MARRIOTT VACATIONS WORLDWIDE Corp
Form DEF 14A
March 29, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)
Filed by the Registrant ý
Filed by a party other than the Registrant
Check the appropriate box:
Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
ý Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material under §240.14a-12
Marriott Vacations Worldwide Corporation
(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)
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(3) Filing Party:

(4) Date Filed:

Marriott Vacations Worldwide Corporation
6649 Westwood Boulevard
Orlando, Florida 32821

March 25, 2019

Dear Marriott Vacations Worldwide Shareholders:

We are pleased to invite you to attend the 2019 Annual Meeting of Shareholders of Marriott Vacations Worldwide Corporation to be held at 9:00 a.m., Eastern Time, on Friday, May 10, 2019 at the JW Marriott Orlando Grande Lakes, 4040 Central Florida Parkway, Orlando, Florida, 32837.

The following Notice of Annual Meeting of Shareholders and Proxy Statement includes information about the matters to be acted upon by shareholders at the Annual Meeting. We hope that you will exercise your right to vote, either by attending the Annual Meeting and voting in person or by voting through other acceptable means as promptly as possible. You may vote through the Internet, by telephone or by mailing your completed proxy card (or voting instruction form, if you hold your shares through a broker).

Important Notice Regarding the Availability of Proxy Materials
for the 2019 Annual Meeting of Shareholders:

We are mailing many of our shareholders a Notice Regarding the Availability of Proxy Materials rather than a full set of our proxy materials. The Notice contains instructions on how to access our proxy materials on the Internet, as well as instructions on how to obtain a paper copy of the full set of proxy materials if a shareholder so desires. This process is more environmentally friendly and reduces our costs to print and distribute these materials to shareholders. All shareholders who do not receive the Notice Regarding the Availability of Proxy Materials will receive a full set of our proxy materials.

We appreciate your continued support and interest in Marriott Vacations Worldwide.

Sincerely,

William J. Shaw
Chairman of the Board

Stephen P. Weisz
President and Chief Executive Officer

Marriott Vacations Worldwide Corporation
6649 Westwood Boulevard
Orlando, Florida 32821

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD FRIDAY, MAY 10, 2019
March 25, 2019

The 2019 Annual Meeting of Shareholders of Marriott Vacations Worldwide Corporation will be held at 9:00 a.m., Eastern Time, on Friday, May 10, 2019 at the JW Marriott Orlando Grande Lakes, 4040 Central Florida Parkway, Orlando, Florida, 32837. At the meeting, shareholders will act on the following matters:

1. Election of the three director nominees named in the Proxy Statement;
2. Ratification of the appointment of Ernst & Young LLP as Marriott Vacations Worldwide Corporation's independent registered public accounting firm for its 2019 fiscal year;
3. An advisory resolution to approve executive compensation;
4. An advisory vote on the frequency of future advisory votes on executive compensation; and
5. Any other matters that may properly be presented at the meeting.

Only shareholders of Marriott Vacations Worldwide Corporation at the close of business on March 18, 2019, the record date, are entitled to notice of, and to vote at, the Annual Meeting. For instructions on voting, please refer to the notice you received in the mail or, if you requested a hard copy of the Proxy Statement, your enclosed proxy card.

INTERNET AVAILABILITY

We are taking advantage of the U.S. Securities and Exchange Commission rules that allow companies to furnish proxy materials to their shareholders through the Internet. We believe these rules allow us to provide you with the information you need while lowering the costs of delivery and reducing the environmental impact of the Annual Meeting. On or about March 29, 2019, a Notice Regarding the Availability of Proxy Materials will be mailed to shareholders as of the record date. If you received a Notice by mail, you will not receive printed copies of the proxy materials, unless you specifically request them. Instead, the Notice instructs you on how to access and review all of the important information contained in the Proxy Statement and in our 2018 Annual Report, as well as how to submit your proxy over the Internet. If you received the Notice and would still like to receive a printed copy of our proxy materials, you may request a printed copy of the proxy materials by following the instructions in the Notice.

By order of the Board of Directors,
James H Hunter, IV
Executive Vice President, General
Counsel and Secretary

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Throughout this Proxy Statement, we refer to brands that we own, as well as those brands that we license, as our brands. Brand names, trademarks, service marks and trade names that we own or license from Marriott International, Inc. or its affiliates include Marriott Vacation Club®, Marriott Vacation Club Destinations™, Marriott Vacation Club Pulse℠, Marriott Grand Residence Club®, Grand Residences by Marriott®, The Ritz-Carlton Destination Club®, Westin®, Sheraton®, (and to a limited extent) St. Regis® and The Luxury Collection®. We also refer to Marriott

International's Marriott Bonvoy® customer loyalty program, which replaces the Marriott Rewards®, Starwood Preferred Guest® or SPG®, and The Ritz-Carlton Rewards® customer loyalty programs. "Hyatt Vacation Ownership" business refers to our group of businesses using the Hyatt® brand in the vacation ownership business pursuant to an exclusive, global master license agreement with a subsidiary of Hyatt Hotels Corporation. We also refer to Hyatt's World of Hyatt® customer loyalty program. We may also refer to brand names, trademarks, service marks and trade names of other companies and organizations, and these brand names, trademarks, service marks and trade names are the property of their respective owners.

PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider and you should read the entire Proxy Statement carefully before voting.

Annual Meeting of Shareholders

Date and Time	Friday, May 10, 2019, 9:00 a.m., Eastern Time
Place	JW Marriott Orlando Grande Lakes 4040 Central Florida Parkway Orlando, Florida, 32837
Record Date	March 18, 2019

The mailing to shareholders of the Notice Regarding the Availability of Proxy Materials will take place on or about March 29, 2019.

Proposals to be voted on and Recommendations

Proposal		Our Board's Vote Recommendation
t	Election of Directors (page 6)	FOR each of the three nominees

t	Ratification of Appointment of Independent Registered Public Accounting Firm (page 6)	FOR
t	Advisory Resolution to Approve Executive Compensation (page 6)	FOR
t	Advisory Vote on Frequency of Future Advisory Votes on Executive Compensation (page 7)	FOR 1 Year

Highlights of our Corporate Governance Practices

t Nine of the ten members of our Board of Directors, the Chairman of our Board, and all members of our Audit Committee, Compensation Policy Committee and Nominating and Corporate Governance Committee are independent.

- All shareholders may vote on the election of all directors who are nominated for election.
- Only one member of our Board, Mr. Weisz, is a current employee of our Company.
- Our company does not have a rights plan, or "poison pill."

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Company Performance in 2018

Our company's results were strong in the year ended December 31, 2018:

- On September 1, 2018, we closed the acquisition of ILG, Inc. We refer to the business and operating results for the company excluding the impact of the ILG acquisition as "Legacy-MVW" and we refer to the business and operating results related to the acquired ILG businesses as "Legacy-ILG." We are also providing certain combined financial information that assumes the ILG acquisition had occurred at the beginning of 2017.

- Net income was $55 million, compared to $235 million in 2017. Fully diluted earnings per share was $1.61, compared to $8.49 in 2017.

- Adjusted EBITDA (as defined below) totaled $419 million, an increase of $125 million, or 43 percent, year-over-year, including Adjusted EBITDA of $320 million from Legacy-MVW.

- Consolidated vacation ownership contract sales were $1.073 billion, an increase of $247 million, or 30 percent, compared to the prior year, including $902 million of Legacy-MVW consolidated contract sales. On a combined basis, consolidated contract sales would have totaled $1.4 billion, an increase of $108 million, or 8 percent.

- During 2018, we returned $147 million to our shareholders through the repurchase of 1.2 million shares for $96 million and $51 million in dividends paid.

- We reopened Marriott's Frenchman Cove and The Ritz Carlton Club, St. Thomas following our hurricane recovery efforts. We also acquired 92 vacation ownership units at our resort in Marco Island, Florida and we entered into a capital efficient arrangement with a third party to purchase an operating property located in San Francisco, California that we expect to re-brand as a Marriott Vacation Club Pulse property in 2019.

- In connection with the acquisition of ILG, we entered into a new corporate credit facility, including a $900 million term loan and a $600 million revolver. We also issued $750 million of 6.5% senior unsecured notes due 2026 and we assumed $350 million in 5.625% Senior Notes due 2023 in connection with the ILG acquisition, of which $88 million were exchanged for similar notes issued by Marriott Ownership Resorts, Inc. and $122 million were repurchased.

- We were recognized by the Aon Hewitt Best Employers program in the countries of Aruba, Australia, France, Ireland, Spain, Thailand, the United Kingdom and the United States.

Adjusted EBITDA is a financial measure that is not prescribed by United States generally accepted accounting principles. Please refer to Appendix A for a reconciliation of Adjusted EBITDA to net income, which is the most directly comparable financial measure prescribed by United States generally accepted accounting principles, as well as our reasons for presenting this measure.

Executive Compensation in 2018

Our executive compensation programs contain features that are intended to embody our compensation principles and promote strong executive compensation corporate governance. Performance-based compensation is a significant component of total pay opportunity for our executive officers. The chart below reflects the percentage of each named executive officer's total compensation for 2018 that was performance-based:

Under the annual bonus plan in which our executive officers participated in 2018, an aggregate of 70 percent of the payout was based on performance with respect to Adjusted EBITDA and total contract sales, and resulted in a payout that was at 117 percent of the target amount for Adjusted EBITDA, and at 89.5 percent of the target amount for total contract sales.

Marriott Vacations Worldwide Corporation
6649 Westwood Boulevard
Orlando, Florida 32821

PROXY STATEMENT

The Board of Directors (the “Board”) of Marriott Vacations Worldwide Corporation (“we,” “us,” “Marriott Vacations Worldwide” or the “Company”) is soliciting shareholders’ proxies in connection with the 2019 Annual Meeting of Shareholders of the Company, and at any adjournment or postponement thereof (the “Annual Meeting”). The mailing to shareholders of the Notice Regarding the Availability of Proxy Materials will take place on or about March 29, 2019.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 10, 2019

The Notice of Annual Meeting and Proxy Statement and our
2018 annual report to shareholders are available at www.proxyvote.com.

QUESTIONS AND ANSWERS ABOUT THE MEETING

Why am I receiving these materials?

Marriott Vacations Worldwide has made these materials available to you on the Internet or has delivered printed versions of these materials to you by mail in connection with the solicitation of proxies on behalf of the Board of Directors for use at our Annual Meeting. This Proxy Statement describes the matters on which you, as a shareholder, are entitled to vote. It also gives you information on these matters so that you can make an informed decision.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of printed proxy materials?

The U.S. Securities and Exchange Commission (the “SEC”) permits companies to furnish proxy materials to shareholders by providing access to these documents over the Internet instead of mailing a printed copy. Accordingly, we mailed a Notice Regarding the Availability of Proxy Materials to some shareholders. These shareholders have the ability to access, view and print the proxy materials on a website referred to in the Notice Regarding the Availability of Proxy Materials and request a printed set of proxy materials.

Can I get electronic access to the proxy materials if I received printed materials?

If you received a printed copy of our proxy materials, you may choose to receive future proxy materials by email. Choosing to receive your future proxy materials by email will lower our costs of delivery and will reduce the environmental impact of our Annual Meeting. If you choose to receive our future proxy materials by email, you will receive an email next year with instructions containing a link to view those proxy materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it or for so long as the email address provided by you is valid.

What items will be voted on at the Annual Meeting?

Shareholders will vote on the following items at the Annual Meeting, if each is properly presented at the meeting:

1. Election of the three director nominees named in this Proxy Statement;
2. Ratification of the appointment of Ernst & Young LLP (“Ernst & Young”) as the Company’s independent registered public accounting firm for its 2019 fiscal year;
3. An advisory resolution to approve executive compensation;
4. An advisory vote on the frequency of future advisory votes on executive compensation; and
5. Any other matters that may properly be presented at the meeting.

In addition, management will respond to questions from shareholders.

What are the Board's voting recommendations?
The Board's recommendation is set forth together with the description of each Item in this Proxy Statement. In summary, the Board recommends a vote FOR Items 1, 2 and 3 and FOR holding an annual vote on the compensation of the named executive officers (Item 4).
Who is entitled to vote?
Only shareholders of record who owned the Company's common stock at the close of business on March 18, 2019 are entitled to vote. Each holder of common stock is entitled to one vote per share. There were 45,099,388 shares of common stock outstanding and entitled to vote on March 18, 2019.
What is the difference between being a record holder and a beneficial owner of shares held in street name?
A record holder holds shares directly in his or her own name with the Company's transfer agent. Shares held in "street name" refer to shares that are held in the name of a bank or broker on a person's behalf. Many shareholders hold their shares in street name. For such shares, the bank or broker is considered the shareholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that organization how to vote the shares held in your account.
How do I vote?
If you received a Notice Regarding the Availability of Proxy Materials in the mail, you can either vote by Internet (www.proxyvote.com) or in person at the Annual Meeting. You may also vote by mail if you request a paper copy of the materials. Voting instructions are provided on the Notice Regarding the Availability of Proxy Materials.
Record holders that received a copy of this Proxy Statement and accompanying proxy card in the mail can vote by filling out the proxy card and returning it in the postage paid return envelope. Record holders that receive these materials in the mail may also vote in person at the Annual Meeting, by telephone (800-690-6903) or by Internet (www.proxyvote.com). Voting instructions are provided on the proxy card.
If you hold shares in street name, you must vote by giving instructions to your bank or broker. You should follow the voting instructions on the form that you receive from your bank or broker.
How will my proxy be voted?
Your proxy card, when properly signed and returned to us, or processed by telephone or via the Internet, and not revoked, will be voted in accordance with your instructions. We are not aware of any other matter that may be properly presented other than those described above. If any other matter is properly presented, the persons named in the enclosed proxy card will have discretion to vote in their best judgment.
If you hold shares in street name, your bank or broker is permitted to use its own discretion and vote your shares on certain routine matters (such as Item 2) even if you have not provided voting instructions. Your bank or broker is not permitted to use its discretion and vote your shares on non-routine matters (such as Items 1, 3 and 4) if it has not received instructions from you as to how to vote the shares. Therefore, we urge you to give voting instructions to your broker on all three voting items. Shares that are not permitted to be voted by your broker with respect to any non-routine matter are called "broker non-votes." Broker non-votes are not considered votes for or against, or entitled to vote with respect to, any of the non-routine proposals to be voted on at the Annual Meeting and will have no direct impact on any such non-routine proposal.
What if I don't mark the boxes on my proxy?
Unless you give other instructions on your proxy card, or unless you give other instructions when you cast your vote by telephone or the Internet, the persons named as proxies will vote in accordance with the recommendations of the Board of Directors.
What constitutes a quorum?
The presence at the meeting, in person or by proxy, of the holders of a majority in voting power of the outstanding shares of common stock entitled to vote at the Annual Meeting will constitute a quorum. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

How many votes are needed to approve an item?

Directors will be elected by a plurality of all the votes cast at the Annual Meeting, either in person or represented by a properly completed or authorized proxy. This means that the three nominees who receive the highest number of “FOR” votes cast will be elected as directors. Shareholders cannot cumulate votes in the election of directors.

The affirmative vote of shares representing a majority in voting power of the votes cast, present in person or represented by proxy and entitled to vote at the meeting is necessary for approval of Items 2 and 3. Proxy cards marked as abstentions on Items 2, 3 and 4 will not be counted as votes cast but will count as present and entitled to vote and therefore will have the effect of a negative vote. With respect to Item 4, shareholders may vote in favor of holding the vote on named executive officer compensation every year, every two years or every three years, and they may choose to abstain. The Board will take the voting results on such proposal into account in determining whether to hold the advisory vote on executive compensation every year, every two years or every three years. Abstentions will have no effect on the outcome of Item 4.

Broker non-votes will not be counted as entitled to vote for Item 1, Item 3 or Item 4 and therefore will have no effect on the outcome of these Items. Item 2 is a routine matter on which brokers may vote even if they have not received voting instructions; therefore, there will not be any broker non-votes with respect to Item 2.

Who can attend the Annual Meeting?

Only shareholders as of the record date, their proxy holders and our invited guests may attend the Annual Meeting. Each shareholder may appoint only one proxy holder or representative to attend the meeting on his or her behalf.

What do I need to bring to the Annual Meeting?

Beneficial owners whose ownership is registered under another party’s name and who plan to attend the Annual Meeting in person should obtain an admission ticket in advance by sending written requests, along with proof of beneficial ownership, such as a bank or brokerage firm account statement, to: Investor Relations, Marriott Vacations Worldwide Corporation, 6649 Westwood Boulevard, Orlando, Florida, 32821. Beneficial owners who do not present valid admission tickets at the registration counter at the Annual Meeting will be admitted at the Company’s sole discretion and may be required to verify share ownership, which may be established by providing a bank or brokerage firm account statement and photo identification, at the registration counter at the Annual Meeting. Shareholders as of the record date or their proxy holders who plan to attend the Annual Meeting may also be asked to present photo identification at the registration counter at the Annual Meeting to gain admittance to the Annual Meeting.

Can I go to the Annual Meeting if I vote by proxy?

Yes. Attending the Annual Meeting does not revoke your proxy.

Can I change my vote or revoke my proxy after I return my proxy card, or after I vote by telephone or electronically?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised at the meeting. Regardless of the way in which you submitted your original proxy, you may change it by:

- returning a later-dated signed proxy card;
- delivering a written notice of revocation to Marriott Vacations Worldwide Corporation, 6649 Westwood Boulevard, Orlando, Florida, 32821, Attention: Corporate Secretary;
- voting by telephone or the Internet until 11:59 p.m., Eastern Time, on May 9, 2019; or
- voting in person at the meeting.

If your shares are held through a broker or other nominee, you will need to contact that institution if you wish to change your voting instructions.

PROPOSALS FOR VOTE

Item 1 – Election of Directors

The Board consists of ten members and is divided into three classes, each having three-year terms that expire in successive years. The term of the Class I directors expires at the 2019 Annual Meeting of Shareholders. The Board proposes that Raymond L. Gellein, Jr., Thomas J. Hutchison III, and Dianna F. Morgan, each of whom is currently serving as a Class I director, be re-elected as Class I directors for a new term of three years expiring at the 2022 Annual Meeting of Shareholders and until their successors are duly elected and qualified. Proxies cannot be voted for more than the number of nominees proposed for re-election.

Each of the nominees has consented to be named as a nominee and to serve as a director if elected. If any of them should become unavailable to serve as a director (which is not now expected), the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board.

Information about the nominees, as well as the current Class II and Class III directors, along with their present positions, their principal occupations and directorships held with other publicly traded companies during the past five years, their ages and the year they were first elected as a director of the Company, are set forth below beginning on page 8. Ms. Galbreath and Mr. Quazzo were elected to the Board of Directors effective September 1, 2018 upon the recommendation of the nominating and Corporate Governance Committee and pursuant to the agreement to expand the size of the Board from eight to ten and elect two directors from ILG, Inc.'s board of directors upon closing of the acquisition of ILG, Inc.

Our Board of Directors recommends that you vote FOR each of the three director nominees.

Item 2 – Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee is directly responsible for the appointment, compensation, retention, and oversight of the Company's independent registered public accounting firm. In addition, the Audit Committee considers the independence of our independent registered public accounting firm and participates in the selection of such firm's lead engagement partner. The Audit Committee of the Board has appointed Ernst & Young as the Company's independent registered public accounting firm for the Company's 2019 fiscal year. Ernst & Young, a firm of registered public accountants, has served as the Company's independent registered public accounting firm since our spin-off (the "Spin-Off") from Marriott International, Inc. ("Marriott International") in November 2011. Ernst & Young will examine and report to shareholders on the consolidated financial statements of the Company and its subsidiaries.

Representatives of Ernst & Young are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they so desire, and are expected to be available to respond to appropriate questions. You can find information on pre-approval of independent auditor fees and Ernst & Young's 2018 and 2017 fees on page 18.

Although the Audit Committee has discretionary authority to appoint the independent auditor, the Board is seeking shareholder ratification of the appointment of the independent auditor as a matter of good corporate governance. The Board of Directors and the Audit Committee believe that the continued retention of Ernst & Young as the Company's independent auditor is in the best interests of the Company and its shareholders. If the appointment of Ernst & Young is not ratified by shareholders, the Audit Committee will take that into consideration when determining whether to continue the firm's engagement. Even if the appointment is ratified, the Audit Committee at its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company.

Our Board of Directors recommends that you vote FOR ratification of the appointment of Ernst & Young as the Company's independent registered public accounting firm for its 2019 fiscal year.

Item 3 – Advisory Resolution to Approve Executive Compensation

We are asking shareholders to approve an advisory resolution on the Company's executive compensation as reported in this Proxy Statement. As described below in the "Compensation Discussion and Analysis" section of this Proxy Statement, the Compensation Policy Committee has structured our executive compensation program to achieve the following key objectives:

- Executive officers should be paid in a manner that is primarily focused on driving shareholder value.
- Compensation should be designed to motivate executive officers to perform their duties in ways that would help achieve current year as well as longer-term objectives.

- The compensation program must be competitive in order to attract key talent from within and outside of our industry and retain key talent at costs consistent with market practice.

Our executive compensation programs have a number of features designed to promote these objectives. These features are discussed beginning on page 21.

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We urge shareholders to read the "Compensation Discussion and Analysis" beginning on page 20 of this Proxy Statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative, beginning on page 37, which provide detailed information about the compensation of our named executive officers. The Compensation Policy Committee and the Board of Directors believe that the policies and procedures articulated in the "Compensation Discussion and Analysis" are effective in achieving our goals and that the compensation of our named executive officers reported in this Proxy Statement reflects and supports these compensation policies and procedures.

In accordance with Section 14A of the Exchange Act, and as a matter of good corporate governance, we are asking shareholders to approve the following advisory resolution at the Annual Meeting:

RESOLVED, that the shareholders of Marriott Vacations Worldwide Corporation (the "Company") approve, on an advisory basis, the compensation of the Company's named executive officers disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the related compensation tables, notes and narrative in the Proxy Statement for the Company's 2019 Annual Meeting of Shareholders.

This advisory resolution, commonly referred to as a "say-on-pay" resolution, is not binding on the Board of Directors. Although non-binding, the Board and the Compensation Policy Committee will review and consider the voting results when making future decisions regarding our executive compensation program. As described in Item 4 below, shareholders are being given the opportunity to express their preference for the frequency of future advisory votes to approve executive compensation. The Board's current policy is to hold an advisory vote on executive compensation on an annual basis. The Board will consider the outcome of the advisory vote in Item 4 below. Unless the Board modifies its policy on the frequency of holding advisory votes on executive compensation, after the 2019 Annual Meeting, the next advisory vote on the compensation of our named executive officers is expected to occur at our 2020 Annual Meeting of Shareholders.

Our Board of Directors recommends that you vote FOR the approval of the advisory resolution to approve executive compensation.

Item 4 – Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation

We are asking shareholders to vote on whether future advisory votes on executive compensation like Item 3 above should occur every year, every two years or every three years. This vote is not binding on the Board of Directors. After careful consideration, the Board has determined that holding an advisory vote on executive compensation every year is most appropriate for us at this time and recommends that shareholders vote to hold such future advisory votes every year. While our executive compensation program is designed to motivate executive officers to perform their duties in ways that would help achieve current year as well as longer-term objectives, the Board recognizes that executive compensation disclosures are made annually.

In the event the Board decides to make changes to our executive compensation program following a shareholder advisory vote, you should note that because the advisory vote occurs well after the beginning of the compensation year, and because the different elements of our executive compensation program are designed to operate in an integrated manner and to complement one another, in many cases it may not be appropriate or feasible to implement such changes by the time of the following year's annual meeting of shareholders.

Although this advisory vote is not binding on the Board, we will carefully review the voting results on this proposal. Notwithstanding the Board's recommendation and the outcome of the shareholder vote, the Board may in the future decide to conduct advisory votes on a less frequent basis and may vary its practice based on factors such as discussions with shareholders and the adoption of material changes to compensation programs.

You may specify one of four choices for this proposal on the proxy card: one year, two years, three years or abstain. You are not voting to approve or disapprove the Board's recommendation.

Our Board of Directors recommends that you vote to conduct future advisory votes on executive compensation EVERY YEAR.

CORPORATE GOVERNANCE

Summary of our Corporate Governance Practices

The following are some highlights of our corporate governance practices.

- Nine of the ten members of our Board are independent.
- All members of our Audit Committee, Compensation Policy Committee and Nominating and Corporate Governance Committee are independent.
- The Chairman of our Board of Directors is independent.
- Our Board has adopted Corporate Governance Principles that meet or exceed the New York Stock Exchange ("NYSE") Listing Standards.
- No incumbent director attended fewer than 75 percent of the meetings of the Board or any Committee on which such director served during our 2018 fiscal year.
- Our Board is divided into three classes of directors that are of equal size to the extent possible, with the directors in each class elected every three years.
- All shareholders may vote on the election of all directors who are nominated for election.
- There are no family relationships between any of our directors or executive officers.
- Only one member of our Board, Mr. Weisz, is a current employee of the Company.
- Our Corporate Governance Principles provide that members of our Board who are chief executive officers of publicly traded companies may serve on the boards of up to two publicly traded companies, including our Board; other directors may serve on up to five, including our Board. All of our directors comply with this requirement and none of our directors serve on the boards of more than three such companies in addition to the Company.
- Other than Mr. Weisz, who serves on our Board, none of our executive officers serve on the board of directors of any publicly traded company.
- We do not have a rights plan, or "poison pill."

Our Board of Directors

The biography of each of our directors, as well as the qualifications and experiences each director brings to our Board, is set forth below. The age shown below for each director is as of May 10, 2019, which is the date of the Annual Meeting.

Nominees for Director Whose Terms Would Expire at the 2022 Annual Meeting of Shareholders

The Board has nominated three directors to be elected at the Annual Meeting to serve for a three-year term ending with the 2022 Annual Meeting of Shareholders, or until a director's successor is duly elected and qualified, or his or her earlier death, resignation or removal. Each nominee is currently a director of the Company and has agreed to serve if elected.

Raymond L. Gellein, Jr.

Mr. Gellein, 71, has served as a director of the Company since November 2011. From November 2012 until his retirement in December 2015, he served as Chairman of the Board, Chief Executive Officer and President of Strategic Hotels & Resorts, Inc., a publicly traded real estate investment trust ("REIT") with a portfolio of luxury hotels. From August 2010 to November 2012, he served as Strategic Hotels & Resorts' non-executive Chairman, and from August 2009 to December 2015, as a director. He served as President of the Global Development Group of Starwood Hotels & Resorts Worldwide, Inc. ("Starwood"), a publicly traded hotel and leisure company, from July 2006 through March 2008, and as Chairman and Chief Executive Officer of Starwood Vacation Ownership, Inc., a subsidiary of Starwood Hotels & Resorts Worldwide, Inc., from October 1999 to July 2006. Mr. Gellein is also Chair Emeritus of the American Resort Development Association and serves as Vice Chairman and Treasurer of the Mind and Life Institute.

Based on his past roles with Strategic Hotels & Resorts and Starwood, Mr. Gellein brings to the Board vast leadership experience in the hospitality and lodging industries with a particular expertise in the vacation ownership sector. As a result of these roles, Mr. Gellein also has experience as an executive officer and board member of publicly traded companies. As a past Chairman of the Board of Directors of the American Resort Development Association, he also has extensive knowledge of the legislative and regulatory issues related to the vacation ownership business.

Thomas J. Hutchison III

Mr. Hutchison, 77, has served as a director of the Company since November 2011. Since October 2008, Mr. Hutchison has served as Chairman of Legacy Hotel Advisors, LLC and Legacy Healthcare Advisors, LLC, industry consulting firms of which he is the principal founder. From January 2000 through 2007, he served in various executive positions at CNL Financial Group, Inc., including as Chief Executive Officer of CNL Hotels & Resorts, a publicly traded REIT, and CNL Retirement, a REIT with investments in senior facilities and medical real estate. Mr. Hutchison is also a member of the Board of Trustees of Hersha Hospitality Trust, a publicly traded REIT, and a director of Target Healthcare REIT Ltd., a company traded on the London Stock Exchange. In 2017, Mr. Hutchison was appointed by the Secretary of the Interior to be a member of the Board of Directors of the National Park Foundation.

Mr. Hutchison brings to the Board his over 40 years of senior leadership experience in the lodging, hospitality, travel, and real estate development and finance industries. Mr. Hutchison also has extensive business development experience and experience as a board member of publicly traded companies.

Dianna F. Morgan

Ms. Morgan, 67, has served as a director of the Company since April 2013. She retired in 2001 from a 30-year career with Walt Disney World Company, a subsidiary of The Walt Disney Company, a publicly traded entertainment company, where she served most recently as Senior Vice President of Public Affairs and Senior Vice President of Human Resources for Walt Disney World Company. During her tenure at Walt Disney World Company, she oversaw the Disney Institute, a recognized leader in experiential training, leadership development, benchmarking and cultural change for business professionals around the world. She served on the Board of Trustees for the University of Florida from 2001 to 2011, and as its Chair from 2007 to 2009. Ms. Morgan also previously served as Chairman of the national board for the Children’s Miracle Network and as Chairman of the Board of Directors of Orlando Health. She currently serves on the Board of Directors of CNL Healthcare Properties, Inc., a publicly traded REIT, and Chesapeake Utilities Corporation, a publicly traded corporation, and the Board of Trustees of Hersha Hospitality Trust, a publicly traded REIT. Within the last five years, she served on the Board of Directors of CNL Bancshares, Inc.

As an accomplished senior manager at Walt Disney World Company in various areas, Ms. Morgan brings to the Board best practice expertise in human capital and the customer experience. Ms. Morgan’s previous experience overseeing the Disney Institute, which provides leading professional development programs, and serving as Senior Vice President of Human Resources for Walt Disney World Company have provided her with extensive knowledge of leadership development programs and organizational culture. In addition, Ms. Morgan’s experience as Senior Vice President of Public Affairs for Walt Disney World Company has provided her with a solid foundation in media relations and government relations. She also has extensive experience as a board member of publicly traded and private companies.

Directors Whose Terms Expire at the 2021 Annual Meeting of Shareholders

Lizanne Galbreath

Ms. Galbreath, 61, has served as a director of the Company since September 2018. She previously served as a director of ILG, Inc. from May 2016 through August 2018. Ms. Galbreath has been the Managing Partner of Galbreath & Company, a real estate investment firm, since 1999. From April 1997 to 1999, Ms. Galbreath was Managing Director of LaSalle Partners/Jones Lang LaSalle, a real estate services and investment management firm, where she also served as a director. From 1984 to 1997, Ms. Galbreath served in a variety of leadership positions including as Managing Director, Chairman and Chief Executive Officer of The Galbreath Company, the predecessor entity of Galbreath & Company. Ms. Galbreath is also currently a director of Paramount Group, Inc., a publicly traded REIT. Ms. Galbreath was a director of Starwood from 2005 to September 2016 and served on its Capital Committee, Compensation and Option Committee and Corporate Governance and Nominating Committee.

Ms. Galbreath provides the Board with the benefit of her senior leadership experience as manager of Galbreath & Company, real estate investment, development and strategy experience, and management and corporate governance experience, having served as a director of other publicly-traded companies.

Melquiades R. Martinez

Mr. Martinez, 72, has served as a director of the Company since November 2011. He has served as Chairman of the Southeast and Latin America of JPMorgan Chase & Co., an investment and financial services company, since July 2010. Prior to that, he was a partner in the law firm DLA Piper from September 2009. Mr. Martinez served as a U.S. Senator from Florida from January 2005 through September 2009. He also served as Chairman of the Republican Party from November 2006 through October 2007, as Secretary of the U.S. Department of Housing and Urban Development from 2001 to 2004, and as Mayor of Orange County, Florida from November 1998 to January 2001. Mr. Martinez is a director of NVR, Inc., the publicly traded parent company of home construction companies Ryan Homes, NVHomes, Heartland Homes and Fox Ridge Homes. He also serves on the Advisory Board of Securiport LLC, a private company that designs and implements civil aviation security, biometric screening, immigration control and threat assessment systems.

Mr. Martinez provides our Board with the benefit of his vast experience in the public and private sector and his in-depth knowledge of and relationships within the Florida community, where our headquarters are located. The Board also benefits from his legal experience and knowledge of the legislative and regulatory processes.

Stephen R. Quazzo

Mr. Quazzo, 59, has served as a director of the Company since September 2018. He previously served as a director of ILG, Inc. from May 2016 through August 2018. Mr. Quazzo is the Chief Executive Officer and has been the Managing Director and co-founder of Pearlmark Real Estate, LLC, formerly known as Transwestern Investment Company, L.L.C., a real estate principal investment firm, since March 1996. From April 1991 to March 1996, Mr. Quazzo was President of Equity Institutional Investors, Inc., a private investment firm and a subsidiary of Equity Group Investments, Inc. Mr. Quazzo is also currently a director of Phillips Edison & Company Inc., a publicly traded REIT, and was a director of Starwood from 1995 to September 2016 and served terms as the Chair of the Capital Committee and Chair of the Governance Committee and served on the Audit Committee. Mr. Quazzo holds undergraduate and MBA degrees from Harvard University, where he serves as a member of the Board of Dean's Advisors for the business school. He is a member and trustee of the Urban Land Institute, Chairman of the ULI Foundation, a member of the Pension Real Estate Association, and a licensed real estate broker in Illinois. He is a trustee of Rush University Medical Center, an Investment Committee member of the Chicago Symphony Orchestra endowment and pension plans, a trustee of Deerfield Academy, and a Chicago advisory Board member of City Year, a national service organization since 1994.

Mr. Quazzo provides the Board with the benefit of his extensive experience in real estate, investment and development and strategy experience as Chief Executive Officer of Pearlmark Real Estate as well as his senior leadership experience. He also has broad experience in corporate governance, having served as a board member of other publicly traded companies.

Stephen P. Weisz, President and Chief Executive Officer

Mr. Weisz, 68, has served as a director of the Company since November 2011, as our President since 1996 and as our Chief Executive Officer since 2011. Mr. Weisz joined Marriott International in 1972. Over his 39-year career with Marriott International, he held a number of leadership positions in the Lodging division, including Regional Vice President of the Mid-Atlantic Region, Senior Vice President of Rooms Operations, and Vice President of the Revenue Management Group. Mr. Weisz became Senior Vice President of Sales and Marketing for Marriott Hotels, Resorts & Suites in 1992 and Executive Vice President-Lodging Brands in 1994 before being named to lead the Company in 1996. He is the Immediate Past Chairman of the Board of Directors of the American Resort Development Association. Mr. Weisz is also the Immediate Past Chairman of the Board of Trustees of Children's Miracle Network.

Mr. Weisz brings to the Board the extensive lodging and vacation ownership industry expertise he developed during his over 46 years in the industry, including 39 years with Marriott International, as well as corporate leadership experience from his service as our President since 1996 and his prior service as Chairman of the Board of Directors of the American Resort Development Association.

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Directors Whose Terms Expire at the 2020 Annual Meeting of Shareholders
William J. Shaw, Chairman

Mr. Shaw, 73, has served as a director of the Company since July 2011 and as Chairman of our Board since November 2011. He served as Vice Chairman of Marriott International, a publicly traded international lodging and hospitality company, from May 2009 until his retirement in March 2011. He previously served as President and Chief Operating Officer of Marriott International from 1997 until May 2009. He joined Marriott International in 1974 and was named Corporate Controller in 1979 and a Corporate Vice President in 1982. In 1986, Mr. Shaw was named Senior Vice President-Finance and Treasurer of Marriott International. He became Chief Financial Officer and Executive Vice President of Marriott International in 1988. In 1992, he was named President of the Marriott Service Group. Mr. Shaw serves on the Board of Directors of Carlyle Group Management L.L.C., the general partner of The Carlyle Group, L.P., and on the Board of Directors of DiamondRock Hospitality Company, a publicly traded lodging REIT. He also serves on the Board of Trustees of the University of Notre Dame and the Board of Trustees of Suburban Hospital. In the past five years, Mr. Shaw served on the Board of Trustees of three funds in the American Family of Mutual Funds.
Mr. Shaw brings to the Board extensive management experience with Marriott International, his prominent status in the hospitality industry and a wealth of knowledge in dealing with financial and accounting matters as a result of his prior service in financial and accounting positions at Marriott International, including as its Chief Financial Officer. Mr. Shaw also has experience as a board member of publicly traded companies.
C.E. Andrews

Mr. Andrews, 67, has served as a director of the Company since April 2013. Mr. Andrews has served as a member of the Board of Directors of, and an advisor to, MorganFranklin Consulting, a business consulting and technology solutions company, since April 2017; from May 2013 to March 2017, he served as its Chief Executive Officer. From June 2009 until February 2012, Mr. Andrews was the president of RSM McGladrey Business Services, Inc., an audit and accounting services provider. Prior to that, Mr. Andrews served as the president of SLM Corporation (Sallie Mae), which originates, services and collects student loans. He joined Sallie Mae in 2003 as the Executive Vice President of Accounting and Risk Management and held the title of Chief Financial Officer from 2006 to 2007. Prior to joining Sallie Mae, Mr. Andrews spent approximately 30 years at Arthur Andersen, LLP, an accounting firm. He served as managing partner for Arthur Andersen's mid-Atlantic region and was promoted to global managing partner for audit and advisory services in 2002. Mr. Andrews serves on the Boards of Directors of Washington Mutual Investors Fund and NVR, Inc., the publicly traded parent company of home construction companies Ryan Homes, NVHomes, Heartland Homes and Fox Ridge Homes. In addition, he serves on the Board of Directors of Vemo Education, Inc., a privately-held company that develops customized, value-oriented student financing programs, and the Advisory Board of Coastal Cloud LLC, a privately-held consulting firm that focuses on migration to next-generation technologies. Mr. Andrews also serves on the Boards of Directors of Junior Achievement and The Global Good Fund. In the past five years, Mr. Andrews served on the Board of Directors of WashingtonFirst Bankshares, Inc.
Mr. Andrews brings to the Board, and particularly to the Audit Committee, the extensive financial and accounting expertise that he obtained over his thirty-year career in public accounting, as well as through his role as Chief Financial Officer of Sallie Mae. Mr. Andrews also has experience as a board member and an officer of publicly traded companies.

William W. McCarten

Mr. McCarten, 70, has served as a director of the Company since November 2011. He has served as non-executive Chairman of the Board of DiamondRock Hospitality Company, a publicly traded lodging REIT, since January 2010. He was Executive Chairman of DiamondRock from September 2008 to December 2009. Prior to that, he was Chairman and Chief Executive Officer of DiamondRock from its inception in 2004 until September 2008. From 1979 through 2003, Mr. McCarten worked at Marriott International and companies that operated businesses that were previously part of Marriott International or its predecessors, where he held a number of executive positions, including President of the Services Group and President and Chief Executive Officer of HMSHost Corporation, a publicly traded company, and he served as a consultant to Marriott International from January 2004 to June 2004.
Mr. McCarten is also a director of Cracker Barrel Old Country Store, Inc., a publicly traded company.
Mr. McCarten provides the Board with the benefit of his extensive experience in the hospitality industry and capital markets, including his service as Chief Executive Officer of two publicly traded companies and as a board member of publicly traded companies. He is a former certified public accountant who has a strong familiarity with accounting and financial reporting matters.

Summary of Director Attributes and Skills
Summary of Director Attributes and Skills

Our Board members have a diversity of experience and bring a wide variety of skills, qualifications and viewpoints that strengthen the Board's oversight role on behalf of our shareholders. The following highlights certain key characteristics. Additional information can be found in their biographies.

Corporate Leadership is important because directors with experience running public companies, private companies or other large organizations typically possess strong leadership qualities.

Independence satisfies the independence requirement of the NYSE and our Corporate Governance Guidelines.

Diversity adds perspective through diversity in, among other areas, gender, ethnic background and race.

Financial & Capital Markets experience helps Board members advise on our capital structure and financing and investing activities.

Accounting & Financial Reporting experience is important in overseeing our financial reporting and internal controls to assure transparency and accuracy.

Business Development / Mergers & Acquisitions experience supports our goal of selectively pursuing compelling new business opportunities.

Public Company Board Service & Governance experience supports our goals of accountability, transparency and protection of shareholder interests.

Risk Management experience supports oversight of our processes for assessing and managing risk.

Strategic Planning experience allows the Board to evaluate and challenge our strategic plans.

Global Expertise experience supports our goal of continuing growth globally.

Vacation Ownership & Lodging Industry experience is important in overseeing the development and implementation of our business strategy and operating plan.

Legal, Regulatory & Government Relations experience is relevant because we operate in a heavily regulated industry.

Compliance experience helps set the tone at the top to encourage our employees to act ethically and legally.

Sales & Marketing/Consumer Insights experience is important in understanding the consumer-driven aspects of our business in order to deliver outstanding products and services.

Real Estate & Business Development experience aids in understanding and reviewing our business and strategy.

Human Capital, Professional Development & Organizational Culture experience helps us attract, motivate and retain top candidates for positions throughout our global workforce.

Technology & Cybersecurity/Digital & Social Media experience is relevant as we look for ways to enhance the customer experience and internal operations and assess and address the risks associated with our cyber activities.

Board Leadership Structure

Our governing documents give the Board flexibility to select the appropriate leadership structure for the Company based upon our specific circumstances at the time. The Board regularly reviews our leadership structure and believes that the separation of the roles of Chairman and Chief Executive Officer, and the oversight by the independent directors, is the optimal leadership structure for the Company and our shareholders at this time, because it allows our Chief Executive Officer to focus on his duties while benefitting from the Chairman's significant experience at Marriott International and in the hospitality industry. The Board believes that having an independent Chairman improves the ability of the Board to exercise its oversight role over management and provides opportunities for discussion and evaluation of management decisions and the direction of the Company.

The Board is committed to having a strong independent Board. Mr. Shaw serves as the Chairman of the Board. Prior to the annual meeting, our Corporate Governance Principles have provided that an independent director will serve as Lead Independent Director, as recommended by the Nominating and Corporate Governance Committee and selected by the Board. Mr. Martinez serves as Lead Independent Director until the Annual Meeting. When the position of Chairman is held by an independent director, such as Mr. Shaw, the Lead Independent Director's responsibilities have included: (1) setting the agenda for and presiding over the executive sessions of the non-management directors and independent directors in the Chairman's absence; (2) participating with the Chairman in setting agendas and schedules for Board meetings; (3) chairing Board meetings in the Chairman's absence; and (4) acting as a liaison between the independent directors and the Chairman. The Lead Independent Director also has the authority to call additional executive sessions as appropriate. The Lead Director position was created at a time when our Chairman was not independent. Given that the Chairman has now been independent for several years, the Board believes that a Lead Director is not needed at this time.

Nine of our ten directors are independent, and the Audit Committee, Compensation Policy Committee and Nominating and Corporate Governance Committee are comprised solely of independent directors. Consequently, the independent directors directly oversee such critical items as the Company's financial statements, executive compensation, the selection and evaluation of directors and the development and implementation of our corporate governance programs.

Board Evaluation

The Board and its committees evaluate their own performance on an ongoing basis. The evaluation process is overseen by the Nominating and Corporate Governance Committee, which recommends enhancements to Board and committee effectiveness as appropriate. During 2018, the Board engaged an independent third-party consultant as part of its annual Board evaluation process to conduct individual interviews with each director and certain senior executives and perform a comprehensive analysis of the Board's governance, structure, evaluation process and overall effectiveness. The results were positive and confirmed our Board's commitment to high levels of Board effectiveness and governance.

Selection of Director Nominees

The Nominating and Corporate Governance Committee identifies and recruits candidates for election to the Board. The Nominating and Corporate Governance Committee evaluates the composition of the Board at least annually to assess the skills and experience that are currently represented on the Board as a whole, and in individual directors, as well as the skills and experience that the Board may find valuable in the future. The Nominating and Corporate Governance Committee selects and recommends to the Board director candidates based on the Nominating and Corporate Governance Committee's evaluation of each candidate's character, judgment, personal and professional ethics, personal and professional integrity, values, background experience, technical skills, affiliations, familiarity with national and international issues affecting our business and demonstrated exceptional ability and judgment. Although we do not have a formal policy regarding diversity, our Board views diversity as a priority and seeks diverse representation among its members and evaluates its effectiveness in accounting for diversity as part of its annual evaluation of the composition of the Board. Candidates are selected who not only bring a depth of experience but also provide skills and knowledge complementary to the Board and our business. Candidates must be committed to representing the long-term interests of our shareholders and fulfilling a director's duties and responsibilities, which include attending Board meetings and our annual shareholder meeting, and preparing for Board meetings by advance review of any meeting materials. The Nominating and Corporate Governance Committee recommends to the Board the Company's candidates for election or reelection to the Board at each annual meeting of shareholders, as well as candidates to be elected by the Board as necessary to fill vacancies and newly created directorships. The Board proposes a slate of nominees to the shareholders for election to the Board. The Board also determines the number of directors on the Board.

The Nominating and Corporate Governance Committee identifies nominees for director on its own as well as by considering recommendations from other members of the Board, officers and employees of the Company, and other sources that the Nominating and Corporate Governance Committee deems appropriate. The Nominating and Corporate Governance Committee will also consider candidates for Board membership recommended by shareholders. Shareholders may recommend nominees for consideration by the Nominating and Corporate Governance Committee by submitting the names and supporting information to: Marriott Vacations Worldwide Corporation, 6649 Westwood Boulevard, Orlando, Florida, 32821, Attention: Corporate Secretary.

The supporting information should include the information required by our Bylaws in connection with the nominations of persons for election to the Board. The Nominating and Corporate Governance Committee will evaluate all candidates, regardless of source, in light of the Board-approved criteria.

Corporate Governance Principles

Our Board has adopted Corporate Governance Principles that meet or exceed the NYSE Listing Standards and establish a framework for the governance of the Company. The full text of the Corporate Governance Principles can be found in the Investor Relations section of our website (www.marriottvacationsworldwide.com) by clicking on "Corporate Governance." A copy may also be obtained upon request from our Corporate Secretary. Our Corporate Governance Principles establish the limit on the number of boards of publicly-traded companies on which the Company's directors may serve at two, including our Board, for directors who are chief executive officers of publicly traded companies, and five for other directors. Our Corporate Governance Principles also establish the limit on the number of audit committees of publicly traded companies on which members of the Company's Audit Committee may serve, including our Audit Committee, at three.

Director Independence

Our Corporate Governance Principles provide that at least a majority of the Board will consist of independent directors. An "independent" director is a director who meets the NYSE definition of independence, as determined by the Board. To be considered "independent," the Board must determine that a director has no direct or indirect material relationship with the Company. The Board makes an affirmative determination regarding the independence of each director annually, based upon the recommendation of the Nominating and Corporate Governance Committee. The Board undertook its most recent annual review of director independence in February 2019 and reviewed the independence of Ms. Galbreath and Mr. Quazzo prior to recommending their election to the Board in connection with the closing of the ILG, Inc. acquisition. As a result of these reviews, the Board affirmatively determined that nine of our ten directors are independent: Mr. Andrews, Ms. Galbreath, Mr. Gellein, Mr. Hutchison, Mr. Martinez, Mr. McCarten, Ms. Morgan, Mr. Quazzo and Mr. Shaw. Mr. Weisz is not independent as a result of his employment with the Company.

In assessing director independence, the Board considered relationships with the Company over the past three years, because the NYSE Listing Standards "look back" three years when evaluating a director's independence. Specifically, the Board considered that Mr. Martinez is an employee of JP Morgan Chase & Co. ("JPMorgan"), a company that provides various financial and banking services to us, including acting as our financial advisor in connection with the acquisition of ILG, Inc. and in prominent roles in the related financing arrangements, including our revolving corporate credit facility. During 2018, JPMorgan also acted as a joint lead arranger and bookrunner in connection with refinancing our credit agreement; as joint dealer manager and solicitation agent of the exchange offer for the IAC Notes; and as joint book running manager of the new high yield notes offering. JPMorgan is a party to hedge transactions with us and holds warrants we issued in connection with the 2017 convertible note transaction.

Mr. Martinez is not an executive officer of JPMorgan and does not work in the business units of JPMorgan that provide services to us or were involved in the acquisition or financing arrangements. In addition, payments that we made to or received from JPMorgan were less than one percent of JPMorgan's consolidated gross annual revenues in each of the last three fiscal years. The Board further considered that Mr. Shaw and Mr. McCarten are affiliated with a company that does business in the ordinary course with the Company and that the payments made to that company fell below the thresholds contained in the NYSE Listing Standards regarding director independence. The Board also considered that Mr. Hutchison and Ms. Morgan are affiliated with a company that does business in the ordinary course with the Company and that the payments made to such company fell below the thresholds contained in the NYSE Listing Standards regarding director independence.

Board and Committee Meetings and Attendance

Our Board met twelve times in 2018. No incumbent director attended fewer than 75 percent of the meetings of the Board or any Committee on which such director served. Directors are expected to attend annual meetings of shareholders, and each of our directors attended the 2018 Annual Meeting of Shareholders.

Committees of our Board

The Board has three standing committees: the Audit Committee, the Compensation Policy Committee and the Nominating and Corporate Governance Committee. The Board has adopted a written charter for each committee, and those charters are available in the Investor Relations section of our website (www.marriottvacationsworldwide.com) by clicking on “Corporate Governance.” Copies of the committee charters also may be obtained upon request from our Corporate Secretary. Other committees may also be established by our Board from time to time.

The composition of our committees during 2018 is set forth in the chart below.

Audit Committee	Compensation Policy Committee	Nominating and Corporate Governance Committee
		Melquiades R. Martinez (Chair)
William W. McCarten (Chair)	Thomas J. Hutchison III (Chair)	C.E. Andrews
C.E. Andrews	Raymond L. Gellein, Jr.	Raymond L. Gellein, Jr.
Raymond L. Gellein, Jr.	William W. McCarten	Thomas J. Hutchison III
Thomas J. Hutchison III	Dianna F. Morgan	William W. McCarten
		Dianna F. Morgan

In February 2019, we revised the composition of our committees. The following chart shows the composition of our committees since February 16, 2019.

Audit Committee	Compensation Policy Committee	Nominating and Corporate Governance Committee
C.E. Andrews (Chair)	Dianna F. Morgan (Chair)	Melquiades R. Martinez (Chair)
Raymond L. Gellein, Jr.	Lizanne Galbreath	C.E. Andrews
Thomas J. Hutchison III	Raymond L. Gellein, Jr.	Lizanne Galbreath
William W. McCarten	Thomas J. Hutchison III	William W. McCarten
Stephen R. Quazzo	Stephen R. Quazzo	Dianna F. Morgan

Audit Committee

The Board has determined that each of the members of the Audit Committee is independent as defined under our Corporate Governance Principles, the NYSE Listing Standards and applicable SEC rules for audit committee members. The Audit Committee met eleven times in 2018. There is unrestricted access between the Audit Committee and the independent auditor and internal auditors. The Board has determined that all members of the Audit Committee are financially literate, and that Mr. Andrews and Mr. McCarten each possesses accounting or related financial management expertise within the meaning of the NYSE Listing Standards and qualifies as an "audit committee financial expert" as defined under the applicable SEC rules.

The responsibilities of the Audit Committee include, among other things:

- appointing, retaining, overseeing and determining the compensation of our independent auditor;
- approving all terms and fees associated with any audit engagement of our independent auditor;
- overseeing our accounting, reporting, and financial practices;
- overseeing our internal control environment and compliance with legal and regulatory requirements;
- overseeing our independent auditor's qualifications and independence; and
- overseeing the performance of our internal audit function and the independent auditor.

The Audit Committee meets at least annually with representatives of our Disclosure Committee, a management committee that assists in ensuring the Company's public disclosures are accurate and timely. A shareholder may receive a copy of the Disclosure Committee's charter upon request from our Corporate Secretary.

Compensation Policy Committee

The Board has determined that each of the members of the Compensation Policy Committee is independent as defined under our Corporate Governance Principles and the NYSE Listing Standards for compensation committee members. The Compensation Policy Committee met five times in 2018.

The responsibilities of the Compensation Policy Committee include, among other things:

- assisting the Board in discharging its responsibilities relating to executive compensation;
- overseeing our overall compensation structure, policies and programs;
- reviewing and approving on an annual basis the corporate goals and objectives with respect to compensation for the Chief Executive Officer;
- overseeing the evaluation and setting the compensation of our other executive officers;
- maintaining plans for executive succession; and
- reviewing the compensation of non-employee directors and recommending any changes in compensation to the Board.

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Nominating and Corporate Governance Committee

The Board has determined that each of the members of the Nominating and Corporate Governance Committee is independent as defined under our Corporate Governance Principles and the NYSE Listing Standards. The Nominating and Corporate Governance Committee met seven times in 2018.

The responsibilities of the Nominating and Corporate Governance Committee include, among other things:

- identifying and evaluating director candidates;
- recommending to the Board director candidates for election;
- recommending to the Board implementation of corporate governance principles and annually reviewing and recommending changes to these principles as appropriate;
- reviewing our conflict of interest and related party transactions policies and approving certain related party transactions as provided for in such policies; and
- performing a leadership role in shaping our corporate governance.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Policy Committee is or has been an officer or employee of the Company or had any relationship that is required to be disclosed as a transaction with a related party.

Meetings of Independent Directors

Our Corporate Governance Principles require the Board to have at least two regularly scheduled executive sessions a year for the non-management directors without management present and require the independent directors to meet in executive session at least annually. The Chairman, who is currently Mr. Shaw, presides at such executive sessions.

Risk Oversight

Our Board is responsible for overseeing our processes for assessing and managing risk. The Board considers our risk profile when reviewing our annual business plan and incorporates risk assessment into its decisions. In performing its oversight responsibilities, our Board receives an annual risk assessment report from the Chief Financial Officer and discusses the most significant risks facing us. The Board believes that its risk oversight process would be effective under a variety of Board leadership structures, and therefore, it does not materially affect the Board’s choice of leadership structure.

The Board has delegated certain risk oversight functions to the Audit Committee. In accordance with NYSE requirements and as set forth in its charter, the Audit Committee periodically reviews and discusses our business and financial risk management and risk assessment policies and procedures with senior management, our independent auditor and the Chief Audit Executive. The Audit Committee incorporates its risk assessment function into its reports to the Board.

In addition, the Compensation Policy Committee evaluates any incentives and risks arising from or related to our compensation programs and plans and assesses whether the incentives and risks are appropriate. As discussed in the Compensation Discussion and Analysis below, the Compensation Policy Committee believes that our compensation programs do not present risks that are reasonably likely to have a material adverse effect on the Company.

Communications with the Board

Anyone, including a shareholder, may communicate a concern about the Company’s conduct, or about our accounting, internal accounting controls or auditing matters, directly to the Chairman of the Board, to the Chair of the Nominating and Corporate Governance Committee, to the independent directors, to the non-management/independent directors as a group, or to the Audit Committee. Such communications may be confidential and/or anonymous and may be emailed to business.ethics@mvwc.com or submitted in writing to Marriott Vacations Worldwide Corporation, 6649 Westwood Boulevard, Orlando, Florida, 32821, Attention: Chief Audit Executive. All such concerns are forwarded to the appropriate directors for their review and are reviewed and addressed by us in the same way that we address other concerns.

Code of Conduct

Our Board has adopted a code of conduct, our Business Conduct Guide, that applies to all of our directors, officers and associates, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer. Our Business Conduct Guide is available in the Investor Relations section of our website (www.marriottvacationsworldwide.com) and is accessible by clicking on “Corporate Governance.” Any amendments to our Business Conduct Guide and any grant of a waiver from a provision of our Business Conduct Guide requiring disclosure under applicable SEC rules may be disclosed at the same location as the Business Conduct Guide in the Investor Relations section of our website located at www.marriottvacationsworldwide.com or on a Current Report on Form 8-K.

AUDIT COMMITTEE REPORT AND INDEPENDENT AUDITOR FEES

Report of the Audit Committee

The Audit Committee reviews the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements, the reporting process and maintaining an effective system of internal controls over financial reporting. The Company's independent auditor is engaged to audit and express opinions on the conformity of the Company's financial statements to accounting principles generally accepted in the United States and the effectiveness of the Company's internal control over financial reporting.

In this context, the Audit Committee has reviewed and discussed the audited financial statements, together with the results of management's assessment of the internal controls over financial reporting, with management and the Company's independent auditor. The Audit Committee also discussed with the independent auditor those matters required to be discussed by the independent auditor with the Audit Committee under the rules adopted by the Public Company Accounting Oversight Board ("PCAOB"). The Audit Committee has received the written disclosures and the letter from the independent auditor required by applicable requirements of the PCAOB, regarding the independent auditor's communications with the Audit Committee concerning independence, and has discussed with the independent auditor the independent auditor's independence. The Audit Committee has also considered whether the independent auditor's provision of non-audit services to the Company is compatible with the auditor's independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, for filing with the Securities and Exchange Commission.

Members of the Audit Committee:

William W. McCarten, Chair

C.E. Andrews

Raymond L. Gellein, Jr.

Thomas J. Hutchison III

Pre-Approval of Independent Auditor Fees and Services Policy

The Audit Committee's Pre-Approval of Independent Auditor Fees and Services Policy provides for pre-approval of all audit, audit-related, tax and other permissible non-audit services provided by our principal independent auditor on an annual basis and as needed. The Audit Committee has delegated authority to the Audit Committee Chair to pre-approve principal independent auditor services where we deem it necessary or advisable that such services commence prior to the next regularly scheduled meeting (provided that the Audit Committee Chair informs the Audit Committee of any such services and the estimated fees that were pre-approved at the next scheduled in-person meeting). During 2018, all such services were pre-approved by the Audit Committee.

Independent Registered Public Accounting Firm Fee Disclosure

The following table presents aggregate fees billed for professional services rendered by our independent registered public accounting firm, Ernst & Young, for the audit of our annual financial statements for fiscal 2018 and fiscal 2017 and aggregate fees billed in fiscal 2018 and fiscal 2017 for audit-related services, tax services and all other permissible non-audit services rendered by our independent registered public accounting firm. The Audit Committee approved all of the fees presented in the table below. The Audit Committee is also responsible for overseeing the fee negotiations associated with the retention of Ernst & Young for the audit of our financial statements and internal control over financial reporting.

	2018	2017
Audit Fees(1)	$9,313,260	$4,268,300
Audit-Related Fees(2)	311,400	189,400
Tax Fees(3)	100,578	—
All Other Fees(4)	—	—
Total Fees	$9,725,238	$4,457,700

(1) Audit Fees principally consist of fees for audits of our financial statements, reviews of our quarterly financial statements and related reports, reviews of registration statements and certain periodic reports filed with the SEC

and fees for statutory audits of our international subsidiaries.

(2) Audit-Related Fees principally consist of fees billed in connection with special projects and agreed upon procedures.

(3) Tax Fees principally consist of fees billed in connection with tax consulting and advisory services.

(4) All Other Fees principally consist of fees billed in connection with services related to potential development opportunities, federal employment tax credits and other matters.

EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

Our executive officers for whom compensation information is presented in the Summary Compensation Table below, who we refer to as our "named executive officers," are:

Name	Title
Stephen P. Weisz	President and Chief Executive Officer
John E. Geller, Jr.	Executive Vice President and Chief Financial and Administrative Officer
R. Lee Cunningham	Executive Vice President and Chief Operating Officer - Vacation Ownership
James H Hunter, IV	Executive Vice President, General Counsel and Secretary
Brian E. Miller	Executive Vice President and Chief Marketing, Sales and Service Officer

Executive Summary

Our seasoned management team is led by Stephen P. Weisz, our President and Chief Executive Officer, who has served as President of the Company since 1996 and has over 45 years of combined experience at Marriott Vacations Worldwide and Marriott International. Our eleven executive officers have an average of over 25 years of total combined experience at Marriott Vacations Worldwide, our subsidiaries and Marriott International. We believe our management team's extensive public company and vacation ownership industry experience has enabled us to achieve solid performance and will enable us to continue to respond quickly and effectively to changing market conditions and consumer trends.

Our executive compensation program is designed to embody our compensation principles and includes the following key elements:

- base salary, which provides our named executive officers a fixed level of compensation;
- annual bonus, which encourages the achievement of current year objectives; and
- stock based awards, which align the long-term interests of our named executive officers with the interests of our shareholders and encourage the achievement of longer-term objectives.

Company Performance in 2018

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 company's results were strong in the year ended December 31, 2018:

- On September 1, 2018, we closed the acquisition of ILG, Inc. We refer to the business and operating results for the company excluding the impact of the ILG acquisition as "Legacy-MVW" while the business and operating results related to the acquired ILG businesses are referred to as "Legacy-ILG." We are also providing certain combined financial information that assumes the ILG acquisition had occurred at the beginning of 2017.
- Net income was $55 million, compared to $235 million in 2017. Fully diluted earnings per share was $1.61, compared to $8.49 in 2017.
- Adjusted EBITDA (as defined below) totaled $419 million, an increase of $125 million, or 43 percent, year-over-year, including Adjusted EBITDA of $320 million from Legacy-MVW.
- Consolidated vacation ownership contract sales were $1.073 billion, an increase of $247 million, or 30 percent, compared to the prior year, including $902 million of Legacy-MVW consolidated contract sales. On a combined basis, consolidated contract sales would have totaled $1.4 billion, an increase of $108 million, or 8 percent.
- During 2018, we returned $147 million to our shareholders through the repurchase of 1.2 million shares for $96 million and $51 million in dividends paid.
- We reopened Marriott's Frenchman Cove and The Ritz Carlton Club, St. Thomas following our hurricane recovery efforts. We also acquired 92 vacation ownership units at our resort in Marco Island, Florida and we entered into a capital efficient arrangement with a third party to purchase an operating property located in San Francisco, California that we expect to re-brand as a Marriott Vacation Club Pulse property in 2019.
- In connection with the acquisition of ILG, we entered into a new corporate credit facility, including a $900 million term loan and a $600 million revolver. We also issued $750 million of 6.5% senior unsecured notes due 2026 and we assumed $350 million in 5.625% Senior Notes due 2023 in connection with the ILG acquisition, of which $88 million were exchanged for similar notes issued by Marriott Ownership Resorts, Inc. and $122 million were repurchased.

- We were recognized by the Aon Hewitt Best Employers program in the countries of Australia, France, Indonesia, Ireland, Spain, Thailand, the United Kingdom and the United States.

Adjusted EBITDA is a financial measure that is not prescribed by United States generally accepted accounting principles ("GAAP"). Please refer to Appendix A for a reconciliation of Adjusted EBITDA to net income, which is the most directly comparable GAAP financial measure, as well as our reasons for presenting this measure.

Compensation Actions in 2018

The Compensation Policy Committee made the following key compensation decisions for 2018:

- Base Salary. The Compensation Policy Committee made salary adjustments for our named executive officers in February 2018, effective as of December 29, 2017.
- Annual Bonus. For 2018, the Compensation Policy Committee established a management bonus plan (the "Bonus Plan") for the named executive officers, intended to reward them for achievement of pre-established financial, operational and associate objectives. The financial objectives, with respect to which 70 percent of the amounts payable under the Bonus Plan could be earned, consisted of Adjusted EBITDA and Total Contract Sales (which are defined below). These objectives were selected because they are important indicators of the Company's profitability and sustainability. With respect to the financial objectives, the payout for each named executive officer for 2018 was at 117.0 percent of the target amount (but below the maximum amount) for Adjusted EBITDA, and at 89.5 percent of the target amount for Total Contract Sales.
- Equity Compensation. In February 2018, the Compensation Policy Committee approved the annual equity awards for 2018 for our named executive officers. The awards were a combination of performance-based stock units ("Performance Units"), stock appreciation rights ("SARs") and restricted stock units ("RSUs"), with 45 percent of each named executive officer's total equity compensation consisting of Performance Units, 30 percent consisting of SARs and 25 percent consisting of RSUs, based on grant date value.
- Acquisition-Related Awards. Following the announcement and completion of the acquisition of ILG, Inc. ("ILG") during 2018, the Compensation Policy Committee granted additional awards to the executive officers. In September 2018, the Compensation Policy Committee approved cash bonuses for the executive officers in recognition of the successful closing of the acquisition of ILG. In December 2018, the Compensation Policy Committee approved the granting of restricted stock units with a 3-year cliff vesting schedule, without pro-ration for approved retiree status, to promote retention of the executive officers for three years post-acquisition and discussed the potential design of performance share awards to be granted to incentivize our named executive officers to accomplish the corporate integration and synergy goals, which were subsequently granted in March 2019 to further incentivize a successful integration of ILG.

Corporate Governance and Best Practices

Our executive compensation programs contain features that are intended to embody our compensation principles and promote strong executive compensation corporate governance.

- Performance-based compensation is a significant component of total pay opportunity for our executive officers. The chart below reflects the percentage of each named executive officer’s total compensation for 2018 as reflected in the Summary Compensation Table that was performance-based (amounts earned as annual bonus and sales incentive compensation by the named executive officer for 2018 and the grant date value of the portion of the equity compensation that consisted of Performance Units and SARs):
- Annual cash compensation awards are designed to reward the achievement of pre-established financial objectives, individual achievement objectives, customer/guest satisfaction objectives and associate engagement objectives.
- We have a long-term incentive plan consisting of Performance Units, SARs and RSUs. The Performance Units and SARs make up 75 percent of the total equity award grant date value and only provide value in the event the Company achieves key financial objectives and/or achieves stock price growth. In 2018, excluding the acquisition-related awards, 45 percent of each executive officer’s award consisted of Performance Units, based on grant date value, with share-based payouts at the end of three-year performance periods that rewards executives for meeting key financial objectives and 30 percent consisted of SARs, based on grant date value, that only provide value to the executives in the event that the Company’s stock price increases over the four year vesting period.
- We have a clawback policy applicable to incentive compensation paid to our executive officers and directors, which is in addition to the clawback provision that applies to equity awards under the Marriott Vacations Worldwide Corporation Stock and Cash Incentive Plan (the “Stock and Cash Incentive Plan”).
- We do not provide for a gross-up of excise taxes on any “parachute payments” that could become payable in connection with a change in control.
- Executive officers are provided only limited perquisites and are not provided with tax gross-ups with respect to such perquisites.
- The Stock and Cash Incentive Plan does not include an “evergreen” provision.
- We cannot, without shareholder approval, “reprice” stock options or SARs by reducing the exercise price of such stock option or SAR, exchanging such stock option or SAR for a new award with a lower exercise price, or exchanging such stock option or SAR for cash (other than in connection with specified corporate transactions).
- We do not provide “single trigger” change in control benefits, except with respect to equity awards which are not retained or replaced with substitute awards following a change in control.
- We have stock ownership guidelines that require our Chief Executive Officer to own shares of our common stock (as determined under the guidelines) with a market value equal to five times base salary and other executive officers to own shares of our common stock with a market value equal to two to three times annual base salary. All but one of our executive officers were in compliance with these guidelines as of the end of 2018. This executive officer was in compliance after the distribution of the 2016 - 2018 performance based units in February 2019. Another executive officer was newly appointed on September 1, 2018, and has five calendar years, or by year end 2023, to achieve target ownership.

- Equity grants are made on a consistent schedule and are not made in anticipation of significant developments that may impact the price of our common shares. Annual grants are typically made during the first quarter, after the release of our earnings for the prior year and guidance for the current year, which is intended to ensure that we do not make equity grants when we have such material, non-public information.
- Our associates, officers and directors may not at any time engage in any form of derivative transactions (such as "short" sales or "option puts or calls") in our securities.
- Our associates, officers and directors are prohibited from including our securities in a margin account or pledging such securities as collateral for a loan.
- We, as a practice, do not have employment agreements with any of our named executive officers. However, with the acquisition of ILG on September 1, 2018, we assumed an employment agreement for Jeanette E. Marbert, President, Exchange and Third-Party Management.
- None of our named executive officers are entitled to guaranteed annual bonuses.

Philosophy

The Compensation Policy Committee is responsible for approving and overseeing our executive compensation programs. The Compensation Policy Committee has approved, and periodically reviews, compensation principles that form the basis of our compensation philosophy and reflect our belief that strong and consistent leadership is the key to long-term success in our industry. Therefore, in designing and implementing the compensation programs that apply to the named executive officers, we emphasize the following three principles:

- Drive Shareholder Value: Executive officers should be paid in a manner that is primarily focused on driving shareholder value. Therefore, equity compensation is and has been a significant component of total pay opportunity for the named executive officers.
- Motivate Shorter-term and Longer-term Performance: Compensation should be designed to motivate executive officers to perform their duties in ways that would help achieve current year as well as longer-term objectives. This has been achieved by offering a mix of short-term cash-based and long-term equity-based incentives.
- Retain Talent: The compensation program must be competitive in order to attract key talent from within and outside of our industry and retain key talent at costs consistent with market practice. We work to achieve this, in part, through our review of the market data and internal pay equity considerations described below in making compensation decisions. The Compensation Policy Committee seeks to establish compensation generally consistent with the median in total direct compensation, while also considering performance and scope of job.

Role of Management, the Compensation Policy Committee and the Compensation Consultant

Our then Compensation Policy Committee Chair, Thomas J. Hutchison III, with input from our Chairman, William J. Shaw, made recommendations to the Compensation Policy Committee with respect to Mr. Weisz's compensation. With input from our human resources department, Mr. Weisz made compensation recommendations for the other named executive officers. The Compensation Policy Committee approved the total compensation packages for each of the named executive officers, including base salary, annual bonus targets, actual bonuses earned, and equity awards, as well as the acquisition-related awards. In designing and implementing compensation programs applicable to the named executive officers, our Compensation Policy Committee considered the advice and recommendations of its compensation consultant, Exequity LLP. Additional information regarding Exequity LLP is provided below.

2018 Compensation

The elements and levels of our named executive officers' compensation were not determined through rigid, categorical guidelines or formulae. The Compensation Policy Committee considered market data (as described below), and also considered internal factors, such as job level, experience, time in position and internal pay equity, as well as subjective factors such as leadership ability, individual performance, retention needs and future potential, as part of the management development and succession planning process. From time to time, the Compensation Policy Committee reviews "tally sheets" prepared by management for each of the named executive officers. The tally sheet includes, among other things, total annual compensation, the value of unexercised or unvested equity compensation awards, and amounts payable upon termination of employment under various circumstances, including following a change in control. The Compensation Policy Committee did not recommend specific changes to the executive compensation program for 2018 in response to a review of tally sheets in 2018, although it used the tally sheet information as one data point when considering executive compensation matters.

Base Salary

In February 2018, the Compensation Policy Committee approved the following base salaries for the named executive officers, effective as of December 29, 2017:

Name	2018 Base Salary	2017 Base Salary	Percent Change
Mr. Weisz	$925,000	$900,450	2.73%
Mr. Geller	$594,000	$554,848	7.06%
Mr. Cunningham	$466,000	$452,154	3.06%
Mr. Hunter	$409,000	$397,210	2.97%
Mr. Miller	$690,000	$670,293	2.94%

In determining whether to make adjustments to base salaries, the Compensation Policy Committee considered market data, as well as internal factors, experience, time in position and internal pay equity, and subjective factors such as individual performance and future potential. No specific weightings were assigned to the factors considered. The Compensation Policy Committee expects to review base salaries for the named executive officers annually to determine whether base salary levels are commensurate with the officers' responsibilities and the competitive market. With respect to Mr. Geller, the Compensation Policy Committee's consideration of the external market pay practices of various companies discussed below under "Market Data" as well as the addition of administrative responsibilities for Information Technology and Human Resources, resulted in the determination to increase his base salary by a larger percentage than those of the other named executive officers for 2018 in order to align his total target direct compensation closer to the median of the market data for his enhanced position.

Bonuses and Incentives

Annual Bonuses

For 2018, the named executive officers participated in the Bonus Plan, which was intended to reward executives for achievement of pre-established financial, operational and associate objectives tied to 2018 performance. The potential awards under the Bonus Plan are reported in the Grants of Plan-Based Awards for Fiscal Year 2018 table, and the actual award amounts earned under the Bonus Plan are reported in the "non-equity incentive plan compensation" column in the Summary Compensation Table following this Compensation Discussion and Analysis.

In February 2018, the Compensation Policy Committee approved the following target awards as a percentage of base salary for the named executive officers:

Name	2018 Target	2017 Target	Percent Change
Mr. Weisz	150%	150%	—%
Mr. Geller	100%	100%	—%
Mr. Cunningham	90%	80%	12.5%
Mr. Hunter	80%	70%	14.3%
Mr. Miller	80%	70%	14.3%

In determining the target award percentage for each named executive officer, as well as in determining the differences in the target award percentages among the named executive officers, the Compensation Policy Committee primarily considered market data and internal factors, including pay equity with other officers, differences in responsibilities, future potential and, with respect to Mr. Miller, the fact that he participates in the sales incentive plan described below. The maximum award for each named executive officer was 200 percent of such named executive officer's target award. The Compensation Policy Committee's consideration of the external market pay practices of various companies discussed below under "Market Data" resulted in the determination to increase the target award percentage of Mr. Cunningham, Mr. Hunter and Mr. Miller for 2018 in order to align the total target direct compensation of each such officer closer to the median of the market data for his position. Total target direct compensation for each of the named executive officers, except for Mr. Geller, remained at or below the median following the increases in target award percentages for 2018. With respect to Mr. Geller, his total target direct compensation was slightly above median following the base salary increase.

The Compensation Policy Committee approved threshold achievement to award 25% of target for the achievement rather than 0%, recognizing that obtaining threshold performance represents solid financial performance and therefore should result in a partial payout. The Bonus Plan rewarded executives for achievement of pre-established financial, operational and associate objectives. The Company recognizes the strong relationship between the associate, customer and resulting financial performance as core to our culture and brands.

The two financial objectives, Adjusted EBITDA and Total Contract Sales, were also financial objectives for the bonus plan in which the named executive officers participated in 2017. Together, these performance measures were selected because they are important indicators of the Company's profitability and sustainability, and were streamlined from three measures in the prior year with Total Contract Sales as a percentage of the total increasing in weight in recognition of the importance of contract sales to our overall performance, with Net Income being removed as a separate component. The targets established for 2018 considered Legacy-MVW financials only, as the ILG acquisition was not contemplated at the time of approval. Mr. Weisz and Mr. Geller developed the specific performance level percentages for the Adjusted EBITDA and Total Contract Sales objectives, which objectives were reviewed and approved by the Compensation Policy Committee.

For all named executive officers, Adjusted EBITDA was the most heavily weighted performance criteria and was weighted more heavily than in 2017, because it is reflective of the financial viability and success of the Company in the performance year. "Adjusted EBITDA" means EBITDA (as reported in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (the "2018 Form 10-K")), excluding the impact of non-cash share based compensation expense, impairments, transaction costs, gains and losses on the disposal of assets, litigation settlements and activity not associated with the Company's on-going core operations (including insurance proceeds received by the Company as a result of claims made in connection with hurricanes). Adjusted EBITDA includes the impact of only that interest expense associated with our debt from the securitization of vacation ownership notes receivable, including the utilization of our warehouse facility (which we refer to as consumer financing interest expense). Adjusted EBITDA is a financial measure that is not prescribed by GAAP. Please refer to Appendix A for a reconciliation of Adjusted EBITDA to net income, which is the most directly comparable GAAP financial measure, as well as our reasons for presenting this measure. The Adjusted EBITDA target was set at $316.8 million, a level we believed to be achievable but not certain to be met.

For 2018, the named executive officers were eligible to receive the portion of the bonus attributable to Adjusted EBITDA based on the following achievement levels:

Achievement Target	Payout as a Percent of Target
Less than $294.6 million	0%
$294.6 million	25%
$316.8 million	100%
$339.0 million or more	200%

For purposes of the Bonus Plan, "Total Contract Sales" means contract sales (as reported in the 2018 Form 10-K) for the 2018 fiscal year for Legacy-MVW. The Total Contract Sales target was set at $915.0 million, a level we believed to be achievable but not certain to be met. For 2018, the named executive officers were eligible to receive the portion of the bonus attributable to Total Contract Sales based on the following achievement levels:

Achievement Target	Payout as a Percent of Target
Less than $878.4 million	0%
$878.4 million	25%
$915.0 million	100%
$951.6 million or more	200%

For each of the financial measures, achievement falling between two of the stated performance achievement levels resulted in the payment for that portion of the bonus being interpolated between the corresponding bonus levels.

For the fiscal year ended December 31, 2018, we achieved, for purposes of the Bonus Plan, Adjusted EBITDA of $320.6 million and Total Contract Sales of $909.9 million. This achievement resulted in a payout that was at 117.0 percent of the target amount (but below the maximum amount) for Adjusted EBITDA and at 89.5 percent of the target amount for Total Contract Sales (see the table further below for the weightings for each metric and the actual amount earned in respect thereof for each named executive officer).

For purposes of the Bonus Plan, the Compensation Policy Committee approved adjustments to our reported results to more closely reflect the results of our on-going core operations. Reported Adjusted EBITDA was adjusted as follows:

Adjusted EBITDA as Reported (in millions)	Adjustment	Amount (in millions)
$319.5	Impact of 2018 hurricanes	$ 4.6
	Impact of fraudulently induced electronic disbursement	(3.5)
	Adjusted EBITDA as approved by the Compensation Policy Committee	$ 320.6

Reported Total Contract Sales was adjusted as follows:

Total Contract Sales as Reported (in millions)	Adjustment	Amount (in millions)
$901.9	Impact of 2018 hurricanes on contract sales	$ 8.0
	Total Contract Sales as approved by the Compensation Policy Committee	$ 909.9

Although the adjustments above include certain adjustments related to the impact of 2018 hurricanes, these adjustments do not reflect the entire impact of these or other recent hurricanes on our company.

In addition to the financial performance measures, the Bonus Plan for the named executive officers also included performance measures based on individual performance as well as measures of operational performance. These performance measures are approved by the Compensation Policy Committee and subsequently evaluated subjectively and objectively and, like Adjusted EBITDA and Total Contract Sales targets, are intended to establish high standards, consistent with our quality goals, which we believed were achievable but not certain to be met. We believe that the following individual and operational performance measures are important contributors to achieving success within our industry. Payouts under these performance measures can be zero, at target or maximum award levels or, in most cases, interpolated between zero, target and maximum.

- Individual Achievement: The Compensation Policy Committee approved a specific set of management objectives for each of the named executive officers that was aligned to his or her responsibilities and role within the Company. At least 50 percent of the amount each named executive officer could receive for performance with respect to his individual achievement measures was tied to objective financial goals. The management objectives generally were expected to be challenging and are among the core duties of the positions.

Examples of the financial goals include:

- achieve targeted free cash flow;
- achieve targeted resort management and other services margin; and
- achieve targeted development margin.

Examples of operational goals include:

- ensure preparedness for implementation of new lease accounting standards effective in 2019;
- implement a second club in Asia; and
- achieve targeted tour flow growth.

We do not disclose the specific goals and objectives within, or the relative weighting of, the above objectives because we believe they constitute confidential business information and their disclosure could impair our ability to compete effectively.

- Customer Satisfaction: Customer satisfaction was based on the results of customer and guest satisfaction surveys we developed. Different surveys are used for different aspects of our business, such as Guest Satisfaction, Sales and Marketing Satisfaction and Owner Services Satisfaction. These surveys address topics such as overall satisfaction, quality of service, and cleanliness of properties. Numerical ratings are assigned with the objective of assessing customers' and guests' overall satisfaction compared to the goal that is established at the beginning of each year. The achievement of each named executive officer was based on a composite score of the three satisfaction surveys for Legacy-MVW. The composite was a weighted average of the three surveys, based on number of responses.

- Associate Engagement: Assessment of our associate engagement for the named executive officers, other than the President and Chief Executive Officer, was based on our engagement assessment for their areas of responsibility. The President and Chief Executive Officer was evaluated based on the engagement assessment for the entire company, as measured in June 2018, prior to the ILG acquisition.

The respective weightings of the relevant performance measures and the aggregate target and actual payments under the Bonus Plan are displayed in the table below.

Name		Adjusted EBITDA	Total Contract Sales	Individual Performance Financial	Operational	Customer/ Guest Satisfaction	Associate Engagement	Total
Stephen P. Weisz	Weight of Total Award (%)	50.00	20.00	6.00	4.00	10.00	10.00	100.00
	Target Award as % of Salary	75.00	30.00	9.00	6.00	15.00	15.00	150.00
	Actual Payout as % of Salary	87.74	26.86	12.00	7.80	30.00	30.00	194.39
	Actual Payout as % of Target	116.98	89.52	133.33	130.00	200.00	200.00	129.60
John E. Geller, Jr.	Weight of Total Award (%)	50.00	20.00	5.00	5.00	10.00	10.00	100.00
	Target Award as % of Salary	50.00	20.00	5.00	5.00	10.00	10.00	100.00
	Actual Payout as % of Salary	58.49	17.90	10.00	10.00	20.00	20.00	136.40
	Actual Payout as % of Target	116.98	89.52	200.00	200.00	200.00	200.00	136.40
R. Lee Cunningham	Weight of Total Award (%)	50.00	20.00	7.00	3.00	10.00	10.00	100.00
	Target Award as % of Salary	45.00	18.00	6.30	2.70	9.00	9.00	90.00
	Actual Payout as % of Salary	52.64	16.11	10.62	4.50	18.00	18.00	119.88
	Actual Payout as % of Target	116.98	89.52	168.57	166.67	200.00	200.00	133.20
James H Hunter, IV	Weight of Total Award (%)	50.00	20.00	4.00	6.00	10.00	10.00	100.00
	Target Award as % of Salary	40.00	16.00	3.20	4.80	8.00	8.00	80.00
	Actual Payout as % of Salary	46.79	14.32	6.40	8.16	16.00	16.00	107.68
	Actual Payout as % of Target	116.98	89.52	200.00	170.00	200.00	200.00	134.60
Brian E. Miller	Weight of Total Award (%)	50.00	20.00	5.00	5.00	10.00	10.00	100.00
	Target Award as % of Salary	40.00	16.00	4.00	4.00	8.00	8.00	80.00
	Actual Payout as % of Salary	46.79	14.32	8.00	3.20	16.00	14.00	102.32
	Actual Payout as % of Target	116.98	89.52	200.00	80.00	200.00	175.00	127.90

The total amount of payout for each named executive officer was as follows: Mr. Weisz, $1,798,139; Mr. Geller, $810,190; Mr. Cunningham, $558,622; Mr. Hunter, $440,397; and Mr. Miller, $705,984.

Sales Incentive Compensation

Reflecting the significance of sales and customer relations functions to our business and industry practice, Mr. Miller also has been compensated through a sales incentive plan ("Sales Incentive Plan") based on our achievement of pre-established goals with respect to contract sales volume, cash marketing and selling costs, and marketing and sales corporate overhead costs. The Sales Incentive Plan was recommended by Mr. Weisz and approved by the Compensation Policy Committee and was established based upon an assessment of competitive pay practices in the vacation ownership industry and marketing and sales functions, as well as competitive total direct compensation. Payouts under the Sales Incentive Plan can be at zero or maximum award levels or interpolated between zero and maximum, which was 75 percent of Mr. Miller's base salary. We report the potential payments under the Sales Incentive Plan for 2018 in the Grants of Plan-Based Awards for Fiscal Year 2018 table, and we include the actual amount paid to Mr. Miller under the Sales Incentive Plan for 2018 in the "non-equity incentive plan compensation" column in the Summary Compensation Table following this Compensation Discussion and Analysis. We do not disclose the specific goals and objectives within, or the relative weighting of, Mr. Miller's goals under the Sales Incentive Plan because we believe they constitute confidential business information and their disclosure could impair our ability to compete effectively. However, we believe the performance goals were challenging but reasonably attainable at the time the goals were established.

Mr. Miller’s performance was at 0 percent of the maximum achievement level with respect to contract sales volume, 0 percent of the maximum achievement level with respect to first-time buyer sales volume, 0 percent of the maximum achievement level with respect to marketing and selling costs, and 100 percent of the maximum achievement level with respect to corporate overhead. The total amount of payout for Mr. Miller under the Sales Incentive Plan was $51,750.

Stock Awards

Stock Awards Granted in 2018

We expect that equity compensation awards will be granted to the named executive officers under the Stock and Cash Incentive Plan on an annual basis. With multi-year and, in some cases, performance-based vesting conditions, and the opportunity for long-term capital appreciation, the annual stock awards help us achieve our objectives of attracting and retaining key executive talent, linking named executive officer pay to long-term Company performance and aligning the interests of named executive officers with those of shareholders.

In February 2018, the Compensation Policy Committee approved the following annual equity awards for 2018 for our named executive officers:

Name	2018 Award Value	2017 Award Value	Percent Change
Mr. Weisz	$3,600,000	$3,300,000	9.1%
Mr. Geller	1,350,000	1,100,000	22.7%
Mr. Cunningham	825,000	725,000	13.8%
Mr. Hunter	625,000	450,000	38.9%
Mr. Miller	650,000	600,000	8.3%

The amount of each named executive officer's award, as well as the differences in the award amounts among the named executive officers, were determined primarily by considering market data (as described below) and internal factors, including pay equity with other officers, differences in responsibilities, job performance, and future potential. The Compensation Policy Committee's consideration of the external market pay practices of various companies discussed below under "Market Data" resulted in the determination to increase the value of the awards for each of the named executive officers for 2018 in order to align their total target direct compensation closer to the median of the market data for their position. Total target direct compensation for each of the named executive officers remained at or below the median following the increases in equity awards for 2018, except for Mr. Geller whose total direct compensation was slightly above median. The awards are reflected in the Summary Compensation Table for 2018 and the Grants of Plan-Based Awards for Fiscal Year 2018. The value of the awards was allocated among Performance Units, SARs and RSUs as follows:

Type of Award	Percentage of 2018 Award	Percentage of 2017 Award	Percentage Point Change
Performance Units	45%	45%	—%
SARs	30%	30%	—%
RSUs	25%	25%	—%

The allocations were set so as to advance the executives' alignment with shareholders by increasing their equity ownership, while tying a majority of the awards to future stock price performance and achievement of financial performance goals. The RSUs are time-based stock awards that focus on retention of the executives and SARs are granted to further align the executives' and stockholders' interests by requiring an increase in stock price in order for the executives to recognize value from the awards.

The Performance Units granted in 2018 represent the right to receive shares of our common stock at the end of the performance period beginning January 1, 2018 and ending December 31, 2020, in an amount determined based on the Company's cumulative achievement over the performance period with respect to two performance objectives: Adjusted EBITDA and return on invested capital, each weighted equally. Return on invested capital ("ROIC") means net income (as reported in our annual reports on Form 10-K) over the performance period, excluding the impact of all interest expense, provision for income taxes, non-cash share based compensation expense, impairments, transaction costs, gains and losses on the disposal of assets and litigation settlements as a percentage of Total Invested Capital. "Total Invested Capital" means the average of the beginning of the performance period and the end of the performance period total assets less current liabilities excluding debt; provided that any cash in excess of $75 million will be disregarded for purposes of determining total assets. The Adjusted EBITDA and ROIC targets were initially set at levels we believed to be achievable but not certain to be met. The performance metrics applicable to the Performance Units granted in 2017 and 2018 were adjusted in February 2019 to account for the ILG acquisition, and, as adjusted, are reflected below, and represent levels we believe to be achievable but not certain to be met. The three-year performance period will utilize Legacy-MVW financial metrics to assess performance for the 2018 fiscal year. Fiscal years 2019 and 2020 will be based upon the financial metrics of the combined organization, accounting for the ILG acquisition.

We used Adjusted EBITDA as a performance objective for both the Bonus Plan and the Performance Units because the Compensation Policy Committee believes that utilizing the same metric for both the short- and long-term compensation programs ensures that short-term management decisions are not influenced by short-term gain at the expense of long-term performance. By using the same metric, the Compensation Policy Committee is promoting sustained performance of the Company in this area over both the shorter- and longer-term.

The number of Performance Units actually earned will be determined following the end of the performance period and will be equal to 50 percent of the granted number of Performance Units multiplied by a percentage corresponding to the achievement level of the Adjusted EBITDA performance objective plus 50 percent of the granted number of Performance Units multiplied by a percentage corresponding to the achievement level of the ROIC performance objective. The number of shares that will be received can range from zero to two times the number of Performance Units granted and will be based on the following achievement levels, which were approved by the Compensation Policy Committee in February 2019 to account for combined financial metrics:

Adjusted EBITDA Achievement Target	ROIC Achievement Target	Payout as a Percent of Target
$1,602 million or less	13.1% or less	0%
$1,702 million	13.9%	50%
$2,002 million	16.4%	100%
$2,302 million or more	18.8% or more	200%

If performance falls between levels, the vesting percentage will be determined by the Compensation Policy Committee based on straight-line interpolation; provided, however, that no payout will be made with respect to the Adjusted EBITDA performance objective for achievement of $1,602 million or less and no payout will be made with respect to the ROIC performance objective for achievement of 13.1% or less.

Performance Units will not vest if the named executive officer does not continue to be an active employee of the Company during the entire period from the grant date through the performance period (unless the named executive officer retires as an approved retiree or dies or is disabled during such period) or engages in competition or acts that are or potentially are injurious to our company's operations, financial condition or business reputation during that period; the named executive officers are also prohibited from soliciting any of our employees to leave our employment during the period from the grant date until the first anniversary of the termination of the officer's employment for any reason. If a named executive officer retires as an approved retiree during the performance period, a pro rata portion of the Performance Units will continue to vest on the same terms. If a named executive officer dies or is disabled during the performance period, a portion of the Performance Units will vest assuming achievement at the target level of performance.

Performance Units Vested in 2018

Following the end of 2018, each of the named executive officers received shares upon the vesting of the Performance Units granted in 2016. These performance shares represented the right to receive shares of our common stock at the end of the performance period beginning January 2, 2016 and ending December 31, 2018, in an amount determined based on the Company's cumulative achievement over the performance period with respect to two performance objectives: Adjusted EBITDA and ROIC, each weighted equally. The targets were set at levels we believed to be achievable but not certain to be met. The targets represent Legacy-MVW financials only. Performance for Legacy-MVW was below the target level for Adjusted EBITDA and exceeded the target achievement level but was below the maximum achievement level for ROIC as follows:

Criteria	Target	Achievement	Payout as a Percent of Target
Cumulative Adjusted EBITDA	$901 million	$899 million	98.28%
ROIC	15.3%	15.7%	117.39%
			107.84%

As a result of such performance, the named executive officers received the following numbers of shares: Mr. Weisz, 25,022 shares; Mr. Geller, 9,175 shares; Mr. Cunningham, 5,838 shares; Mr. Hunter, 3,337 shares; and Mr. Miller, 5,005 shares.

Acquisition-Related Awards

The Compensation Policy Committee recognized that the executive officers were critical to the success of the ILG acquisition and subsequent transformation of the business in connection with the integration. Awards were assessed against the framework of criticality of the role, difficulty of replacing the officer, retention risk, performance and potential. As a result, three types of one-time awards, supplemental to the annual award consideration, were reviewed.

The Compensation Policy Committee approved cash awards in September 2018, recognizing the complexity of the deal structuring and economic evaluation of the acquisition of ILG. The amounts of the awards are reflected in the Bonus column of the Summary Compensation Table, and the value of the awards for the Named Executive Officers is as follows:

Name	2018 Award Value
Mr. Weisz	$500,000
Mr. Geller	300,000
Mr. Cunningham	100,000
Mr. Hunter	300,000
Mr. Miller	50,000

In December 2018, the Compensation Policy Committee approved retention RSUs with three-year cliff vesting. These awards recognize the work associated with confirmatory due diligence, revenue and cost synergies, future state vision and the resulting new operating structure as well as the importance of retaining the recipients to achieve them. These awards are reflected in the Summary Compensation Table for 2018 and the Grants of Plan-Based Awards for Fiscal Year 2018. The value of the awards is as follows:

Name	2018 Award Value
Mr. Weisz	$750,000
Mr. Geller	300,000
Mr. Cunningham	200,000
Mr. Hunter	600,000
Mr. Miller	200,000

In February 2019, the Compensation Policy Committee approved granting a third award consisting of performance shares that will be earned from 0% - 250% of the target based on the achievement of specified synergy goals by the Company as a whole and the applicable discipline for which the executive is responsible. The awards were granted on March 4, 2019 and will vest in one tranche on December 31, 2021, subject to continued employment. Because these awards were granted after the end of the 2018 fiscal year, they will not appear in the compensation tables until next year.

Other Compensation

Perquisites

In 2018, we offered minimal perquisites consisting of only a limited number of compensatory room nights, a minimal executive physical benefit and a status upgrade in the Marriott Rewards program (now known as Marriott Bonvoy). The value of these benefits was included in the executives' wages for tax purposes, and we did not provide tax gross-ups to the executives with respect to these benefits. With the acquisition of ILG, the Company assumed remaining flight hours on a shared corporate jet. Executives were permitted to utilize the hours for corporate purposes.

Other Benefits

Named executive officers can participate in the same plans and programs offered to all our eligible employees. Some of these benefits were paid for by the executives, such as elective deferrals under the Marriott Vacations Worldwide 401(k) Retirement Savings Plan (the "401(k) Plan") or the Marriott Vacations Worldwide Corporation Deferred Compensation Plan (the "MVW Deferred Compensation Plan"), vision coverage, long- and short-term disability, group life and accidental death and dismemberment insurance, and health care and dependent care spending accounts. Other benefits were paid for or subsidized by us, such as any company match under the 401(k) Plan, any employer credits under the MVW Deferred Compensation Plan, certain group medical and dental benefits, business travel accident insurance and tuition reimbursement.

Long-Term Disability Plan

Our named executive officers and approximately 270 other associates are eligible to participate in the Marriott Vacations Worldwide Corporation Executive Long-Term Disability Plan (the "LTD Plan"). The purpose of the LTD Plan is to improve the ability of the Company to attract and retain executive and senior level associates by providing such associates with enhanced long-term disability insurance. The LTD Plan is subject to certain provisions of the Employee Retirement Income Security Act of 1974, as amended.

The LTD Plan consists of two parts: (1) a group long-term disability policy (the "Group Policy") that pays, after a 180-day elimination period, 60 percent of eligible compensation, which initially consists of base pay, bonus and incentive compensation ("Eligible Compensation"), capped at $10,000 per month, to a specific age, which initially is age 65 (the "Limiting Age"), the entire cost of which is paid by the Company; and (2) an individual disability insurance policy (the "Individual Policy") that pays 75 percent of Eligible Compensation up to $10,000 per month, to the Limiting Age. We pay 100% of the premium cost required for the Individual Policy for our named executive officers and pay for the first $1,000 of coverage under the Individual Policy for other participants. The right to receive any payment under the Group Policy will cease upon termination of employment. The Individual Policy is portable; the participant may continue coverage by paying the full premiums after termination of employment. The total maximum benefit amount for the combination of the two parts of the LTD Plan is $20,000 per month or $240,000 per year.

Life Insurance

We pay for life insurance with a payout to designated beneficiaries on death for Mr. Weisz in the amount of two times his base salary (up to a maximum of $1.5 million), and for each other named executive officer in the amount of such officer's base salary (up to a maximum of $750,000).

401(k) Plan

Our named executive officers are eligible to participate in our 401(k) Plan on substantially the same basis as our other associates. Participants in the 401(k) Plan may contribute a portion of their compensation to the plan each year. Our highly compensated employees, including the named executive officers, may be subject to limits on the amounts of their contributions to the plan that are not applicable to non-highly compensated employees to the extent required by applicable tax law. We determine on an annual basis whether to make matching employer contributions, which will not exceed six percent of the participant's eligible compensation, or such other limits that are imposed by applicable tax law. Any employer contributions that we made to the 401(k) Plan accounts of the named executive officers for 2018 are shown in the "All Other Compensation" column of the Summary Compensation Table below.

Deferred Compensation

Our named executive officers and approximately 900 other associates are eligible to participate in the MVW Deferred Compensation Plan. In addition, our named executive officers have balances under the Marriott International, Inc. Executive Deferred Compensation Plan ("Marriott Deferred Compensation Plan"), in which many of them were able to participate prior to the Spin-Off from Marriott International in 2011.

We provide the MVW Deferred Compensation Plan because the Compensation Policy Committee wishes to permit certain of our employees to defer the obligation to pay taxes on compensation and bonuses that they are entitled to receive. The MVW Deferred Compensation Plan permits them to do this, while also receiving interest on deferred amounts. We believe that providing this benefit is important as a retention and recruitment tool as many of the companies with which we compete for executive talent provide a similar plan for their senior employees.

Under the terms of the MVW Deferred Compensation Plan, each participant may elect to defer receipt of up to 80 percent of his or her base salary, bonuses, non-equity incentive plan compensation and/or commissions until such future date as he or she elects in accordance with the terms of the MVW Deferred Compensation Plan. The Company may credit participants' accounts with additional amounts, referred to as employer credits, in an amount equal to any matching contributions that the participant did not receive for a year under the 401(k) Plan, or any successor plan thereto, due to the participant's election to defer amounts under the MVW Deferred Compensation Plan. In addition, the Company may, in its sole discretion, credit participants' accounts with additional employer credits which will vest at a rate of 25 percent per year on the first four anniversaries of the date the discretionary employer credit was allocated to the participant's account, provided that the participant remains in continued service with the Company. On a participant's separation from service, unvested discretionary employer credits are generally forfeited. Upon a change in control of the Company, a participant's death, or a participant's retirement after reaching age 55 and completing ten continuous years of service, all employer credits will immediately vest in full.

A participant in the MVW Deferred Compensation Plan may elect to receive his or her deferred amounts and vested employer credits in a lump sum or in installments over five, ten, fifteen or twenty years at either a separation from service or upon any of the first five anniversaries of a separation from service. Alternatively, a participant may elect to receive his or her deferred amounts and vested employer credits in a lump sum in January of a specified year, so long as employer credits are deferred for at least four years and all other amounts are deferred for at least three years. The obligations under the MVW Deferred Compensation Plan are not funded by the Company, and therefore participants have an unsecured contractual commitment from us to pay the amounts due under the MVW Deferred Compensation Plan. When payments are due under the MVW Deferred Compensation Plan, the cash will be distributed from our general assets.

For 2018, participants were able to select a fixed rate of return of 3.5 percent or a rate of return based on various market-based investment alternatives, such as mutual funds with various investment profiles, and were also able select such a rate for their existing account balances. Participants were not limited to minimum elections in the fixed rate of return. To support our ability to meet our obligations under the MVW Deferred Compensation Plan, we acquired insurance on the lives of certain participants in the MVW Deferred Compensation Plan, the proceeds of which are payable to a trust with the Company as grantor. For 2018, participants may select a rate of return based on market-based investment alternatives for up to 100 percent of their contributions and existing balances.

Earnings under the MVW Deferred Compensation Plan or the Marriott International Executive Deferred Compensation Plan that were credited at a fixed rate of interest in excess of 120 percent of the applicable federal long-term rate are reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table.

Employee Stock Purchase Plan

The Marriott Vacations Worldwide Corporation Employee Stock Purchase Plan (the “ESPP”) is intended to provide the Company’s eligible employees, including our named executive officers, with an opportunity to participate in the Company’s success by permitting them to acquire an ownership interest in the Company through periodic payroll deductions that will be applied towards the purchase of shares of our common stock at a five percent discount from the market price.

Change in Control Arrangements

Our named executive officers are participants in the Marriott Vacations Worldwide Corporation Change in Control Severance Plan (the “Change in Control Plan”). Adoption of the Change in Control Plan was intended to maximize shareholder value by retaining key executives through the closing of a Change in Control (as defined below), and to motivate executives to drive business success independent of the possible occurrence of a Change in Control. All of our executive officers are eligible to participate in the Change in Control Plan. Under the Change in Control Plan, the receipt of benefits is subject to a “double trigger,” under which benefits, including the acceleration of vesting and/or settlement of equity and cash awards, are available only if the participant’s employment is terminated in connection with the Change in Control unless the awards are not assumed in connection with the Change in Control, in which case a single trigger applies. A “change in control” occurs if there is a consummation of certain acquisition, merger, sale, liquidation or similar events or there is a change in a majority of Board members as described in the Change in Control Plan (a “Change in Control”).

Under the terms of the Change in Control Plan, and subject to the conditions thereof, an executive officer who participates in the Change in Control Plan will receive severance benefits if his or her employment is terminated involuntarily by the Company or any of its affiliates, other than due to Cause, Total Disability (as those terms are defined in the Change in Control Plan), or death, or is terminated by the executive officer for Good Reason (as defined in the Change in Control Plan), in each case, within two years following a Change in Control of the Company (a “Termination”). Provided that the executive officer executes a waiver and release of claims in favor of the Company, he or she will be entitled to the following severance benefits: (1) a cash severance payment, payable in a lump sum, equal to two times (or three times, in the case of the President and Chief Executive Officer of the Company) the sum of his or her Base Salary and Target Bonus (as those terms are defined in the Change in Control Plan); (2) twenty-four months (or thirty-six months, in the case of the President and Chief Executive Officer of the Company) of Company-subsidized medical, dental and life-insurance coverage for such executive officer and his or her spouse and dependents, at the same benefit level as provided to the executive immediately prior to the Change in Control, or the cash equivalent of the present value of such coverage; (3) any unpaid bonus as of the Termination date for any previously-completed fiscal year; and (4) a pro-rata bonus for the fiscal year in which the executive officer’s employment is terminated.

In addition to receipt of the severance benefits described above, upon Termination, an executive officer’s stock options and other equity-related compensation will be treated as follows: (1) all restricted stock, RSUs or other share-based awards in a form substantially similar to restricted stock or RSUs will become fully vested as of the Termination date; (2) all unvested or unexercisable options, SARs or other share-based awards in a form substantially similar to options or SARs will become fully vested and exercisable until the earlier of the end of (a) their original term or (b) 12 months (or in the case of certain approved retirees, five years) following the Termination date; and (3) all of the executive officer's other cash performance-based awards or other share-based awards subject to performance-based vesting criteria will be deemed to be fully vested as of the Termination date, and will be paid immediately thereafter based on a presumed achievement of target levels of performance. However, in the event that no substitute awards, shares or other equity interests are available as of the Change in Control, the participant will become fully vested in his or her awards as of the Change in Control date, and all awards will be immediately distributed or paid, or, in the case of options and SARs, will become fully exercisable. In the discretion of the Compensation Policy Committee, distributions may be made in the form of a cash payment equal in amount to the value of the shares distributed or, in the case of options or SARs, the intrinsic value of such awards.

Any payment otherwise due under the Change in Control Plan will be reduced if necessary so that the payment will not constitute a "parachute payment" under Section 280G of the Internal Revenue Code. The Change in Control Plan does not provide for a gross-up of excise taxes on such "parachute payments."

Clawbacks
Under our