchange & Third-Party Management				
Total active members at end of period (000's)	1,596	1,321	275	21%
Average revenue per member	$ 38.79	$ 46.36	$ (7.57)	(16%)

2022 First Half

(Contract sales $ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Vacation Ownership				
Total contract sales	$ 919	$ 604	$ 315	52%
Consolidated contract sales	$ 900	$ 588	$ 312	53%
Joint venture contract sales	$ 19	$ 16	$ 3	22%
VPG	$ 4,653	$ 4,428	$ 225	5%
Exchange & Third-Party Management				
Total active members at end of period (000's)	1,596	1,321	275	21%
Average revenue per member	$ 83.32	$ 93.77	$ (10.45)	(11%)

Revenues

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Vacation Ownership	$ 1,091	$ 883	$ 208	24%
Exchange & Third-Party Management	74	86	(12)	(15%)
Total Segment Revenues	1,165	969	196	20%
Consolidated Property Owners' Associations	(1)	10	(11)	(108%)
Total Revenues	$ 1,164	$ 979	$ 185	19%

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Vacation Ownership	$ 2,047	$ 1,544	$ 503	33%
Exchange & Third-Party Management	158	172	(14)	(8%)
Total Segment Revenues	2,205	1,716	489	28%
Consolidated Property Owners' Associations	11	22	(11)	(48%)
Total Revenues	$ 2,216	$ 1,738	$ 478	28%

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, expand our business, and return cash to shareholders. We also use Adjusted EBITDA, as do analysts, lenders, investors and others, because this measure excludes certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be dependent on a company's capital structure, debt levels and credit ratings. Accordingly, the impact of interest expense on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and 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 Second Quarter

	Three Months Ended			
($ in millions)	**June 30, 2022**	**June 30, 2021**	**Change**	**% Change**
Net income attributable to common shareholders	$ 136	$ 6	$ 130	NM
Interest expense	30	44	(14)	(32%)
Provision for income taxes	43	27	16	65%
Depreciation and amortization	32	36	(4)	(11%)
EBITDA	241	113	128	NM
Share-based compensation expense	12	14	(2)	(12%)
Certain items	2	37	(35)	(96%)
Adjusted EBITDA	$ 255	$ 164	$ 91	55%

Certain items for the second quarter of 2022 consisted of $37 million of gains and other income, $2 million of revenue associated with an early termination of a VRI management contract, and $3 million of miscellaneous other adjustments, partially offset by $37 million of transaction and integration costs (including $23 million of ILG integration related costs, $10 million of other integration costs, $2 million of Welk Acquisition and integration related costs, and $2 million of other transaction costs), $5 million of purchase accounting adjustments, and $2 million of litigation charges.

The $37 million of gains and other income included $33 million of gains and other income related to the strategic decision to dispose of our hotel in Puerto Vallarta, Mexico, $16 million of gains and other income related to the strategic decision to dispose of our VRI Americas business, and $2 million of proceeds from corporate owned life insurance, partially offset by $8 million of foreign currency translation losses, $3 million of non-cash losses pursuant to a change in control of certain Consolidated Property Owners' Associations, and $3 million of non-income tax related adjustments to the receivable for the indemnification payment we expect to receive from Marriott International. See Footnote 5 "Income Taxes" to our Financial Statements for further information regarding our indemnification assets.

Certain items for the second quarter of 2021 consisted of $29 million of transaction costs (including $25 million of ILG integration related costs and $3 million of Welk Acquisition and integration related costs), $5 million of impairment charges, $3 million of litigation charges, $2 million of purchase accounting adjustments, and $2 million of losses and other expense, partially offset by $2 million to eliminate the impact of consolidating certain property owners' associations, and $2 million of activity related to the accrual for health and welfare costs for furloughed associates.

2022 First Half

	Six Months Ended			
($ in millions)	**June 30, 2022**	**June 30, 2021**	**Change**	**% Change**
Net income (loss) attributable to common shareholders	$ 194	$ (22)	$ 216	NM
Interest expense	57	87	(30)	(34%)
Provision for income taxes	75	16	59	NM
Depreciation and amortization	65	77	(12)	(16%)
EBITDA	391	158	233	NM
Share-based compensation expense	20	22	(2)	(8%)
Certain items	32	53	(21)	(42%)
Adjusted EBITDA	$ 443	$ 233	$ 210	90%

Certain items for the first half of 2022 consisted of $65 million of transaction and integration costs (including $48 million of ILG integration related costs, $10 million of other integration costs, $5 million of Welk Acquisition and integration related costs, and $2 million of other transaction costs), $8 million of purchase accounting adjustments, and $5 million of litigation charges, partially offset by $41 million of gains and other income, $2 million of revenue associated with an early termination of a VRI management contract, and $3 million of miscellaneous other adjustments.

The $41 million of gains and other income included $33 million of gains and other income related to the strategic decision to dispose of our hotel in Puerto Vallarta, Mexico, $16 million of gains and other income related to the strategic decision to dispose of our VRI Americas business, $3 million of business interruption insurance proceeds received and $2 million of proceeds from corporate owned life insurance, partially offset by $7 million of foreign currency translation charges, $3 million of non-cash losses pursuant to a change in control of certain Consolidated Property Owners' Associations, and $3 million of non-income tax related adjustments to the receivable for the indemnification payment we expect to receive from Marriott International. See Footnote 5 "Income Taxes" to our Financial Statements for further information regarding our indemnification assets.

Certain items for the first half of 2021 consisted of $48 million of transaction costs (including $42 million of ILG integration related costs and $5 million of Welk Acquisition and integration related costs), $6 million of litigation charges, $5 million of impairment charges and $2 million of purchase accounting adjustments, partially offset by $4 million of gains and other income net (including $6 million of foreign currency translation gains, partially offset by $2 million of non-income tax related charges), $2 million to eliminate the impact of consolidating certain property owners' associations, and $2 million of activity related to the accrual for health and welfare costs for furloughed associates.

Segment Adjusted EBITDA

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Vacation Ownership	$ 274	$ 182	$ 92	51%
Exchange & Third-Party Management	35	37	(2)	(5%)
Segment adjusted EBITDA	309	219	90	41%
General and administrative	(54)	(55)	1	1%
Adjusted EBITDA	$ 255	$ 164	$ 91	55%

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Vacation Ownership	$ 473	$ 250	$ 223	89%
Exchange & Third-Party Management	78	78	—	—%
Segment adjusted EBITDA	551	328	223	68%
General and administrative	(108)	(95)	(13)	(14%)
Adjusted EBITDA	$ 443	$ 233	$ 210	90%

The following tables present Adjusted EBITDA for our reportable segments reconciled to segment financial results attributable to common shareholders.

Vacation Ownership

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Segment adjusted EBITDA	$ 274	$ 182	$ 92	51%
Depreciation and amortization	(22)	(23)	1	5%
Share-based compensation expense	(2)	(2)	—	(20%)
Certain items	27	(6)	33	NM
Segment financial results attributable to common shareholders	$ 277	$ 151	$ 126	85%

Certain items in the Vacation Ownership segment for the second quarter of 2022 consisted of $32 million of gains and other income, net (including $33 million related to the strategic decision to dispose of our hotel in Puerto Vallarta, Mexico, partially offset by $1 million of foreign currency translation charges) and $3 million of miscellaneous other adjustments, partially offset by $5 million of purchase accounting adjustments, $2 million of litigation charges and $1 million of miscellaneous other transaction costs.

Certain items in the Vacation Ownership segment for the second quarter of 2021 consisted of $3 million of litigation charges, $2 million of purchase accounting adjustments and $1 million of transaction and integration costs.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Segment adjusted EBITDA	$ 473	$ 250	$ 223	89%
Depreciation and amortization	(44)	(42)	(2)	(4%)
Share-based compensation expense	(3)	(3)	—	(21%)
Certain items	24	(10)	34	NM
Segment financial results attributable to common shareholders	$ 450	$ 195	$ 255	NM

Certain items in the Vacation Ownership segment for the first half of 2022 consisted primarily of $35 million of gains and other income, net (including $33 million related to the strategic decision to dispose of our hotel in Puerto Vallarta, Mexico, and $3 million related to business interruption insurance proceeds, partially offset by $1 million of foreign currency translation charges) and $3 million of miscellaneous other adjustments, partially offset by $8 million of purchase accounting adjustments, $5 million of litigation charges, and $1 million of miscellaneous other transaction costs.

Certain items in the Vacation Ownership segment for the first half of 2021 consisted of $6 million of litigation charges, $2 million of purchase accounting adjustments, $1 million of transaction and integration costs, and $1 million of restructuring costs.

Exchange & Third-Party Management

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Segment adjusted EBITDA	$ 35	$ 37	$ (2)	(5%)
Depreciation and amortization	(7)	(9)	2	16%
Share-based compensation expense	—	(1)	1	(10%)
Certain items	18	—	18	NM
Segment financial results attributable to common shareholders	$ 46	$ 27	$ 19	66%

Certain items for the Exchange & Third-Party Management segment for the second quarter of 2022 consisted of $16 million of gains and other income related to the strategic decision to dispose of our VRI Americas business and $2 million of revenue associated with an early termination of a VRI management contract.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Segment adjusted EBITDA	$ 78	$ 78	$ —	—%
Depreciation and amortization	(16)	(29)	13	43%
Share-based compensation expense	(1)	(1)	—	(23%)
Certain items	18	—	18	NM
Segment financial results attributable to common shareholders	$ 79	$ 48	$ 31	63%

Certain items for the Exchange & Third-Party Management segment for the first half of 2022 consisted of $16 million of gains and other income related to the strategic decision to dispose of our VRI Americas business and $2 million of revenue associated with an early termination of a VRI management contract.

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

	Three Months Ended		Six Months Ended	
($ in millions)	**June 30, 2022**	**June 30, 2021**	**June 30, 2022**	**June 30, 2021**
REVENUES				
Sale of vacation ownership products	$ 425	$ 296	$ 735	$ 459
Resort management and other services	140	123	266	217
Rental	129	110	251	187
Financing	72	68	143	127
Cost reimbursements	325	286	652	554
TOTAL REVENUES	1,091	883	2,047	1,544
EXPENSES				
Cost of vacation ownership products	80	67	140	107
Marketing and sales	214	164	396	273
Resort management and other services	60	46	114	81
Rental	91	95	181	191
Financing	23	21	44	42
Depreciation and amortization	22	23	44	42
Litigation charges	2	3	5	6
Restructuring	—	—	—	1
Royalty fee	29	27	56	52
Cost reimbursements	325	286	652	554
TOTAL EXPENSES	846	732	1,632	1,349
Gains and other income, net	32	—	35	—
Transaction and integration costs	(1)	(1)	(1)	(1)
Other	1	1	1	1
SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 277	$ 151	$ 450	$ 195

Contract Sales

2022 Second Quarter

	Three Months Ended			
($ in millions)	**June 30, 2022**	**June 30, 2021**	**Change**	**% Change**
Total consolidated contract sales	$ 506	$ 362	$ 144	40%
Joint venture contract sales	10	10	—	6%
Total contract sales	$ 516	$ 372	$ 144	39%

2022 First Half

	Six Months Ended			
($ in millions)	**June 30, 2022**	**June 30, 2021**	**Change**	**% Change**
Total consolidated contract sales	$ 900	$ 588	$ 312	53%
Joint venture contract sales	19	16	3	22%
Total contract sales	$ 919	$ 604	$ 315	52%

Sale of Vacation Ownership Products

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Total contract sales	$ 516	$ 372	$ 144	39%
Less: resales contract sales	(11)	(7)	(4)	
Less: joint venture contract sales	(10)	(10)	—	
Consolidated contract sales, net of resales	495	355	140	39%
Plus:				
Settlement revenue	9	8	1	
Resales revenue	4	1	3	
Revenue recognition adjustments:				
Reportability	(14)	(17)	3	
Sales reserve	(37)	(28)	(9)	
Other[(1)]	(32)	(23)	(9)	
Sale of vacation ownership products	$ 425	$ 296	$ 129	44%

(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. Higher settlement and resales revenues, sales incentives issued, and sales reserve activity were driven by the higher contract sales volumes.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Total contract sales	$ 919	$ 604	$ 315	52%
Less: resales contract sales	(20)	(12)	(8)	
Less: joint venture contract sales	(19)	(16)	(3)	
Consolidated contract sales, net of resales	880	576	304	53%
Plus:				
Settlement revenue	16	13	3	
Resales revenue	8	3	5	
Revenue recognition adjustments:				
Reportability	(47)	(53)	6	
Sales reserve	(66)	(42)	(24)	
Other[(1)]	(56)	(38)	(18)	
Sale of vacation ownership products	$ 735	$ 459	$ 276	60%

(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 $29 million in contract sales relating to the Welk Acquisition, which we acquired in the second quarter of 2021. Higher settlement and resales revenues, sales incentives issued and sales reserve activity were driven by the higher contract sales volumes as well as the Welk Acquisition.

Development Profit

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Sale of vacation ownership products	$ 425	$ 296	$ 129	44%
Cost of vacation ownership products	(80)	(67)	(13)	(18%)
Marketing and sales	(214)	(164)	(50)	(32%)
Development profit	$ 131	$ 65	$ 66	(100%)
Development profit margin	31.0%	22.3%	8.7 pts	

The increase in Development profit reflects $50 million as a result of higher contract sales volumes net of the sales reserve and direct variable expenses (i.e. cost of vacation ownership products and marketing and sales), in part from continued strong VPG and lower marketing and sales spending as a percentage of revenue, $11 million from a favorable mix of lower cost inventory being sold, $3 million of favorable product cost true-up activity, and $2 million of favorable revenue reportability.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Sale of vacation ownership products	$ 735	$ 459	$ 276	60%
Cost of vacation ownership products	(140)	(107)	(33)	(31%)
Marketing and sales	(396)	(273)	(123)	(45%)
Development profit	$ 199	$ 79	$ 120	NM
Development profit margin	27.1%	17.3%	9.8 pts	

The increase in Development profit reflects $93 million as a result of higher contract sales volumes net of the sales reserve and direct variable expenses (i.e. cost of vacation ownership products and marketing and sales), in part from continued strong VPGs and lower marketing and sales spending as a percentage of revenue, $14 million from a favorable mix of lower cost inventory being sold, $9 million of favorable product cost true-up activity, and $4 million of favorable revenue reportability.

Resort Management and Other Services Revenues, Expenses and Profit

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Management fee revenues	$ 41	$ 39	$ 2	3%
Ancillary revenues	66	52	14	27%
Other management and exchange revenues	33	32	1	5%
Resort management and other services revenues	140	123	17	14%
Resort management and other services expenses	(60)	(46)	(14)	(31%)
Resort management and other services profit	$ 80	$ 77	$ 3	3%
Resort management and other services profit margin	56.7%	62.4%	(5.7 pts)	

Resort management and other services revenues reflected 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, and higher management fees. attributed to budgeted expense increases at owners' associations, as our management fees are largely calculated as a percentage of budgeted costs to operate resorts. Resort occupancies continued to increase subsequent to the initial impact of the pandemic as travel and tourism trends continue to recover. We expect resort occupancies to remain strong for the remainder of 2022 and this trend in business improvement to continue for the remainder of 2022.

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

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Management fee revenues	$ 83	$ 77	$ 6	7%
Ancillary revenues	120	80	40	50%
Other management and exchange revenues	63	60	3	6%
Resort management and other services revenues	266	217	49	23%
Resort management and other services expenses	(114)	(81)	(33)	(41%)
Resort management and other services profit	$ 152	$ 136	$ 16	12%
Resort management and other services profit margin	57.1%	62.7%	(5.6 pts)	

Resort management and other services revenues reflected 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, $5 million of revenues relating to the Welk Acquisition, which we acquired in the second quarter of 2021, and higher management fees.

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

Rental Revenues, Expenses and Profit

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Rental revenues	$ 129	$ 110	$ 19	18%
Rental expenses	(91)	(95)	4	4%
Rental profit	$ 38	$ 15	$ 23	NM
Rental profit margin	29.5%	13.2%	16.3 pts	

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Transient keys rented[(1)]	577,114	547,041	30,073	5%
Average transient key rate	$ 262.38	$ 230.67	$ 31.71	14%
Resort occupancy	90.5%	85.0%	5.5 pts	

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

Rental revenues increased by $37 million due to additional transient keys rented at a higher average transient rate, partially offset by $18 million of increased rental expenses recorded as a reduction to rental revenues.

Rental expenses decreased by $4 million attributed to $18 million of costs recorded as a reduction to rental revenues and $1 million of lower administrative expenses, partially offset by a $6 million increase in operating hotel expenses attributable to higher revenues, $5 million of higher carry costs of excess inventory on hand resulting from our fulfillment of purchase commitments in 2021 and $4 million of additional costs attributed to higher utilization in 2022 of third-party vacation offerings by owners.

As the majority of the governmental restrictions in response to the COVID-19 pandemic that caused rental activity to decline (such as travel restrictions and quarantine requirements) have been lifted, we expect high resort occupancies 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 carrying costs, as described above.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Rental revenues	$ 251	$ 187	$ 64	34%
Rental expenses	(181)	(191)	10	5%
Rental profit (loss)	$ 70	$ (4)	$ 74	NM
Rental profit margin	27.7%	NM		

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Transient keys rented[(1)]	1,116,673	932,786	183,887	20%
Average transient key rate	$ 268.71	$ 229.99	$ 38.72	17%
Resort occupancy	89.1%	76.1%	13.0 pts	

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

Rental revenues increased by $115 million due to the increase in transient keys rented and a higher average transient rate, partially offset by $51 million of increased rental expenses recorded as a reduction to rental revenues.

Rental expenses decreased by $10 million attributed to $51 million of costs recorded as a reduction to rental revenues and $11 million of higher allocations of rental costs to marketing and sales expense for marketing purposes partially offset by $15 million in operating hotel expenses attributable to higher revenues, $13 million of additional tidy and variable costs associated with increased transient keys rented, $8 million of higher carry costs of excess inventory on hand resulting from our fulfillment of purchase commitments in 2021, $8 million of additional costs attributed to higher utilization in 2022 of third-party vacation offerings by owners, $5 million of higher subsidy expenses, and $3 million of higher owner list for rent costs.

Financing Revenues, Expenses and Profit

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Financing revenues	72	68	4	5%
Financing expenses	(10)	(8)	(2)	(22%)
Consumer financing interest expense	(13)	(13)	—	4%
Financing profit	$ 49	$ 47	$ 2	5%
Financing propensity	53.1%	52.0%		

Financing revenues reflected $3 million of higher interest income as a result of a higher average notes receivable balance, a slightly higher average interest rate driven by mix of customers and brands, and $1 million of lower plus point financing incentive costs year-over-year. The higher average notes receivable balance was the result of new loan originations in excess of the amount of the continued pay-down of the existing vacation ownership notes receivable portfolio. We expect the average notes receivable balance, and resulting interest income, to continue to increase with the expected growth in contract sales and loan originations. Financing expenses increased primarily due to the timing of when lien fee income is recognized. 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.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Financing revenues	143	127	16	12%
Financing expenses	(19)	(16)	(3)	(17%)
Consumer financing interest expense	(25)	(26)	1	4%
Financing profit	$ 99	$ 85	$ 14	17%
Financing propensity	51.9%	49.2%		

Financing revenues reflected $13 million of higher interest income (including $10 million due to the Welk Acquisition and $3 million as a result of a higher average vacation ownership notes receivable balance and a slightly higher average interest rate driven by mix of customers and brands) and $3 million of lower plus point financing incentive costs year-over-year. Financing expenses increased primarily due to the timing of when lien fee income is recognized. The higher financing propensity is primarily a result of the Welk Acquisition in the second quarter of 2021. Legacy-Welk customers have a higher financing propensity than Legacy-MVW customers.

Royalty Fee

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Royalty fee	$ 29	$ 27	$ 2	7%

The increase in royalty fee expense in the second quarter of 2022 included $2 million from an increase in the dollar volume of closings and $1 million from a contractual increase in the fixed portion of the royalty fee owed to Marriott International, partially offset by $1 million from an increase in sales of pre-owned inventory, which carry a lower royalty fee as compared to initial sales of our inventory (one percent versus two percent).

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Royalty fee	$ 56	$ 52	$ 4	8%

The increase in royalty fee expense in the first half of 2022 included $4 million from an increase in the dollar volume of closings and $2 million from a contractual increase in the fixed portion of the royalty fee owed to Marriott International, partially offset by $2 million from an increase in sales of pre-owned inventory, which carry a lower royalty fee as compared to initial sales of our inventory (one percent versus two percent).

Litigation Charges

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Litigation charges	$ 2	$ 3	$ (1)	(42%)

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Litigation charges	$ 5	$ 6	$ (1)	(26%)

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

Gains and Other Income

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Gains and other income, net	$ 32	$ —	$ 32	NM

During the second quarter of 2022, we recorded $33 million related to the strategic decision to dispose of our hotel in Puerto Vallarta, Mexico, partially offset by $1 million of foreign currency translation charges.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Gains and other income, net	$ 35	$ —	$ 35	NM

During the first half of 2022, we recorded $33 million related to the strategic decision to dispose of our hotel in Puerto Vallarta, Mexico, and $3 million related to receipt of business interruption insurance proceeds, partially offset by $1 million of foreign currency translation charges.

Exchange & Third-Party Management

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
REVENUES				
Management and exchange	$ 58	$ 60	$ 122	$ 120
Rental	11	11	22	23
Cost reimbursements	5	15	14	29
TOTAL REVENUES	74	86	158	172
EXPENSES				
Management and exchange	32	35	65	66
Depreciation and amortization	7	9	16	29
Cost reimbursements	5	15	14	29
TOTAL EXPENSES	44	59	95	124
Gains and other income, net	16	—	16	—
SEGMENT FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 46	$ 27	$ 79	$ 48

Management and Exchange Profit

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Management and exchange revenue	$ 58	$ 60	$ (2)	(4%)
Management and exchange expense	(32)	(35)	3	9%
Management and exchange profit	$ 26	$ 25	$ 1	3%
Management and exchange profit margin	45.2%	42.2%	3.0 pts	

The decrease in management and exchange revenue reflected $4 million of lower revenue due to the disposition of our VRI Americas business during the second quarter of 2022 and $1 million of lower Interval International transaction fee revenue due to fewer exchanges as more members chose to occupy their home resorts rather than exchange for usage through Interval International, partially offset by $2 million of 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 16% over the prior year comparable period. This decline was due, in part, to recently added affiliations, for which we expect exchange activity to ramp-up over time, as well as the decline in exchange revenue. The increase in management and exchange profit primarily reflected the higher management fees at Aqua Aston.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Management and exchange revenue	$ 122	$ 120	$ 2	1%
Management and exchange expense	(65)	(66)	1	2%
Management and exchange profit	$ 57	$ 54	$ 3	6%
Management and exchange profit margin	47.0%	45.1%	1.9 pts	

The increase in management and exchange revenue and profit reflects higher management fees at Aqua-Aston managed properties due to continued ramp-up of business in Hawaii subsequent to the initial impact of the COVID-19 pandemic, partially offset by lower Interval International transaction fee revenue and profit due to fewer exchanges as more members chose to occupy their home resorts rather than exchange for usage through Interval International. The management and exchange revenue was also negatively impacted by the disposition of our VRI Americas business during the second quarter of 2022 as discussed above. For Interval International, average revenue per member decreased 11% over the prior year comparable period. This decline was due, in part, to recently added affiliations, for which we expect exchange activity to ramp-up over time, as well as the decline in exchange revenue.

Rental Revenues

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Rental revenues	$ 11	$ 11	$ —	(3%)

Results reflect a $2 million decrease in gross Getaway revenues, which resulted from an 18% decline in transactions, partially offset by a 7% increase in the average Getaway fee. Rental revenues remain flat to the prior year, as rental inventory procurement costs, which are recorded net within Rental revenues, declined by $2 million. The decline in Getaway transactions reflected fewer owner deposits as more members chose to occupy their home resorts rather than exchange for usage through Interval International, which put pressure on the inventory available for Getaways. We expect the reduced exchange volume and Getaway specific inventory sourcing to continue through the remainder of the year.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Rental revenues	$ 22	$ 23	$ (1)	(6%)

Results reflect a $2 million decrease in gross Getaway revenues, which resulted from a 15% decline in transactions, partially offset by an 11% increase in the average Getaway fee. This was partially offset by lower rental inventory procurement costs, which are recorded net within Rental revenues, of $1 million. The decline in Getaway transactions reflected fewer owner deposits as more members chose to occupy their home resorts rather than exchange for usage through Interval International, which put pressure on the inventory available for Getaways.

Depreciation and Amortization

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Depreciation and amortization	$ 7	$ 9	$ (2)	(16%)

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Depreciation and amortization	$ 16	$ 29	$ (13)	(43%)

The decrease in depreciation expense in the first half of 2022 relates to a true-up made in the prior year to accelerate depreciation on a technology asset.

Gains and Other Income

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Gains and other income, net	$ 16	$ —	$ 16	NM

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Gains and other income, net	$ 16	$ —	$ 16	NM

During the second quarter and first half of 2022, we recorded a $16 million gain related to the strategic decision to dispose of our VRI Americas business. See Footnote 3 “Acquisitions and Dispositions” for more information on the disposition of VRI Americas.

Corporate and Other

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

	Three Months Ended		Six Months Ended	
($ in millions)	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
REVENUES				
Resort management and other services	$ 5	$ 37	$ 37	$ 76
Cost reimbursements	(6)	(27)	(26)	(54)
TOTAL REVENUES	(1)	10	11	22
EXPENSES				
Resort management and other services	10	45	50	96
Rental	(4)	(14)	(13)	(28)
General and administrative	64	66	125	112
Depreciation and amortization	3	4	5	6
Restructuring	—	—	—	(1)
Impairment	—	5	—	5
Cost reimbursements	(6)	(27)	(26)	(54)
TOTAL EXPENSES	67	79	141	136
(Losses) gains and other (expense) income, net	(11)	(2)	(10)	4
Interest expense	(30)	(44)	(57)	(87)
Transaction and integration costs	(36)	(28)	(64)	(47)
FINANCIAL RESULTS BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	(145)	(143)	(261)	(244)
Provision for income taxes	(43)	(27)	(75)	(16)
Net loss (income) attributable to noncontrolling interests	1	(2)	1	(5)
FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (187)	$ (172)	$ (335)	$ (265)

Consolidated Property Owners' Associations

The following table illustrates the impact of certain Consolidated Property Owners' Associations under the relevant accounting guidance.

	Three Months Ended		Six Months Ended	
($ in millions)	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
REVENUES				
Resort management and other services	$ 4	$ 37	$ 36	$ 76
Cost reimbursements	(6)	(27)	(26)	(54)
TOTAL REVENUES	(2)	10	10	22
EXPENSES				
Resort management and other services	10	45	50	96
Rental	(4)	(14)	(13)	(28)
Cost reimbursements	(6)	(27)	(26)	(54)
TOTAL EXPENSES	—	4	11	14
Losses and other expense, net	(3)	(2)	(3)	—
FINANCIAL RESULTS BEFORE INCOME TAXES AND NONCONTROLLING INTERESTS	(5)	4	(4)	8
Provision for income taxes	—	(1)	—	(1)
Net loss (income) attributable to noncontrolling interests	1	(2)	1	(5)
FINANCIAL RESULTS ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ (4)	$ 1	$ (3)	$ 2

General and Administrative

2022 Second Quarter

	Three Months Ended			
($ in millions)	June 30, 2022	June 30, 2021	Change	% Change
General and administrative	$ 64	$ 66	$ (2)	(2%)

For the second quarter of 2022, General and administrative expenses decreased due primarily to lower bonus expenses.

2022 First Half

	Six Months Ended			
($ in millions)	June 30, 2022	June 30, 2021	Change	% Change
General and administrative	$ 125	$ 112	$ 13	12%

For the first half of 2022, General and administrative expenses increased primarily due to $12 million of higher salary costs due to reduced work week programs in the prior year and a $2 million decrease in credits related to incentives under the CARES Act, partially offset by $1 million in lower overall spending.

Gains / Losses and Other Income / Expense

2022 Second Quarter

	Three Months Ended			
($ in millions)	June 30, 2022	June 30, 2021	Change	% Change
Losses and other expense, net	$ (11)	$ (2)	$ (9)	NM

In the second quarter of 2022, we recorded $7 million of foreign currency translation losses, a tax related charge of $3 million, and $3 million of non-cash losses pursuant to a change in control of certain Consolidated Property Owners' Associations, partially offset by $2 million of proceeds from corporate owned life insurance. In the second quarter of 2021, we recorded a tax related charge of $2 million.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
(Losses) gains and other (expense) income, net	$ (10)	$ 4	$ (14)	NM

In the first half of 2022, we recorded $6 million of foreign currency translation losses, a tax related charge of $3 million, and $3 million of non-cash losses pursuant to a change in control of certain Consolidated Property Owners' Associations, partially offset by $2 million of proceeds from corporate owned life insurance. In the first half of 2021, we recorded $6 million of foreign currency translation gains, partially offset by a tax related charge of $2 million.

Interest Expense

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Interest expense	$ (30)	$ (44)	$ 14	32%

Interest expense decreased $14 million, including $12 million due to the early redemption of the 2026 Notes in 2021, $7 million due to the adoption of new accounting guidance related to our convertible debt (see Footnote 2 "Significant Accounting Policies and Recent Accounting Standards" to our Financial Statements), and $4 million due to the early redemption of a portion of the 2025 Notes in 2021, partially offset by $5 million due to the issuance of the 2029 Notes in June 2021, $3 million of non-income tax related interest expense and $1 million of higher interest related to finance leases.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Interest expense	$ (57)	$ (87)	$ 30	34%

Interest expense decreased $30 million, including $25 million due to the early redemption of the 2026 Notes in 2021, $13 million due to the adoption of new accounting guidance related to our convertible debt (see Footnote 2 "Significant Accounting Policies and Recent Accounting Standards" to our Financial Statements), and $8 million due to the early redemption of a portion of the 2025 Notes in 2021, partially offset by $11 million due to the issuance of the 2029 Notes in June 2021, $3 million of non-income tax related interest expense and $2 million of higher interest related to finance leases.

Transaction and Integration Costs

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Transaction and integration costs	$ (36)	$ (28)	$ (8)	(27%)

In the second quarter of 2022, Transaction and integration costs included $23 million of ILG integration related costs, $10 million of other integration costs, $2 million of Welk Acquisition and integration related costs, and $1 million of other transactions costs.

In the second quarter of 2021, Transaction and integration costs included $25 million of ILG integration related costs, and $3 million of Welk Acquisition and integration related costs.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Transaction and integration costs	$ (64)	$ (47)	$ (17)	(36%)

In the first half of 2022, Transaction and integration costs included $48 million of ILG integration related costs, $10 million of other integration costs, $5 million of Welk Acquisition and integration related costs and $1 million of other transaction costs.

In the first half of 2021, Transaction and integration costs included $42 million of ILG integration related costs and $5 million of Welk Acquisition and integration related costs.

Income Tax

2022 Second Quarter

($ in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Change	% Change
Provision for income taxes	$ (43)	$ (27)	$ (16)	(65%)

The change in the Provision for income taxes is predominately attributable to an increase in pre-tax income for the three months ended June 30, 2022.

2022 First Half

($ in millions)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Change	% Change
Provision for income taxes	$ (75)	$ (16)	$ (59)	NM

The change in the Provision for income taxes is predominately attributable to an increase in pre-tax income for the six months ended June 30, 2022.

Liquidity and Capital Resources

Typically, our capital needs are supported by cash on hand ($0.3 billion at the end of the second 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, 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.

Subsequent to the end of the second quarter of 2022, we amended certain agreements associated with our Warehouse Credit Facility, which increased the borrowing capacity of the existing facility from $350 million to $425 million and extended the revolving period from April 21, 2023 to July 28, 2024.

At June 30, 2022, we had $4.7 billion of total gross debt outstanding, which included $1.9 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 $10 million related to a non-interest bearing note payable. During the second quarter of 2022, we issued irrevocable notice of our intent to settle the 2022 Convertible Notes in cash. Excluding repayment of non-recourse debt, which is funded by the performance of vacation ownership notes receivable, principal repayments for the remainder of 2022 and 2023 consist of $230 million related to the 2022 Convertible Notes and $6 million related to a non-interest bearing note payable, respectively.

At June 30, 2022, we had $686 million of completed real estate inventory on hand and $506 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 June 30, 2022, of which we expect $569 million to be payable during the second half of 2022. These obligations primarily relate to our debt, securitized debt, and purchase obligations. See "Material Cash Requirements" below for additional information.

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

	Six Months Ended	
($ in millions)	**June 30, 2022**	**June 30, 2021**
Cash, cash equivalents, and restricted cash provided by (used in):		
Operating activities	$ 218	$ 148
Investing activities	15	(176)
Financing activities	(428)	716
Effect of change in exchange rates on cash, cash equivalents, and restricted cash	(2)	—
Net change in cash, cash equivalents, and restricted cash	$ (197)	$ 688

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 collections of vacation ownership notes receivable, higher sales and rental deposits due to the continued ramp-up of the business, and higher operational expense accruals, partially offset by timing of certain employee benefit payments and recognition of previously deferred revenues.

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

	Six Months Ended	
($ in millions)	**June 30, 2022**	**June 30, 2021**
Inventory spending	$ (92)	$ (77)
Purchase of vacation ownership units for future transfer to inventory	(12)	(99)
Inventory costs	118	90
Inventory spending less than (in excess of) cost of sales	$ 14	$ (86)

While we have significant excess 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.

Through our existing vacation ownership interest repurchase program, we proactively acquire 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.

Our spending for real estate inventory in the first half of 2022 was lower than real estate inventory costs and was primarily related to our vacation ownership interest repurchase program. We acquired a higher amount of previously sold vacation ownership interests in the first half of 2022 due to the reinstatement of our vacation ownership interest repurchase program that was suspended as part of the cash preservation measures implemented in response to the COVID-19 pandemic. We expect inventory spending to be less than cost of sales for the remainder of 2022 as we intend to repurchase less inventory and provided we are able to negotiate a capital efficient inventory arrangement under which a third party will develop the Waikiki property we are committed to purchase and agree to resell it to us at a later date. See Footnote 16 "Variable Interest Entities" to our Financial Statements for more information.

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

	Six Months Ended	
($ in millions)	**June 30, 2022**	**June 30, 2021**
Vacation ownership notes receivable collections — non-securitized	$ 133	$ 110
Vacation ownership notes receivable collections — securitized	232	252
Vacation ownership notes receivable originations	(483)	(320)
Vacation ownership notes receivable collections (less than) in excess of originations	$ (118)	$ 42

Vacation ownership notes receivable collections increased during the first half of 2022, as compared to the first half of 2021, due to an increase in the portfolio of outstanding vacation ownership notes receivable, reflecting the continued ramp up of sales and higher financing propensity (52% for the first half of 2022, compared to 49% for the first half of 2021).

Cash from Investing Activities

Acquisition of a Business, Net of Cash and Restricted Cash Acquired

Net cash outflows of $157 million in the first half of 2021 were due to the Welk Acquisition. See Footnote 3 "Acquisitions and Dispositions" to our Financial Statements for more information.

Proceeds from Disposition of Subsidiaries, Net of Cash and Restricted Cash Transferred

Proceeds from disposition of subsidiaries, net of cash and restricted cash transferred of $93 million in the first half of 2022 were due to the disposition of various subsidiaries, including $55 million for the VRI Americas business entities and $38 million for the entities that owned and operated the hotel in Puerto Vallarta, Mexico. See Footnote 3 "Acquisitions and Dispositions" to our Financial Statements for more information.

Capital Expenditures for Property and Equipment

In the first half of 2022, capital expenditures for property and equipment included $23 million to support business operations (including $15 million for ancillary and other operations assets and $7 million for sales locations) and $1 million for technology.

In the first half of 2021, capital expenditures for property and equipment of $11 million included $8 million to support business operations (including $5 million for ancillary and other operations assets and $3 million for sales locations) and $3 million for technology.

Issuance of Note Receivable to VIE

During the second quarter of 2022, in connection with the amendment of an inventory purchase commitment, we extended a loan to a VIE, which we do not consolidate, for $47 million. The loan is due in full upon the earlier of either a sale of the property, including a sale to us, or an amendment and restatement of our purchase commitment, one of which is expected to occur in 2022. See Footnote 16 "Variable Interest Entities" to our Financial Statements for more information.

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.

During the second quarter of 2022, we completed the securitization of a pool of $383 million of vacation ownership notes receivable. Approximately $342 million of the vacation ownership notes receivable were purchased by the 2022-1 LLC during the second quarter of 2022.

Of the $375 million in proceeds from the transaction, $40 million was held by the 2022-1 LLC as of June 30, 2022 and released subsequently as it purchased all of the remaining loans. In addition, approximately $98 million was used to repay all outstanding amounts previously drawn under our Warehouse Credit Facility, approximately $7 million was used to pay transaction expenses and fund required reserves, and the remaining $176 million will be used for general corporate purposes. In connection with this securitization, we redeemed the remaining vacation ownership loan backed notes, issued in a prior securitization, for approximately $38 million; the majority of the loans acquired through the redemption were purchased by the 2022-1 LLC.

As of June 30, 2022, $106 million of gross vacation ownership notes receivable were eligible for securitization.

Proceeds from / Repayments of Debt

All proceeds from and repayments of debt during the first half of 2022 were related to borrowings from and repayments of our 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 half of 2022. During the first half of 2022, we borrowed and repaid $125 million under our Revolving Corporate Credit Facility. There were no borrowed amounts outstanding under our Revolving Corporate Credit Facility as of June 30, 2022. As of June 30, 2022, we had $1 million of letters of credit outstanding under our Revolving Corporate Credit Facility.

During the first half 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 half of 2021.

Finance Lease Payment

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

Debt Issuance Costs

During the first half of 2022, we paid $9 million of debt issuance costs, which included $5 million associated with the vacation ownership notes receivable securitization completed in 2022 and $4 million 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 half of 2021, we paid $15 million of debt issuance costs, which included $6 million associated with the vacation ownership notes receivable securitization we completed in 2021, $7 million associated with the issuance of the 2029 Notes, $1 million associated with the issuance of the 2026 Convertible Notes, and $1 million associated with the amendment of a waiver to the agreement that governs our 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 half of 2022	2,187,336	312	143.02
As of June 30, 2022	19,868,731	$ 1,730	$ 87.09

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

Dividends

We distributed cash dividends to holders of our common stock during the first half 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
May 12, 2022	May 26, 2022	June 9, 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 June 30, 2022:

		Payments Due by Period					
($ in millions)	**Total**	**Remainder of 2022**	**2023**	**2024**	**2025**	**2026**	**Thereafter**
Contractual Obligations							
Debt obligations[1]	$ 3,111	$ 276	$ 94	$ 89	$ 1,107	$ 616	$ 929
Securitized debt[1][2]	2,166	116	229	228	224	221	1,148
Purchase obligations[3]	279	154	55	31	22	17	—
Operating lease obligations[4]	128	12	25	21	20	18	32
Finance lease obligations[4]	283	4	6	6	4	4	259
Other long-term obligations[5]	18	7	4	3	2	1	1
	$ 5,985	$ 569	$ 413	$ 378	$ 1,379	$ 877	$ 2,369

(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 future guaranteed purchases of rental inventory of $8 million and 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 $5 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 June 30, 2022 and December 31, 2021, and for the six months ended June 30, 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 June 30, 2022					
	Issuers					
($ in millions)	**MVWC**	**MORI**	**Senior Notes Guarantors**	**Non-Guarantor Subsidiaries**	**Total Eliminations**	**MVW Consolidated**
Cash and cash equivalents	$ —	$ 82	$ 102	$ 140	$ —	$ 324
Restricted cash	—	22	90	170	—	282
Accounts receivable, net	6	112	93	58	(25)	244
Vacation ownership notes receivable, net	—	129	225	1,721	—	2,075
Inventory	—	213	407	75	—	695
Property and equipment	—	195	636	320	—	1,151
Goodwill	—	—	3,117	—	—	3,117
Intangibles, net	—	—	909	32	—	941
Investments in subsidiaries	3,497	4,211	—	—	(7,708)	—
Other	76	120	224	130	(39)	511
Total assets	$ 3,579	$ 5,084	$ 5,803	$ 2,646	$ (7,772)	$ 9,340
Accounts payable	$ 25	$ 43	$ 84	$ 65	$ —	$ 217
Advance deposits	—	85	89	21	—	195
Accrued liabilities	15	77	157	107	(26)	330
Deferred revenue	—	9	217	161	(15)	372
Payroll and benefits liability	—	111	72	21	—	204
Deferred compensation liability	—	103	25	2	—	130
Securitized debt, net	—	—	—	1,868	(22)	1,846
Debt, net	788	1,873	76	11	—	2,748
Other	6	1	174	29	—	210
Deferred taxes	—	60	283	—	(1)	342
MVW shareholders' equity	2,745	2,722	4,626	360	(7,708)	2,745
Noncontrolling interests	—	—	—	1	—	1
Total liabilities and equity	$ 3,579	$ 5,084	$ 5,803	$ 2,646	$ (7,772)	$ 9,340

($ in millions)	Issuers MVWC	Issuers MORI	Senior Notes Guarantors	Non-Guarantor Subsidiaries	Total Eliminations	MVW Consolidated
	As of December 31, 2021					
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)	Issuers MVWC	Issuers MORI	Senior Notes Guarantors	Non-Guarantor Subsidiaries	Total Eliminations	MVW Consolidated
	Six Months Ended June 30, 2022					
Revenues	$ —	$ 390	$ 1,366	$ 476	$ (16)	$ 2,216
Expenses	(4)	(510)	(1,053)	(397)	16	(1,948)
Benefit (provision) for income taxes	1	40	(92)	(24)	—	(75)
Equity in net income (loss) of subsidiaries	197	294	—	—	(491)	—
Net income (loss)	194	214	221	55	(491)	193
Net loss attributable to noncontrolling interests	—	—	—	1	—	1
Net income (loss) attributable to common shareholders	$ 194	$ 214	$ 221	$ 56	$ (491)	$ 194

Recent Accounting Pronouncements

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

Critical Accounting Policies and Estimates

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk has not changed materially from that disclosed in Part I, Item 7A of the 2021 Annual Report.

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 June 30, 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

There have been no material changes to the risk factors set forth in Item 1A to Part 1 of our 2021 Annual Report, except to the extent factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors, which is incorporated herein by reference.

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

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	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)]
April 1, 2022 – April 30, 2022	305,037	$ 149.82	305,037	$ 306,897,878
May 1, 2022 – May 31, 2022	528,675	$ 141.15	528,675	$ 232,275,751
June 1, 2022 – June 30, 2022	588,800	$ 123.66	588,800	$ 159,463,717
Total	1,422,512	$ 135.77	1,422,512	$ 159,463,717

(1) On September 13, 2021, we announced that 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 22, 2022, we announced that 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.

Additionally, on August 1, 2022, we announced that our Board of Directors authorized the repurchase of up to an additional $500 million of our common stock, as well as the extension of the term of our existing share repurchase program to June 30, 2023. Prior to this authorization we had approximately $28 million of capacity remaining under our previous authorization.

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

Exhibit Number	Description	Filed Herewith	Incorporation By Reference From		
			Form	Exhibit	Date Filed
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
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.		10-Q	10.2	5/9/2022
10.3	Marketing Track Amendment, dated as of May 19, 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			
10.4	Marriott Vacations Worldwide Corporation Deferred Compensation Plan Revised July 29, 2022**	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			

Table of Contents

Exhibit Number	Description	Filed Herewith	Incorporation By Reference From		
			Form	Exhibit	Date Filed
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 June 30, 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 June 30, 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.

** Management contract or compensatory plan or arrangement.

SIGNATURES

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

MARRIOTT VACATIONS WORLDWIDE CORPORATION

Date: August 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

May 19, 2022

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

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

Ladies and Gentlemen:

Marriott International, Inc. ("MII"), Marriott Worldwide Corporation ("MWC") and Starwood Hotels and Resorts Worldwide, LLC ("Starwood") (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, 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, the Bonvoy Track Amendment dated as of November 10, 2021 and the Umbrella IP Amendment dated March 4, 2022 (the "Umbrella IP Amendment") (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 (formerly known as Starwood Hotels & Resorts Worldwide, Inc.), 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. 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 "Marketing Track Amendment") is one of a series of amendments (the "Track Amendments"), including the Umbrella IP Amendment, 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 in the Umbrella IP Amendment) entered into in connection with the consolidation of the Vistana License Agreement into the MVW License Agreement. This Marketing Track Amendment integrates the Vistana Destination Club Business into the MVW License Agreement for purposes of (i) selling, marketing and financing Destination Club Units and Destination Club Products, (ii) selling and marketing Exchange Programs, and (iii) establishing and operating sales facilities for Destination Club Products as contemplated in clauses (ii), (iii) and (v) of the definition of Destination Club Business (collectively, "Marketing and Sales Activity"). All initially capitalized terms used but not defined herein have the meaning set forth in the MVW License Agreement (as may be amended).

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

1. Effective Date.

   a. The amendments in this Marketing Track Amendment are effective as of date of this Marketing Track Amendment and will govern in all respects from and after the date of this Marketing Track Amendment (including with respect to any provisions of the Vistana License Agreement that are in effect at any time between the date of this Marketing Track Amendment and the consolidation of the Vistana License Agreement into the MVW License Agreement).

   b. "Effective Date" and "date of the Spin-Off Transaction" as applied to the Vistana Destination Club Business in the Marketing Track Sections and related defined terms is May 19, 2022, except with respect to Section 3.2 of the MVW License Agreement (under which "date of the Spin-Off Transaction" will mean November 19, 2011) and Sections 5.8.B, 7.2 and 9.5.A of the MVW License Agreement (under which "Effective Date" will mean the Effective Date of the MVW License Agreement).

2. Marketing Track Sections.

   a. The following provisions of the Vistana License Agreement will no longer be effective as of the date of this Marketing Track Amendment: Sections 7.4, 8.1, 8.3, 8.4, 8.5, and 8.6 (superseded by MVW License Agreement Sections 9.1, 9.5 and 9.6 to the extent that such provisions are not already superseded pursuant to the Umbrella IP Amendment).

   b. The following provisions of the Vistana License Agreement will no longer be effective as of the date of this Marketing Track Amendment as the same relate to the Marketing and Sales Activity: Sections 7.1A, 7.1B, and 7.1C (superseded by MVW License Agreement Sections 7.1 and 7.2), 7.3B (superseded by MVW License Agreement Section 11.1), 7.7 (superseded by MVW License Agreement Section 5.8.B), and 10 (superseded by MVW License Agreement Section 11.2.A).

   c. MVW License Agreement Sections 5.8.B, 7.1, 7.2, 9.1, 9.5, 9.6, 11.1, and 11.2.A are referred to herein as the "Marketing Track Sections."

3. Additional Amendments.

   a. The following definition is added to Exhibit A of the MVW License Agreement:

   "Permitted Variations" means (i) amendments, insertions and/or deletions to the "Insurance and Indemnification" provisions in Section 4 of Exhibit F of this Agreement and/or (ii) such amendments, insertions and/or deletions to the provisions set forth in Exhibit F of this Agreement as are necessary or advisable in order to ensure the effectiveness of the sublicense under the laws of a jurisdiction outside of the United States of America.

b. The definition of "Licensed Business Customer Information" in the MVW License Agreement is amended to read as follows:

"Licensed Business Customer Information" means the names, addresses, phone and fax numbers, email addresses and other personal information of owners, customers or potential owners or customers (including all Members and their family members), mailing lists, "lead" lists, contact lists, or similar lists or databases, and related data, in each case in whatever form and to the extent such information (i) was in Licensee's possession as of the date of the Spin-Off Transaction, (ii) obtained by Licensee in connection with the Licensed Business on or after the date of the Spin-Off Transaction (including directly or indirectly obtained from Licensor or its Affiliates, by or through the Brand Loyalty Program, or as a result of Licensee's acquisition of Vistana Signature Experiences, Inc.), or (iii) any Modified Third-Party List.

c. The definition of "Upscale Brand Segment" and "Upper-Upscale Brand Segment" in the MVW License Agreement is amended to read as follows:

"Upscale Brand Segment", "Upper-Upscale Brand Segment" and "Luxury Brand Segment" mean the "upscale", "upper-upscale" and "luxury" brand segments, respectively, of the hospitality industry as defined by Smith Travel Research (or its successor). If at any time such segments are not then defined by Smith Travel Research (or its successor), then such segments shall be replaced by comparable segments as are then defined by Smith Travel Research (or its successor). In the event Smith Travel Research (or its successor) ceases to define comparable segmentation or in the event that Smith Travel Research (or its successor) ceases to exist, then the parties shall identify a replacement source and a replacement definition of segments comparable to "upscale", "upper-upscale" and "luxury" as previously defined by Smith Travel Research (or its successor). Any dispute regarding the selection of replacement definitions or sources shall be settled by Expert resolution in accordance with Section 22.5.

d. Section 5.8.B of the MVW License Agreement is amended as follows:

Licensee may delegate non-management functions of the Licensed Business involving regional and/or local sales and marketing (including brokerage arrangements) of Licensed Destination Club Products and Licensed Residential Units for Licensed Residential Projects to any Affiliate or unrelated third party, provided, that other than for Permitted Variations in connection with a sublicense of the Licensed Marks with an unrelated third party, (i) Licensee must ensure such functions are conducted in accordance with the Brand Standards and this Agreement; (ii) such functions are covered by insurance policies that satisfy the applicable requirements of Sections 16.2 and 16.4; (iii) any party to which such function has been delegated or subcontracted and that will have access to any Licensor Confidential Information agrees to keep such Licensor Confidential Information confidential in accordance with this Agreement; (iv) any Affiliate to which such function has been delegated or subcontracted will agree to be bound by the same responsibilities, limitations, and duties of Licensee hereunder that have been delegated to such party, and any third party to which such function has been delegated will agree to be bound by certain terms and conditions as set forth in the applicable sublicense and undertaking; and (v) where the sublicense of the right to use the Licensed Marks and System is required in Licensor's judgment, (i) if the sublicensee is an Affiliate of Licensee, Licensee shall sublicense to such Affiliate the right to use the Licensed Marks and the System, as necessary to fulfill such function(s) under a sublicense agreement in a form substantially similar to the form attached hereto as Exhibit E and (ii) if the sublicensee is an unrelated third party, Licensee shall sublicense to such third party the right to use the Licensed Marks, as necessary to fulfill such function(s) under an undertaking and sublicense that contains provisions in a form substantially similar to the provisions set forth in Exhibit F. Such delegation shall not result in a novation of any of Licensee's obligations under this Agreement. Licensee shall provide Licensor with a fully-executed copy of each sublicense agreement and undertaking entered into hereunder promptly following their execution and will notify Licensor in writing upon the termination or expiration of any sublicense agreement or undertaking. In the event Licensee enters into a sublicense agreement that includes a Permitted Variation, the following additional requirements will apply: (x) Licensee will ensure that no Permitted Variation will in any way adversely affect Licensor's ownership and control of the Licensed Marks and (y) Licensee will provide a mark-up of such sublicense agreement showing the Permitted Variations. Licensee shall not, without Licensor's prior consent in Licensor's sole discretion, delegate such functions to an unrelated third party who is known in the community as being of bad moral character; has been convicted in any court of a felony or other offense that could result in imprisonment for one (1) year or more or a fine or penalty of one million dollars ($1,000,000) (as adjusted annually after the Effective Date by the GDP Deflator) or more (or is in control of or controlled by Persons who have been convicted in any court of felonies or such offenses); is a Specially Designated National or Blocked Person; or is a Lodging Competitor.

e. Section 7.1.C of the MVW License Agreement is amended as follows:

Licensor shall have the right to review (on a periodic basis) Marketing Content and other communications using Licensed Marks and to review significant changes in such programs implemented throughout the Licensed Business and significant changes in templates that are widely-used in the Licensed Business, all of which must be in compliance with the Brand Standards at all times. The distribution, marketing and advertising channels for all Projects shall be consistent with the positioning of the Licensed Business and Licensor Lodging Facilities in the Upscale Brand Segment, Upper-Upscale Brand Segment or Luxury Brand Segment, as applicable. The parties agree to conduct reviews of such channels no less often than annually at the annual meeting contemplated in Section 11.2.E.

f. Section 7.2.B(i) of the MVW License Agreement is amended as follows:

Licensor expressly reserves the right to modify the Brand Standards to make appropriate changes consistent with changes to Licensor's brand standards for the Upscale Brand Segment, Upper-Upscale Brand Segment and/or Luxury Brand Segment of Licensor Lodging Facilities, but only to the extent applicable to the Licensed Business and with appropriate modifications to reflect appropriate differences between hotel service levels and service levels applicable to the Licensed Destination Club Business and the Licensed Whole Ownership Residential Business. Licensor shall provide notice to Licensee of any such modifications proposed by Licensor.

g. Section 7.2.D(ii) of the MVW License Agreement is amended as follows:

For modifications proposed by Licensee, the Expert will determine whether Licensor's objection to Licensee's proposed modifications is reasonable, taking into account Licensor's brand standards for the Upscale Brand Segment, Upper-Upscale Brand Segment and/or Luxury Brand Segment, as applicable, of Licensor Lodging Facilities, the applicability of such standards to Licensed Destination Club Projects and Licensed Residential Projects, the appropriate differences between hotel service levels and service levels applicable to the Licensed Destination Club Business and the Licensed Whole Ownership Residential Business, and whether the failure to implement such modifications will or may adversely affect the Upscale Brand Segment and Upper-Upscale Brand Segment of Licensor Lodging Facilities that bear the Marriott, Sheraton or Westin name or the Luxury Brand Segment of Licensor Lodging Facilities that bear the St. Regis or Luxury Collection Name.

h. Section 9.1.C of the MVW License Agreement is amended as follows:

Licensee shall, as part of the sales process, provide disclosure to each prospective purchaser in the form attached as Exhibit L, subject to modifications required by governmental authorities for the subject jurisdiction or that are necessary to properly describe the subject Project, and have each purchaser acknowledge receipt of such disclosure in writing, which, among other things, discloses to prospective purchasers that (i) the Licensed Business is owned and managed by Licensee; (ii) neither Licensor nor any of its Affiliates is the seller of the interests in the Licensed Destination Club Units or Licensed Residential Units, as applicable; and (iii) that the Marriott, Westin, Sheraton, St. Regis and Luxury Collection names, as applicable, are used by Licensee pursuant to a license, and that if such license is revoked, terminated, or expires, Licensee shall no longer have the right to use the applicable Licensed Marks in connection with the Licensed Business or the relevant Project. Licensee shall be permitted to incorporate such disclosure with other disclosures Licensee makes to prospective purchasers.

i. Section 9.1.G of the MVW License Agreement is amended as follows:

Licensee will be permitted to use the Licensed Marks on logoed collateral merchandise, such as golf shirts, other apparel and promotional items (collectively, "Logoed Merchandise") that is provided solely to promote the Projects and solely through gift or retail shops located at Projects or Sales Facilities or through Licensee's Website, all in a manner that is consistent with Licensee's or its Affiliates' use of the Licensed Marks in such respect as of the Effective Date and with an overall level of quality of Logoed Merchandise that is consistent with the Upscale Brand Segment, Upper-Upscale Brand Segment and Luxury Brand Segment, as applicable. Licensee acknowledges and agrees that (i) Licensor has not applied for and does not maintain registrations for the Licensed Marks covering some or all of the Logoed Merchandise in any jurisdiction and has no obligation to apply for or maintain such registrations in the future; (ii) Licensor makes no representations or warranties regarding Licensee's ability to use the Licensed Marks on Logoed Merchandise in any jurisdiction or that Licensee's use of the Licensed Marks on Logoed Merchandise in any jurisdiction will not infringe, dilute or otherwise violate the trademark or other rights of any third party; (iii) Licensee's use of the Licensed Marks on Logoed Merchandise shall be at Licensee's sole risk and without recourse against Licensor or its Affiliates; (iv) Licensee shall not knowingly engage in any act or omission which may diminish, impair or damage the goodwill, name or reputation of Licensor or its Affiliates or the Licensed Marks, including without limitation by utilizing any facility which manufactures or assembles Logoed Merchandise in violation of the laws of the country in which such facility is located 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 ("Illegal Facilities"); (v) Licensee will comply, at its sole expense, with all Applicable Laws in connection with the manufacture, sale, marketing, and promotion of the Logoed Merchandise in the countries where such activities take place, including without limitation any prohibitions against Illegal Facilities; (vi) at Licensor's request, Licensee will promptly provide to Licensor representative samples of then-current Logoed Merchandise and any associated packaging and displays; (vii) at Licensor's request, Licensee will promptly make any changes to its Logoed Merchandise or its uses of the Licensed Marks on Logoed Merchandise that do not comply with this Section 9.1.G; (viii) Licensee will use the Licensed Marks on Logoed Merchandise in accordance with the then-current Brand Standards; and (ix) Licensee shall promptly cease use, distribution, promotion, marketing and sale of Logoed Merchandise bearing the Licensed Marks in any jurisdiction where Licensor requests such use to cease as a result of a claim or challenge raised by a third party or if Licensor in its sole discretion believes such use diminishes, impairs or damages the goodwill, name or reputation of Licensor or its Affiliates or the Licensed Marks.

j. Section 9.5.A of the MVW License Agreement is amended as follows:

Licensee may only enter into marketing arrangements with respect to the Licensed Business with third parties, and may only make available to Members those products and services (including Exchange Programs), (i) that are consistent with the brand positioning of the Licensed Business and, with respect to such marketing arrangements, are in compliance with the Brand Standards or (ii) that are in place as of the Effective Date or that are consistent with Licensee's practice during the period from January 1, 2005 until such date, as reasonably demonstrated by Licensee. Licensor may object if Licensor becomes aware of any such practice that Licensor believes is inconsistent with the Brand Standards. Licensor will notify Licensee of such objection, and the parties will engage in discussions and attempt to agree on modifications to such practice(s) so that such practice(s) will be in compliance with the Brand Standards. For local marketing alliances, the positioning of the Project in the local market shall be the governing standard.

k. Section 16.1.A(xv) of the MVW License Agreement is amended as follows:

(xv) any claim arising from the operation, ownership or use of the Licensed Business, the Projects or of any other business conducted on, related to, or in connection with the Projects, including, without limitation, any claim arising as a result of any Permitted Variation; and

4. Defined Terms. For the avoidance of doubt, when used in the Marketing Track Sections, defined terms that were amended by the Umbrella IP Amendment or that incorporate defined terms that were amended by the Umbrella IP Amendment (including, by way of example, the definitions of "Brand Standards" and "Brand Style and Communication Standards," which include the defined terms "Licensed Marks" and "Licensed Business") shall be construed using the amended definition for each such defined term.

5. Branded Elements. References to "Branded Elements" in Section 13.5.B of the MVW License Agreement shall mean (i) the Brand Loyalty Programs or successor thereto, (ii) Licensor-owned or -controlled branded elements of the Reservation System, (iii) Licensor-owned or -controlled branded elements of Licensor's website, marriott.com, or any additional pages or sites within marriott.com, (iv) use of the Brand Loyalty Programs member lists, (v) access to the Specified Branded Hotels for marketing of Destination Club Products, and (vi) access to the Specified Branded Hotels as an ancillary benefit exchange option for Destination Club Products (for the avoidance of doubt, rights and benefits under or in connection with the Brand Loyalty Programs are not considered to be "ancillary benefit exchange options"). Notwithstanding the foregoing, the platform, infrastructure, coding, and non-customer facing elements of the Brand Loyalty Programs, the Reservation System, and the Licensor website(s) shall not be considered "Branded Elements" for purposes of Section 13.5.B of the MVW License Agreement.

6. Exhibits. Exhibit B to the MVW License Agreement is amended by adding the information set forth on Schedule 1 hereto.

7. Fees and Expenses. For the avoidance of doubt, in lieu of the fees payable pursuant to Sections 3.2, 3.3, and 3.5 of the MVW License Agreement, the Centralized Services Fees payable pursuant to Section 6 of the Vistana License Agreement shall continue to apply to the Vistana Destination Club Business for Marketing and Sales Activity through December 31, 2022. Commencing January 1, 2023, (a) Vistana License Agreement Section 6 will no longer be effective as of such date as the same relates to the Marketing and Sales Activity operated under the Westin and Sheraton Licensed Marks (superseded by MVW License Agreement Sections 3.2, 3.3 and 3.5) and (b) MVW License Agreement Sections 3.2, 3.3 and 3.5 shall be included in the "Marketing Track Sections" for purposes of this Amendment ("(a)" and "(b)" collectively, the "Marketing Fees Harmonization"). Notwithstanding the foregoing, if Licensor is unable to implement the Marketing Fees Harmonization on January 1, 2023 despite good faith efforts to meet the implementation date, the Marketing Fee Harmonization will occur as soon as reasonably practicable thereafter, but in no event later than January 1, 2024, and such delay will not be deemed a default under the Agreement. Licensor will keep Licensee reasonably apprised of possible delays to the Marketing Fee Harmonization in advance of the implementation date.

[Signatures Appear on Following Pages]

Sincerely,

MARRIOTT VACATIONS WORLDWIDE CORPORATION

By: /s/ John E. Geller, Jr.
Name: John E. Geller, Jr.
Title: President

ILG, LLC

By: /s/ John E. Geller
Name: John E. Geller
Title: Manager

VISTANA SIGNATURE EXPERIENCES, INC.

By: /s/ John E. Geller
Name: John E. Geller
Title: Executive Vice President

ACKNOWLEDGED AND AGREED
THIS 19th DAY OF MAY, 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

SCHEDULE 1 - ADDITIONS TO EXHIBIT B EXISTING PROJECTS

Approved Name of Project	Address of Project	Project Operator	Destination Club and/or Residential
Sheraton Vistana Resort	Orlando, Florida	Vistana Management, Inc.	Destination Club
Sheraton Vistana Villages	Orlando, Florida	Vistana Management, Inc.	Destination Club
Vistana Beach Club	Jensen Beach, Florida	Vistana Management, Inc.	Destination Club
Sheraton PGA Vacation Resort	Port St. Lucie, Florida	Vistana Management, Inc.	Destination Club
The Westin Nanea Ocean Villas	Maui, Hawaii	Vistana Hawaii Management, Inc.	Destination Club
The Westin Ka’anapali Ocean Resort Villas	Maui, Hawaii	Vistana Hawaii Management, Inc.	Destination Club
The Westin Ka’anapali Ocean Resort Villas North	Maui, Hawaii	Vistana Hawaii Management, Inc.	Destination Club
The Westin Princeville Ocean Resort Villas	Kauai, Hawaii	Vistana Hawaii Management, Inc.	Destination Club
Sheraton Kaua’i Resort Villas	Kauai, Hawaii	Vistana Hawaii Management, Inc.	Destination Club
The Westin Lagunamar Ocean Resort Villas & Spa	Cancún, Mexico	Turistica Cancun S. de R.L. de C.V.	Destination Club
The Westin Los Cabos Resort Villas & Spa	Los Cabos, Mexico	Hoteles Cabos K22.5, S. de R.L. de C.V	Destination Club
The Westin St. John Resort Villas	St. John, USVI	Westin Vacation Management Company	Destination Club
Harborside Resort at Atlantis	Nassau, The Bahamas	Harborside at Atlantis Management Limited	Destination Club
Sheraton Broadway Plantation	Myrtle Beach, South Carolina	Vistana MB Management, Inc.	Destination Club
The Westin Mission Hills Resort Villas	Rancho Mirage, California	Vistana California Management, Inc.	Destination Club
The Westin Desert Willow Villas, Palm Desert	Palm Desert, California	Vistana California Management, Inc.	Destination Club
The Westin Kierland Villas	Scottsdale, Arizona	Vistana Arizona Management, Inc.	Destination Club
Sheraton Desert Oasis	Scottsdale, Arizona	Vistana Scottsdale Management, Inc.	Destination Club
Sheraton Mountain Vista	Vail Valley, Colorado	Vistana Colorado Management, Inc.	Destination Club

Approved Name of Project	Address of Project	Project Operator	Destination Club and/or Residential
The Westin Riverfront Mountain Villas	Vail Valley, Colorado	Vistana Management, Inc.	Destination Club
Sheraton Lakeside Terrace Villas at Mountain Vista	Vail Valley, Colorado	Points of Colorado, Inc.	Destination Club
Sheraton Steamboat Resort Villas	Steamboat Springs, Colorado	Vistana Management, Inc. (Villas and East Tower) Vistana Colorado Management Company, Inc. (West Tower)	Destination Club
The St. Regis Residence Club, New York	New York, New York	St. Regis New York Management, Inc.	Destination Club
The St. Regis Residence Club, Aspen	Aspen, Colorado	St. Regis Colorado Management, Inc.	Destination Club
The Phoenician Residences, The Luxury Collection Residence Club	Scottsdale, Arizona	Vistana Management, Inc.	Destination Club

MARRIOTT VACATIONS WORLDWIDE CORPORATION
DEFERRED COMPENSATION PLAN

(Effective July 1, 2013)

Revised July 29, 2022

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MARRIOTT VACATIONS WORLDWIDE CORPORATION
DEFERRED COMPENSATION PLAN

MARRIOTT VACATIONS WORLDWIDE CORPORATION, a Delaware corporation, hereby establishes this Deferred Compensation Plan (the "Plan"), effective July 1, 2013 (the "Effective Date"), for the purpose of assisting Participants in providing tax-deferred savings for themselves and their beneficiaries. The Plan is amended and restated effective July 29, 2022.

ARTICLE I. DEFINITIONS

Section 1.01. Definitions. The following terms have the following meanings unless the context clearly indicates otherwise:

(a) "Account" means the account maintained on the books of the Company and/or pursuant to any Trust Agreement for each Participant, used solely to calculate the amount payable to each Participant (or his Beneficiary) under this Plan. Separate Accounts shall be maintained on behalf of a Participant to the extent needed to properly administer the Plan and comply with the Participant's elections. Notwithstanding the foregoing, there shall be a separate Account for Company credits described in Section 3.02(b)(i) (the "Employer Credit Account").

(b) "Administrator" means the Committee identified in Section 17.1 of the Marriott Vacations Worldwide Corporation Retirement Savings Plan or, to the extent the administration of the Plan entails setting the compensation of the executive officers of Marriott Vacations Worldwide Corporation within the meaning of its charter, the Compensation Policy Committee of the Board of Directors or, to the extent the administration of the Plan entails setting the compensation of the Non-Employee Directors of Marriott Vacations Worldwide Corporation, the Board of Directors.

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

(d) "Beneficiary" means the person(s) or entity(ies) designated by the Participant to be the beneficiary(ies) of the Participant's Account under the Plan. If a valid designation of Beneficiary is not in effect at the time of the death of a Participant, the estate of the Participant is deemed to be the sole Beneficiary of such Account.

(e) "Board of Directors" means the Board of Directors of Marriott Vacations Worldwide Corporation.

(f) "Bonus" means any type of incentive-based compensation that is payable in cash, whether based on objective and/or subjective criteria, and whether paid on a monthly, quarterly or other periodic basis or on an ad hoc basis, but excluding commissions.

(g) "Change of Control" means, and shall be deemed to have occurred if:

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

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

(iii) Continuing Directors cease to represent a majority of the Board of Directors, where "Continuing Directors" shall mean the members of the Board of Directors immediately after the date this Plan is adopted, and any other director whose appointment, election or nomination for election by the stockholders is approved by at least a majority of the Continuing Directors at such time; or

(iv) The stockholders of the Company approve a plan of complete liquidation of the Company or the Company sells or disposes of all or substantially all of its assets.

(h) "Code" means the Internal Revenue Code of 1986, as amended, or any successor statute, including the regulations issued thereunder.

(i) "Company" means Marriott Vacations Worldwide Corporation, together with any and all Subsidiaries, and any successors thereto.

(j) "Compensation" means (i) with respect to employee Participants, base salary, Bonuses (both Performance-Based Compensation and otherwise) and commissions payable in cash, and (ii) with respect to Non-Employee Directors, fees payable in cash.

(k) "Divested Participant" means a Participant who ceases to be employed by the Company or a Subsidiary as a result of a Divestiture. For clarity, a Participant who is employed by a Subsidiary that is subject to a Disposition of Equity is considered a Divested Participant.

(l) "Divestiture" means either (i) the disposition by the Company or a Subsidiary of all or a portion of the assets used by the Company or Subsidiary in a trade or business to an unrelated entity (a "Disposition of Assets") or (ii) the disposition by the Company of its direct or indirect equity interest in a Subsidiary to an unrelated individual or entity (which, for the avoidance of doubt, excludes a spin-off or split-off or similar transaction), provided that such disposition causes the entity to cease to meet the definition of a "Subsidiary" (a "Disposition of Equity").

(m) "Election Form" means the form prescribed by the Administrator on which a Participant may elect to make Participant Deferrals and/or may elect a time and form of payment of his Account(s).

(n) "Eligible Employee" means any of the following individuals for whom the Company is obligated to withhold U.S. federal payroll taxes:

(i) An employee of the Company who, as of the last day of the calendar year, (x) has been determined by the Administrator to have received wages from the Company during such year in an amount that equals or exceeds the compensation threshold in effect for such calendar year for purposes of determining who is a highly compensated employee under Code Section 414(q)(1)(B) and (y) has completed one (1) Year of Service.

(ii) An employee of the Company who, (x) as of the date of hire, has a rate of base salary that the Administrator determines will equal or exceed the compensation threshold in effect for such calendar year for purposes of determining who is a highly compensated employee under Code Section 414(q)(1)(B) and (y) has completed ninety (90) days of employment with the Company.

(iii) Such other employee of the Company as may be designated by the Administrator.

(o) "Employer Credits" means an allocation described in Section 3.02(b).

(p) "Engaging in Competition" means (i) during the relevant period, engaging, individually or as an employee, consultant, owner (more than five percent (5%)) or agent of any entity, in or on behalf of any business engaged in significant competition (or that transacts or cooperates with another business in activities of significant competition) with any business operated by the Company or with interests adverse to those of the Company; (ii) during the relevant period, soliciting and hiring a key employee of the Company in another business, whether or not in significant competition with any business operated by the Company; or (iii) using or disclosing confidential or proprietary information, in each case, without the approval of the Company. For purposes hereof, the "relevant period" means the period during which the Participant provides services to the Company and the five (5) year (or such shorter period as is agreed to by the Administrator in writing) period thereafter.

(q) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute, including the regulations issued thereunder.

(r) "Non-Employee Director" means an individual who is not an employee of the Company and is a member of the Board of Directors.

(s) "Participant" means an Eligible Employee or a Non-Employee Director with respect to whom amounts are deferred under the Plan.

(t) "Participant Deferrals" means Compensation deferred pursuant to Section 3.02(a), including in the form of a Spillover Deferral.

(u) "Performance-Based Compensation" means cash compensation the amount of which, or the entitlement to which, is contingent on the satisfaction of preestablished organizational or individual performance criteria relating to a performance period of at least 12 consecutive months. Organizational or individual performance criteria are considered preestablished if established in writing by not later than ninety (90) days after the commencement of the period of service to which the criteria relates, provided that the outcome is substantially uncertain at the time the criteria are established. If a Participant initially becomes eligible to participate in the Plan on a date other than January 1, then the amount of Performance-Based Compensation that may be deferred for such initial year of participation shall be limited to the total amount of such Performance-Based Compensation multiplied by the ratio (rounded down to the nearest whole percentage) of the number of days remaining in the year after the Election Form is filed over the total number of days in the year.

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

(w) "Plan" means this Marriott Vacations Worldwide Corporation Deferred Compensation Plan, as amended from time to time. This plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301, and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA.

(x) "Retirement" means a Participant's Separation from Service (for reasons other than cause, as determined in the reasonable, good faith discretion of the Compensation Policy Committee of the Board of Directors or a subcommittee of one or more officers of the Company to whom the Committee delegates authority to make such determinations) after reaching age fifty-five (55) and having completed ten (10) Years of Service.

(y) "Retirement Savings Plan" means the Marriott Vacations Worldwide Corporation 401(k) Retirement Savings Plan, or any successor plan thereto.

(z) "Separation from Service" means a termination of service with the Company that constitutes a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h).

(aa) "Specified Employee" means a person described under Treasury Regulation Section 1.409A-1(i), applying the default rules thereunder.

(bb) "Spillover Deferral" means a deferral of Compensation pursuant to a Participant's irrevocable election to defer under this Plan a percentage of his Compensation equal to the percentage the Participant has elected to contribute on a pre-tax basis to the Retirement Savings Plan for a given plan year, with such Spillover Deferrals commencing at the time the Participant's pre-tax Retirement Savings Plan contributions are suspended for the plan year as the result of the imposition of any limitations in Sections 401(a)(17), 402(g) or 415(c) of the Code, or any other applicable limit imposed by the Retirement Savings Plan, and continuing for the remainder of the plan year; provided that a Participant who elects to make Spillover Deferrals will be deemed to have made a commitment to maintain his Retirement Savings Plan election in effect for the entire plan year (up to the time of such suspension) without change.

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

(dd) "Trust Agreement" means a trust agreement entered into by the Company and a trustee designated in such Agreement from time to time to implement and carry out the provisions of the Plan. Such Trust Agreement is incorporated herein by this reference.

(ee) "Unforeseeable Emergency" means any of (a) a severe financial hardship to the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent; (b) loss of the Participant's property due to casualty; or (c) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, which creates an emergency financial need for the Participant.

(ff) A "Year of Service" is employment by or service with the Company (or Marriott International, Inc. together with any and all Subsidiaries prior to November 19, 2011) for twelve (12) months.

ARTICLE II. PARTICIPATION

Section 2.01. Participation.

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(a) Any individual who qualifies as an Eligible Employee or Non-Employee Director as of the Effective Date is eligible to participate in the Plan on the Effective Date.

(b) An individual who first satisfies the requirements to become an Eligible Employee after the Effective Date shall be eligible to participate on the first day of month following the date on which the individual satisfied such requirements.

(c) A new Non-Employee Director after the Effective Date shall be eligible to participate on the date the individual becomes a Non-Employee Director.

Section 2.02. Termination of Participation. A Participant has no further right to receive Employer Credits or otherwise defer Compensation under the Plan upon termination of service with the Company, or upon receipt of written notice by the Administrator that the Participant has ceased to be eligible for the Plan; provided that any Participant Deferrals which must be irrevocable under Code Section 409A shall continue to be made according to such election. If a Participant terminates service with the Company and subsequently returns to service, he shall be treated as a new employee or other potential Participant for all Plan purposes.

Section 2.03. Election Forms; Deferral Elections.

(a) Deferral Elections. An Eligible Employee or Non-Employee Director may make Participant Deferrals by executing and filing with the Administrator an Election Form, subject to the terms and conditions described herein.

(i) For individuals who first become Eligible Employees or Non-Employee Directors other than on a January 1, the individual may file an Election Form within the first thirty (30) days after the individual becomes an Eligible Employee or Non-Employee Director, as applicable. Such deferral shall apply only to Compensation earned after the date the Election Form is filed with the Administrator and shall be irrevocable for the remainder of the calendar year.

(ii) For all other Eligible Employees or Non-Employee Directors:

(1) Prior to December 31 of a year (or such earlier date specified by the Administrator), the Eligible Employee or Non-Employee Director may file an Election Form with respect to Compensation earned for the following calendar year. The last election filed by December 31 (or such earlier date specified by the Administrator) shall be irrevocable for the following calendar year.

(2) Notwithstanding the foregoing, the Administrator may allow an Eligible Employee or a Non-Employee Director to file an Election Form to defer Performance-Based Compensation prior to the date that is six (6) months before the end of the performance period; provided that such election shall be given effect only with respect to the portion of the Performance-Based Compensation that is not then reasonably ascertainable and only if the Eligible Employee or Non-Employee Director has performed services for the Company continuously from the later of the beginning of the performance period or the date the performance criteria were established through the date on which the Election Form is filed with the Administrator. Such election shall be made by the deadline specified by the Administrator and shall be irrevocable with respect to the Performance-Based Compensation to which it relates.

(iii) Unless the Administrator determines otherwise, Participant Deferral elections shall not carry over from year to year, and shall not carry over with respect to future Performance-Based Compensation.

(b) Distribution Elections. Within the same time periods as are specified under subsection (a) above, an Eligible Employee or a Non-Employee Director may file an Election Form specifying the time and form of payment of the Account(s) to which the election applies. The Administrator may permit an Eligible Employee or a Non-Employee Director to select a different time and form of payment for each type of Account established for the year. In the absence of an election, Section 4.02(d) shall apply.

(c) Administrative Rules. The Administrator shall determine the form of the Election Form from time to time. Upon the filing of an Election Form, an Eligible Employee or Non-Employee Director shall be bound by all the terms and conditions of the Plan and such Election Form.

Section 2.04. Limits on Deferrals. The permitted deferral percentage(s) with respect to Participant Deferrals are as follows:

(a) Base salary: any percentage (in whole or fractional percentages up to one decimal point) from one percent (1%) to eighty percent (80%).

(b) Bonus (including Performance-Based Compensation): any percentage (in whole or fractional percentages up to one decimal point) from one percent (1%) to eighty percent (80%).

(c) Commission: any percentage (in whole or fractional percentages up to one decimal point) from one percent (1%) to eighty percent (80%).

(d) Non-Employee Director fees: any percentage (in whole or fractional percentages up to one decimal point) from one percent (1%) to one hundred percent (100%).

The Administrator may, from time to time, in its sole discretion, prospectively adjust the minimum and maximum deferrals.

ARTICLE III. ACCOUNTS

Section 3.01. Accounts. The Company shall establish one or more Accounts on its books for each Participant, as necessary to account for credits to and earnings on such Accounts and to properly administer the Plan.

Section 3.02. Credits to Accounts

(a) Participant Deferrals. The Company shall credit to a Participant's Account any amounts deferred by the Participant as soon as practicable after the date such amounts would have otherwise been paid to the Participant but for the deferral. Unless otherwise determined by the Administrator, the Company shall deduct any amounts it is required to withhold as to such deferred Compensation under any state, federal, or local law for taxes or other charges from the Participant's non-deferred Compensation.

(b) Employer Credits; Vesting.

(i) The Company may credit to a Participant's Employer Credit Account amounts equal to any matching contributions that the Participant would have received under the Retirement Savings Plan for the year if the Participant had not elected to defer amounts under the Plan. Should the Company elect to do so, such Employer Credits will be credited to the Participant's Employer Credit Account as soon as practicable after the calendar year. The Company also may credit to the Employer Credit Account of a Participant an Employer Credit in an amount determined each year by the Company in its discretion. The Company shall determine the date as of which such discretionary Employer Credit shall be allocated to the Participant's Employer Credit Account. A separate Account shall be established for each year for which an Employer Credit is allocated hereunder.

(ii) Unless otherwise determined by the Administrator or its designees, each Employer Credit Account shall become vested at a rate of twenty-five percent (25%) per year on each of the first four (4) anniversaries of the date such Employer Credit was allocated to such Account, provided the Participant remains in continuous service with the Company. Upon a Participant's Separation from Service other than due to Retirement or death, the unvested portion of all of the Participant's Employer Credit Accounts shall be forfeited. All of a Participant's Employer Credit Accounts shall become fully vested immediately upon a Change of Control or upon the Participant's Retirement or death.

(iii) The Account(s) to which Employer Credits are made with respect to any year shall be subject to the Participant's elections as to the time and form of payment made on an Election Form under Section 2.03(b). In the absence of an election, Section 4.02(d) shall apply.

(iv) If the Administrator determines that a Participant is Engaging in Competition, then all Accounts to which Employer Credits have been allocated shall be immediately forfeited as of the date of such determination, even if vested.

(v) Notwithstanding the foregoing, the Company has the ability to vest a portion or all of a Participant's Employer Credit at its complete and sole discretion.

Section 3.03. Earnings on Accounts. The Account(s) of a Participant shall be credited with an investment return (which may include a fixed rate of interest) determined as if the account were invested in one or more investment funds made available by the Administrator (or which may be based on a fixed rate of interest selected by the Administrator). If the Administrator makes available alternatives for deemed investments or rates of return, then the Participant shall elect among the alternatives in the manner prescribed by the Administrator and such election shall take effect upon the entry of the Participant into the Plan. Any such investment election of the Participant shall remain in effect until a new election is made by the

Participant. In the event a Participant fails for any reason to make an effective election, the investment return shall be based on the return of the default fund (or rate) determined by the Administrator.

Section 3.04. Periodic Statements of Account. The Administrator shall provide to each Participant, not less frequently than annually, a statement with respect to each of his Accounts in such form as the Administrator determines to be appropriate, setting forth the amounts credited or debited during the reporting period, the balance to the credit of such Participant in such Account, and other information the Administrator determines is appropriate.

Section 3.05. Participant's Rights Unsecured. The right of the Participant or his Beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Participant nor any Beneficiary shall have any rights in or against any amount credited to his Account or any other specific assets of the Company. The right of a Participant or Beneficiary to the payment of benefits under this Plan shall not be assigned, transferred, pledged or encumbered.

Section 3.06. Unfunded Plan. This Plan is unfunded and is maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management and highly compensated employees. Nothing contained in this Plan and no action taken pursuant to its terms shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant or Beneficiary, or any other person.

Section 3.07. Effect of Change of Control. Notwithstanding the preceding sections of this Article III, upon the occurrence of a Change of Control, the Company or any successor entity shall promptly, and in any event within five (5) business days of the Change of Control, deposit a sum equal to the amounts deferred under this Plan (less any amounts already deposited into a trust fund for the payment of such benefits) into a trust fund (the "Rabbi Trust"); provided that the Rabbi Trust shall not be funded if the funding thereof would result in taxable income to a Participant by reason of Section 409A(b) of the Code. Any payments by the trustee of the Rabbi Trust out of such trust shall, to the extent thereof, discharge the Company's obligation to pay amounts deferred under this Plan (including any earnings credited thereon), it being the intent of the Company that assets in such Rabbi Trust be held as security for the Company's obligation to pay amounts deferred under this Plan. Any similar payments made directly by the Company to a Participant pursuant to this Plan will relieve the trustee of the Rabbi Trust of the obligation to make such payments and will relieve the Company of the obligation to fund the Rabbi Trust to the extent of such payments. In addition, at such other time as determined by the Board of Directors, payments due to be made under the Plan may be paid out of assets transferred by the Company to a trust fund maintained pursuant to the terms and conditions of a Trust Agreement. A Change of Control, however, will not accelerate or otherwise affect the timing of distributions from Accounts.

Section 3.08. Effect of Divestiture. Effective as of the time of the Divestiture, a Divested Participant shall no longer be permitted to make Participant Deferrals, nor receive Employer Credits, under the Plan, and the Accounts of such Divested Participants will be treated as follows:

(a) Accounts Transferred to Buyer or Maintained by Company. Subject to Section 3.8(c) below, (i) if the buyer of the divested business so agrees, all Plan assets and liabilities with respect to Divested Participant Accounts shall be transferred to the buyer, or (ii) if the buyer does not so agree, then the Company shall continue to maintain all Divested Participant Accounts, and in the case of either (i) or (ii), all Accounts shall be paid out at the times and in the forms that the Participant elected (or according to Section 4.02(d) if no such election was made).

(b) Timing of Separation from Service. For purposes of Section 3.8(a):

(i) Disposition of Assets. If the Divestiture is a Disposition of Assets, then Divested Participants shall experience a Separation from Service as of the date of their transfer of employment to the buyer unless, in accordance with Treas. Reg. 1.409A-1(h)(4), the Company and the buyer agree and specify in writing, no later than the date of the Disposition of Assets, that the Divested Participants will not be treated as having a Separation from Service upon transfer to the buyer for purposes of the Plan (and will only be treated as having experienced a Separation from Service upon subsequent termination from the buyer and its affiliates), provided all Divested Participants are treated consistently and the requirements of Treas. Reg. Section 1.409A-1(h)(4) are otherwise met.

(ii) Disposition of Equity. If the Divestiture is a Disposition of Equity, then Divested Participants will not be treated as having experienced a Separation from Service solely as a result of the Divestiture, and shall only be treated as having experienced a Separation from Service upon termination from the buyer and its affiliates following the Divestiture.

(c) Termination and Liquidation of Accounts. Notwithstanding Section 3.8(a), the Company may decide, in its discretion, pursuant to an irrevocable action taken within 30 days preceding or 12 months following a Divestiture, to terminate and liquidate the Divested Participant Accounts in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix) provided that (i) the Divestiture would be a "change in control event" with respect to the Divested Participant's employer under Treas. Reg. 1.409A-3(i)(5) and (ii) all other plans and agreements that are treated as being aggregated with the Plan under Treas. Reg. 1.409A-1(c)(2) are likewise terminated and liquidated with respect to the Divested Participants. The effect of the termination and liquidation is that the Company shall pay out the Account balances of Divested Participants within 12 months of the date the Company takes such irrevocable action. The Committee shall have the authority to act on behalf of the Company pursuant to this Section 3.8(c), provided that if any Divested Participant is an executive officer of Marriott Vacations Worldwide Corporation, then only the Compensation Policy Committee of the Board of Directors shall have such authority.

ARTICLE IV. DISTRIBUTIONS

Section 4.01. Distributions. All distributions hereunder shall be made promptly by the Company as they become due under the terms of the Plan except to the extent such distributions are made by the Trustee. Any payment of amounts due Participants or Beneficiaries under the Plan which are made by the Trustee shall be deemed to be payment by the Company for all Plan purposes.

Section 4.02. Time and Form of Distributions. A Participant may elect to receive (or commence receipt of) the vested balance of his Account:

(a) Separation from Service. Upon the Participant's Separation from Service, in either a lump sum or installments payable over five (5), ten (10), fifteen (15) or twenty (20) years. The lump sum will be paid or installments will commence, as applicable, during the January that follows the calendar year in which the Participant's Separation from Service occurs, or if the Participant is a Specified Employee, on the first day of the seventh month after the Participant's Separation from Service, if later.

(b) Anniversary of Separation from Service. Upon any of the first five anniversaries of the Participant's Separation from Service, in either a lump sum or installments over five (5), ten (10), fifteen (15) or twenty (20) years. The lump sum will be paid or installments will commence, as applicable, during the January that follows the calendar year that includes the designated anniversary date.

(c) Specified Year. In a specified year, provided that (i) the minimum deferral period for any Account other than an Employer Credit Account shall be three (3) years, and (ii) the minimum deferral period for an Employer Credit Account shall be four (4) years. If a Participant's specified year election does not comply with the foregoing minimum deferral periods, then such election shall be automatically revised so that it is deemed to have indicated the earliest permitted year for distribution. The form of payment may be in either a lump sum or installments payable over five (5), ten (10), fifteen (15) or twenty (20) years. The lump sum payment will be made or installments will commence, as applicable, during the January of such specified year.

(d) Default Election. In the absence of an election as to the time and/or form of payment for any Account to which Participant elective deferrals are credited, such Account shall be distributed in a lump sum during the January that follows the calendar year in which the Participant's Separation from Service occurs, or if the Participant is a Specified Employee, on the first day of the seventh month after the Participant's Separation from Service, if later. If a Participant fails to elect the time and/or form of payment for any Employer Credit Account, then such account shall be subject to the same time and form of payment election as the Participant has made with respect to Participant elective deferrals for the same year or, if no such election has been made, or multiple elections have been made, then such account shall be distributed in a lump sum during the January that follows the calendar year in which the Participant's Separation from Service occurs, or if the Participant is a Specified Employee, on the first day of the seventh month after the Participant's Separation from Service, if later.

(e) Further Deferral of Distributions or Change in Form of Payment. A Participant may elect to further defer a distribution of any Account, or to change the form of payment for such Account, subject to the following:

(i) The new election may not take effect until at least twelve (12) months after the date on which the election is made.

(ii) The new election must provide for the deferral of the payment for a period of at least five (5) years from the date such payment would otherwise have been made (or, in the case of installment payments, five (5) years from the date the first payment would otherwise have been made).

(iii) The new election must be made at least twelve (12) months prior to the original date of the payment (or, in the case of installment payments, twelve (12) months prior to the original date of the first installment payment).

Any such deferral election must be made in writing on the form prescribed by the Administrator for this purpose. The Administrator may further limit the availability and frequency of change elections in accordance with rules announced in advance and generally applied to all Participants. For purposes of this Section 4.02(e), any entitlement to installment payments shall be treated as an entitlement to a single payment.

Section 4.03. Installment Payments. If the installment method of payment is elected, then the periodic payments will include earnings adjustments to any remaining balance during the payout period. After the first payment is made, the remaining installments will be paid in January of each succeeding year. Annual amounts to be distributed under the installment method are determined by multiplying the amount in the Participant's Account immediately prior to the payment date by a fraction, the numerator of which is one (1) and the denominator of which is the number of annual payments remaining to be paid (e.g., for 10 installments, 1/10, 1/9, 1/8, etc.).

Section 4.04. Unforeseeable Emergency Withdrawals. If a Participant provides information to the Administrator that is sufficient, as determined solely and conclusively by the Administrator, to establish that Unforeseeable Emergency has occurred, then the Administrator may authorize immediate payment to such Participant from the Participant's Account, an amount reasonably necessary to satisfy the emergency need, taking tax consequences and the extent to which the Participant has exhausted his ability to borrow money under tax qualified retirement plans into account. Distributions under this paragraph shall be made first from Accounts with the earliest scheduled payment date.

Section 4.05. Permissible Delays in Distribution. Notwithstanding any distribution elections made under the Plan, distributions may be delayed in accordance with the following provisions, provided that any such distribution shall be made solely in the discretion of the Administrator without regard to the request, intent or wishes of any Participant or Beneficiary:

(a) 162(m). Subject to the requirements of Treasury Regulation Section 1.409A-2(b)(7)(i), the Administrator, in its sole discretion, may delay distributions to a Participant to the extent necessary to avoid application of the deduction limitation under Code Section 162(m).

(b) Violations of Law. Subject to the requirements of Treasury Regulation Section 1.409A-2(b)(7)(ii), the Administrator may delay distributions to a Participant or Beneficiary to the extent that it reasonably anticipates that the distribution, if paid, will violate Federal securities laws or other applicable law.

Section 4.06. Payments Upon Death of Participant. In the event of a Participant's death, the vested balance of the Participant's Accounts shall generally be paid to the Participant's Beneficiary(ies) in a single lump sum no later than ninety (90) days after the date of death, provided that the Participant's Beneficiary, estate, or legal representative timely notifies the Administrator of the Participant's death and provides the Administrator with all information needed to authorize such payment (such as the Participant's death certificate). To the extent the Administrator cannot make a payment because it has not received such information, then the Administrator shall make such payment(s) to the Beneficiary(ies) as soon as practicable after it has received all information necessary to make such payment, *provided* that such payment(s) must be completed by December 31 of the year after the date of the Participant's death in order to avoid additional taxes under Code Section 409A. Notwithstanding the foregoing, if the Participant's Beneficiary, estate or legal representative fails to notify the Administrator of the death of the Participant or fails to provide all information needed to authorize the payment, such that the Company is unable to make timely payment hereunder, then the Company shall not be treated as in breach of this Plan and shall not be liable to the Beneficiary, estate or legal representative for any losses, damages, or other claims resulting from such late payment. If a Beneficiary dies while entitled to receive a distribution from the Plan, the distribution shall be paid to the estate of the Beneficiary. Beneficiary designations shall be in writing on such form as the Administrator may prescribe for this purpose, and must be filed with the Administrator while the Participant is living to be given effect.

ARTICLE V. ADMINISTRATION

Section 5.01. Administration of the Plan. The Administrator shall administer and interpret the Plan, and supervise preparation of Election Forms and Beneficiary designation forms, and any amendments thereto. Interpretation of the Plan shall be within the sole discretion of the Administrator and shall be final and binding upon each Participant and Beneficiary. The Administrator may adopt and modify rules and regulations relating to the Plan as it deems necessary or advisable for the administration of the Plan. If a member of the Administrator shall also be a Participant or Beneficiary, such person shall not participate in any determinations affecting such person's participation in the Plan. The Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

Section 5.02. Claims and Appeals.

(a) Claim Filing. Any person or entity claiming a benefit, or requesting an interpretation, ruling, or information under the Plan (hereinafter referred to as "Claimant"), shall present the request in writing to the Administrator within one (1) year following the date that such person or entity knew or, exercising reasonable care, should have known of such claim, and the Administrator shall respond in writing as soon as practical, but in no event later than ninety (90) days after receiving the initial claim. If special circumstances require an extension of the time for processing the claim, the initial ninety (90) day period may be extended for up to an additional ninety (90) days. If such an extension is required, the Administrator will provide written notice of the required extension before the end of the initial ninety (90) day period, which notice shall (i) specify the circumstances requiring an extension, (ii) a description of any additional material or information required and an explanation of why it is necessary, and (iii) the date by which the Administrator expects to make a decision.

(b) Denial of Claim. If a claim is denied, the Administrator shall provide the Claimant with written notice containing: (i) the reasons for the denial, with specific reference to the Plan provisions on which the denial is based; (ii) an explanation of the Plan's claim review procedure; and (iii) any other information required by ERISA.

(c) Review of Claim. Any Claimant whose claim or request is denied or who has not received a response within the applicable time period set forth in subsection (a) may request a review by notice given in writing to the Administrator. Such a request must be made within sixty (60) days after receiving notice of the denial or the expiration of the time period set forth in subsection (a) if the Claimant has not received a response. Such a request shall then be reviewed by the Administrator which may, but shall not be required to, grant the Claimant a hearing. On review, the Claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

(d) Final Decision. The Administrator shall provide the Claimant with written notice of its decision on review within sixty (60) days after receipt of the Claimant's review request or hearing date. If special circumstances require an extension of the time to process the decision on review, the processing period may be extended for up to an additional sixty (60) days. If such an extension is required, the Administrator will provide written notice of the required extension to the Claimant before the end of the initial sixty (60) day period. If the claim is denied, the Administrator will provide the Claimant with a written notice containing the reasons for the denial, with specific reference to the Plan provisions on which the denial is based, and all other information required by ERISA. All decisions on review shall be final and bind all parties concerned.

ARTICLE VI. OTHER PROVISIONS

Section 6.01. Amendment and Termination; Acceleration of Distributions. The Administrator may amend or terminate the Plan without the consent of the Participants or Beneficiaries, provided, however, that no amendment or termination may reduce any Account balance accrued on behalf of a Participant based on deferrals already made, or divest any Participant of rights to which he would have been entitled if the Plan had been terminated immediately prior to the effective date of such amendment; provided, however, this Section shall not restrict the right of the Administrator to cause all Accounts to be distributed in the event of Plan termination, provided all Participants and Beneficiaries are treated in a uniform and nondiscriminatory manner.

Section 6.02. Expenses. Costs of administration of the Plan will be paid by the Company, except that, following a Participant's Separation from Service for any reason other than Retirement, the Administrator may deduct a reasonable administrative fee (assessed no more frequently than quarterly) from the balance of the Participant's aggregate undistributed Accounts.

Section 6.03. Severability. If any of the provisions of the Plan shall be held to be invalid, or shall be determined to be inconsistent with the purpose of the Plan, the remainder of the Plan shall not be affected thereby.

Section 6.04. Binding Upon Successors. This Plan shall be binding upon and inure to the benefit of Marriott Vacations Worldwide Corporation, its successors and assigns, and the Participants and their heirs, executors, administrators, and legal representatives.

Section 6.05. Not a Contract of Employment. This Plan shall not constitute a contract of employment between the Company and the Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of the Company or to interfere with the right of the Company to discipline or discharge a Participant at any time.

Section 6.06. Protective Provisions. A Participant or Beneficiary will cooperate with the Company by furnishing any and all information requested by the Company, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as the Company may deem necessary and taking such other action as may be requested by the Company.

Section 6.07. Notice. Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Administrator shall be directed to the address for the headquarters of Marriott Vacations Worldwide Corporation. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in the Company's records.

Section 6.08. Nonassignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable, and no part of the amounts payable hereunder shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency other than (a) to a Participant's Beneficiary pursuant to the provisions herein, (b) pursuant to a domestic relations order deemed legally sufficient by the Administrator or (c) by will or the laws of descent and distribution.

Section 6.09. Offset. If, at the time a payment is due hereunder, the Company determines that the Participant is indebted or obligated to the Company, then the payment to be made to or with respect to such Participant (including a payment to the Participant's Beneficiary) may, at the discretion of the Company, be reduced by the amount of such indebtedness or obligation; provided, however, that an election by the Company to not reduce any such payment shall not constitute a waiver of its claim for such indebtedness or obligation.

Section 6.10. Governing Law. This Plan shall be construed in accordance with and governed by the law of the State of Florida, without reference to conflict of law principles thereof, to the extent not preempted by federal law.

IN WITNESS WHEREOF, Marriott Vacations Worldwide Corporation has caused this Plan to be executed by its duly authorized officers.

MARRIOTT VACATIONS WORLDWIDE CORPORATION

By /s/ Michael E. Yonker
Michael E. Yonker
Executive Vice President and Chief Human Resources Officer

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: August 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: August 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 June 30, 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: August 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 June 30, 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: August 9, 2022

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