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

FORM 8-K

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

Date of Report (Date of earliest event reported): July 26, 2018

Marriott Vacations Worldwide Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-35219
(Commission
File Number)

45-2598330
(IRS Employer
Identification Number)

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

32821
(Zip Code)

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

N/A

(Former name or former address, if changed since last report)

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

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

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On July 26, 2018, Marriott Vacations Worldwide Corporation (“MVW”) reported certain preliminary estimated results for its second quarter ended June 30, 2018 in connection with certain financing transactions relating to the previously announced combination with ILG, Inc. (“ILG”) and provided updated guidance for the full year 2018. A copy of the press release containing such preliminary estimated results is attached as Exhibit 99.1 to this Current Report on Form 8-K (this “Current Report”) and is incorporated by reference into this Item 2.02.

The information furnished pursuant to this Item 2.02 (including Exhibit 99.1 hereto) shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 7.01. Regulation FD Disclosure.

Certain supplemental information provided in the Offering Memorandum and Consent Solicitation Statement (as defined below) regarding MVW and ILG is furnished as Exhibit 99.2 to this Current Report and is incorporated herein by reference.

The information furnished pursuant to this Item 7.01 (including Exhibit 99.2 hereto) shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 8.01. Other Events.

On July 26, 2018, MVW issued a press release to announce that Marriott Ownership Resorts, Inc., its wholly owned subsidiary (the “Issuer”), commenced, subject to the terms and conditions set forth in a confidential offering memorandum and consent solicitation statement dated July 26, 2018 (the “Offering Memorandum and Consent Solicitation Statement”), (i) an exchange offer (the “Exchange Offer”) for the outstanding 5.625% Senior Notes due 2023 (the “Existing IAC Notes”) of Interval Acquisition Corp., a wholly owned subsidiary of ILG, for a combination of new 5.625% Senior Notes due 2023 of the Issuer and cash and (ii) a consent solicitation (the “Consent Solicitation”) from the holders of the Existing IAC Notes to certain amendments to the indenture governing the Existing IAC Notes. A copy of the press release is attached to this Current Report as Exhibit 99.3 and is incorporated herein by reference.

The unaudited pro forma combined financial statements of MVW provided in the Offering Memorandum and Consent Solicitation Statement are attached hereto as Exhibit 99.4 and are incorporated herein by reference.

No Offer or Solicitation

This communication is for informational purposes only and is not intended to and does not constitute an offer to buy, nor a solicitation of an offer to sell, subscribe for or buy any securities or the solicitation of any vote or approval in any jurisdiction pursuant to or in connection with the proposed transactions or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, and otherwise in accordance with applicable law.

Cautionary Statement Regarding Forward-Looking Statements

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

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

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

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

Important Information and Where to Find It

The proposed transactions involving MVW and ILG will be submitted to MVW's stockholders and ILG's stockholders for their consideration. In connection with the proposed transaction, on July 19, 2018, MVW filed with the SEC an amendment to the registration statement on Form S-4 that included a joint proxy statement/prospectus for the stockholders of MVW and ILG and was filed with the SEC on June 6, 2018. The registration statement was declared effective by the SEC on July 23, 2018. MVW and ILG mailed the definitive joint proxy statement/prospectus to their respective stockholders on or about July 25, 2018 and each of MVW and ILG intend to hold the special meeting of the stockholders of MVW and ILG on August 28, 2018. This communication is not intended to be, and is not, a substitute for such filings or for any other document that MVW or ILG may file with the SEC in connection with the proposed transaction. SECURITY HOLDERS ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE REGISTRATION STATEMENT ON

FORM S-4 AND THE JOINT PROXY STATEMENT/PROSPECTUS, CAREFULLY AND IN THEIR ENTIRETY, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. The registration statement, the joint proxy statement/prospectus and other relevant materials and any other documents filed or furnished by MVW or ILG with the SEC may be obtained free of charge at the SEC's web site at www.sec.gov. In addition, security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus from MVW by going to its investor relations page on its corporate web site at www.marriottvacationsworldwide.com and from ILG by going to its investor relations page on its corporate web site at www.ilg.com.

Participants in the Solicitation

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

Item 9.01. Financial Statements and Exhibits

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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated July 26, 2018, reporting certain preliminary financial results for the quarter ended June 30, 2018.
99.2	Certain Supplemental Information Regarding Marriott Vacations Worldwide Corporation and ILG, Inc.
99.3	Press Release announcing commencement of exchange offer and consent solicitation, dated July 26, 2018.
99.4	Unaudited Pro Forma Combined Financial Statements of MVW.

SIGNATURES

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

MARRIOTT VACATIONS WORLDWIDE CORPORATION

(Registrant)

Date: July 27, 2018

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

Name: John E. Geller, Jr.

Title: Executive Vice President and Chief Financial and Administrative Officer

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Marriott Vacations Worldwide Reports Certain Preliminary Second Quarter Financial Results

ORLANDO, Fla. – July 26, 2018 – Marriott Vacations Worldwide Corporation (NYSE: VAC) (the “company” or “MVW”) today reported certain preliminary estimated second quarter financial results in connection with certain financing transactions related to the previously announced combination of MVW with ILG, Inc. (“ILG”) and provided updated guidance for the full year 2018 below.

Preliminary Estimated Second Quarter 2018 Results:

- Total company vacation ownership contract sales were \$233 million, an increase of \$18 million, or 8 percent, compared to the prior year period.
 - The company estimates that the 2017 hurricanes negatively impacted contract sales in the 2018 second quarter by more than \$3 million. Excluding that impact, the company estimates that total company contract sales would have grown 10 percent compared to the prior year period.
- North America VPG totaled \$3,672, a 3 percent increase from the second quarter of 2017. North America tours increased 5 percent year-over-year.
- Net income is expected to be between \$8 million and \$13 million in the second quarter of 2018.
- Adjusted EBITDA is expected to be between \$75 and \$77 million, a decrease of between \$6 to \$8 million year-over-year.
 - Excluding the impact of nearly \$10 million of unfavorable revenue reportability year-over-year, Adjusted EBITDA increased \$2 to \$4 million compared to the prior year period.
- Development margin was \$40 million compared to \$53 million in the second quarter of 2017. Development margin percentage was 19.0 percent compared to 25.6 percent in the prior year quarter.
 - Total company adjusted development margin percentage, which excludes the impact of revenue reportability and other charges, was 20.0 percent in the second quarter of 2018 compared to 23.2 percent in the second quarter of 2017.

Non-GAAP Financial Information

Certain financial measures included in this release are not calculated in accordance with U.S. generally accepted accounting principles (“GAAP”), including adjusted net income, EBITDA, Adjusted EBITDA, adjusted development margin, adjusted free cash flow, and adjusted fully diluted earnings per share. For descriptions of and a reconciliation of such measures to the most directly comparable GAAP measure, see pages A-1 through A-7 of the Financial Schedules that follow.

Balance Sheet and Liquidity

On June 30, 2018, cash and cash equivalents totaled \$547 million. Since the beginning of the year, real estate inventory balances decreased \$38 million to \$685 million, including \$325 million of finished goods and \$360 million of land and infrastructure. The company had \$1.3 billion in debt outstanding, net of unamortized debt issuance costs, at the end of the second quarter, an increase of \$237 million from year-end 2017, consisting primarily of \$1.1 billion of debt related to our securitized notes receivable and \$196 million of convertible notes.

During the second quarter of 2018, the company completed the securitization of \$436 million of vacation ownership notes receivable at a blended borrowing rate of 3.52 percent and an advance rate of 97 percent. Approximately \$327 million of the vacation ownership notes receivable were purchased on June 28, 2018 by the MVW Owner Trust 2018-1 (the “Trust”), and all or a portion of the remaining vacation ownership notes receivable may be purchased by the Trust prior to January 15, 2019. This transaction generated approximately \$423 million of gross proceeds, of which \$106 million will be held in restricted cash until the remaining vacation ownership notes receivable are purchased by the Trust. Approximately \$10 million was used to pay transaction expenses and fund required reserves and the remainder will be used for general corporate purposes.

As of June 30, 2018, the company had approximately \$248 million in available capacity under its revolving credit facility after taking into account outstanding letters of credit, and approximately \$40 million of gross vacation ownership notes receivable eligible for securitization.

Outlook

Pages A-1 through A-7 of the Financial Schedules set forth a description and a reconciliation of the non-GAAP financial measures set forth below to the following full year 2018 expected GAAP results:

Net income ¹	\$150 million	to	\$161 million
Fully diluted EPS ¹	\$ 5.45	to	\$ 5.85
Net cash provided by operating activities	\$ 95 million	to	\$120 million

¹ 2018 expected GAAP results above do not reflect the impact of future spending associated with the planned acquisition of ILG, Inc.

The company is updating guidance as reflected in the chart below for the full year 2018.

	Current Guidance		Previous Guidance	
Adjusted free cash flow	\$200 million	to	\$230 million	\$185 million to \$215 million

The company is reaffirming the following guidance for the full year 2018.

Adjusted net income	\$184 million	to	\$195 million
Adjusted fully diluted EPS	\$ 6.69	to	\$ 7.09
Adjusted EBITDA	\$310 million	to	\$325 million
Contract sales growth	7 percent	to	12 percent

The unaudited preliminary estimates and statements set forth in this release have been prepared by, and are the responsibility of, the company's management and represent estimates and expectations based on the most current information available. While the company believes that the assumptions on which such information is based are reasonable, it cautions that it is very difficult to predict the impact of known factors and it is impossible for the company to anticipate all factors that could affect actual results. The company has not finalized its operational results or completed its quarter end closing for the second quarter. The actual results may differ materially from these preliminary estimates due to the completion of financial closing procedures, final adjustments and other developments that may arise between now and the time the second quarter financial results are finalized. Accordingly, you should not place undue reliance upon these preliminary estimates. You should evaluate all forward-looking statements contained in this press release in the context of these risks and uncertainties. Important factors that could cause actual results to differ materially from expectations, are disclosed below under "Note on forward-looking statements." The company's independent registered public accounting firm, Ernst & Young LLP, has not audited, reviewed, compiled or performed any procedures with respect to the accompanying preliminary estimates and statements. Accordingly, Ernst & Young LLP does not express an opinion or any other form of assurance with respect to these preliminary estimates.

Second Quarter 2018 Earnings Conference Call

The company will report complete financial results for the second quarter 2018 before the market opens on August 2, 2018. A conference call is scheduled to follow at 10:00 a.m. ET to discuss the company's results. Participants may access the call by dialing (877) 407-8289 or (201) 689-8341 for international callers. A live webcast of the call will also be available in the Investor Relations section of the company's website at www.marriottvacationsworldwide.com.

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About Marriott Vacations Worldwide Corporation

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

Note on forward-looking statements:

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

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

Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in, or implied by, the forward-looking statements. Factors that might cause such a difference include, but are not limited to, general economic conditions, our financial and business prospects, our capital requirements, our financing prospects, our relationships with associates and labor unions, our ability to consummate potential acquisitions or dispositions, our relationships with the holders of licensed marks, and those additional factors disclosed as risks in other reports filed by us with the SEC, including those described in Part I of the company’s most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K as well as in ILG’s most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K and in the preliminary joint proxy statement/prospectus included in the registration statement on Form S-4 filed by the company with the SEC on June 6, 2018, and any amendments thereto.

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

No Offer or Solicitation

This communication is for informational purposes only and is not intended to and does not constitute an offer to buy, nor a solicitation of an offer to sell, subscribe for or buy any securities or the solicitation of any vote or approval in any jurisdiction pursuant to or in connection with the proposed transactions or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, and otherwise in accordance with applicable law.

Important Information and Where to Find It

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

Participants in the Solicitation

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

Financial Schedules Follow

MARRIOTT VACATIONS WORLDWIDE CORPORATION
FINANCIAL SCHEDULES
2018 PRELIMINARY SECOND QUARTER FINANCIAL RESULTS

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MARRIOTT VACATIONS WORLDWIDE CORPORATION
2018 PRELIMINARY SECOND QUARTER FINANCIAL RESULTS

(In millions)

	Three Months Ended			Six Months Ended			Year Ended December 31, 2017	LTM	
	June 30, 2018		June 30, 2017	June 30, 2018		June 30, 2017		June 30, 2018	
	Low	High		Low	High			Low	High
Total revenues	\$ 595	\$ 595	\$ 563	\$1,166	\$1,166	\$1,091	\$ 2,183	\$2,258	\$2,258
Net income	8	13	48	44	49	76	235	203	208
Adjusted EBITDA**	75	77	83	138	140	137	294	295	297
Contract sales	233	233	215	436	436	415	826	847	847
Cash and cash equivalents (as of period end)	547	547	85				409		
Borrowing availability (as of period end)	248	248	148				245		
Total gross debt (as of period end)	1,382	1,382	790				1,146		

** Denotes non-GAAP financial measures. Please see pages A-6 and A-7 for additional information about our reasons for providing the alternative financial measures and limitations on their use.

The following table presents a reconciliation of MVW's preliminary estimate of net income, the most directly comparable GAAP measure, to its preliminary estimates of EBITDA and Adjusted EBITDA for the three, six and last twelve months ended June 30, 2018, a reconciliation of such measures for the three and six months ended June 30, 2017, and a reconciliation of such measures for the year ended December 31, 2017.

	Three Months Ended			Six Months Ended			Year Ended December 31, 2017	LTM	
	June 30, 2018		June 30, 2017 ¹	June 30, 2018		June 30, 2017 ¹		June 30, 2018	
	Low	High		Low	High			Low	High
Net income	\$ 8	\$ 13	\$ 48	\$ 44	\$ 49	\$ 76	\$ 235	\$203	\$208
Interest expense	5	5	2	9	9	3	10	16	16
Tax provision	8	5	23	19	16	39	5	(15)	(18)
Depreciation and amortization	5	5	5	11	11	10	21	22	22
EBITDA**	26	28	78	83	85	128	271	226	228
Non-cash share-based	6	6	5	10	10	8	16	18	18
Certain items ²	43	43	—	45	45	1	7	51	51
Adjusted EBITDA	\$ 75	\$ 77	\$ 83	\$138	\$140	\$ 137	\$ 294	\$295	\$297

** Denotes non-GAAP financial measures. Please see pages A-6 and A-7 for additional information about our reasons for providing the alternative financial measures and limitations on their use.

1 As a result of MVW's change in its financial reporting cycle to a calendar year-end and end-of-month quarterly reporting cycle, MVW's six months ended June 30, 2017 had 182 days while MVW's six months ended June 30, 2018 had 181 days.

2 Please see page A-6 for a description and itemization of certain items.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
2018 PRELIMINARY SECOND QUARTER FINANCIAL RESULTS

(In millions)

The following table presents a reconciliation of MVW's preliminary estimate of vacation ownership contract sales to its preliminary estimates of sale of vacation ownership products for the three, six and last twelve months ended June 30, 2018, a reconciliation of such measure for the three and six months ended June 30, 2017, and a reconciliation of such measure for the year ended December 31, 2017.

	Three Months Ended		Six Months Ended		Year Ended	LTM
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	December 31, 2017	June 30, 2018
Contract sales (1)	\$ 233	\$ 215	\$ 436	\$ 415	\$ 826	\$ 847
Less resales contract sales	(7)	(5)	(15)	(11)	(23)	(27)
Contract sales, net of resales	226	210	421	404	803	820
Plus:						
Settlement revenue (2)	4	4	8	7	15	16
Resales revenue (2)	2	2	5	4	8	9
Revenue recognition adjustments:						
Reportability (3)	(4)	10	(16)	(4)	20	8
Sales reserve	(15)	(14)	(24)	(27)	(52)	(49)
Other (4)	(8)	(10)	(14)	(18)	(37)	(33)
Sale of vacation ownership products	\$ 205	\$ 202	\$ 380	\$ 366	\$ 757	\$ 771

- (1) Contract sales consist of the total amount of vacation ownership product sales under contract signed during the period where MVW has received a down payment of at least ten percent of the contract price, reduced by actual rescissions during the period, inclusive of contracts associated with sales of vacation ownership products on behalf of third parties, which MVW refers 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, MVW includes only the incremental value purchased as contract sales. Contract sales differ from revenues from the sale of vacation ownership products that MVW reports in its income statements due to the requirements for revenue recognition described in Footnote No. 1, "Summary of Significant Accounting Policies," to MVW's audited consolidated financial statements included in the Current Report on Form 8-K filed with the SEC on June 5, 2018. MVW considers contract sales to be an important operating measure because it reflects the pace of sales in MVW's business.
- (2) Previously included in resort management and other services revenue prior to the adoption of Accounting Standards Update 2014-09 – "Revenue from Contracts with Customers", as Amended ("new Revenue Standard").
- (3) Timing difference between the date of the contract with the customer and when revenue is recognized as a result of the new Revenue Standard.
- (4) 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.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
CONSOLIDATED CONTRACT SALES TO SALE OF VACATION OWNERSHIP PRODUCTS
(In millions)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Contract sales	\$ 233	\$ 215	\$ 436	\$ 415
Less resales contract sales	(7)	(5)	(15)	(11)
Contract sales, net of resales	226	210	421	404
Plus:				
Settlement revenue ¹	4	4	8	7
Resales revenue ¹	2	2	5	4
Revenue recognition adjustments:				
Reportability	(4)	10	(16)	(4)
Sales reserve	(15)	(14)	(24)	(27)
Other ²	(8)	(10)	(14)	(18)
Sale of vacation ownership products	<u>\$ 205</u>	<u>\$ 202</u>	<u>\$ 380</u>	<u>\$ 366</u>

¹ Previously included in Resort management and other services revenue prior to the adoption of the new Revenue Standard.

² 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.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
CONSOLIDATED ADJUSTED DEVELOPMENT MARGIN
(ADJUSTED SALE OF VACATION OWNERSHIP PRODUCTS NET OF EXPENSES)
(In millions)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Sale of vacation ownership products	\$ 205	\$ 202	\$ 380	\$ 366
Less:				
Cost of vacation ownership products	57	51	103	95
Marketing and sales	108	98	215	196
Development margin	40	53	62	75
Revenue recognition reportability adjustment	2	(8)	10	2
Adjusted development margin **	<u>\$ 42</u>	<u>\$ 45</u>	<u>\$ 72</u>	<u>\$ 77</u>
<i>Development margin percentage ¹</i>	19.0%	25.6%	16.2%	20.3%
<i>Adjusted development margin percentage</i>	20.0%	23.2%	18.3%	20.9%

** Denotes non-GAAP financial measures. Please see pages A-6 and A-7 for additional information about our reasons for providing these alternative financial measures and limitations on their use.

¹ Development margin percentage represents Development margin divided by Sale of vacation ownership products.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
2018 ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE—DILUTED OUTLOOK
(In millions, except per share amounts)

	Fiscal Year 2018 (low)	Fiscal Year 2018 (high)
Net income ¹	\$ 150	\$ 161
Adjustments to reconcile Net income to Adjusted net income		
Certain items ²	45	45
Provision for income taxes on adjustments to net income	(11)	(11)
Adjusted net income ^{**}	<u>\$ 184</u>	<u>\$ 195</u>
Earnings per share—Diluted ^{1, 3}	\$ 5.45	\$ 5.85
Adjusted earnings per share—Diluted ^{**} , ³	\$ 6.69	\$ 7.09
Diluted shares ³	27.5	27.5

- ¹ 2018 expected GAAP results above do not reflect the impact of future spending associated with the planned acquisition of ILG, Inc.
- ² Certain items adjustment includes \$23 million of acquisition costs, \$16 million of litigation settlements and \$6 million of losses and other expense.
- ³ Earnings per share—Diluted, Adjusted earnings per share—Diluted, and Diluted shares outlook includes the impact of share repurchase activity only through July 24, 2018.
- ^{**} Denotes non-GAAP financial measures. Please see pages A-6 and A-7 for additional information about our reasons for providing these alternative financial measures and limitations on their use.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
2018 ADJUSTED EBITDA OUTLOOK
(In millions)

	Fiscal Year 2018 (low)	Fiscal Year 2018 (high)
Net income	\$ 150	\$ 161
Interest expense ¹	17	17
Tax provision	53	57
Depreciation and amortization	26	26
EBITDA ^{**}	246	261
Non-cash share-based compensation	19	19
Certain items ²	45	45
Adjusted EBITDA ^{**}	<u>\$ 310</u>	<u>\$ 325</u>

- ¹ Interest expense excludes consumer financing interest expense.
- ² Certain items adjustment includes \$23 million of acquisition costs, \$16 million of litigation settlements and \$6 million of losses and other expense.
- ^{**} Denotes non-GAAP financial measures. Please see pages A-6 and A-7 for additional information about our reasons for providing these alternative financial measures and limitations on their use.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
2018 ADJUSTED FREE CASH FLOW OUTLOOK
(In millions)

	Fiscal Year 2018 (low)	Fiscal Year 2018 (high)
Net cash provided by operating activities	\$ 95	\$ 120
Capital expenditures for property and equipment (excluding inventory):		
New sales centers ¹	(3)	(5)
Other	(27)	(32)
Borrowings from securitization transactions	423	423
Repayment of debt related to securitizations	(305)	(295)
Free cash flow ^{**}	183	211
Adjustments:		
Net change in borrowings available from the securitization of eligible vacation ownership notes receivable through the warehouse credit facility ²	13	10
Inventory / other payments associated with capital efficient inventory arrangements	(40)	(40)
Certain items ³	46	46
Change in restricted cash	(2)	3
Adjusted free cash flow ^{**}	<u>\$ 200</u>	<u>\$ 230</u>

¹ Represents the incremental investment in new sales centers.

² Represents the net change in borrowings available from the securitization of eligible vacation ownership notes receivable through the warehouse credit facility between the 2017 and 2018 year ends.

³ Certain items adjustment includes \$23 million of acquisition costs, \$16 million of litigation settlements and \$7 million of fraudulently induced electronic payment disbursements made to third parties.

^{**} Denotes non-GAAP financial measures. Please see pages A-6 and A-7 for additional information about our reasons for providing these alternative financial measures and limitations on their use.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
NON-GAAP FINANCIAL MEASURES

In our press release and schedules we report certain financial measures that are not prescribed by GAAP. We discuss our reasons for reporting these non-GAAP financial measures below, and the financial schedules included herein reconcile the most directly comparable GAAP financial measure to each non-GAAP financial measure that we report (identified by a double asterisk (“**”) on the preceding pages). Although we evaluate and present these non-GAAP financial measures for the reasons described below, please be aware that these non-GAAP financial measures have limitations and should not be considered in isolation or as a substitute for revenues, net income, earnings per share or any other comparable operating measure prescribed by GAAP. In addition, these non-GAAP financial measures may be calculated and / or presented differently than measures with the same or similar names that are reported by other companies, and as a result, the non-GAAP financial measures we report may not be comparable to those reported by others.

Adjusted Net Income

We evaluate non-GAAP financial measures, including Adjusted Net Income, Adjusted EBITDA, and Adjusted Development Margin, that exclude certain items in the quarters and first halves ended June 30, 2018 and June 30, 2017, and the fiscal year ended December 31, 2017, because these non-GAAP financial measures allow for period-over-period comparisons of our on-going core operations before the impact of these items. These non-GAAP financial measures also facilitate our comparison of results from our on-going core operations before these items with results from other vacation ownership companies.

Certain items for the 2018 second quarter consisted of \$20 million of acquisition costs associated with the pending acquisition of ILG, \$16 million of litigation settlement charges, including \$11 million related to a project in San Francisco, \$4 million related to a project in Lake Tahoe and \$1 million related to projects in Europe, and \$7 million of losses and other expenses associated with fraudulently induced electronic payment disbursements made to third parties. These exclusions increased EBITDA by \$43 million.

Certain items for the 2017 second quarter were less than \$1 million and was comprised of acquisition costs, litigation settlement expenses and losses and other expense. These exclusions did not have an impact on Adjusted EBITDA.

Certain items for the 2018 first half consisted of \$23 million of acquisition costs, including \$20 million of costs associated with the pending acquisition of ILG and \$3 million of costs associated with the anticipated future capital efficient acquisition of an operating property in San Francisco, California, \$16 million of litigation settlement charges, including \$11 million related to a project in San Francisco, \$4 million related to a project in Lake Tahoe and \$1 million related to projects in Europe, and \$7 million of losses and other expenses associated with fraudulently induced electronic payment disbursements made to third parties, partially offset by a \$1 million favorable true up of previously recorded costs associated with Hurricane Irma and Hurricane Maria (the “2017 Hurricanes”) (recorded in losses and other expense) and previously recorded litigation settlement expenses. These exclusions increased EBITDA by \$45 million.

Certain items for the 2017 first half consisted of \$1 million of acquisition costs, and less than \$1 million of litigation settlement expenses and losses and other expense. These exclusions increased EBITDA by \$1 million.

Certain items for fiscal year 2017 consisted of \$9 million in net insurance proceeds related to the settlement of business interruption insurance claims arising from Hurricane Matthew, \$7 million of variable compensation expense related to the impact of the 2017 Hurricanes, \$4 million of litigation settlement expenses, \$2 million of acquisition costs, a charge of \$1 million associated with the estimated property damage insurance deductibles and impairment of property and equipment at several of MVW’s resorts, primarily in Florida and the Caribbean, that were impacted by the 2017 Hurricanes, \$1 million of variable compensation expense related to the impact of Hurricane Matthew and \$1 million of miscellaneous losses and other expense. These exclusions increased EBITDA for 2017 by \$7 million.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
NON-GAAP FINANCIAL MEASURES

Adjusted Development Margin (Adjusted Sale of Vacation Ownership Products Net of Expenses)

We evaluate Adjusted Development Margin (Adjusted Sale of Vacation Ownership Products Net of Expenses) as an indicator of operating performance. Adjusted Development Margin adjusts Sale of vacation ownership products revenues for the impact of revenue reportability, includes corresponding adjustments to Cost of vacation ownership products expense and Marketing and sales expense associated with the change in revenues from the Sale of vacation ownership products, and may include adjustments for certain items as itemized in the discussion of Adjusted Net Income above. We evaluate Adjusted Development Margin because it allows for period-over-period comparisons of our on-going core operations before the impact of revenue reportability and certain items to our Development Margin.

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

EBITDA is defined as earnings, or net income, before interest expense (excluding consumer financing interest expense), provision for income taxes, depreciation and amortization. For purposes of our EBITDA and Adjusted EBITDA calculations, we do not adjust for consumer financing interest expense because we consider it to be an operating expense of our business. We consider EBITDA and Adjusted EBITDA to be indicators of operating performance, which we use to measure our ability to service debt, fund capital expenditures and expand our business. We also use EBITDA and Adjusted EBITDA, as do analysts, lenders, investors and others, because these measures exclude certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be dependent on a company’s capital structure, debt levels and credit ratings. Accordingly, the impact of interest expense on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and provision for income taxes can vary considerably among companies. EBITDA and Adjusted EBITDA also exclude depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. Adjusted EBITDA reflects additional adjustments for certain items, as itemized in the discussion of Adjusted Net Income above, and excludes non-cash share-based compensation expense to address considerable variability among companies in recording compensation expense because companies use share-based payment awards differently, both in the type and quantity of awards granted. Prior period presentation has been recast for consistency. We evaluate Adjusted EBITDA 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. Together, EBITDA and Adjusted EBITDA facilitate our comparison of results from our on-going core operations before the impact of these items with results from other vacation ownership companies.

Free Cash Flow and Adjusted Free Cash Flow

We evaluate Free Cash Flow and Adjusted Free Cash Flow as liquidity measures that provide useful information to management and investors about the amount of cash provided by operating activities after capital expenditures for property and equipment, changes in restricted cash, and the borrowing and repayment activity related to our securitizations, which cash can be used for strategic opportunities, including acquisitions and strengthening the balance sheet. Adjusted Free Cash Flow, which reflects additional adjustments to Free Cash Flow for the impact of organizational and separation related, litigation, and other cash charges, allows for period-over-period comparisons of the cash generated by our business before the impact of these items. Analysis of Free Cash Flow and Adjusted Free Cash Flow also facilitates management’s comparison of our results with our competitors’ results.

Supplemental Information Regarding MVW and ILG**July 26, 2018**

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

On April 30, 2018, Marriott Vacations Worldwide Corporation entered into that certain Agreement and Plan of Merger, dated as of April 30, 2018, by and among Marriott Vacations Worldwide Corporation, ILG, Inc., Ignite Holdco, Inc., Ignite Holdco Subsidiary, Inc., Volt Merger Sub, Inc. and Volt Merger Sub, LLC, as it may be amended, restated or otherwise modified (the “Merger Agreement”), pursuant to which MVW agreed to acquire ILG through a series of business combinations (the “Combination Transactions”).

The below supplemental information reflects certain information included in the Offering Memorandum and Consent Solicitation Statement dated July 26, 2018.

Overview

We are a leader in the upper upscale and luxury vacation ownership industry, with one of the world's largest vacation ownership platforms, based on number of owners, number of resorts and revenues. We are the exclusive worldwide developer, marketer, seller and manager of vacation ownership and related products under the Marriott Vacation Club and Grand Residences by Marriott brands. We are also the exclusive worldwide developer, marketer and seller of vacation ownership and related products under The Ritz-Carlton Destination Club brand, and we have the non-exclusive right to develop, market and sell whole ownership residential products under The Ritz-Carlton Residences brand. As of March 31, 2018, our portfolio consisted of over 65 branded vacation ownership properties in the United States and nine other countries and territories.

On April 30, 2018, we entered into an Agreement and Plan of Merger pursuant to which MVW will acquire all of the outstanding shares of ILG in a cash and stock transaction for an implied equity value, based on the closing price of MVW's common stock on April 27, 2018 of approximately \$4.7 billion.

ILG is a leading provider of non-traditional lodging, with a portfolio of leisure businesses ranging from vacation exchange and rental services to vacation ownership, including as the exclusive global vacation ownership licensee for the Hyatt, Sheraton and Westin brands. As of March 31, 2018, ILG managed approximately 250 resorts overall, with 43 of those resorts managed within its vacation ownership business. Through the Interval Network, ILG served almost two million members, while providing access to nearly 3,200 resorts located in over 80 countries.

We expect the Combination Transactions to further our strategic goals and create the industry's leading global provider of upper upscale vacation ownership, exchange networks and management services. We expect the Combined Company to benefit from expanded capabilities and product offerings, which we believe is consistent with our ongoing focus on the satisfaction of our owners, members, guests and associates. We expect to diversify our revenue streams through an expanded fee-based exchange and third-party management businesses. We believe the opportunity for meaningful cost and revenue synergies will enhance cash flow generation and allow us to optimize our capital structure, creating flexibility to selectively pursue compelling new business opportunities. We believe that we have significant competitive advantages, including our scale and global reach; the quality and strength of the Marriott, Hyatt, Sheraton, Westin, Ritz-Carlton and St. Regis brands in vacation ownership; our systems of high-quality resorts; our loyal and highly satisfied customer base; our long-standing track record; and our experienced management team and associates.

For the twelve months ended March 31, 2018, on a pro forma basis after giving effect to the Combination Transactions, the Combined Company would have generated combined total revenue excluding cost reimbursements of \$2,922 million and Adjusted EBITDA of \$736 million, inclusive of an estimated \$75 million of annual cost synergies, which are expected to be fully realized within two years of the completion of the Combination Transactions, but exclusive of \$26 million of estimated lost Adjusted EBITDA from disruption of sales operations and rental and ancillary operations at certain MVW and ILG locations due to one or both of Hurricane Irma and Hurricane Maria in the second half of 2017. For information regarding MVW's Adjusted EBITDA and a reconciliation of MVW's Adjusted EBITDA to net income, the most directly comparable GAAP measure, on a pro forma basis for the Combination Transactions, see "—Summary Unaudited Pro Forma Combined Financial Data."

Marriott Vacations Worldwide

MVW's Brands

We design, build, manage and maintain our properties at upper upscale and luxury levels in accordance with the Marriott and Ritz-Carlton brand standards with which we must comply under our license agreements with Marriott International and The Ritz-Carlton Hotel Company. Our brands are as follows:

Marriott Vacation Club is our signature offering in the upper upscale tier of the vacation ownership industry. Marriott Vacation Club resorts typically combine many of the comforts of home, such as spacious accommodations with one-, two- and three-bedroom options, living and dining areas, in-unit kitchens and laundry

facilities, with resort amenities such as large feature swimming pools, restaurants and bars, convenience stores, fitness facilities and spas, as well as sports and recreation facilities appropriate for each resort's unique location. Marriott Vacation Club Pulse, an extension to the Marriott Vacation Club brand, features unique properties that embrace the spirit and culture of their urban locations.

Grand Residences by Marriott is an upper upscale tier vacation ownership and whole ownership residence brand. The accommodations for this brand are similar to those we offer under the Marriott Vacation Club brand, but the duration of the vacation ownership interest (or "VOI") is longer, generally ranging between three and thirteen weeks. We also offer whole ownership residential products under the Grand Residences by Marriott brand.

The Ritz-Carlton Destination Club is a luxury tier vacation ownership brand. The Ritz-Carlton Destination Club provides luxurious vacation experiences commensurate with the quality standards of the Ritz-Carlton brand. The Ritz-Carlton Destination Club resorts generally feature two, three and four bedroom units that typically include marble foyers, walk-in closets, custom kitchen cabinetry and luxury resort amenities such as large feature swimming pools and access to full service restaurants and bars. On-site management and services, which usually include daily housekeeping service, valet, in-residence dining and access to fitness facilities as well as spa and sports facilities as appropriate for each destination, are provided by The Ritz-Carlton Hotel Company. We also have the non-exclusive rights to develop, market and sell whole ownership residential products under the Ritz-Carlton Residences brand. We co-locate our Ritz-Carlton Residences brand properties with The Ritz-Carlton Destination Club resorts.

MVW's Sources of Revenue

We generate most of our revenues from four primary sources: (1) selling vacation ownership products, (2) financing consumer purchases of vacation ownership products, (3) managing our resorts and providing other services and (4) renting vacation ownership inventory.

Sale of Vacation Ownership Products

Our principal source of revenue is the sale of VOIs. We sell the majority of our products through our Marriott Vacation Club points-based ownership programs focused on North America and Asia Pacific. While the structural characteristics of each of our points-based programs differ, through each program, owners receive an annual allotment of points representing owners' usage rights, which owners can use to access vacation ownership units across multiple destinations within their program's portfolio of resort locations

Financing

We earn interest income on loans that we provide to purchasers of our VOIs, as well as loan servicing and other fees. We offer financing for purchasers of our vacation ownership products who meet certain underwriting guidelines. These loans, collateralized by the VOIs and the related receivables, are typically securitized.

Resort Management and Other Services

We generate revenue from fees we earn for managing our resorts. In addition, we earn revenue for providing ancillary offerings, including food and beverage, retail and golf and spa offerings at our resorts. We also receive annual fees, club dues from members within our own Marriott Vacation Club Destinations ("MVCD") network and certain transaction-based fees from owners and other third parties, including external exchange service providers with which we are associated (including Interval International, the provider of the Interval Network).

Rental

We generate revenue from rentals of inventory that we hold for sale as interests in our vacation ownership programs or as residences, or inventory that we control because our owners have elected alternative usage options permitted under our vacation ownership programs.

ILG

ILG is a leading provider of non-traditional lodging, with a portfolio of leisure businesses ranging from vacation exchange and rental services to vacation ownership, including as the exclusive global vacation ownership licensee for the Hyatt, Sheraton and Westin brands. ILG offers its owners, members and guests access to an array of benefits and services, as well as world-class destinations through its international portfolio of resorts and clubs. ILG operates the following two business segments:

- Vacation Ownership (“VO”), which engages in the development, marketing, sales and financing of VOIs, management of vacation ownership resorts and related services to owners; and
- Exchange and Rental, which offers access to vacation accommodations and other travel-related transactions and services to leisure travelers, by providing vacation exchange services and management services, including vacation rentals and other services it provides to resort developers and homeowners’ associations (“HOAs”), as well as operating vacation rental properties.

ILG’s Brands

Through its Vacation Ownership and Exchange and Rental segments, ILG operates under a number of well-known brands with a long history.

Vistana Signature Experiences (“Vistana”) comprises the vacation ownership business of the Sheraton and Westin brands pursuant to ILG’s exclusive global license with Starwood Hotels and Resorts LLC, a wholly-owned subsidiary of Marriott International. In addition, ILG has a license to use the St. Regis and Luxury Collection brands for specific fractional ownership resorts.

Hyatt Vacation Ownership (“HVO”) is an upper upscale tier brand of the vacation ownership industry. ILG holds the exclusive global license with Hyatt for vacation ownership products.

Through the Sheraton, Westin, St. Regis and Hyatt vacation ownership brands, ILG develops, markets, sells and manages VOIs in resorts located in attractive destinations and provides upper upscale and luxury accommodations with studio, one-, two- and three-bedroom options.

Under the **Vacation Resorts International (“VRI”)**, **VRI Europe (“VRI Europe”)** and **Trading Places International (“TPI”)** brands, ILG provides resort management services for vacation ownership resorts, including day-to-day operations, maintenance and certain administrative services for HOAs.

The **Interval Network** is ILG’s primary exchange offering. The Interval Network is a membership-based exchange program that also provides a comprehensive package of value-added products and services. Generally, individuals are enrolled by resort developers in connection with their purchase of VOIs from such resort developers, with initial membership fees being paid on behalf of members by the resort developers.

ILG also offers exchange services through its Vistana Signature Network and Hyatt Residence Club platforms, which allow VOI owners to participate in exchange programs within those resort collections and through the Interval Network, as well as through TPI’s programs for TPI and VRI managed resorts and direct-to-consumer exchanges.

The **Aqua-Aston** business provides vacation property rental services and management services on a fee-for-service basis to 40 hotels and resorts primarily located in Hawaii.

ILG’s Sources of Revenue

As of March 31, 2018, ILG had a total of 43 managed resorts within its Vistana and HVO businesses and more than 200 resorts through its VRI, VRI Europe, TPI and Aqua-Aston businesses. Through the Interval Network, ILG served almost two million members, while providing access to nearly 3,200 resorts located in over 80 countries.

Sales and Marketing of VOIs

Vistana and HVO sell VOIs in resorts currently located in the United States, Mexico and the Caribbean. Any sale of a VOI includes mandatory membership in an HOA along with ownership points that offer usage at a specific resort or group of resorts.

Consumer Financing

In connection with the sales of VOIs, ILG provides financing to purchasers who meet certain underwriting criteria. These loans, collateralized by the VOIs and the related receivables, are typically securitized.

Management and Ancillary Services

ILG provides management services to approximately 250 vacation ownership properties and/or their HOAs. The services provided may include day-to-day operations of the resorts, maintenance of the resorts, preparation of reports and budgets, HOA administration, risk management, quality assurance and employee training. ILG's management services are provided pursuant to agreements with terms generally ranging from one to ten years, many of which are automatically renewable.

Vacation Rental

ILG provides vacation rentals as the key component of a comprehensive package of marketing, management and rental services offered to vacation property owners. This business provides vacation property rental services for condominium owners, hotel owners and HOAs, and revenue is derived principally from fees for rental services and related management services.

Exchange Services / Transactional Revenue

ILG earns most of its exchange revenue from fees paid for membership in the Interval Network, Vistana Signature Network and Hyatt Residence Club and transaction and service fees paid for exchanges, reservation servicing and related transactions. Generally, individuals are enrolled by resort developers in connection with their purchase of VOIs, but members may also enroll directly. Annual fees may be paid by resort developers on behalf of their owners or by individual members. ILG also derives revenue from club rentals, fees for ancillary products and services provided to members, fees from other exchange and rental programs and other products and services sold to developers.

Combination Rationale

We believe that the Combined Company benefits from a number of competitive strengths. By combining two of the premier global vacation ownership companies, we expect the Combination Transactions to provide significant strategic and financial benefits, including long-term, exclusive access to world-class vacation ownership brands, enhanced scale, contribution from higher-margin recurring revenue streams, incremental growth opportunities, identifiable cost synergies and robust cash flow.

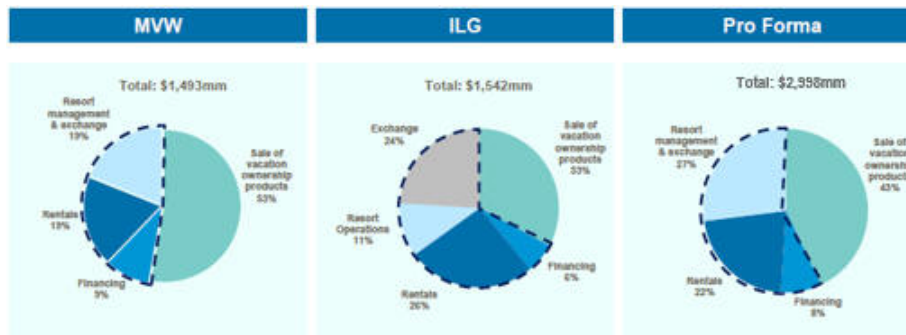
Creates Leading Upper Upscale Vacation Ownership Business. Upon completion of the Combination Transactions, we will create the industry's leading global upper upscale branded vacation ownership business. The Combined Company will be the global licensee of seven upper upscale and luxury vacation brands, including Marriott Vacation Club, Grand Residences by Marriott, The Ritz-Carlton Destination Club, Sheraton Vacation Club, Westin Vacation Club, St. Regis Residence Club and Hyatt Residence Club. The Combined Company's licenses with Marriott International and Hyatt provide exclusive access to several world-class loyalty programs, including Marriott Rewards, The Ritz-Carlton Rewards and Starwood Preferred Guest (the "Marriott Loyalty Programs") and Hyatt's loyalty program, World of Hyatt. In addition, our licensing agreements enable us to benefit from Marriott's and Hyatt's reservation platforms and provide us with the opportunity to market to guests at their hotel properties. These highly-identifiable vacation ownership brands have over 650,000 owners and approximately 110 vacation ownership properties.

Adding Brands and Growing Scale



Increased Revenue Diversification with the Addition of Recurring Fee-Based Revenue. We believe that the addition of ILG’s exchange and resort management businesses will enhance our margins and significantly diversify our revenue profile, creating the opportunity to realize recurring, margin enhancing, fee-based revenue streams. During the twelve-month period ended March 31, 2018, over 50% of our total pro forma revenue was generated by recurring revenue streams, including resort management and exchange revenues, rentals and financing revenues.

Net Revenue for the Twelve-Month Period Ended March 31, 2018



Recurring and fee-based revenue

Note: Revenues shown in the charts above exclude cost reimbursements and include an estimated adjustment of \$36 million, \$40 million and \$76 million for MVW, ILG and pro forma, respectively, for the impact of the 2017 hurricanes on revenues during the period.

Through ILG’s exchange businesses, ILG receives annual membership dues and recurring transaction fees from approximately 1.8 million members of the Interval Network and club dues from Vistana Signature Network and Hyatt Residence Club members. Over 40% of ILG’s exchange-related revenue excluding cost reimbursement is derived from membership and club dues. Memberships are typically structured to have one- to five-year terms with automatic renewal features and ILG has continued to increase its corporate membership in the Interval Network. As

of December 31, 2017, approximately 43% of all members in the Interval Network comprised individuals enrolled through corporate developer accounts. In addition, Marriott Vacation Club, Vistana and HVO affiliated members represent approximately one-third of the Interval Network's 1.8 million members. This significant contribution of members affiliated with the Company's brands should stabilize a large portion of the Interval Network's member base.

Through its Vistana, HVO, VRI, and TPI brands, ILG provides vacation ownership management services through cost-plus or fee-for-service agreements to approximately 250 resorts. Management services are typically provided pursuant to agreements with terms ranging from one to ten years, many of which are automatically renewable. The addition of capital-light, recurring revenue creates an opportunity to continue to grow our revenue base in a margin accretive manner over time.

Significant Cost and Revenue Synergies as a Result of the Strategic Combination. We believe there is a significant opportunity to rationalize costs across both companies. We believe a minimum of \$75 million of annual run rate cost synergies, primarily related to redundancies and managing the Combined Company more efficiently, can be realized within two years of the closing of the Combination Transactions. In addition, we believe we may achieve incremental cost savings and revenue synergies during and following integration that have not yet been identified and are not included in those estimates. We expect to achieve growth after the closing of the Combination Transactions from the enhanced marketing capabilities across the expanded portfolio and owner and guest network and the expansion of certain exclusive marketing rights through our recently amended license agreement with Marriott International, which will drive incremental tours and sales in Vistana's properties.

Competitive Strengths

Premier Global Brands With Exclusive Access to Expansive Customer Bases. We believe that our exclusive licenses with Marriott International and Hyatt for premier global brands in the vacation ownership business provide us with a meaningful competitive advantage. Marriott International is a leading lodging company with more than 6,500 hotels in 127 countries and territories. In addition, Hyatt has over 700 affiliated hotels globally. Consumer confidence in these renowned brands helps us attract and retain guests and owners. In addition, through our six Marriott vacation ownership brands, we will benefit from the exclusive long-term access to approximately 100 million members in Marriott Loyalty Programs. We believe this exclusive access to guests with an affinity for our brands aids our marketing efforts and significantly enhances our ability to drive future sales, as MVW generates nearly 80% of its VOI sales through brand loyalty-affiliated sales channels. We also expect to leverage our exclusive call transfer, on-site marketing at branded hotels, and use of certain exclusive marketing rights to increase sales across all of our Marriott-affiliated vacation ownership properties.

Through ILG's relationship with Hyatt, we will also have the exclusive rights to develop, market and sell through the HVO programs, which will provide access to the almost 10 million members of the World of Hyatt loyalty program.

Capital Efficient Business Model Providing Strong Free Cash Flow and Financial Flexibility. We believe that the increased scale, recurring revenue fee streams and enhanced margin profile of the Combined Company will enable us to maintain flexibility for continued organic growth, strategic acquisitions and debt repayment with more than 50% of total pro forma revenue for the twelve-month period ended March 31, 2018 not dependent upon the sale of VOIs. The addition of ILG's exchange networks and resort management businesses creates ample opportunities to realize recurring higher-margin, fee-based revenue streams with modest required capital expenditures, enhancing our margins and free cash flow generation over time.

In addition, as of March 31, 2018, MVW and ILG had finished vacation ownership inventory balances of \$372 million and \$493 million, respectively. MVW's disciplined inventory approach and use of capital efficient deal structures, including working with third parties that develop new inventory or convert previously built units that are sold to us close to when such inventory is needed to support sales, is expected to support strong free cash flow generation.

Long-standing Track Record and Experienced Management. We have been a pioneer in the vacation ownership industry since 1984, when Marriott International became the first company to introduce a lodging-branded vacation ownership product. Our seasoned management team is led by Stephen P. Weisz, our President and Chief Executive Officer. Mr. Weisz has served as President of our company since 1996 and has over 45 years of combined experience at Marriott International and MVW. William J. Shaw, the Chairman of our Board of Directors, is the former Vice Chairman, President and Chief Operating Officer of Marriott International and spent nearly 37 years with Marriott International. In addition, our Chief Financial and Administrative Officer, John E. Geller, Jr. has 13 years of industry experience and spent nine years with Marriott International and MVW. We believe our management team's extensive public company and vacation ownership industry experience has enabled us to achieve solid operating results and will enable us to continue to respond quickly and effectively to changing market conditions and consumer trends.

Engaged Associates Delivering High Levels of Customer Service Driving Repeat Customers. We believe that our associates provide superior customer service as evidenced by customer satisfaction scores of 91 and this dedication to serving the customer enhances our competitive position. Approximately 62% of the Combined Company's contract sales in 2017 were to existing owners, which enabled them to enjoy longer stays and have greater flexibility in their vacation choices. Sales to existing owners typically have significantly lower sales and marketing costs than sales to new owners.

We leverage outstanding associate engagement and a strong corporate culture to help deliver positive customer experiences in sales, marketing and resort operations. We survey our associates regularly through an external survey provider to understand their satisfaction and engagement, defined as how passionate employees are about the company's mission and their willingness to "go the extra mile" to see it succeed. MVW routinely ranks highly compared to other companies participating in such surveys. In 2017, 85% of MVW's associates indicated that they were "engaged," which is eight points above Aon Hewitt's "Global Best Employer" benchmark of 77%. This external benchmark is based on research conducted by Aon Hewitt of more than 500 organizations that are considered to be "Best Employers."

Business Strategy

Our strategic goal is to further strengthen our leadership position in the vacation ownership, exchange, management and rental industry. To achieve this goal, we are pursuing the following initiatives:

Drive Profitable Contract Sales Growth and Associated Management, Rental and Consumer Financing Revenue. We intend to continue to generate growth in vacation ownership sales by leveraging our globally recognized brand names and targeting high-quality inventory that allows us to add desirable new destinations with on-site sales locations. We expect to focus our efforts to generate growth through our integrated platform that provides exclusive access to the world-class loyalty programs of Marriott International and Hyatt. We will also continue to focus on the satisfaction of our approximately 650,000 owners around the world. In 2017, approximately 62% of the Combined Company's sales of vacation ownership products were to our existing owners. In addition, we are concentrating on cost effectively growing our first-time buyer tours to achieve our longer term goal of selling to a balanced mix of new buyers and existing buyers. Our strategy includes an emphasis on new sales locations and new marketing channels geared toward driving first-time buyer tour growth.

As the combined vacation ownership business continues to grow sales and we add new resorts, our non-sales based vacation ownership revenue streams from consumer financing, management fees, rentals and ancillary services, are expected to grow.

Expand Revenues from Recurring, Exchange and Third-Party Management Businesses. We plan to grow our revenues from ILG's recurring, exchange and third-party management businesses. ILG provides management services to more than 200 vacation ownership properties and homeowners' associations in the United States, Mexico, the Caribbean and Europe. All of these businesses provide resort management services for vacation ownership resorts, which in the United States are governed by a board of directors comprised of owner or developer representatives that are charged with ensuring the resorts are well-maintained and financially stable. Our services may include day-to-day operations of the resorts, maintenance of the resorts, preparation of reports, budgets, HOA administration, risk management, quality assurance and employee training. The fees we receive in this business are more predictable due to the relatively fixed nature of resort operating expenses and contractual agreements that typically span many years and are often automatically renewable.

Focus on the Satisfaction of Our Owners and Guests to Drive Repeated Sales. We are in the business of providing high-quality vacation experiences to our owners and guests around the world, and we believe that maintaining a high level of engagement across all of our customer groups is key to our success. We intend to maintain and improve their satisfaction with our products and services, which drives incremental sales as customers choose to spend more time at our resorts. Because our existing owners and guests are our most cost-effective sales channels, we intend to continue leveraging our strong customer satisfaction to drive higher margin sales volumes. We intend to provide innovative offerings in new destinations to meet the needs of current and future customers and intend to develop new offerings to attract the next generation of travelers looking for a greater variety of experiences with the high quality standards expected from brands they trust.

Maximize Cash Flow, Optimize Our Capital Structure and Pursue De-leveraging. Through the use of the Combined Company's points-based products, we are able to more closely match inventory investment with sales pace and reduce inventory levels, thereby maximizing strong cash flows over time. Limiting the amount of completed inventory on hand and pursuing capital efficient inventory arrangements enable us to reduce the maintenance fees we pay on unsold inventory. In addition, we proactively buy back previously sold VOIs at lower costs than would be required to develop new inventory.

We expect to have an attractive leverage profile after giving pro forma effect to the Transactions. As of March 31, 2018, on an as adjusted basis after giving effect to the Transactions, we would have had corporate debt of approximately \$2,555 million, and for the twelve months ended March 31, 2018, on a pro forma basis after giving effect to the Transactions, our Adjusted EBITDA would have been \$736 million (including an estimated \$75 million of annual cost synergies, but excluding of \$26 million of estimated lost Adjusted EBITDA from disruption of sales operations and rental and ancillary operations at certain MVW and ILG locations due to one or both of Hurricane Irma and Hurricane Maria in the second half of 2017), resulting in an as adjusted corporate net debt to Adjusted EBITDA ratio of approximately 3.21x for the twelve-month period ended March 31, 2018. See "—Summary Unaudited Pro Forma Combined Financial Data" for a reconciliation of Adjusted EBITDA to net income, the most directly comparable GAAP measure on a pro forma basis.

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

Selectively Pursue Compelling New Business Opportunities. We are positioned to explore new business opportunities, such as the continued enhancement of our exchange programs, new management affiliations and acquisitions of existing vacation ownership and related businesses. We intend to selectively pursue these types of opportunities, focusing on those that drive recurring revenue and profit streams. Prior to entering into any new business opportunity, we will evaluate its strategic fit and assess whether it is complementary to our current business, has strong expected financial returns and complements our existing competencies.

SUMMARY HISTORICAL FINANCIAL DATA OF MVW

The following table presents MVW's summary historical financial data, which was derived from MVW's last three fiscal years of consolidated financial statements and related notes. The summary historical financial data of MVW set forth below does not include the effects of the Combination Transactions. The summary historical financial data as of and for each of the fiscal years ended December 31, 2017, December 30, 2016 and January 1, 2016 is derived from MVW's audited consolidated financial statements included in MVW's Current Report on Form 8-K filed with the SEC on June 5, 2018, which is incorporated by reference in this offering memorandum and consent solicitation statement. MVW's audited consolidated financial statements included in MVW's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 did not reflect the adoption of ASC 606. As MVW adopted ASC 606 effective January 1, 2018 on a retrospective basis, MVW recast its audited consolidated financial statements to reflect the adoption of ASC 606 as of January 3, 2015, the first day of its fiscal year ended January 1, 2016 in MVW's Current Report on Form 8-K filed with the SEC on June 5, 2018.

The summary historical financial data for MVW as of March 31, 2018 and for the three months ended March 31, 2018 and March 31, 2017 are derived from MVW's unaudited consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for the three months ended March 31, 2018, which is incorporated by reference into this offering memorandum and consent solicitation statement. The unaudited financial data presented has been prepared on a basis consistent with MVW's audited consolidated financial statements as recast in MVW's Current Report on Form 8-K filed with the SEC on June 5, 2018 reflecting the adoption of ASC 606. In the opinion of MVW's management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

Historical results are not necessarily indicative of the results that may be expected for any future period or any future date. Because this information is only a summary and does not provide all of the information contained in MVW's consolidated financial statements, including the related notes, this summary historical financial data should be read in conjunction with MVW's Current Reports on Form 8-K filed with the SEC on June 5, 2018 and July 19, 2018 and MVW's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 filed with the SEC on May 4, 2018.

(\$ in millions, except operating statistics)	Three Months Ended March 31,		Fiscal Year		
	2018	2017(1)	2017(1)	2016(1)	2015(1)
Consolidated Statement of Income Data:					
Revenues					
Sale of vacation ownership products	\$ 175	\$ 164	\$ 757	\$ 623	\$ 693
Resort management and other services	70	67	279	278	269
Financing	35	32	135	127	125
Rental	75	68	262	252	260
Cost reimbursements	216	197	750	720	720
Total Revenues	571	528	2,183	2,000	2,067
Expenses					
Cost of vacation ownership products	46	44	194	163	218
Marketing and sales	107	98	395	340	317
Resort management and other services	38	37	155	157	163
Financing	4	4	18	19	21
Rental	56	53	223	212	211
General and administrative	29	28	110	105	106
Litigation settlement	—	—	4	(1)	—
Organizational and separation related	—	—	—	—	1
Consumer financing interest	7	6	25	24	25

(\$ in millions, except operating statistics)	Three Months Ended March 31,		Fiscal Year		
	2018	2017(1)	2017(1)	2016(1)	2015(1)
Royalty fee	15	16	63	61	59
Impairment	—	—	—	—	1
Cost reimbursements	216	197	750	720	720
Total Expenses	518	483	1,937	1,800	1,842
Gains and other income, net	1	—	6	11	10
Interest expense	(4)	(1)	(10)	(9)	(13)
Other	(3)	—	(2)	(4)	(8)
Income before income taxes	47	44	240	198	214
Provision for income taxes	(11)	(16)	(5)	(76)	(87)
Net income	\$ 36	\$ 28	\$ 235	\$ 122	\$ 127

Consolidated Statement of Cash Flows Data:

Net cash flows provided by (used in):

Operating activities	\$ 23	\$ 46	\$ 142	\$ 141	\$ 119
Investing activities	\$ (12)	\$ (13)	\$ (38)	\$ 34	\$ (63)
Financing activities	\$ (119)	\$ (81)	\$ 171	\$ (206)	\$ (259)

Consolidated Balance Sheet Data:

Cash and cash equivalents	\$ 324	\$ 102	\$ 409	\$ 147	\$ 177
Total assets	\$2,760	\$2,276	\$2,845	\$2,320	\$2,351
Long-term debt, gross	\$1,060	\$ 692	\$1,146	\$ 746	\$ 688
Total equity	\$1,066	\$ 915	\$1,041	\$ 895	\$ 979

Other Consolidated Financial Data:

EBITDA ⁽²⁾	\$ 57	\$ 50	\$ 271	\$ 228	\$ 249
Adjusted EBITDA ⁽²⁾	\$ 63	\$ 54	\$ 294	\$ 237	\$ 257
Adjusted free cash flow ⁽³⁾	\$ 57	\$ 77	\$ 253	\$ 160	\$ 239

Selected Operating Statistics:

Contract sales ⁽⁴⁾	204	200	826	741	747
Number of managed resorts (as of period end) ⁽⁵⁾	69	67	69	67	62
Volume per guest (North America) ⁽⁶⁾	3,728	3,691	3,565	3,462	3,386

Financing

Average FICO score (United States) ⁽⁷⁾	740	740	743	741	736
Historical default rate ⁽⁸⁾	0.7%	0.9%	3.6%	3.8%	3.5%
Financing propensity ⁽⁹⁾	61.7%	66.1%	64.0%	60.1%	49.9%

(1) In 2017, MVW changed to a calendar year-end and end-of-month quarterly reporting cycle. Earlier fiscal years ended on the Friday closest to December 31. As a result of the change in its financial reporting cycle, MVW's quarter ended March 31, 2017 was composed of 91 days and its 2017, 2016 and 2015 fiscal years were composed of 366 days, 364 days and 364 days, respectively.

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

The following table presents a reconciliation of MVW's net income, the most directly comparable GAAP measure, to EBITDA and Adjusted EBITDA for the three months ended March 31, 2018 and 2017 and for the fiscal years ended December 31, 2017, December 30, 2016 and January 1, 2016.

(\$ in millions)	Three Months Ended		Fiscal Year		
	March 31,		2017(a)	2016(a)	2015(a)
	2018	2017(a)			
Net income	\$ 36	\$ 28	\$ 235	\$ 122	\$ 127
Interest expenses (excluding consumer financing interest expense)	4	1	10	9	13
Tax (benefit) provision	11	16	5	76	87
Depreciation and amortization	6	5	21	21	22
EBITDA	57	50	271	228	249
Non-cash share-based compensation	4	3	16	14	14
Certain items(b)	3	—	7	(5)	(6)
Adjusted EBITDA	<u>\$ 63</u>	<u>\$ 54</u>	<u>\$ 294</u>	<u>\$ 237</u>	<u>\$ 257</u>

(a) In 2017, MVW changed to a calendar year-end and end-of-month quarterly reporting cycle. Earlier fiscal years ended on the Friday closest to December 31. As a result of the change in its financial reporting cycle, MVW's quarter ended March 31, 2017 was composed of 91 days and its 2017, 2016 and 2015 fiscal years were composed of 366 days, 364 days and 364 days, respectively.

(b) "Certain items" for the 2018 first quarter consisted of \$3 million of acquisition costs, including \$2 million of acquisition costs associated with the anticipated future acquisition of an operating property in San Francisco, California and \$1 million of other acquisition costs, partially offset by a less than \$1 million favorable true up of previously recorded costs associated with Hurricane Irma and Hurricane Maria (recorded in gains and other income) and a less than \$1 million true up of previously recorded litigation settlement expenses. These exclusions increased Adjusted EBITDA by \$3 million.

"Certain items" for the 2017 first quarter primarily consisted of \$1 million of acquisition costs. These exclusions increased Adjusted EBITDA by \$1 million.

The "certain items" reflected in Adjusted EBITDA for 2017 consisted of \$9 million in net insurance proceeds related to the settlement of business interruption insurance claims arising from Hurricane Matthew, \$7 million of variable compensation expense related to the impact of the 2017 Hurricanes, \$4 million of litigation settlement expenses, \$2 million of acquisition costs, a charge of \$1 million associated with the estimated property damage insurance deductibles and impairment of property and equipment at several of MVW's resorts, primarily in Florida and the Caribbean, that were impacted by the 2017 Hurricanes, \$1 million of variable compensation expense related to the impact of Hurricane Matthew and less than \$1 million of miscellaneous losses and other expense. These adjustments increased Adjusted EBITDA for 2017 by \$7 million. MVW estimates that the effects of Hurricane Irma and Hurricane Maria negatively impacted Adjusted EBITDA by approximately \$7 million in 2017. Adjusting for that impact, Adjusted EBITDA in 2017 would have totaled approximately \$301 million.

The "certain items" reflected in Adjusted EBITDA for 2016 consisted of \$11 million of gains and other income not associated with MVW's on-going core operations, \$5 million of acquisition costs, \$1 million of hurricane related expenses, less than \$1 million of profit from the operations of the portion of the property MVW acquired in Surfers Paradise, Australia in 2015 that MVW sold in the second quarter of 2016, and a less than \$1 million reversal of litigation settlement expense. In the aggregate, these adjustments decreased EBITDA for 2016 by \$5 million. MVW estimates that the effects of Hurricane Matthew negatively impacted Adjusted EBITDA by approximately \$4 million in the fourth quarter of 2016. Adjusting for that impact, Adjusted EBITDA in 2016 would have totaled approximately \$241 million.

The "certain items" reflected in Adjusted EBITDA for 2015 consisted of \$10 million of gains and other income not associated with MVW's on-going core operations, \$8 million of transaction costs associated with acquisitions, \$6 million of development profit from the disposition of units in Macau as whole ownership residential units rather than through the Marriott Vacation Club, Asia Pacific points program, \$2 million of refurbishment costs, \$2 million of profit from the operations of the portion of the property MVW acquired in Surfers Paradise, Australia in 2015 that MVW sold in the second quarter of 2016, \$1 million of organizational and separation related costs, less than \$1 million of impairment charges and a less than \$1 million reversal of litigation settlement expense. In the aggregate, these adjustments decreased Adjusted EBITDA for 2015 by \$6 million.

(3) Adjusted free cash flow is a non-GAAP measure, which MVW defines as net cash, cash equivalents and restricted cash provided by operating activities less capital expenditures for property and equipment (excluding inventory), changes in restricted cash, and the borrowing and repayment activity related to MVW's securitizations and certain other adjustments set forth in the table below.

The following table presents a reconciliation of MVW's net cash, cash equivalents and restricted cash provided by operating activities, the most directly comparable GAAP measure, to adjusted free cash flow for the three months ended March 31, 2018 and 2017 and for the fiscal years ended December 31, 2017, December 30, 2016 and January 1, 2016.

(\$ in millions)	Three Months Ended March 31,		Fiscal Year		
	2018	2017(a)	2017(a)	2016(a)	2015(a)
Net cash, cash equivalents and restricted cash provided by operating activities	\$ 23	\$ 46	\$ 142	\$ 141	\$ 119
Capital expenditures for property and equipment (excluding inventory)	(3)	(4)	(19)	(17)	(20)
New sales centers(b)	—	(1)	(7)	(18)	(12)
Organizational and separation related capital expenditures	—	—	—	—	(4)
Investment in operating portion of Surfers Paradise hotel that will be sold(c)	—	—	—	—	(48)
Decrease (increase) in restricted cash	21	2	(15)	5	38
Borrowings from securitization transactions	—	—	400	377	255
Repayment of debt related to securitizations	(86)	(54)	(293)	(323)	(278)
Organizational and separation related and other charges	—	—	—	—	8
Proceeds from sale of operating portion of Surfers Paradise hotel(c)	—	—	—	—	48
Accelerated payment of liability for Marriott Rewards customer loyalty program(d)	—	—	—	—	66
Transaction costs	3	—	—	—	—
Net change in borrowings available from the securitization of eligible vacation ownership notes receivable through the warehouse credit facility(e)	99	88	45	(5)	67
Adjusted free cash flow	\$ 57	\$ 77	\$ 253	\$ 160	\$ 239

- (a) In 2017, MVW changed to a calendar year-end and end-of-month quarterly reporting cycle. Earlier fiscal years ended on the Friday closest to December 31. As a result of the change in its financial reporting cycle, MVW's quarter ended March 31, 2017 was composed of 91 days and its 2017, 2016 and 2015 fiscal years were composed of 366 days, 364 days and 364 days, respectively.
- (b) Represents incremental investment in new sales centers, mainly to support new sales distributions.
- (c) Represents the estimated investment in, as well as the estimated proceeds from the subsequent sale of, the operating portion of the Surfers Paradise hotel.
- (d) Represents the portion of the first quarter of 2016 liability for a Marriott Rewards customer loyalty program payment that was accelerated in to the fourth quarter of 2015.
- (e) Represents the net change in borrowings available from the securitization of eligible vacation ownership notes receivable through the warehouse credit facility between the 2016/2015/2014 and 2017/2016/2015 year ends.
- (4) Contract sales consist of the total amount of vacation ownership product sales under contract signed during the period where MVW has received a down payment of at least ten percent of the contract price, reduced by actual rescissions during the period, inclusive of contracts associated with sales of vacation ownership products on behalf of third parties, which MVW refers 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, MVW includes only the incremental value purchased as contract sales. Contract sales differ from revenues from the sale of vacation ownership products that MVW reports in its income statements due to the requirements for revenue recognition described in Note 1, "Summary of Significant Accounting Policies," accompanying MVW's audited consolidated financial statements included in MVW's Current Report on Form 8-K filed with the SEC on June 5, 2018, which is incorporated by reference in this offering memorandum and consent solicitation statement. MVW considers contract sales to be an important operating measure because it reflects the pace of sales in MVW's business.
- (5) Number of managed resorts for the three months ended March 31, 2017 excludes an operating property owned by a third party located in San Francisco, California for which substantially all of the management activities were sub-contracted to a third party. Number of managed resorts for the fiscal year ended January 1, 2016 excludes operating properties owned by MVW located in San Diego, California and Surfers Paradise, Queensland, Australia and units in an operating hotel located in Washington, D.C. which were managed by a third party.
- (6) We calculate volume per guest by dividing vacation ownership contract sales, excluding fractional sales, telesales 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.
- (7) We base our financing terms largely on a purchaser's FICO score, which is a branded version of a consumer credit score widely used in the United States by banks and lending institutions. FICO scores range from 300 to 850 and are calculated based on information obtained from one or more of the three major U.S. credit reporting agencies that compile and report on a consumer's credit history.
- (8) Represents defaults as a percentage of each year's beginning gross vacation ownership notes receivable balance.
- (9) We calculate financing propensity as contract sales volume of financed contracts closed in the period divided by contract sales volume of all contracts closed in the period.

SUMMARY HISTORICAL FINANCIAL DATA OF ILG

The following table presents ILG's summary historical financial data, which was derived from ILG's last three fiscal years of consolidated financial statements. This disclosure does not include the effects of the Combination Transactions. The summary historical financial data for each of the fiscal years ended December 31, 2017, December 31, 2016 and December 31, 2015 is derived from ILG's audited consolidated financial statements included in ILG's Current Report on Form 8-K filed with the SEC on June 5, 2018, which is incorporated by reference in this offering memorandum and consent solicitation statement. ILG's audited consolidated financial statements included in ILG's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 did not reflect the adoption of ASC 606. As ILG adopted ASC 606 effective January 1, 2018 on a retrospective basis, ILG recast its audited consolidated financial statements to reflect the adoption of ASC 606 as of January 1, 2015, the first day of its fiscal year ended December 31, 2015 in ILG's Current Report on Form 8-K filed with the SEC on June 5, 2018.

The summary historical financial data for ILG as of March 31, 2018 and for the three months ended March 31, 2018 and March 31, 2017 are derived from ILG's unaudited consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for the three months ended March 31, 2018, which is incorporated by reference into this offering memorandum and consent solicitation statement. The unaudited financial data presented has been prepared on a basis consistent with ILG's audited consolidated financial statements as recast in ILG's Current Report on Form 8-K filed with the SEC on June 5, 2018 reflecting the adoption of ASC 606. In the opinion of ILG's management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

Historical results are not necessarily indicative of the results that may be expected for any future period or any future date. Because this information is only a summary and does not provide all of the information contained in ILG's consolidated financial statements, including the related notes, this summary historical financial data should be read in conjunction with ILG's Current Report on Form 8-K filed with the SEC on June 5, 2018, ILG's Current Report on Form 8-K filed on July 19, 2018 with the SEC, and ILG's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 filed with the SEC on May 4, 2018.

(\$ in millions, except operating statistics)	Three Months Ended March 31,		Fiscal Year		
	2018	2017	2017	2016(1)	2015
Consolidated Statement of Income Data:					
Revenues					
Service and membership related	\$ 152	\$ 127	\$ 506	\$ 457	\$425
Sales of vacation ownership products, net	123	105	464	313	27
Rental and ancillary services	118	107	386	265	91
Consumer financing	24	21	89	57	5
Cost reimbursements	65	84	326	265	151
Total Revenues	482	444	1,771	1,357	699
Operating costs and expenses					
Cost of service and membership related sales	64	35	165	125	106
Cost of vacation ownership product sales	39	25	90	101	20
Cost of sales of rental and ancillary services	72	77	295	183	40
Cost of consumer financing	8	6	29	13	—
Cost of reimbursements	65	84	326	265	151
Royalty fee expense	11	10	43	28	3
Selling and marketing expense	78	70	293	189	67
General and administrative expense	59	54	225	198	150
Amortization expense of intangibles	5	5	20	19	14
Depreciation expense	15	15	60	43	18
Total operating costs and expenses	416	381	1,546	1,164	569

(\$ in millions, except operating statistics)	Three Months Ended March 31,		Fiscal Year		
	2018	2017	2017	2016(1)	2015
Operating income	66	63	225	193	130
Other income (expense)					
Interest income	—	—	1	1	1
Interest expense	(7)	(5)	(26)	(23)	(21)
Gain on bargain purchase(2)	—	—	2	163	—
Other income (expense), net	5	10	(3)	(7)	3
Equity in earnings from unconsolidated entities	1	2	4	5	4
Total other income (expense), net	(1)	7	(22)	139	(13)
Earnings before income taxes and noncontrolling interests	65	70	203	332	117
Income tax provision	(20)	(25)	(26)	(60)	(41)
Net income	45	45	177	272	76
Net income attributable to noncontrolling interests	(2)	(1)	(3)	(2)	(2)
Net income attributable to common stockholders	\$ 43	\$ 44	\$ 174	\$ 270	\$ 74

Consolidated Statement of Cash Flows Data:

Net cash flows provided by (used in):

Operating activities	\$ 152	\$ 58	\$ 205	\$ 8	\$ 140
Investing activities	\$ (16)	\$ (22)	\$ (115)	\$ (127)	\$ (21)
Financing activities	\$ (75)	\$ (38)	\$ 12	\$ 259	\$ (103)

Consolidated Balance Sheet Data:

Cash and cash equivalents	\$ 158	\$ 122	\$ 122	\$ 126	\$ 93
Total assets	\$ 3,770	\$ 3,687	\$ 3,687	\$ 3,314	\$ 1,282
Long-term debt, net of current portion	\$ 563	\$ 562	\$ 562	\$ 580	\$ 416
Total equity	\$ 1,738	\$ 1,716	\$ 1,716	\$ 1,600	\$ 467

Other Consolidated Financial Data:

EBITDA(3)	\$ 90	\$ 94	\$ 305	\$ 414	\$ 167
Adjusted EBITDA(3)	\$ 98	\$ 92	\$ 352	\$ 310	\$ 186
Free cash flow(4)	\$ 66	\$ 54	\$ 128	\$ 180	\$ 129

Operating Statistics:

Exchange and Rental

Total active members ('000s)(5)	1,822	1,829	1,813	1,822	1,811
Average revenue per member(6)(7)	53.17	52.12	190.05	191.61	194.60

Vacation Ownership (Vistana/HVO)(7)

Number of owner families (as of period end)	258,000	254,000	257,000	253,000	253,000
Number of managed resorts (as of period end)	43	43	43	43	38
Volume per guest(8)	3,230	3,267	3,049	3,017	2,849

Financing

Average FICO score (United States)(7)(9)	735	737	737	737	733
Historical default rate(10)	4.7%	4.3%	4.5%	4.4%	2.4%
Financing propensity(7)(11)	56%	68%	68%	73%	76%

- Amounts are exclusive of securitized debt from variable interest entities ("VIES") presented on ILG's historical consolidated balance sheets for the years ended December 31, 2017 and 2016.
- The 2016 fiscal year includes \$163 million of gain on bargain purchase that was recorded in connection with the Vistana acquisition and represents the excess of the fair value of the net tangible and intangible assets acquired over the purchase price. The gain on bargain purchase of \$2 million in 2017 pertains to additional tax-related adjustments to our purchase price allocation for Vistana in the second quarter of 2017 prior to the measurement period closing on May 11, 2017.
- ILG defines EBITDA as net income attributable to common stockholders excluding, if applicable: (1) non-operating interest income and interest expense, (2) income taxes, (3) depreciation expense, and (4) amortization expense of intangibles. ILG defines Adjusted EBITDA as EBITDA excluding, if applicable: (1) non-cash compensation expense, (2) goodwill and asset impairments, (3) acquisition-related and restructuring costs, (4) other non-operating income and expense, (5) the impact of the application of purchase accounting, and (6) other special items.

ILG's EBITDA and Adjusted EBITDA should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. See "Presentation of Financial and Other information—Non-GAAP Financial Measures of MVW and ILG."

The following table presents a reconciliation of ILG's net income attributable to common stockholders to operating income, the most directly comparable GAAP measures, to EBITDA and Adjusted EBITDA for the three months ended March 31, 2018 and 2017 and for the years ended December 31, 2017, 2016 and 2015.

(\$ in millions)	Three Months Ended March 31,		Fiscal Year		
	2018	2017	2017	2016	2015
Net income attributable to common stockholders	\$ 43	\$ 44	\$174	\$ 270	\$ 74
Net income attributable to noncontrolling interest	2	1	3	2	2
Net income	45	45	177	272	76
Income tax provision	20	25	26	60	41
Other special items ^(a)	—	—	(2)	(163)	—
Equity in earning from unconsolidated entities	(1)	(2)	(4)	(5)	(4)
Other non-operating expense, net	(5)	(10)	3	7	(3)
Interest expense	7	5	26	23	21
Interest income	—	—	(1)	(1)	(1)
Operating income	66	63	225	193	130
Other non-operating income (expense), net ^(b)	5	10	(3)	(7)	3
Other special items	—	—	2	163	—
Equity in earnings from unconsolidated entities	1	2	4	5	4
Net income attributable to noncontrolling interest	(2)	(1)	(3)	(2)	(2)
Depreciation expense ^(c)	15	15	60	43	18
Amortization expense of intangibles ^(d)	5	5	20	19	14
EBITDA	90	94	305	414	167
Impact of Purchase Accounting ^(e)	—	(3)	(4)	12	1
Other special items ^(f)	4	—	4	(163)	—
Asset impairments	2	2	10	—	—
Acquisition related and restructuring costs ^(g)	1	3	12	22	8
Less: Other non-operating (income) expense, net	(5)	(10)	3	7	(3)
Non-cash compensation expense ^(h)	6	6	22	18	13
Adjusted EBITDA	\$ 98	\$ 92	\$352	\$ 310	\$186

- (a) The 2016 fiscal year includes \$163 million of gain on bargain purchase that was recorded in connection with the Vistana acquisition and represents the excess of the fair value of the net tangible and intangible assets acquired over the purchase price. The gain on bargain purchase of \$2 million in 2017 pertains to additional tax-related adjustments to our purchase price allocation for Vistana in the second quarter of 2017 prior to the measurement period closing on May 11, 2017.
- (b) Other non-operating income and expense consists principally of foreign currency translations of cash held in certain countries in currencies, principally U.S. dollars, other than their functional currency, in addition to any gains or losses on extinguishment of debt.
- (c) Depreciation expense is a non-cash expense relating to ILG's property and equipment and is recorded on a straight-line basis to allocate the cost of depreciable assets to operations over their estimated service lives.
- (d) Amortization expense of intangibles is a non-cash expense relating primarily to acquisitions. At the time of an acquisition, the intangible assets of the acquired company, such as customer relationships, purchase agreements and resort management agreements are valued and amortized over their estimated lives. ILG believes that since intangibles represent costs incurred by the acquired company to build value prior to acquisition, they were part of transaction costs.

- (e) Impact of the application of purchase accounting represents the difference between amounts derived from the fair value remeasurement of assets and liabilities acquired in a business combination versus the historical basis. ILG believes generally this is most meaningful in the first year subsequent to an acquisition.
- (f) Other special items consists of other items that ILG believes are not related to its core business operations. For the three months ended March 31, 2018 and 2017, such items include (as applicable to the respective period): (i) costs related to the litigation matters described in Note 21 accompanying ILG's unaudited condensed consolidated financial statements included in ILG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, (ii) impact to ILG's financial statements related to natural disasters, including Hurricane Irma and other named storms, and (iii) costs related to ILG's board of directors' strategic review. For the years ended December 31, 2017 and 2016, such items include (as applicable to the respective period): (i) the gain on bargain purchase recognized as part of the Vistana acquisition, (ii) costs related to the litigation matters described in Note 22 accompanying the audited consolidated financial statements included in ILG's as recast in ILG's Current Report on Form 8-K filed with the SEC on June 5, 2018, (iii) impact to ILG's financial statements related to natural disasters, including Hurricane Irma and other named storms, and (iv) costs related to activist defense.
- (g) Acquisition-related and restructuring costs are transaction fees, costs incurred in connection with performing due diligence, subsequent adjustments to ILG's initial estimate of contingent consideration obligations associated with business acquisitions, and other direct costs related to acquisition activities. Additionally, this item includes certain restructuring charges primarily related to workforce reductions, costs associated with integrating acquired businesses and estimated costs of exiting contractual commitments.
- (h) Non-cash compensation expense consists principally of expense associated with the grants of restricted stock units. These expenses are not paid in cash, and ILG will include the related shares in its future calculations of diluted shares of stock outstanding. Upon vesting of restricted stock units, the awards will be settled, at ILG's discretion, on a net basis, with ILG remitting the required tax withholding amount from its current funds.
- (4) ILG's free cash flow is a non-GAAP measure. ILG defines free cash flow as cash and restricted cash provided by operating activities less capital expenditures, plus net changes in financing-related restricted cash and net borrowing and repayment activity pertaining to securitizations, and excluding changes in operating-related restricted cash and certain payments unrelated to ILG's ongoing core business, such as acquisition-related and restructuring costs.

The following table presents a reconciliation of ILG's operating income before inventory spread, the most directly comparable GAAP measure, to free cash flow for the three months ended March 31, 2018 and 2017 and for the years ended December 31, 2017, 2016 and 2015.

(\$ in millions)	Three Months Ended March 31,		Year Ended December 31,		
	2018	2017	2017	2016	2015
Operating activities before inventory spend	\$ 146	\$ 145	\$ 310	\$ 168	\$ 143
Inventory spend	(21)	(57)	(231)	(175)	—
Net changes in operating-related restricted cash	27	(30)	126	15	(3)
Net cash provided by operating activities	152	58	205	8	140
Repayments on securitizations	(45)	(32)	(178)	(93)	—
Proceeds from securitizations, net of debt issuance costs	—	—	322	370	—
Net changes in financing-related restricted cash	1	18	14	(25)	—
Net securitization activities	(44)	(14)	158	252	—
Net changes in operating-related restricted cash	(27)	30	(126)	(15)	3
Capital expenditures	(16)	(22)	(119)	(95)	(20)
Acquisition-related and restructuring payments	1	2	10	30	6
Free cash flow	<u>\$ 66</u>	<u>\$ 54</u>	<u>\$ 128</u>	<u>\$ 180</u>	<u>\$ 129</u>

- (5) Represents active members of the Interval Network as of the end of the period. Active members are members in good standing that have paid membership fees and any other applicable charges in full as of the end of the period or are within the allowed grace period. All Hyatt Residence Club members and Vistana Signature Network members are also members of the Interval Network.
- (6) Represents membership fee revenue, transaction revenue and ancillary member revenue for the Interval Network, Hyatt Residence Club and Vistana Signature Network for the applicable period divided by the monthly weighted average number of active members during the applicable period.
- (7) Includes Vistana on a pro forma basis for pre-acquisition periods.

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- (8) Represents consolidated timeshare contract sales excluding telesales, divided by tour flow during the period.
 - (9) ILG bases its financing terms largely on a purchaser's FICO score, which is a branded version of a consumer credit score widely used in the United States by banks and lending institutions. FICO scores range from 300 to 850 and are calculated based on information obtained from one or more of the three major U.S. credit reporting agencies that compile and report on a consumer's credit history. Figures herein represent the weighted average FICO scores of loans originated over the last twelve months as of each quarter-end date.
 - (10) Represents the trailing twelve months of defaults as a percentage of each period's beginning gross vacation ownership mortgages receivable balance.
 - (11) We calculate financing propensity as contract sales volume of financed sales divided by total contract sales volume in the period.

**SUMMARY UNAUDITED PRO FORMA COMBINED
FINANCIAL DATA**

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

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

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

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

(\$ in millions)	Three Months Ended March 31,		Year Ended December 31,	Twelve Months Ended March 31,
	2018	2017	2017	2018
Consolidated Statement of Income Data:				
Revenues				
Sale of vacation ownership products	\$ 298	\$269	\$ 1,221	\$ 1,250
Resort management and other services	214	188	757	783
Financing	55	51	214	218
Rental	194	176	653	671
Cost reimbursements	281	281	1,076	1,076
Total Revenues	1,042	965	3,921	3,998

(\$ in millions)	Three Months Ended March 31,		Year Ended December 31,	Twelve Months Ended March 31,
	2018	2017	2017	2018
Expenses				
Cost of vacation ownership products	88	72	298	314
Marketing and sales	185	165	675	695
Resort management and other services	99	70	310	339
Financing	8	7	35	36
Rental	128	130	518	516
General and administrative	102	96	394	400
Litigation settlement	—	—	4	4
Consumer financing interest	11	9	37	39
Royalty fee	26	26	106	106
Amortization expense of intangibles	11	11	45	45
Cost reimbursements	281	281	1,076	1,076
Total Expenses	939	867	3,498	3,570
Gains and other income, net	1	—	6	7
Interest expense	(34)	(31)	(128)	(131)
Other	3	12	2	(7)
Income Before Income Taxes and Non-Controlling Interests	73	79	303	297
Provision for income taxes	(22)	(28)	22	28
Net Income	51	51	325	325
Net Income attributable to non-controlling interests	(2)	(1)	(3)	(4)
Net Income attributable to common stockholders	\$ 49	\$ 50	\$ 322	\$ 321

Selected Balance Sheet Data:

Cash and cash equivalents	\$ 190
Total assets	\$ 8,899
Total debt, gross	\$ 3,846
Total equity	\$ 3,485

Credit Statistics:

Adjusted EBITDA ⁽¹⁾	\$ 736
Secured corporate net debt ⁽²⁾⁽³⁾	971
Ratio of secured corporate net debt to Adjusted EBITDA	1.32x
Total corporate net debt ⁽³⁾	\$ 2,373
Ratio of total corporate net debt to Adjusted EBITDA	3.22x

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

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

(\$ in millions)	Three Months Ended March 31,		Year Ended December 31,	Twelve Months Ended March 31
	2018	2017	2017	2018
Net income attributable to common stockholders	\$ 49	\$ 50	\$ 322	\$ 321
Interest expense	34	31	128	131
Tax provision	22	28	(22)	(28)
Amortization expense of intangibles	11	11	45	45
Depreciation	21	20	81	82
EBITDA	\$ 137	\$ 140	\$ 554	\$ 551
Non-cash share-based compensation	10	9	38	39
Certain items ^(a)	4	(6)	35	45
Impact of purchase accounting ^(b)	8	2	20	26
Cost synergies ^(c)				75
Adjusted EBITDA^(d)	<u>\$ 159</u>	<u>\$ 145</u>	<u>\$ 647</u>	<u>\$ 736</u>

- (a) “Certain items” includes various adjustments made by MVW and ILG in calculating each respective company’s historical Adjusted EBITDA. Included from the MVW historical Adjusted EBITDA table are the amounts reflected under the line item titled “Certain items,” and included from the ILG historical Adjusted EBITDA table are the amounts included in the line items titled “Other special items,” “Asset impairments,” “Acquisition related and restructuring costs,” and “Less: Other non-operating (income) expense, net.” For further details regarding these historical adjustments to Adjusted EBITDA for MVW and ILG, respectively, see Note (2) under “Summary Historical Financial Data of MVW” and Note (3) under “Summary Historical Financial Data of ILG.” An incremental adjustment has been made to the historical Adjusted EBITDA adjustments related to acquisition costs to avoid double counting since they are eliminated as part of the pro forma adjustments and added back as part of the historical Adjusted EBITDA adjustments.
- (b) Reflects the remeasurement of assets and liabilities acquired in a business combination from book value to their respective fair values as a result of the application of purchase accounting. This adjustment includes the historical adjustments made to ILG’s Adjusted EBITDA in connection with its previous acquisitions as well as the impact of the applicable pro forma adjustments related to purchase accounting associated with the Combination Transactions.
- (c) Reflects cost savings and other synergies from the Combination Transactions as a result of restructuring activities and other cost savings initiatives that MVW expects to realize within two years following the consummation of the Combination Transactions. MVW currently anticipates that there will be one-time costs of \$85 million in order to achieve these cost savings and other synergies, which costs are expected to be incurred within two years following the consummation of the Combination Transactions. However, (i) there can be no assurance that such cost savings and other synergies will be achieved, (ii) it may take longer than anticipated to achieve such cost savings and other synergies and (iii) it may require additional costs to achieve these cost savings and other synergies. See “Risk factors— Risks Relating to the Combined Company Upon Completion of the Combination Transactions.”
- (d) Calculated excluding \$26 million of estimated lost Adjusted EBITDA from disruption of sales operations and rental and ancillary operations at certain MVW and ILG locations due to one or both of the 2017 Hurricanes, for which the Company expects to receive business interruption proceeds upon settlement of outstanding insurance claims.
- (2) Represents secured debt and includes indebtedness incurred under the New Credit Facilities and capital leases; excludes non-recourse, securitized debt, including any borrowings under the warehouse credit facility; net of cash and cash equivalents of \$190 million.
- (3) Excludes non-recourse, securitized debt, including any borrowings under the warehouse credit facility; net of cash and cash equivalents of \$190 million.

Non-GAAP Financial Information

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

MVW

MVW defines EBITDA as earnings, or net income, before interest expense (excluding consumer financing interest expense), income taxes, depreciation and amortization. MVW’s Adjusted EBITDA reflects EBITDA as adjusted for certain other items described under “Summary—Summary Historical Financial Data of MVW,” and excludes non-cash share-based compensation expense to address considerable variability among companies in recording compensation expense because companies use share-based payment awards differently, both in the type and quantity of awards granted, and the impact of the application of purchase accounting. For purposes of MVW’s EBITDA and Adjusted EBITDA calculations, MVW does not adjust for consumer financing interest expense because MVW considers it to be an operating expense of its business. MVW considers EBITDA and Adjusted EBITDA to be indicators of operating performance, which it uses to measure its ability to service debt, fund capital expenditures and expand its business. MVW uses EBITDA and Adjusted EBITDA, as do analysts, lenders, investors and others, because these measures exclude certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be dependent on a company’s capital structure, debt levels and credit ratings. Accordingly, the impact of interest expense on earnings can vary significantly among companies. The tax positions of companies can also vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. As a result, effective tax rates and provision for income taxes can vary considerably among companies. EBITDA and Adjusted EBITDA also exclude depreciation and amortization because companies utilize productive assets of different ages and use different methods of both acquiring and depreciating productive assets. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. Together, EBITDA and Adjusted EBITDA facilitate MVW’s comparison of results from its ongoing core operations before the impact of these items with results from other vacation ownership companies.

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

MVW defines corporate debt as total gross debt outstanding less gross securitization debt, and corporate net debt as corporate debt less cash and cash equivalents.

ILG

ILG defines EBITDA as net income attributable to common stockholders excluding, if applicable: (1) non-operating interest income and interest expense, (2) income taxes, (3) depreciation expense and (4) amortization expense of intangibles. ILG defines Adjusted EBITDA as EBITDA excluding, if applicable: (1) non-cash compensation expense, (2) goodwill and asset impairments, (3) acquisition-related and restructuring costs, (4) other non-operating income and expense, (5) the impact of the application of purchase accounting, and (6) other special items. ILG’s presentation of EBITDA and Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies. ILG believes the performance measures such as EBITDA and Adjusted EBITDA are

useful to investors because they represent the consolidated operating results from its segments, excluding the effects of any non-core expenses or gains. ILG also believes these measures improve the transparency of its disclosures, provide a meaningful presentation of its results from its business operations, excluding the impact of certain items not related to its core business operations and improve the period-to-period comparability of results from business operations. These non-GAAP performance measures have certain limitations in that they do not take into account the impact of certain expenses to ILG's statement of operations, such as non-cash compensation and acquisition-related and restructuring costs as it relates to Adjusted EBITDA.

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

Pro forma

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

EBITDA, Adjusted EBITDA, adjusted free cash flow, pro forma EBITDA and pro forma Adjusted EBITDA have limitations and should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. In addition, other companies in MVW's and ILG's industry may calculate EBITDA, Adjusted EBITDA, adjusted free cash flow, pro forma EBITDA and pro forma Adjusted EBITDA differently than MVW and ILG do or may not calculate them at all, limiting their usefulness as comparative measures.

Pro Forma Information

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

Disclaimer

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

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Marriott Vacations Worldwide Announces Exchange Offer and Consent Solicitation for IAC Notes

ORLANDO, Fla. – July 26, 2018 – Marriott Vacations Worldwide Corporation (NYSE: VAC) (“our”) today announced that Marriott Ownership Resorts, Inc. (the “Issuer”), a wholly owned subsidiary of Marriott Vacations Worldwide, has commenced, subject to the terms and conditions set forth in a confidential offering memorandum and consent solicitation statement dated the date hereof (the “Offering Memorandum”), an offer to exchange (the “Exchange Offer”) any and all of the outstanding \$350.0 million aggregate principal amount of 5.625 percent Senior Notes due 2023 (the “Existing IAC Notes”) issued by Interval Acquisition Corp. (“IAC”), a wholly owned subsidiary of ILG, Inc. (“ILG”), held by Eligible Holders (as defined below) for (i) up to an aggregate principal amount of \$350.0 million of new 5.625 percent Senior Notes due 2023 (the “Exchange Notes”) to be issued by the Issuer and (ii) cash. The purpose of the Exchange Offer is to promote a more efficient capital structure and ease administration of MVW’s consolidated indebtedness.

The following table sets forth the Exchange Consideration, Early Tender Premium and Total Exchange Consideration for Existing IAC Notes validly tendered (and not validly withdrawn) and accepted for exchange in the Exchange Offer:

Existing IAC Notes to be Exchanged	CUSIP Number	Aggregate Principal Amount Outstanding	Exchange Consideration ⁽¹⁾⁽²⁾	Early Tender Premium	Total Exchange Consideration ⁽¹⁾⁽²⁾⁽³⁾
5.625% Senior Notes due 2023	46113V AD 0	\$ 350,000,000	\$950 principal amount of Exchange Notes and \$10 in cash	\$50 principal amount of Exchange Notes	\$1,000 principal amount of Exchange Notes and \$10 in cash

- (1) Total principal amount of Exchange Notes for each \$1,000 principal amount of Existing IAC Notes tendered. The Exchange Notes will accrue interest from April 15, 2018, the most recent interest payment date on the Existing IAC Notes.
- (2) Cash consideration for each \$1,000 principal amount of Existing IAC Notes tendered and represents the fee payable for holders providing consents.
- (3) Includes Early Tender Premium.

The Exchange Offer and the Consent Solicitation are being made in connection with the previously announced combination of Marriott Vacations Worldwide with ILG (the “Combination Transactions”) pursuant to that certain Agreement and Plan of Merger, dated as of April 30, 2018, by and among Marriott Vacations Worldwide, ILG and certain of their direct and indirect subsidiaries (the “Merger Agreement”). The obligation of the Issuer to accept for exchange, and to pay the cash consideration for, Existing IAC Notes validly tendered (and not validly withdrawn) in the Exchange Offer is subject to certain conditions set forth in the Offering Memorandum, including consummation of the Combination Transactions pursuant to the Merger Agreement. The parties’ obligations to complete the Combination Transactions are subject to the conditions set forth in the Merger Agreement, but the consummation of the Combination Transactions is neither subject to a financing condition nor is it subject to the completion of the Exchange Offer and the Consent Solicitation.

The Issuer is also soliciting consents (the “Consent Solicitation”) from Eligible Holders, upon the terms and conditions set forth in the Offering Memorandum, to adopt certain proposed amendments to the indenture (the “Existing IAC Indenture”) under which the Existing IAC Notes were issued that would eliminate certain of the covenants, restrictive provisions and events of default contained in the Existing IAC Indenture (the “Proposed Amendments”). Eligible Holders may not tender Existing IAC Notes in the Exchange Offer without delivering a consent in the Consent Solicitation. If an Eligible Holder tenders Existing IAC Notes in the Exchange Offer, such Eligible Holder will be deemed to deliver its consent, with respect to the principal amount of such tendered Existing IAC Notes, to the Proposed Amendments. The Issuer may complete the Exchange Offer even if valid consents sufficient to effect the Proposed Amendments are not received.

The Exchange Offer is not conditioned on any minimum amount of Existing IAC Notes being tendered for exchange. In addition, the Exchange Offer is not conditioned on the receipt of a requisite amount of consents in the Consent Solicitation.

Holders who validly tender (and do not validly withdraw) their Existing IAC Notes at or prior to 5:00 p.m., ET, on August 8, 2018 (such date and time, as the same may be extended, the “Early Tender Date”), will be eligible to receive the “Total Exchange Consideration” (as set forth in the table above), which includes the “Early Tender Premium” set forth in such table, for all such Existing IAC Notes that are accepted on the “Settlement Date,” which will occur promptly after the Expiration Date (as defined below). Tenders may not be withdrawn after 5:00 p.m., ET, on August 8, 2018 (such date and time, as the same may be extended, the “Withdrawal Deadline”), except in certain limited circumstances. Eligible holders who validly tender their Existing IAC Notes after the Early Tender Date but at or prior to 5:00 p.m., ET, on August 30, 2018 (such date and time, as the same may be extended, the “Expiration Date”), will not be eligible to receive the Early Tender Premium and, instead, will be eligible to receive only the “Exchange Consideration” set out in the table above on the Settlement Date. The Issuer intends to extend the Exchange Offer if the Combination Transactions are not expected to close promptly after the Expiration Date. Marriott Vacations Worldwide and ILG are currently targeting to complete the Combination Transactions at the end of August 2018.

The consent of the holders of a majority of the aggregate principal amount of the Existing IAC Notes outstanding will be required in order to give effect to the Proposed Amendments. After the Withdrawal Deadline, if the Issuer receives valid consents sufficient to effect the Proposed Amendments, IAC and the trustee under the Existing IAC Indenture will execute and deliver a supplemental indenture relating to the Proposed Amendments. The Proposed Amendments will become operative upon consummation of the Exchange Offer.

Documents relating to the Exchange Offer and the Consent Solicitation will only be distributed to holders of Existing IAC Notes who certify that they are (i) “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), or (ii) persons outside the United States that are not “U.S. persons” within the meaning of Regulation S under the Securities Act and that are not acquiring the Exchange Notes for the account or benefit of a U.S. person (such holders, “Eligible Holders”).

In connection with the Combination Transactions, Marriott Vacations Worldwide expects (i) the Issuer to issue \$750 million new senior notes (the “New Marriott Notes”), which are expected to be guaranteed by Marriott Vacations Worldwide and certain of its subsidiaries, and (ii) the Issuer, as the borrower, to enter into new senior secured credit facilities (the “New Credit Facilities”), comprising a \$900 million seven-year term loan credit facility and a \$600 million five-year revolving credit facility, which are expected to be guaranteed by Marriott Vacations Worldwide and certain of its subsidiaries. Proceeds from the New Marriott Notes and the New Credit Facilities are expected to be used for, among other things, payment of the cash consideration for the Combination Transactions, repayment of ILG’s revolving credit facility and, in each case, transaction fees, costs and expenses and other payments in connection therewith.

The Exchange Notes will initially be guaranteed on a senior unsecured basis by Marriott Vacations Worldwide and each of Marriott Vacations Worldwide’s subsidiaries that is a borrower under or that guarantees the New Credit Facilities, and, in the future, by any subsidiary of Marriott Vacations Worldwide (other than receivables subsidiaries or foreign subsidiaries) that becomes a borrower or a guarantor under a credit facility or other capital markets debt securities of the Issuer or any guarantor of the Exchange Notes.

The Exchange Notes will not initially be registered under the Securities Act or the securities laws of any other jurisdiction. In connection with the issuance of the Exchange Notes, the Issuer and the guarantors thereof will enter into a registration rights agreement pursuant to which they will agree to exchange the Exchange Notes for registered notes having substantially the same terms as the Exchange Notes or, in certain circumstances, to register the resale of Exchange Notes with the Securities and Exchange Commission. Until they are registered, the Exchange Notes may not be offered or sold in the United States or to any U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The complete terms and conditions of the Exchange Offer and the Consent Solicitation are described in the Offering Memorandum and related letter of transmittal and consent. The Offering Memorandum and related letter of transmittal will only be made available to holders who confirm their status as Eligible Holders. Eligible Holders may obtain copies by contacting D.F. King & Co., Inc., the exchange agent and information agent in connection with the Exchange Offer and Consent Solicitation, at (866) 521-4487 (U.S. toll-free) or (212) 269-5550 (banks and brokers), by emailing ILG@dfking.com or by visiting www.dfking.com/ILG to complete the eligibility process.

No Offer or Solicitation

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

This communication does not constitute an offer to sell or an offer to buy any New Marriott Notes.

About Marriott Vacations Worldwide Corporation

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

About ILG

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

Forward-Looking Statements

Information included in this communication, and information which may be contained in other filings with the Securities and Exchange Commission (the "SEC") and press releases or other public statements, contains or may contain "forward-looking" statements. These forward-looking statements include, among other things, statements of plans, objectives, expectations (financial or otherwise) or intentions. Forward-looking statements are any statements other than statements of historical fact, including statements regarding Marriott Vacations Worldwide and ILG's expectations, beliefs, hopes, intentions or strategies regarding the future. Among other things, these forward-looking statements may include statements regarding the proposed combination of Marriott Vacations Worldwide and ILG; our beliefs relating to value creation as a result of a potential combination of Marriott Vacations Worldwide and ILG; the expected timetable for completing the transactions; benefits and synergies of the transactions; future opportunities for the combined company; statements regarding the Exchange Offer, the Consent Solicitation, the New Marriott Notes and the New Credit Facilities and any other statements regarding Marriott Vacations Worldwide's and ILG's future beliefs, expectations, plans, intentions, financial condition or performance. In some cases, forward-looking statements can be identified by the use of words such as "may," "will," "expects," "should," "believes," "plans," "anticipates," "estimates," "predicts," "potential," "continue," or other words of similar meaning.

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

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

Important Information and Where to Find It

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

Participants in the Solicitation

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

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July 26, 2018

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

On April 30, 2018, Marriott Vacations Worldwide Corporation entered into that certain Agreement and Plan of Merger, dated as of April 30, 2018, by and among Marriott Vacations Worldwide Corporation, ILG, Inc., Ignite Holdco, Inc., Ignite Holdco Subsidiary, Inc., Volt Merger Sub, Inc. and Volt Merger Sub, LLC, as it may be amended, restated or otherwise modified (the “Merger Agreement”), pursuant to which MVW agreed to acquire ILG through a series of business combinations (the “Combination Transactions”).

The below “Unaudited Pro Forma Combined Financial Statements” were included in the Offering Memorandum and Consent Solicitation Statement dated July 26, 2018.

Unaudited Pro Forma Combined Financial Statements

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

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

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

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

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

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

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

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

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

- MVW consolidated financial statements as of and for (1) the year ended December 31, 2017 in its Current Report on Form 8-K dated June 5, 2018 and (2) each of the three months ended March 31, 2018 and March 31, 2017 in its Quarterly Report on Form 10-Q filed with the SEC on May 4, 2018; and
- ILG consolidated financial statements as of and for (1) the year ended December 31, 2017 in its Current Report on Form 8-K dated June 5, 2018 and (2) each of the three months ended March 31, 2018 and March 31, 2017 in its Quarterly Report on Form 10-Q filed with the SEC on May 4, 2018.

Rounding

Calculated values were determined using whole numbers.

MARRIOTT VACATIONS WORLDWIDE CORPORATION
UNAUDITED PRO FORMA COMBINED BALANCE SHEET

As of March 31, 2018

(In millions)

	Historical		Pro forma adjustments	Pro forma combined
	MVW	ILG (a)		
ASSETS				
Cash and cash equivalents	\$ 324	\$ 158	\$ (292) (b)	\$ 190
Restricted cash	61	256		317
Accounts receivable, net	63	125	(15) (c)	173
Vacation ownership notes receivable, net	1,133	733	48 (d)	1,914
Inventory	727	557	44 (e)	1,328
Investments in unconsolidated entities	—	54		54
Property and equipment	251	621	6 (f)	878
Goodwill	—	565	2,178 (g)	2,743
Intangible assets, net	—	438	422 (h)	860
Other	201	263	(22) (i)	442
TOTAL ASSETS	<u>\$2,760</u>	<u>\$3,770</u>	<u>\$ 2,369</u>	<u>\$ 8,899</u>
LIABILITIES AND EQUITY				
Accounts payable	\$ 80	\$ 54	\$ (3) (c)	\$ 131
Advance deposits	97	91		188
Accrued liabilities	122	158	(9) (c)	271
Deferred revenue	114	308	(9) (j)	413
Payroll and benefits liability	81	68		149
Deferred compensation liability	79	13		92
Debt, net	1,012	1,093	7 (k)	3,761
			1,649 (l)	
Other	12	106	(3) (c)	115
Deferred taxes	97	140	56 (m)	293
TOTAL LIABILITIES	<u>1,694</u>	<u>2,031</u>	<u>1,688</u>	<u>5,413</u>
Redeemable non-controlling interest	—	1		1
Contingencies and Commitments				
Preferred stock	—	—		—
Common stock	—	1	(1) (g)	—
			— (n)	
Treasury stock	(696)	(164)	164 (g)	(696)
Additional paid-in capital	1,184	1,277	(1,277) (g)	3,655
			2,435 (n)	
			36 (o)	
Accumulated other comprehensive income	23	(26)	26 (g)	23
Retained earnings	555	610	(610) (g)	463
			(2) (l)	
			(103) (p)	
			13 (m)	
TOTAL EQUITY BEFORE NON-CONTROLLING INTERESTS	<u>1,066</u>	<u>1,698</u>	<u>681</u>	<u>3,445</u>
Non-controlling interests	—	40		40
TOTAL EQUITY	<u>1,066</u>	<u>1,738</u>	<u>681</u>	<u>3,485</u>
TOTAL LIABILITIES AND EQUITY	<u>\$2,760</u>	<u>\$3,770</u>	<u>\$ 2,369</u>	<u>\$ 8,899</u>

Notes to Unaudited Pro Forma Combined Balance Sheet

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

(\$ in millions)	At March 31, 2018		
	ILG	Reclassification adjustments	ILG conformed to MVW's presentation
Restricted cash and cash equivalents — current	\$ 252	\$ (252)	\$ —
Restricted cash and cash equivalents — non-current	4	(4)	—
Restricted cash	—	256	256
	<u>\$ 256</u>	<u>\$ —</u>	<u>\$ 256</u>
Vacation ownership mortgages receivable, net — current	\$ 82	\$ (82)	\$ —
Vacation ownership mortgages receivable, net — non-current	651	(651)	—
Vacation ownership notes receivable, net	—	733	733
	<u>\$ 733</u>	<u>\$ —</u>	<u>\$ 733</u>
Vacation ownership inventory — current	\$ 497	\$ (497)	\$ —
Vacation ownership inventory — non-current	60	(60)	—
Inventory	—	557	557
	<u>\$ 557</u>	<u>\$ —</u>	<u>\$ 557</u>
Prepaid income taxes	\$ 39	\$ (39)	\$ —
Prepaid expenses	105	(105)	—
Other current assets	33	(33)	—
Other non-current assets	86	(86)	—
Other	—	263	263

(\$ in millions)	At March 31, 2018		
	ILG	Reclassification adjustments	ILG conformed to MVW's presentation
	\$ 263	\$ —	\$ 263
Accrued expenses and other current liabilities	\$ 91	\$ (91)	\$ —
Advance deposits	—	91	91
	\$ 91	\$ —	\$ 91
Income taxes payable, non-current	\$ 2	\$ (2)	\$ —
Accounts payable	—	2	2
	\$ 2	\$ —	\$ 2
Other long-term liabilities	\$ 13	\$ (13)	\$ —
Deferred compensation liability	—	13	13
	\$ 13	\$ —	\$ 13
Current portion of securitized debt from VIEs	\$ 135	\$ (135)	\$ —
Securitized debt from VIEs — non-current	395	(395)	—
Debt, net	—	530	530
	\$ 530	\$ —	\$ 530
Deferred revenue — current	\$ 224	\$ (224)	\$ —
Deferred revenue — non-current	84	(84)	—
Deferred revenue	—	308	308
	\$ 308	\$ —	\$ 308

- (b) Represents net use of cash as part of consummating the Combination Transactions.
- (c) To reflect the elimination of intercompany balances between MVW and ILG.
- (d) To reflect the estimated purchase accounting adjustment to ILG's vacation ownership notes receivable remeasured at fair value. Fair value was determined using an income approach based on the expected future performance of the respective vacation ownership notes receivable portfolio.
- (e) To reflect the estimated purchase accounting adjustment to ILG's vacation ownership inventory remeasured at fair value. Fair value was determined using an income approach based on expected proceeds from sales of vacation ownership inventory, less costs to sell and a normal profit margin on these sales.

- (f) To reflect the estimated purchase accounting adjustment to property and equipment owned by ILG. Fair value was based on most recent available independent appraisals. Refer to note (g) to the “Notes to Unaudited Pro Forma Combined Statement of Income” for additional details regarding the pro forma adjustments related to remeasuring these items to fair value.
- (g) To reflect adjustments to remove ILG’s historical goodwill and stockholders’ equity, and to recognize goodwill generated by the Combination Transactions.

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

Total purchase consideration noted in the table below was determined based on the issuance of approximately 20.5 million shares of MVW common stock using a stock price of \$118.63, the closing price as of July 9, 2018. At this stock price, the allocation of total estimated purchase consideration results in goodwill of \$2.7 billion, as detailed in table below. As a measure of sensitivity on total purchase consideration, a change of \$10 to the stock price used would change the total purchase consideration by approximately \$207 million. As a reference, MVW’s stock price volatility over the period between January 1, 2018 and July 9, 2018 has ranged from a high of \$154.14 to a low of \$107.17.

The preliminary estimated allocation of the purchase consideration and non-controlling interests, on a pro forma basis, as if the Combination Transactions closed on March 31, 2018 is as follows. The preliminary estimated allocation will be subject to further refinement and may result in material changes. These changes will primarily relate to the allocation of consideration transferred and the fair value assigned to all tangible and intangible assets and liabilities acquired and identified.

(in millions, except per share data)

Equivalent shares of MVW common stock to be issued	20.5
MVW common stock price as of July 9, 2018	\$118.63
Estimated stock consideration to be transferred	2,436
Cash consideration to ILG stockholders	1,835
Fair value of MVW equity-based awards issued in exchange for vested ILG equity-based awards (see note (o))	36
Estimate of consideration expected to be transferred	4,307
Redeemable non-controlling interest(1)	1
Non-controlling interests(1)	40
Estimate of total value to allocate	\$ 4,348
ILG's book value of net assets before non-controlling interests	(1,698)
Redeemable non-controlling interest(1)	(1)
Non-controlling interests(1)	(40)
Adjustments to historical net book values:	
Vacation ownership notes receivable (see note (d))	(48)
Inventory (see note (e))	(44)
Property and equipment (see note (f))	(6)
Intangible assets (see note (h))	(422)
Other assets (see note (i))	22
Deferred revenue (see note (j))	(9)
Debt (see note (k))	7
Deferred taxes (see note (m))	69
Reversal of historical ILG goodwill	565
Goodwill	<u>\$ 2,743</u>

- (1) Represents non-controlling interests remaining in ILG. These non-controlling interests include the CLC World Resorts & Hotels interest in VRI Europe ("VRI Europe") (a fully consolidated joint venture resort management company of which ILG purchased 75.5% of the shares in connection with the VRI Europe transaction on November 4, 2013), the non-controlling interests held in ILG's fully consolidated joint venture entity acquired as part of the acquisition of the vacation ownership business of Hyatt Corporation on October 1, 2014, and the portion of ILG's consolidated homeowners' associations related to individual or third-party vacation ownership product owners. For the purposes of these pro forma financial statements, the book value of the non-controlling interests was used for the purchase price allocation, which is preliminary and subject to further adjustments as additional information becomes available and as additional analyses are performed.
- (h) To reflect adjustments to ILG's historical intangible assets, and to recognize the amount of the total estimated purchase consideration allocated to intangible assets with definite-lives and indefinite-lives, consisting of ILG's member relationships, management contracts, and trade names and trademarks. Refer to note (i) to the "Notes to Unaudited Pro Forma Combined Statement of Income" for additional details regarding the pro forma adjustments related to these intangible assets.

- (i) In its adoption of ASC 606, MVW elected to apply the practical expedient permitted under the standard to expense costs rather than capitalize costs to obtain a contract as incurred whereas ILG elected to capitalize these costs. As MVW has an accounting policy to expense these costs as incurred, this pro forma adjustment reflects the elimination of the assets recorded by ILG related to these capitalized costs and the associated amortization during the respective periods and recognizes an estimate of costs during the respective periods that would have been expensed in order to conform ILG's accounting policy to that of MVW.
- (j) To reflect the estimated purchase accounting adjustment to ILG's deferred revenue balances. Purchase accounting requires that the acquiring entity should recognize deferred revenue of the acquired company only if it relates to a legal performance obligation assumed by the acquiring entity. Consequently, ILG's pre-Combination Transactions deferred revenue as of the Combination Transactions date for which there is no remaining legal performance obligation post-Combination Transactions is eliminated in purchase accounting. The actual amount of the purchase accounting adjustment will be based on the deferred revenue balances at the close of the Combination Transactions.
- (k) To reflect the estimated purchase accounting adjustments related to the existing ILG debt re-measured at fair value.
- (l) Represents assumptions related to net changes to borrowings for purposes of funding the Combination Transactions. The Exchange Notes are expected to have substantially the same terms as the Existing IAC Notes exchanged and will be reflected in the pro forma combined balance sheet at estimated fair value as indicated in note (k). The actual amount drawn under the New Credit Facilities will be based on the cash balances available on the closing date of the Combination Transactions. Cash balances on the closing date of the Combination Transactions are expected to be higher than those as of March 31, 2018 as a result of the MVW Securitization completed subsequent to the balance sheet date. Approximately \$327 million of vacation ownership notes receivable were purchased by the 2018-1 Trust on June 28, 2018. On July 26, 2018, the 2018-1 Trust purchased an additional \$55 million of vacation ownership notes receivable. MVW expects the remaining notes receivable to be purchased by the 2018-1 Trust prior to September 30, 2018. As of July 26, 2018, the 2018-1 Trust held \$51 million of the proceeds from the MVW Securitization, which will be released to MVW as the remaining vacation ownership notes receivable are purchased or, if not used for that purpose, returned to the investors. See "Description of Other Indebtedness—Existing MVW Debt—MVW Securitization."

<i>(\$ in millions)</i>	<u>Term</u>	<u>At March 31, 2018</u>
Senior secured term loan — variable rate	7 years	\$ 900
Senior unsecured financing — fixed rate	8 years	750
Revolving credit facility — variable rate	5 years	254
Total amount issued or drawn as of March 31, 2018		1,904
Debt issuance costs and discounts		(37)
Repayment of outstanding ILG credit facility		(220)
Write off of historical debt issuance costs and discounts		2
		<u>\$ 1,649</u>

- (m) Represents deferred income tax adjustments recorded at an estimated statutory blended rate of 24.0% to reflect the differences in the carrying values of the acquired assets and the assumed liabilities, excluding goodwill, for financial reporting purposes and the cost basis for income tax purposes, which will be carried over as part of the Combination Transactions. Deferred taxes relating to goodwill for prior ILG acquisitions have also been removed from the pro forma financial statements. Also includes tax adjustments related to transaction costs, a portion of which are capitalized and a portion of which are deductible, and other pro forma adjustments noted herein.
- (n) To reflect the approximately 20.5 million share issuance calculated and priced as of July 9, 2018, which was partially offset by certain other pro forma adjustments impacting Additional paid-in capital. The actual number of shares of MVW common stock that MVW will issue to ILG stockholders upon closing of the Combination Transactions will be based on the actual number of shares of ILG common stock outstanding when the Combination Transactions close, and the valuation of those shares will be based on the trading price of MVW common stock at that time.
- (o) To reflect stock compensation adjustments related to the issuance of MVW equity-based awards to replace ILG equity-based awards for pre-Combination Transactions services. Under acquisition accounting, the fair value of replacement awards attributable to pre-Combination Transactions services are to be included in the consideration transferred and treated as Additional paid-in capital.
- (p) To reflect the amounts related to transaction costs directly attributable to the Combination Transactions which are not presented on the historical balance sheet.

MARRIOTT VACATIONS WORLDWIDE CORPORATION

UNAUDITED PRO FORMA COMBINED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2018

(In millions, except per share amounts)

	Historical		Pro forma adjustments		Pro forma combined
	MVW	ILG (a)			
REVENUES					
Sale of vacation ownership products	\$ 175	\$ 123	\$		\$ 298
Resort management and other services	70	151	(6)	(b)	214
			(1)	(c)	
Financing	35	24	(4)	(d)	55
Rental	75	119			194
Cost reimbursements	216	65			281
TOTAL REVENUES	571	482	(11)		1,042
EXPENSES					
Cost of vacation ownership products	46	39	3	(e)	88
Marketing and sales	107	78	(3)	(b)	185
			3	(f)	
Resort management and other services	38	64	(3)	(b)	99
			—	(f)	
Financing	4	4			8
Rental	56	72			128
General and administrative	29	74	—	(f)	102
			—	(g)	
			(1)	(h)	
Consumer financing interest	7	4			11
Royalty fee	15	11			26
Amortization expense of intangibles	—	5	6	(i)	11
Cost reimbursements	216	65			281
TOTAL EXPENSES	518	416	5		939
Gains and other income, net	1	—			1
Interest expense	(4)	(7)	(23)	(j)	(34)
Other	(3)	6			3
EARNINGS BEFORE INCOME TAXES AND NON-CONTROLLING INTERESTS	47	65	(39)		73
Provision for income taxes	(11)	(20)	9	(k)	(22)
NET INCOME	36	45	(30)		51
Net income attributable to non-controlling interests	—	(2)			(2)
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 36	\$ 43	\$(30)		\$ 49

MARRIOTT VACATIONS WORLDWIDE CORPORATION

UNAUDITED PRO FORMA COMBINED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2017

(In millions, except per share amounts)

	Historical		Pro forma adjustments		Pro forma combined
	MVW	ILG (a)			
REVENUES					
Sale of vacation ownership products	\$ 164	\$ 105	\$		\$ 269
Resort management and other services	67	126	(5)	(b)	188
Financing	32	21	(2)	(d)	51
Rental	68	108			176
Cost reimbursements	197	84			281
TOTAL REVENUES	528	444	(7)		965
EXPENSES					
Cost of vacation ownership products	44	25	3	(e)	72
Marketing and sales	98	70	(3)	(b)	165
			—	(f)	
Resort management and other services	37	35	(2)	(b)	70
			—	(f)	
Financing	4	3			7
Rental	53	77			130
General and administrative	28	69	—	(f)	96
			—	(g)	
			(1)	(h)	
Consumer financing interest	6	3			9
Royalty fee	16	10			26
Amortization expense of intangibles	—	5	6	(i)	11
Cost reimbursements	197	84			281
TOTAL EXPENSES	483	381	3		867
Gains and other income, net	—	—			—
Interest expense	(1)	(5)	(25)	(j)	(31)
Other	—	12			12
EARNINGS BEFORE INCOME TAXES AND NON-CONTROLLING INTERESTS	44	70	(35)		79
Provision for income taxes	(16)	(25)	13	(k)	(28)
NET INCOME	28	45	(22)		51
Net income attributable to non-controlling interests	—	(1)			(1)
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 28	\$ 44	\$(22)		\$ 50

MARRIOTT VACATIONS WORLDWIDE CORPORATION

UNAUDITED PRO FORMA COMBINED STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31, 2017

(In millions, except per share amounts)

	Historical		Pro forma adjustments		Pro forma combined
	MVW	ILG (a)			
REVENUES					
Sale of vacation ownership products	\$ 757	\$ 464	\$		\$ 1,221
Resort management and other services	279	501	(23)	(b)	757
Financing	135	89	(10)	(d)	214
Rental	262	391			653
Cost reimbursements	750	326			1,076
TOTAL REVENUES	2,183	1,771	(33)		3,921
EXPENSES					
Cost of vacation ownership products	194	90	14	(e)	298
Marketing and sales	395	293	(12)	(b)	675
			(1)	(f)	
Resort management and other services	155	165	(10)	(b)	310
			—	(f)	
Financing	18	17			35
Rental	223	295			518
General and administrative	110	285	—	(f)	394
			—	(g)	
			(1)	(h)	
Litigation settlement	4	—			4
Consumer financing interest	25	12			37
Royalty fee	63	43			106
Amortization expense of intangibles	—	20	25	(i)	45
Cost reimbursements	750	326			1,076
TOTAL EXPENSES	1,937	1,546	15		3,498
Gains and other income, net	6	—			6
Interest expense	(10)	(26)	(92)	(j)	(128)
Other	(2)	4			2
EARNINGS BEFORE INCOME TAXES AND NON-CONTROLLING INTERESTS	240	203	(140)		303
Provision for income taxes	(5)	(26)	53	(k)	22
NET INCOME	235	177	(87)		325
Net income attributable to non-controlling interests	—	(3)			(3)
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 235	\$ 174	\$ (87)		\$ 322

MARRIOTT VACATIONS WORLDWIDE CORPORATION

UNAUDITED PRO FORMA COMBINED STATEMENTS OF INCOME

TWELVE MONTHS ENDED MARCH 31, 2018

(In millions, except per share amounts)

	Historical		Pro forma adjustments		Pro forma combined
	MVW	ILG (a)			
REVENUES					
Sale of vacation ownership products	\$ 768	\$ 482	\$		\$ 1,250
Resort management and other services	282	526	(24)	(b)	783
			(1)	(c)	
Financing	138	92	(12)	(d)	218
Rental	269	402			671
Cost reimbursements	769	307			1,076
TOTAL REVENUES	<u>2,226</u>	<u>1,809</u>	<u>(37)</u>		<u>3,998</u>
EXPENSES					
Cost of vacation ownership products	196	104	14	(e)	314
Marketing and sales	404	301	(12)	(b)	695
			2	(f)	
Resort management and other services	156	194	(11)	(b)	339
			—	(f)	
Financing	18	18			36
Rental	226	290			516
General and administrative	111	290	—	(f)	400
			—	(g)	
			(1)	(h)	
Litigation settlement	4	—			4
Consumer financing interest	26	13			39
Royalty fee	62	44			106
Amortization expense of intangibles	—	20	25	(i)	45
Cost reimbursements	769	307			1,076
TOTAL EXPENSES	<u>1,972</u>	<u>1,581</u>	<u>17</u>		<u>3,570</u>
Gains and other income, net	7	—			7
Interest expense	(13)	(28)	(90)	(j)	(131)
Other	(5)	(2)			(7)
EARNINGS BEFORE INCOME TAXES AND NON-CONTROLLING INTERESTS	<u>243</u>	<u>198</u>	<u>(144)</u>		<u>297</u>
Provision for income taxes	—	(21)	49	(k)	28
NET INCOME	<u>243</u>	<u>177</u>	<u>(95)</u>		<u>325</u>
Net income attributable to non-controlling interests	—	(4)			(4)
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	<u>\$ 243</u>	<u>\$ 173</u>	<u>\$ (95)</u>		<u>\$ 321</u>

Notes to Unaudited Pro Forma Combined Statements of Income

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

(\$ in millions)	Three Months Ended March 31, 2018		
	ILG	Reclassification adjustments	ILG conformed to MVW's presentation
Service and membership related	\$ 152	\$ (152)	\$ —
Rental and ancillary services	118	(118)	—
Resort management and other services	—	151	151
Rental	—	119	119
	<u>\$ 270</u>	<u>\$ —</u>	<u>\$ 270</u>
Cost of service and membership related sales	\$ 64	\$ (64)	\$ —
Cost of sales of rental and ancillary services	72	(72)	—
Resort management and other services	—	64	64
Rental	—	72	72
	<u>\$ 136</u>	<u>\$ —</u>	<u>\$ 136</u>
Cost of consumer financing	\$ 8	\$ (8)	\$ —
Financing	—	4	4
Consumer financing interest	—	4	4
	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ 8</u>
Depreciation expense	\$ 15	\$ (15)	\$ —
General and administrative	—	15	15
	<u>\$ 15</u>	<u>\$ —</u>	<u>\$ 15</u>
Equity in earnings from unconsolidated entities	\$ 1	\$ (1)	\$ —
Other	—	1	1
	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 1</u>

Three Months Ended March 31, 2017

<i>(\$ in millions)</i>	ILG	Reclassification adjustments	ILG conformed to MVW's presentation
Service and membership related	\$ 127	\$ (127)	\$ —
Rental and ancillary services	107	(107)	—
Resort management and other services	—	126	126
Rental	—	108	108
	<u>\$ 234</u>	<u>\$ —</u>	<u>\$ 234</u>
Cost of service and membership related sales	\$ 35	\$ (35)	\$ —
Cost of sales of rental and ancillary services	77	(77)	—
Resort management and other services	—	35	35
Rental	—	77	77
	<u>\$ 112</u>	<u>\$ —</u>	<u>\$ 112</u>
Cost of consumer financing	\$ 6	\$ (6)	\$ —
Financing	—	3	3
Consumer financing interest	—	3	3
	<u>\$ 6</u>	<u>\$ —</u>	<u>\$ 6</u>
Depreciation expense	\$ 15	\$ (15)	\$ —
General and administrative	—	15	15
	<u>\$ 15</u>	<u>\$ —</u>	<u>\$ 15</u>
Equity in earnings from unconsolidated entities	\$ 2	\$ (2)	\$ —
Other	—	2	2
	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 2</u>

Year Ended December 31, 2017

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

Twelve Months Ended March 31, 2018

<i>(\$ in millions)</i>	ILG	Reclassification adjustments	ILG conformed to MVW's presentation
Service and membership related	\$ 531	\$ (531)	\$ —
Rental and ancillary services	397	(397)	—
Resort management and other services	—	526	526
Rental	—	402	402
	<u>\$ 928</u>	<u>\$ —</u>	<u>\$ 928</u>
Cost of service and membership related sales	\$ 194	\$ (194)	\$ —
Cost of sales of rental and ancillary services	290	(290)	—
Resort management and other services	—	194	194
Rental	—	290	290
	<u>\$ 484</u>	<u>\$ —</u>	<u>\$ 484</u>
Cost of consumer financing	\$ 31	\$ (31)	\$ —
Financing	—	18	18
Consumer financing interest	—	13	13
	<u>\$ 31</u>	<u>\$ —</u>	<u>\$ 31</u>
Depreciation expense	\$ 60	\$ (60)	\$ —
General and administrative	—	60	60
	<u>\$ 60</u>	<u>\$ —</u>	<u>\$ 60</u>
Interest income	\$ 1	\$ (1)	\$ —
Gain on bargain purchase	2	(2)	—
Equity in earnings from unconsolidated entities	3	(3)	—
Other	—	6	6
	<u>\$ 6</u>	<u>\$ —</u>	<u>\$ 6</u>

- (b) To reflect the elimination of intercompany revenue and expenses between MVW and ILG.
- (c) To record decreases in amortized deferred revenue related to the decreases in fair value of ILG's deferred revenue based on the purchase price allocation. Refer to note (j) to the "Notes to Unaudited Pro Forma Combined Balance Sheet" for additional details regarding the pro forma adjustments related to deferred revenue.
- (d) To reflect an adjustment to financing revenue to convert interest income recognition from acquired vacation ownership notes receivable to approximate the level-yield method pursuant to Accounting Standards Codification 310-30, Receivables—Loans and Debt Securities Acquired with Deteriorated Credit Quality. The level-yield method requires MVW to recognize as interest income the excess of the cash flows expected to be collected on the acquired vacation ownership notes receivable portfolio over the fair value of the portfolio.

- (e) To reflect the impact to cost of sales attributable to the purchase price adjustment remeasuring vacation ownership inventory to fair value, which has a recurring impact post-close of the Combination Transactions.
- (f) In its adoption of ASC 606, MVW elected to apply the practical expedient permitted under the standard to expense costs rather than capitalize costs to obtain a contract as incurred and ILG elected to capitalize these costs. As MVW has an accounting policy to expense these costs as incurred, this pro forma adjustment reflects the elimination of the assets recorded by ILG related to these capitalized costs and the associated amortization during the respective periods and recognizes an estimate of costs during the respective periods that would have been expensed in order to conform ILG's accounting policy to that of MVW.
- (g) To reflect a preliminary pro forma adjustment to recognize changes to straight-line depreciation expense resulting from the fair value adjustments to acquired property and equipment. The pro forma adjustments for depreciation expense are based on the preliminary purchase price allocation which is subject to further adjustments as additional information becomes available and as additional analyses are performed.
- (h) To reflect the elimination of non-recurring transaction-related expenses incurred by MVW or ILG directly associated with the Combination Transactions.
- (i) To reflect a preliminary pro forma adjustment to recognize incremental straight-line amortization expense resulting from the allocation of purchase consideration to definite-lived intangible assets subject to amortization. The pro forma adjustments for amortization expense are as follows:

<i>(in millions)</i>	<u>Fair Value</u>	<u>Three Months Ended March 31, 2018</u>	<u>Three Months Ended March 31, 2017</u>	<u>Year Ended December 31, 2017</u>	<u>Twelve Months Ended March 31, 2018</u>	<u>Weighted average useful life (years)</u>
Member relationships	\$524	\$ 9	\$ 9	\$ 35	\$ 35	15
Management contracts	\$216	2	2	10	10	22
		11	11	45	45	
Previously recorded amortization expense of intangibles		(5)	(5)	(20)	(20)	
		<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 25</u>	<u>\$ 25</u>	

- (j) Pro forma interest expense includes estimates for the fixed and variable rate debt MVW intends to issue to fund the Combination Transactions, including the impact of changes to amortization of debt issuance costs, discounts and purchase accounting adjustments. The pro forma interest expense associated with newly issued debt is based on a weighted average interest rate of 5.4%. The actual interest rate will be based on market and other conditions. For each 1/8% (12.5 basis points) change in the estimated weighted average interest rate for the new variable rate senior secured term loan, the new fixed rate senior unsecured financing and the new variable rate credit facility, interest expense would increase or decrease by approximately \$2 million per year.

<i>(in millions)</i>	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Year Ended December 31, 2017	Twelve Months Ended March 31, 2018
Interest expense on new debt	\$ 25	\$ 27	\$ 99	\$ 97
Amortization of debt issuance costs	1	1	5	5
Less: historical interest expense on ILG credit facility	(2)	(2)	(9)	(9)
Less: historical amortization of debt issuance costs	(1)	(1)	(3)	(3)
Amortization of change in fair value of acquired debt	0	0	0	0
	<u>\$ 23</u>	<u>\$ 25</u>	<u>\$ 92</u>	<u>\$ 90</u>

- (k) To reflect the pro forma tax effect of the adjustments herein at an estimated statutory blended rate of 24.0% for the quarter ended March 31, 2018, 37.5% for the quarter ended March 31, 2017, 37.5% for the year ended December 31, 2017, and 33.8% for the twelve months ended March 31, 2018. The 2017 historical income statement includes the estimated impacts of the Tax Cuts and Jobs Act, which have not been reflected in the pro forma financial statements. For the purposes of these pro forma financial statements, MVW has not made adjustments related to the remeasurement of the deferred tax assets and liabilities due to the reduction the corporate tax rate from 35% to 21%, and the transition tax on un-repatriated earnings of foreign subsidiaries with respect to the Combined Company since these are non-recurring items and not directly attributable to the Combination Transactions.