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Certain statements in this Annual Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; new service offerings; future investment opportunities; the performance of our current investments; the recoverability of our goodwill and other long-lived assets; our projected sources and uses of cash; and the anticipated impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. In particular, statements in our "Letter to Shareholders" and under "Business," "Risk Factors," "Properties," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures About Market Risk" contain forward-looking statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- customer demand for our products and services and our ability to adapt to changes in demand;
- competitor responses to our products and services;
- the levels and quality of online traffic to our businesses' websites and the ability of our subsidiaries to convert visitors into consumers or contributors;
- the expansion of social integration and member acquisition efforts with social media by our subsidiaries;
- the impact of changes in search engine algorithms and dynamics or search engine disintermediation;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our future financial performance, including availability, terms and deployment of capital;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;
- changes in the business models of our subsidiaries;
- changes in the nature of key strategic relationships with partners, distributors, suppliers and vendors;
- domestic and international economic and business conditions and industry trends, including the current economic downturn and those which result in declines or disruptions in the travel industry;
- consumer spending levels, including the availability and amount of individual consumer debt;
- costs related to the maintenance and enhancement of brand awareness by our subsidiaries
- advertising spending levels;
- rapid technological changes;
- the regulatory and competitive environment of the industries in which our subsidiaries operate;
- our failure, and the failure of our subsidiaries, to protect the security of personal information about customers, subjecting each of us to potentially costly government enforcement actions or private litigation and reputational damage;
- threatened terrorist attacks, political unrest in international markets and ongoing military action around the world; and
- fluctuations in foreign currency exchange rates.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. When considering such forward-looking statements, you should keep in mind any risk factors identified and other cautionary statements contained in this Annual Report. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement.

This Annual Report includes information concerning TripAdvisor, Inc., a public company in which we have a controlling interest that files reports and other information with the SEC in accordance with the Securities Exchange Act of 1934, as amended. Information contained in this Annual Report concerning this company has been derived from the reports and other information filed by it with the SEC. If you would like further information about this company, the reports and other information it files with the SEC can be accessed on the Internet website maintained by the SEC at www.sec.gov. Those reports and other information are not incorporated by reference in this Annual Report.

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

Welcome to Liberty TripAdvisor Holdings, which was “born” in August 2014 and holds a controlling stake in TripAdvisor and all of BuySeasons. Liberty TripAdvisor was created and distributed by Liberty Interactive because we believed the benefits of having our company become a stand-alone entity outweighed the benefits of keeping it part of Liberty Interactive. Liberty Interactive’s Ventures Group shareholders received this value tax efficiently, while not giving up the value of control.

Although the value of TripAdvisor has been relatively volatile over the past year, business performance has been very good and the long-term prospects are bright. High-multiple stocks like TripAdvisor must constantly earn their valuation by demonstrating to the market that growth remains high. Over time, we expect that Liberty TripAdvisor will trade relatively in-line with the value of its underlying businesses, with additional upside potential from our controlling vote at TripAdvisor.

TripAdvisor

We have been long-term shareholders of TripAdvisor and believe in its impressive founder and leader, Steve Kaufer and his vision for the business. TripAdvisor is the world’s largest travel site* empowering users to plan and book the perfect trip. TripAdvisor branded sites make up the largest travel community in the world, reaching 315 million unique monthly visitors**, and providing more than 200 million reviews and opinions covering more than 4.5 million accommodations, restaurants, and attractions. TripAdvisor’s sites operate in 45 countries worldwide, including China under daodao.com. TripAdvisor’s robust user-generated content and engaged community are key competitive advantages and have established TripAdvisor as a trusted travel information resource for a large, globally diverse audience.

TripAdvisor is investing heavily to further strengthen its leadership position throughout more phases of travel-planning and trip-taking. In 2013, the company implemented hotel price comparison tools, and in 2014, the company began enabling users to complete hotel, restaurant and attractions bookings on the TripAdvisor platform. These product initiatives demonstrate the company’s dedication to continuously improving the user experience. This includes TripAdvisor’s strong and growing position in mobile, where users have downloaded TripAdvisor apps nearly 175 million times and nearly 50% of usage is via mobile devices. Given the anticipated continued growth in mobile traffic worldwide, we expect TripAdvisor will continue to commit resources to improving the features, functionality and commercialization of its mobile websites and applications. We believe TripAdvisor is appropriately taking a longer-term view when it comes to capitalizing on these market dynamics, and we believe the benefits of these investments are well worth any associated short-term costs.

*Source: comScore Media Metrix for TripAdvisor Sites, worldwide, December 2014

**Source: Google Analytics, average monthly unique users, Q3 2014; does not include traffic to daodao.com

Looking Ahead

In 2015, we expect that TripAdvisor will continue to invest to improve its platform for users and partners alike. In its Hotel segment, this includes expanding its Instant Booking feature for online travel agents and hoteliers. The company is also amplifying its new “Plan, Compare, and Book” consumer message through online and offline marketing channels. The company is leveraging its strong profitability from the core Hotels business to invest aggressively in Attractions, Restaurants, and Vacation Rentals businesses that comprise its Other segment. In Attractions and Restaurants, two other large sources of user demand, this includes investing aggressively in its recent Viator acquisition in the attractions space and its organic and inorganic growth within TheFork restaurant reservation business. In Vacation Rentals, this includes adding more inventory and improving its Free-to-List offering. We support this level of investment given the size and attractiveness of these categories and expect TripAdvisor to continue to pursue product extensions and international opportunities through both organic and inorganic means.

In conclusion, we are excited for the year ahead and remain enthusiastic shareholders of TripAdvisor. As discussed above, the company is addressing a number of growth initiatives, and we will provide strategic guidance at the board level, advising on capital structure and potential capital return and empowering Steve and his management team to execute on TripAdvisor’s long-term growth plan.

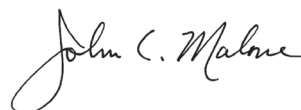
We look forward to seeing many of you at this year’s annual investor meeting, which will take place on November 12th at the TimesCenter at 242 West 41st Street in New York City.

We appreciate your ongoing support.

Very truly yours,



Gregory B. Maffei
President and Chief Executive Officer
April 2015



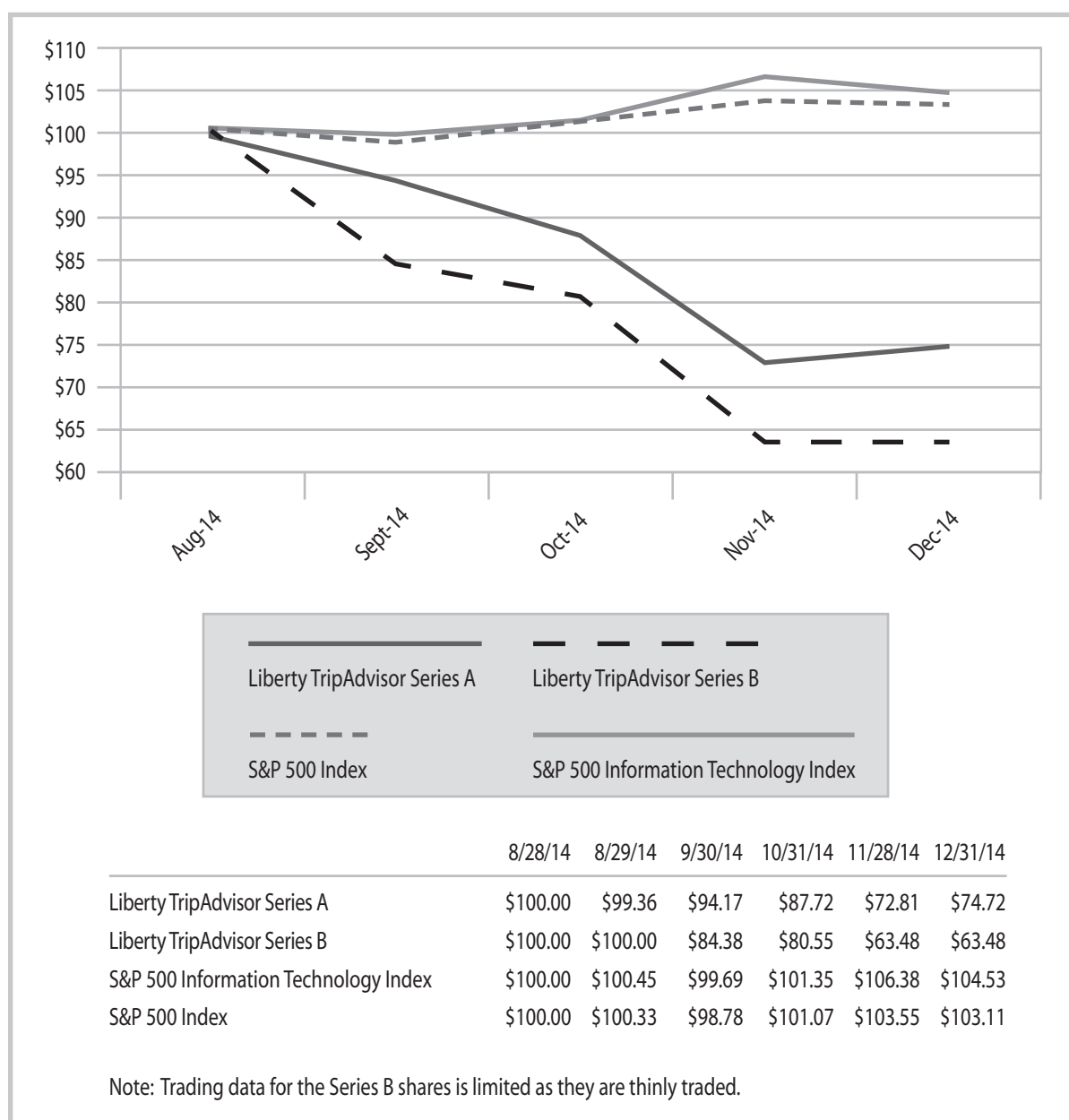
John C. Malone
Chairman of the Board

STOCK PERFORMANCE

The following graph compares the percentage change in the cumulative total shareholder return on an investment in Liberty TripAdvisor Series A and Series B common stock from August 28, 2014 (the day Liberty TripAdvisor began trading “regular-way” following its spin-off from Liberty Interactive Corporation) through December 31, 2014, to the percentage change in the cumulative total return on the S&P 500 Index and S&P Information Technology Index.

Liberty TripAdvisor Common Stock vs. S&P 500 and Information Technology Indices

8/28/14 to 12/31/14



Market for Registrant's Common Equity and Related Stockholder Matters of Equity Securities.

Market Information

Our Series A and Series B common stock have been outstanding since August 2014. Each series of our common stock trades on the Nasdaq Global Select Market. The following table sets forth the range of high and low sales prices of shares of our common stock for the year ended December 31, 2014, for the periods they were outstanding.

	Liberty TripAdvisor Holdings, Inc.			
	Series A		Series B	
	High	Low	High	Low
<i>2014</i>				
Third quarter (after August 27, 2014)	\$ 38.39	32.46	42.00	35.44
Fourth quarter	\$ 34.04	23.91	35.44	19.64

Holdings

As of February 28, 2015, there were approximately 1,410 and 67 record holders of our Series A and Series B common stock, respectively. The foregoing numbers of record holders do not include the number of stockholders whose shares are held nominally by banks, brokerage houses or other institutions, but include each such institution as one shareholder.

Dividends

We have not paid any cash dividends on our common stock, and we have no present intention of so doing. Payment of cash dividends, if any, in the future will be determined by our board of directors in light of our earnings, financial condition and other relevant considerations.

Securities Authorized for Issuance Under Equity Compensation Plans

Information required by this item is incorporated by reference to our definitive proxy statement for our 2015 Annual Meeting of stockholders.

Selected Financial Data.

The following tables present selected historical information relating to our financial condition and results of operations for the past five years. The following data should be read in conjunction with our consolidated financial statements.

	December 31,				
	2014	2013	2012	2011	2010
<i>Summary Balance Sheet Data:</i>	(amounts in millions)				
Cash and cash equivalents	\$ 509	354	369	1	2
Investments in available for sale securities and other cost investments	\$ 31	188	99	—	—
Investment in affiliates(1)	\$ —	—	—	183	—
Intangible assets not subject to amortization	\$ 5,510	5,292	5,267	46	46
Intangible assets subject to amortization, net	\$ 831	908	1,158	2	1
Total assets	\$ 7,381	7,089	7,205	350	90
Long-term debt	\$ 664	300	343	1	—
Deferred income tax liabilities, noncurrent	\$ 821	853	972	—	3
Total stockholders' equity	\$ 897	1,208	1,279	329	66
Noncontrolling interest	\$ 4,450	4,373	4,340	—	—

	Years ended December 31,				
	2014	2013 (1)	2012 (1)	2011	2010
<i>Summary Statement of Operations Data:</i>	(amounts in millions, except per share amounts)				
Revenue	\$ 1,329	1,034	165	155	157
Operating income (loss)	\$ 68	(17)	(54)	—	12
Interest Expense, including related party	\$ (13)	(12)	(1)	—	—
Share of earnings (losses) of affiliates	\$ —	—	38	1	—
Gains (losses) on transactions, net (1)	\$ —	(1)	1,088	—	—
Other, net	\$ (11)	—	—	—	—
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (22)	(7)	983	12	12
Basic net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. stockholders per common share:					
Series A and Series B common stock (2)	\$ (0.30)	(0.10)	13.35	0.16	0.17
Diluted earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. stockholders per common share:					
Series A and Series B common stock (2)	\$ (0.30)	(0.10)	13.35	0.16	0.17

- (1) During May 2012, TripCo sold approximately 8.5 million shares of TripAdvisor for cash proceeds of \$338 million. The sale resulted in a \$288 million gain recorded in gain (losses) on transactions, net, based on the average cost of those shares, in the statement of operations. On December 11, 2012, we acquired approximately 4.8 million additional shares of common stock of TripAdvisor (an additional 4% equity ownership interest), for \$300 million, along with the right to control the vote of the shares of TripAdvisor's common stock and class B common stock we own. Following the transaction we own approximately 22% of the equity and 57% of the total votes of all classes of TripAdvisor common stock. As we now control TripAdvisor, we applied the applicable purchase accounting guidance and recorded a gain on the transaction of \$800 million on our ownership interest held prior to the transaction, recognized in the gain (loss) on transactions, net line in the consolidated statements of operations. See note 4 of the accompanying consolidated financial statements for further details on the purchase price allocation.
- (2) Liberty issued 73,685,924 common shares, which is the aggregate number of shares of Series A and Series B common stock outstanding upon the completion of the Trip Spin-Off on August 27, 2014. The same number of shares is being used for both basic and diluted earnings per share for all periods prior to the date of the Trip Spin-Off as no Company equity awards were outstanding prior to the Trip Spin-Off.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying consolidated financial statements and the notes thereto.

Overview

During October 2013, the Board of Directors of Liberty Interactive Corporation and its subsidiaries ("Liberty") authorized a plan to distribute to the stockholders of Liberty's Liberty Ventures common stock shares of a wholly-owned subsidiary Liberty TripAdvisor Holdings, Inc. ("TripCo" or the "Company") which holds the subsidiaries TripAdvisor, Inc. ("TripAdvisor") and BuySeasons, Inc. which includes the retail businesses BuyCostumes.com and Celebrate Express ("BuySeasons") (the "Trip Spin-Off"). The transaction was completed on August 27, 2014 and was effected as a pro-rata dividend of shares of TripCo to the stockholders of Series A and Series B Liberty Ventures common stock of Liberty. The Trip Spin-Off is intended to be tax-free and has been accounted for at historical cost due to the pro rata nature of the distribution to shareholders of Liberty Ventures common stock.

The financial information represents a combination of the historical results of TripAdvisor and BuySeasons as discussed in note 1 in the accompanying consolidated financial statements. These financial statements refer to the combination of TripAdvisor and BuySeasons as "TripCo," "the Company," "us," "we" and "our" in the notes to the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Our "Corporate and Other" category includes our interest in BuySeasons and corporate expenses.

Strategies and Challenges

Executive Summary

Our results prior to December 11, 2012 were largely dependent on the operating performance of BuySeasons. In 2013 and future periods, results for TripCo have been and will be largely dependent upon the operating performance of TripAdvisor. Therefore, the executive summary below contains the strategies and challenges of TripAdvisor for an understanding of the business objectives of TripAdvisor, our most significant operating business. In addition, we have included challenges and strategies related to BuySeasons.

Strategies and Challenges Related to TripAdvisor

TripAdvisor's financial results are currently principally dependent on its ability to drive click-based advertising revenue. TripAdvisor is investing in areas of potential click-based revenue growth, including Instant Booking, international expansion and innovations in the mobile user experience. TripAdvisor is also investing in display-based advertising, Business Listings, Vacation Rentals, Restaurants and Attractions. As the largest online travel website, based on comScore Media Metrix for TripAdvisor Sites, worldwide, December 2014, TripAdvisor is an attractive marketing channel for advertisers—including hotel chains, independent hoteliers, online travel agencies, destination marketing organizations, and other travel-related and non-travel related product and service providers—who seek to sell their products and services to its large user base. The key drivers of click-based and display-based advertising revenue are described below, as well as a summary of key growth areas and the current trends impacting the business.

Key Drivers of Click-Based Advertising Revenue

For the years ended December 31, 2014, 2013 and 2012, 70%, 74% and 77%, respectively, of TripAdvisor's total revenue came from TripAdvisor's core cost-per-click, or CPC, based lead generation product. The key drivers of TripAdvisor's click-based advertising revenue include the growth in monthly unique hotel shoppers and revenue per hotel shopper.

Hotel shoppers: TripAdvisor believes total traffic growth, or growth in monthly visits from unique visitors, is reflective of TripAdvisor's overall brand growth. TripAdvisor tracks and analyzes sub-segments of traffic and their correlation to revenue generation and utilizes hotel shoppers as an indicator of revenue growth. The term "hotel shoppers" is used to refer to visitors who view either a listing of hotels in a city or a specific hotel page. The number of hotel shoppers tends to vary based on seasonality of the travel industry and general economic conditions, as well as other factors outside of TripAdvisor's control. Given these factors, as well as the trend towards increased usage on mobile devices (for which usage trends continue to evolve) and international growth, quarterly and annual hotel shopper growth is difficult to forecast. Unique hotel shoppers increased 17% and 35% for the years ended December 31, 2014 and 2013, respectively. The deceleration of hotel shopper growth for the year ended December 31, 2014 is primarily due to high hotel shopper growth from search engine optimization ("SEO") for the year ended December 31, 2013, which provides for a challenging comparative. Increasing the number of hotel shoppers on TripAdvisor's sites remains a top strategic priority.

Revenue per hotel shopper: Revenue per hotel shopper is designed to measure how effectively TripAdvisor converts hotel shoppers into revenue and is made up of these three factors – the number of monthly unique hotel shoppers, the rate of conversion of a hotel shopper to a paid click and the price per click TripAdvisor received. Conversion on the TripAdvisor site is primarily driven by three factors: merchandising, commerce coverage and choice. TripAdvisor defines merchandising as the number and location of ads that are available on a page; TripAdvisor defines commerce coverage as whether a client can take an online booking for a particular property; and TripAdvisor defines choice as the number of clients available for any given property. Hotel shoppers visiting via mobile generally convert to a paid click at a lower rate than hotel shoppers visiting via personal computer or tablet. Cost per click is the effective CPC that online travel agencies and hoteliers are willing to pay for a hotel shopper lead, by participating in a competitive bidding process which determines the CPC price paid. CPC's are generally lower in emerging international markets as well as on mobile, given the use case and form factor of those devices. Revenue per hotel shopper increased 7% for the years ended December 31, 2014 compared to 2013 and decreased by 13% for the year ended December, 31, 2013 in comparison to 2012. The increase in 2014 compared to 2013 is largely due to the implementation of hotel metasearch completed in June of 2013, which has resulted in higher CPC pricing paid by TripAdvisor's partners, due to higher quality clicks being delivered, offset by relatively lower rates of hotel shopper conversion. Other factors that can impact revenue per hotel shopper include the device and IP addresses from which users access TripAdvisor and the IP address of the user. In TripAdvisor's experience, hotel shoppers visiting on mobile devices generally exhibit a lower rate of conversion, monetize at a significantly lower rate than hotel shoppers visiting via personal computer or tablet and emerging international destinations tend to have lower CPCs associated with them. A growing percentage of TripAdvisor's hotel shoppers are using mobile; this trend will create pressure on the revenue per hotel shopper metric, particularly if TripAdvisor fails to realize the opportunities it anticipates with the transition to more mobile users.

Key Drivers of Display-Based Advertising Revenue

For the years ended December 31, 2014, 2013 and 2012, approximately 11%, 13% and 12%, respectively, of TripAdvisor's total revenue came from its display-based advertising product. The key drivers of TripAdvisor's display-based advertising revenue include the growth in number of impressions, or the number of times an ad is displayed on TripAdvisor's site, and the revenue received for such impressions measured in cost per thousand impressions, or CPM (or pricing). TripAdvisor's number of impressions sold increased 19% and 34% for the years ended December 31, 2014 and 2013, respectively, which has typically correlated to TripAdvisor's hotel shopper growth rates, while pricing over the same period decreased 1% and 5%, respectively.

Key Growth Areas

TripAdvisor continues to invest in areas of potential growth, including TripAdvisor's content and community, product innovation and international expansion.

Content & Community. TripAdvisor is an online community in which travelers share their experiences with the rest of the community. Establishing and reinforcing that sense of community is a key competitive advantage for TripAdvisor and is a component of its long-term strategic growth plan. As a result, TripAdvisor continues to look for ways to make it easier for users to enjoy a more personalized and social travel planning experience when planning their perfect trip on TripAdvisor and to share their experiences (including by leveraging social features across devices and platforms).

Mobile. Improving TripAdvisor's products and engaging its community on devices other than personal computers, in particular mobile phones, are key priorities that TripAdvisor believes are critical to maintaining and growing its user base over the long term. As of December 31, 2014, TripAdvisor's mobile apps reached nearly 175 million downloads and average monthly unique visitors via smartphone and tablet devices grew over 60% year-over-year from 87 million to 140 million. TripAdvisor anticipates that the rate of growth in mobile visitors will continue to exceed the growth rate of its overall unique monthly visitors, and that an increasing proportion of users will use mobile devices to access the full range of services available on TripAdvisor's sites. TripAdvisor expects to continue to commit resources to improve the features, functionality and commercialization of its mobile websites and applications.

Business Listings. TripAdvisor's Business Listings product enable hotel and accommodation owners to buy placement for pertinent information on TripAdvisor, bringing them closer to potential customers and thereby increasing awareness, engagement, and potentially, direct bookings. In the year ended December 31, 2014, TripAdvisor grew its Business Listings customer base 18% to 81,000 subscribers. TripAdvisor continues to expand its sales force and improve features to grow its subscriber base

Vacation Rentals. In the year ended December 31, 2014, TripAdvisor grew its Vacation Rental property inventory 19% to more than 650,000 properties, driven by strong listings growth in its free-to-list model. TripAdvisor offers individual property owners and property managers the ability to list using a free-to-list, commission-based structure or a subscription-based fee option and TripAdvisor believes its highly-engaged and motivated user community creates a competitive advantage in this market.

Restaurants & Attractions. More than half of TripAdvisor's users are not hotel shoppers as they visit TripAdvisor without navigating to pages that contain a listing of hotels in a city or a specific hotel's page. TripAdvisor has information and user-generated content on 2.4 million restaurants, and more than 500,000 tours and attractions in 147,000 destinations throughout the world. TripAdvisor believes it has a unique opportunity to monetize its community of these non-hotel shoppers looking for places to eat and things to do. With the acquisitions of Lafourchette for online restaurant reservations and Viator for online bookable tours and attractions, TripAdvisor is attempting to match more users with more businesses on mobile and desktop.

Current Trends Affecting TripAdvisor's Business

Increasing Competition. The travel review industry and, more generally, the business of collecting and aggregating travel-related resources and information, continue to be increasingly competitive. In recent years, an increasing number of companies, such as search companies Google Inc. and Baidu.com, Inc. and several large online travel agencies, have begun to collect and aggregate travel information and resources. TripAdvisor plans to continue to invest in order to remain the leading source of travel reviews as well as continuing to enhance the content and user experience.

Increasing Use of Internet and Social Media to Access Travel Information. Commerce, information and advertising continue to migrate to the Internet and away from traditional media outlets. TripAdvisor believes that this trend will continue to create strategic growth opportunities, allowing TripAdvisor to attract new consumers and develop unique and effective advertising solutions. Consumers are increasingly using online social media channels, such as Facebook and Twitter, as a means to communicate and exchange information, including travel information and opinions. Over the years, TripAdvisor has made significant progress using social networking to leverage the expanding use of these channels and enhance traffic diversification and user engagement. TripAdvisor will continue to adapt its user experience in response to a changing Internet environment and usage trends.

Increasing Use of Devices Other than Personal Computers. Consumers are increasingly using devices other than personal computers, such as mobile phones, smartphones, handheld computers such as notebooks and tablets, video game consoles and television set top devices to access the Internet. To address these demands, TripAdvisor continues to extend the platform to develop phone and tablet applications to deliver travel information and resources. Although the substantial majority of users of alternative computing devices also access and engage with TripAdvisor's websites on personal computers and tablets where advertising is displayed, users could decide to increasingly access TripAdvisor products primarily through alternative computing devices. TripAdvisor displays graphic advertising on smartphones; however, its mobile phone monetization strategies are still developing, as mobile phone monetization is significantly less than personal

computer and tablet monetization. Mobile phone growth and development remains a key strategy and TripAdvisor will continue to invest and innovate in this growing platform to help it maintain and grow its user base, engagement and monetization over the long term.

Continued Reliance on Click-Based Advertising Revenue. In recent years, the majority of TripAdvisor's revenue growth resulted from higher click-based advertising revenue due to increased traffic across its websites and an increase in the volume of clicks on advertisers' placements. Although click-based advertising revenue growth has generally been driven by traffic volume, a focus is maintained on the various factors that could impact revenue growth, including, but not limited to, the growth in hotel shoppers, CPC pricing fluctuations, the overall economy, the ability of advertisers to monetize traffic, the quality and mix of traffic to the websites and the quality and mix of traffic from advertising placements to advertisers, as well as advertisers' evolving approach to transaction attribution models and return on investment targets. TripAdvisor monitors and regularly responds to changes in these factors in order to strategically improve the user experience, customer satisfaction and monetization in this dynamic environment.

Risks Associated with Transaction-Based Revenue. TripAdvisor currently derives only a small percentage of its revenue from transaction-based offerings; however, these types of offerings create additional risk and expense. Transaction revenue is derived from making online bookings available for, among other things, hotel rooms, vacation rentals and destination activities. During the course of making these arrangements, TripAdvisor collects, uses, transmits and stores personal information and other consumer data. The protection of this data is critically important to TripAdvisor. An increasing number of websites, including the website operated by its subsidiary Viator, have reported compromises of its systems and the data stored within those systems. TripAdvisor relies on strong encryption, authentication and network perimeter security to effectively secure confidential information; however, despite TripAdvisor's security measures, TripAdvisor's brands' information technologies and infrastructures may be vulnerable to cyber-attacks or security incidents due to system configurations, employee error, malfeasance or other vulnerabilities. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in the breach or compromise of the technology used by TripAdvisor to protect transaction data. In the future, TripAdvisor expects to expend additional resources to enhance its security measures, protect against security breaches and/or to address problems caused by breaches. As TripAdvisor expands its transaction-based businesses, the challenges will become more difficult and the measures TripAdvisor must take to protect against them will become more costly.

Strategies and Challenges Related to BuySeasons

BuySeasons is engaged in the online costume and party supply business. In recent years, BuySeasons has faced increased competition from both internet companies and brick-and-mortar stores resulting in declining revenue and lower margins due primarily to increased marketing spend and discounting of products to drive sales. In order to try and reverse these adverse trends, BuySeasons management intends to improve its product offerings by changing its inventory mix and to change its marketing strategy to focus on more efficient marketing channels. In addition, BuySeasons has implemented cost-cutting measures across the organization, including warehouse operations, customer service and corporate expenses, to improve adjusted OIBDA margins.

Results of Operations—Consolidated

General. We provide in the tables below information regarding our historical Consolidated Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our reportable segment. The "corporate and other" category consists of those assets or businesses which we do not disclose separately, such as BuySeasons. In addition, we provide a comparison of our historical results of operations for 2013 to pro forma results of operations for 2012 as if our acquisition of TripAdvisor had occurred as of January 1, 2012. For a more detailed

discussion and analysis of the financial results of the principal reporting segment, see “Results of Operations—TripAdvisor” below.

Operating Results

	Years ended December 31,		
	2014	2013	2012
	amounts in millions		
<i>Revenue</i>			
TripAdvisor	\$ 1,246	945	36
Corporate and other	83	89	129
Consolidated TripCo	<u>\$ 1,329</u>	<u>1,034</u>	<u>165</u>
<i>Adjusted OIBDA</i>			
TripAdvisor	\$ 468	379	8
Corporate and other	(26)	(18)	(7)
Consolidated TripCo	<u>\$ 442</u>	<u>361</u>	<u>1</u>
<i>Operating Income (Loss)</i>			
TripAdvisor	\$ 101	8	(5)
Corporate and other	(33)	(25)	(49)
Consolidated TripCo	<u>\$ 68</u>	<u>(17)</u>	<u>(54)</u>

Revenue. Our consolidated revenue increased \$295 million and \$869 million for the years ended December 31, 2014 and 2013, respectively, as compared to the corresponding prior year periods. TripAdvisor revenue increased \$301 million during the year ended December 31, 2014 when compared to the same period in 2013, primarily due to an increase in click-based advertising revenue of \$174 million, an increase in display-based advertising of \$21 million as well as growth in Vacation Rentals and other revenue related to the 2014 acquisitions of Lafourchette and Viator. The significant increase in revenue during 2013 was the result of the full year consolidation of TripAdvisor as compared to 20 days in 2012. Revenue for BuySeasons declined for the years ended December 31, 2014 and 2013, as compared to the corresponding prior periods, due primarily to increased market pressure and competition. Other costume retailers, both on-line and bricks-and-mortar retailers were more aggressive in marketing and promotions and BuySeasons inventory mix had become less compelling for consumers. For the year ended December 31, 2014, as compared to the prior year period, BuySeasons’ order volume decreased 10% and average order valued decreased by 8%. For the year ended December 31, 2013, as compared to the prior year period, order volume decreased 42%, which was partially offset by a 3% increase in average order value. BuySeasons expects in future periods to focus on better inventory offerings and spend marketing dollars in more efficient channels. See “Results of Operations—TripAdvisor” below for a more complete discussion of the results of operations of TripAdvisor.

Adjusted OIBDA. We define Adjusted OIBDA as revenue less cost of sales, operating expenses and selling, general and administrative (“SG&A”) expenses (excluding stock compensation). Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this is an important indicator of the operational strength and performance of our businesses, including each business’s ability to service debt and fund capital expenditures. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes such costs as depreciation and amortization, stock-based compensation and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 13 to the accompanying December 31, 2014 consolidated financial statements for a reconciliation of Adjusted OIBDA to earnings (loss) before income taxes.

Consolidated Adjusted OIBDA increased approximately \$81 million and \$360 million for the years ended December 31, 2014 and 2013, respectively, as compared to the corresponding prior year periods. Adjusted OIBDA in

TripAdvisor increased \$89 million during the year ended December 31, 2014 when compared to the same period in 2013, due to an increase in revenue, partially offset by increased personnel, overhead costs, and other online traffic acquisition costs. The significant increase in Adjusted OIBDA during 2013 was the result of the full year consolidation of TripAdvisor offset slightly by declining results for BuySeasons. BuySeasons' results have been in decline over the past two years. BuySeasons' adjusted OIBDA declined for the years ended December 31, 2014 and 2013, as compared to the corresponding prior periods, primarily as a result of decreased revenue and declining product margin. Product margin was 21% in 2014, 22% in 2013 and 31% in 2012. The decline in product margin was the result of continued discounting of product to meet market pricing for costumes and sell through of aged inventory. Also negatively impacting BuySeasons Adjusted OIBDA in 2014 and 2013 were operating expenses, which, while remaining flat in absolute dollar terms, increased as a percentage of revenue from 11% in 2012 to 15% in 2013 and to 16% in 2014. Additionally, SG&A expenses increased 32% in 2014 and decreased 45% in 2013 but remained at approximately 18% of revenue for each period presented.

BuySeasons expects to continue to discount product prices in future periods to stay competitive with the overall market but anticipates some cost containment measures, related to the operation of a smaller business, which is expected to improve overall Adjusted OIBDA if these efforts are successful. We expect BuySeasons, based on growth projections and cost-containment initiatives, to be Adjusted OIBDA positive again within a few years. BuySeasons also recognized additional inventory adjustments of \$3 million during the year ended December 31, 2012 as inventory continued to build as a result of decreased sales. See "Results of Operations—TripAdvisor" below for a more complete discussion of the results of operations of TripAdvisor.

Operating Income (Loss). Our consolidated operating income increased \$85 million and operating loss decreased \$37 million for the years ended December 31, 2014 and 2013, respectively, as compared to the corresponding prior year periods. The significant increase in 2014 is related to the increase in revenue from TripAdvisor. The significant increase in 2013 was the result of the full year consolidation of TripAdvisor's results offset by amortization related to intangibles recorded upon obtaining control of TripAdvisor. See "Results of Operations—TripAdvisor" below for a more complete discussion of the results of operations of TripAdvisor.

Other Income and Expense

Components of Other Income (Expense) are presented in the table below.

	Years ended December 31,		
	2014	2013	2012
	(amounts in millions)		
<i>Interest expense (including related party)</i>			
TripAdvisor	\$ (11)	(10)	(1)
Corporate and other	(2)	(2)	—
Consolidated TripCo	<u>\$ (13)</u>	<u>(12)</u>	<u>(1)</u>
<i>Share of earnings (losses) of affiliates</i>			
TripAdvisor	\$ —	—	—
Corporate and other	—	—	38
Consolidated TripCo	<u>\$ —</u>	<u>—</u>	<u>38</u>
<i>Gains (losses) on transactions, net</i>			
TripAdvisor	\$ —	(1)	—
Corporate and other	—	—	1,088
Consolidated TripCo	<u>\$ —</u>	<u>(1)</u>	<u>1,088</u>
<i>Other, net</i>			
TripAdvisor	\$ (11)	2	—
Corporate and other	—	—	33
Consolidated TripCo	<u>\$ (11)</u>	<u>2</u>	<u>33</u>

Interest expense. Interest expense remained relatively flat for the year ended December 31, 2014 and increased \$11 million for the year ended December 31, 2013, as compared to the corresponding prior year periods. The 2013 increase was primarily the result of the consolidation of TripAdvisor and the inclusion of the interest expense related to TripAdvisor's debt. The 2012 interest expense reflects approximately one month of interest expense whereas 2013 includes a full year of interest expense in accordance with the consolidation of TripAdvisor during December 2012.

Share of earnings (losses) of affiliates. During the fourth quarter of 2011, Expedia, Inc. completed the pro-rata spin-off of TripAdvisor, its former wholly owned subsidiary. During the second quarter of 2012 we disposed of approximately 8.5 million shares of TripAdvisor and then subsequently in the fourth quarter of 2012 we acquired approximately 5 million shares along with the right to control the vote of the shares of TripAdvisor's common stock and Class B common stock. Following the transaction we own approximately 22% of the equity and 57% of the total votes of all classes of TripAdvisor common stock. As we now control TripAdvisor we ceased accounting for our investment using the equity method of accounting and consolidated TripAdvisor for the last 20 days of 2012. Share of earnings for TripAdvisor for the year ended December 31, 2012 only includes TripCo's share of earnings in TripAdvisor through December 10, 2012.

Gains (losses) on transactions, net. The net loss on transactions for the year ended December 31, 2013 primarily relates to losses on the disposal of certain TripAdvisor fixed assets. The gains on transactions for the year ended December 31, 2012 relate to our acquisition of a controlling interest in TripAdvisor, and a gain on the sale of TripAdvisor shares (\$288 million) during the year ended December 31, 2012. In December 2012, as discussed above, we acquired an additional ownership interest in TripAdvisor and the right to vote our shares of its Class B common stock. The application of business combination accounting, as a result of the acquisition, for TripAdvisor required the recognition of an \$800 million gain which was the difference between the fair value of our previously held interest in TripAdvisor and the carrying value of the same ownership interest.

Other, net. For the year ended December 31, 2014 other, net primarily consisted of fluctuations in foreign exchange rates. During the year ended December 31, 2013 other, net primarily consisted of interest earned and amortization of discounts and premiums on TripAdvisor's marketable securities. The increase in interest income in 2013 is primarily due to the fact that TripAdvisor began investing in marketable securities during the fourth quarter of 2012. The primary component of other, net for the year ended December 31, 2012 was the recognition of a gain on the impact of TripAdvisor issuing additional equity during the year, at an amount in excess of our per share investment, while TripAdvisor was accounted for as an equity method affiliate. TripAdvisor issued shares under an outstanding warrant agreement which generated additional paid in capital above the TripCo cost basis in the shares.

Income taxes. Our income tax benefit (expense) for the years ended December 31, 2014, 2013 and 2012 was \$(35) million, \$55 million and \$(124) million, respectively. During 2014, the Company incurred aggregate income tax expense related to an increase in its estimate of the state effective tax rate used to measure its net deferred tax liabilities, based on a change to the Company's estimated state apportionment factors and an increase in its unrecognized tax benefits. This income tax expense was partially offset with income tax benefits for earnings in foreign jurisdictions taxed at rates lower than the 35% U.S. federal tax rate. The 2013 effective tax rate is greater than the U.S. federal income tax rate of 35% due primarily to a change in the corporate effective state tax rate for outstanding deferred tax liabilities and assets of TripCo due to a change in the apportionment of income to various states. The 2012 effective tax rate is less than the U.S. federal income tax rate of 35% due primarily to the consolidation of TripAdvisor in the current period that triggered a gain for accounting purposes but not for tax purposes offset slightly by a goodwill impairment which is not deductible for tax purposes.

Net earnings (loss). We had a net loss of \$22 million, \$7 million and net earnings of \$983 million for the years ended December 31, 2014, 2013 and 2012, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Liquidity and Capital Resources

As of December 31, 2014, substantially all of our cash and cash equivalents consist of cash on hand in global financial institutions, money market funds and marketable securities, with maturities of 90 days or less at the date purchased.

The following are potential sources of liquidity: available cash balances, proceeds from asset sales, monetization of our investments, outstanding or anticipated debt facilities, debt and equity issuances, and dividend and interest receipts.

As of December 31, 2014 TripCo had a cash balance of \$509 million. Approximately \$455 million of the cash balance is held at TripAdvisor. Although TripCo has a 57% voting interest in TripAdvisor, TripAdvisor is a separate public company with a significant non-controlling interest, as TripCo has only a 22% economic interest in TripAdvisor. Even though TripCo controls TripAdvisor through its voting interest and board representation, decision making with respect to using TripAdvisor's cash balances must consider TripAdvisor's minority holders. Accordingly, any potential distributions of cash from TripAdvisor to TripCo would generally be on a pro rata basis based on economic ownership interests. As of December 31, 2014, approximately \$296 million of TripCo cash is held by TripAdvisor foreign subsidiaries. Cash in foreign subsidiaries is generally accessible but certain tax consequences may reduce the net amount of cash TripAdvisor is able to utilize for domestic purposes. Historically, TripAdvisor's operating cash flows have been sufficient to fund its working capital requirements, capital expenditures and long term debt obligations and other financial commitments and are expected to be sufficient in future periods.

	Years ended		
	December 31,		
	2014	2013	2012
	(amounts in millions)		
Cash flow information			
Net cash provided (used) by operating activities	\$ 365	336	(19)
Net cash provided (used) by investing activities	\$ (242)	(205)	425
Net cash provided (used) by financing activities	\$ 40	(147)	(38)

During the year ended December 31, 2014, TripCo's primary uses of cash were approximately \$331 million to fund acquisitions by TripAdvisor, \$348 million distribution to Liberty prior to the Trip Spin-Off and \$90 million capital expenditures. During the year ended December 31, 2013, TripCo's primary uses of cash were approximately \$145 million of shares repurchased by TripAdvisor, \$107 million of net investments in short term investments and \$60 million capital expenditures. These uses of cash were funded primarily with cash provided by operations. During the year ended December 31, 2012, TripCo's primary uses of cash were approximately \$300 million to acquire a controlling interest in TripAdvisor which was funded with \$338 million of cash proceeds from the sale of 8.5 million shares of TripAdvisor earlier in the year. Uses of cash in the prior years were related to the operations of BuySeasons including capital expenditures and debt repayments.

The projected use of TripCo's corporate cash will be to primarily fund any operational cash deficits at BuySeasons and to pay a fee (not expected to exceed \$4 million annually) to Liberty Media for providing certain services pursuant to the services agreement and the facilities sharing agreement. We anticipate that TripCo's corporate cash balance (without other financial resources potentially available as discussed above) to be sufficient to maintain operations for approximately five years. The debt service costs of the Margin Loan Agreements described elsewhere are paid in kind and become outstanding principal. At the maturity of the Margin Loan Agreements, a number of options are available to satisfy the loan. TripAdvisor's projected use of cash will primarily consist of repayments of interest and principal on the TripAdvisor Term Loan and Chinese credit facilities, payment of lease obligations, the repurchase of TripAdvisor common stock under TripAdvisor's stock repurchase program approved in 2013 and potential investments or acquisitions in new or existing businesses.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

We have contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business including potential tax obligations associated with certain transactions following the Trip Spin-Off. Although it is reasonably possible we may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying consolidated financial statements.

Information concerning the amount and timing of required payments, both accrued and off-balance sheet, under our contractual obligations, excluding uncertain tax positions as it is undeterminable when payments will be made, is summarized below.

	Payments due by period				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
<i>(amounts in millions)</i>					
<i>Consolidated contractual obligations</i>					
Long-term debt(1)	\$ 742	78	664	—	—
Interest payments(2)	\$ 58	7	4	47	—
Operating lease obligations.	\$ 150	20	34	33	63
Build to suit lease obligation	\$ 143	1	18	18	106
Total.	<u>\$ 1,093</u>	<u>106</u>	<u>720</u>	<u>98</u>	<u>169</u>

- (1) Amounts are stated at the face amount at maturity of our debt instruments. Amounts also include capital lease obligations. Amounts do not assume additional borrowings or refinancings of existing debt. The outstanding Chinese credit facility has been included as a current payment as the facility is short term in nature.
- (2) Amounts (i) are based on our outstanding debt at December 31, 2014, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2014 rates and (iii) assume that our existing debt is repaid at maturity.

Critical Accounting Policies and Estimates

The preparation of our financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Listed below are the accounting estimates that we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported.

Recognition and Recoverability of Goodwill, Intangible and Long-lived Assets

We account for acquired businesses using the purchase method of accounting which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. We test goodwill for impairment at the reporting unit level (operating segment or one level below an operating segment). Goodwill is allocated to our reporting units at the date the goodwill is initially recorded. Once goodwill has been allocated to the reporting units, it no longer retains its identification with a particular acquisition and becomes identified with the reporting unit in its entirety. Accordingly, the fair value of the reporting unit as a whole is available to support the recoverability of its goodwill.

Our non-financial instrument valuations are primarily comprised of our annual assessment of the recoverability of our goodwill and other nonamortizable intangibles, such as trademarks and our evaluation of the recoverability of our other long-lived assets upon certain triggering events and the initial recognition of such assets through the application of the purchase accounting method. If the carrying value of our definite lived intangible assets and long-lived assets exceeds their undiscounted cash flows, we are required to write the carrying value down to fair value. Any such writedown is

included in impairment of long-lived assets in our consolidated statement of operations. A high degree of judgment is required to estimate the fair value of our long-lived assets. We may use quoted market prices, prices for similar assets, present value techniques and other valuation techniques to prepare these estimates. We may need to make estimates of future cash flows and discount rates as well as other assumptions in order to implement these valuation techniques. Due to the high degree of judgment involved in our estimation techniques, any value ultimately derived from our long-lived assets may differ from our estimate of fair value. As each of our operating segments has long-lived assets, this critical accounting policy affects the financial position and results of operations of each segment.

As of December 31, 2014, the intangible assets not subject to amortization for each of our significant reportable segments was as follows:

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Total</u>
	(amounts in millions)		
TripAdvisor	\$ 3,691	1,817	5,508
Corporate and other.	—	2	2
	<u>\$ 3,691</u>	<u>1,819</u>	<u>5,510</u>

We perform our annual assessment of the recoverability of our goodwill and other non-amortizable intangible assets during the fourth quarter, or more frequently, if events and circumstances indicate impairment may have occurred. We adopted accounting guidance relating to annual assessments of recoverability of goodwill and other non-amortizable intangibles during the current and prior years and at year-end we utilized a qualitative assessment for determining whether step one of the goodwill impairment analysis was necessary. During the year ended December 31, 2012 we recorded \$39 million in goodwill impairments for the BuySeasons retail business. Continued declining operating results as compared to budgeted results and certain trends required a Step 2 impairment test and a determination of fair value. Fair value, including intangible assets and goodwill, was determined using TripCo projections of future operating performance and applying a combination of market multiples and a discounted cash flow calculation (Level 3).

Websites and Internal Use Software Development Costs

Our subsidiaries capitalize certain costs incurred during the application development stage related to the development of websites and internal use software when it is probable the project will be completed and the software will be used as intended. Such costs are amortized on a straight-line basis over the estimated useful life of the related asset, generally estimated to be three years. Capitalized costs include internal and external costs, if direct and incremental, and deemed by management to be significant. The costs related to the planning and post-implementation phases of software and website development are expensed as these costs are incurred. Maintenance and enhancement costs (including those costs in the post-implementation stages) are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements to the website or software resulting in added functionality, in which case the costs are capitalized. Future changes to the manner in which developing and testing new features and functionalities related to our subsidiaries' websites and internal use software, assessing the ongoing value of capitalized assets or determining the estimated useful lives over which the costs are amortized, could change the amount of website and internal use software development costs capitalized and amortized in future periods.

Revenue Recognition

Revenue Recognition. Revenue is recognized from advertising services and the sale of goods when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable, and collectability is reasonably assured. Deferred revenue, which primarily relates to subscription-based programs, is recorded when payments are received in advance of TripAdvisor's performance as required by the underlying agreements.

Click-based Advertising. Revenue is derived primarily from click-through fees charged to TripAdvisor's travel partners for traveler leads sent to the travel partners' website. TripAdvisor records revenue from click-through fees after the traveler makes the click-through to the travel partners' websites. Instant Booking commission revenue is recorded at the time a traveler books a hotel transaction on TripAdvisor's site where TripAdvisor does not assume cancellation risk.

In transactions in which TripAdvisor assumes cancellation risk, it records revenue when it receives cash from its travel partners, given the current uncertainty of the traveler's stay. TripAdvisor has no post-booking service obligations for Instant Booking transactions.

Display and Other Advertising. TripAdvisor recognizes display advertising revenue ratably over the advertising period or upon delivery of advertising impressions, depending on the terms of the advertising contract. Subscription-based revenue is recognized ratably over the related contractual period over which service is delivered.

Subscriptions, Transactions and Other. Subscription revenue, from the vacation rentals and restaurants businesses, is recorded as deferred revenue and recognized ratably on a straight-line basis over the contractual period over which the respective service is delivered. TripAdvisor recognizes reservation revenue from the restaurant business on a transaction-by-transaction basis as diners are seated by its restaurant customers. The transactions revenue, from the vacation rentals and attractions businesses, is primarily commission based revenue which is recorded as deferred revenue and recognized upon completion of stays or activities or as the consumer's refund privileges lapse. Additionally, cash is typically collected at the time of booking and recorded as deferred merchant payables in the consolidated balance sheet and later paid to the merchant after the stay or activity.

Income Taxes

We are required to estimate the amount of tax payable or refundable for the current year and the deferred income tax liabilities and assets for the future tax consequences of events that have been reflected in our financial statements or tax returns for each taxing jurisdiction in which we operate. This process requires our management to make judgments regarding the timing and probability of the ultimate tax impact of the various agreements and transactions that we enter into. Based on these judgments we may record tax reserves or adjustments to valuation allowances on deferred tax assets to reflect the expected realizability of future tax benefits. Actual income taxes could vary from these estimates due to future changes in income tax law, significant changes in the jurisdictions in which we operate, our inability to generate sufficient future taxable income or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on our financial position.

Additionally, TripAdvisor records liabilities to address uncertain tax positions taken in previously filed tax returns or that are expected to be taken in a future tax return. The determination for required liabilities is based upon an analysis of each individual tax position, taking into consideration whether it is more likely than not that the tax position, based on its technical merits, will be sustained upon examination. For those positions for which a conclusion is reached that it is more likely than not it will be sustained, the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the taxing authority is recognized. The difference between the amount recognized and the total tax position is recorded as a liability. The ultimate resolution of these tax positions may be greater or less than the liabilities recorded.

TrippAdvisor has not provided for deferred U.S. income taxes on undistributed earnings of certain foreign subsidiaries that are intended to be reinvested permanently outside the United States. Should the earnings of foreign subsidiaries be distributed in the form of dividends or otherwise, they may be subject to U.S. income taxes. Due to complexities in tax laws and various assumptions that would have to be made, it is not practicable, at this time, to estimate the amount of unrecognized deferred U.S. taxes on these earnings.

Stock-Based Compensation

The exercise price for all stock options granted is equal to the market price of the underlying shares of common stock at the date of grant. In this regard, when making stock option awards, the practice is to determine the applicable grant date and to specify that the exercise price shall be the fair value of the respective common stock on the date of grant. Stock options granted during the year ended December 31, 2014 typically have a term of ten years from the date of grant and generally vest over a four-year period.

The estimated fair value of options granted to date is calculated using the Black-Scholes model. The Black-Scholes model incorporates assumptions to value stock-based awards, which includes the risk-free rate of return, volatility, expected term and expected dividend yield.

The risk-free interest rate is based on the rates currently available on zero-coupon U.S. Treasury issues, in effect at the time of the grant, whose remaining maturity period most closely approximates the stock option's expected term assumption. The volatility of the respective common stock is estimated by using an average of TripAdvisor's historical stock price volatility and that of publicly traded companies that are considered peers based on daily price observations over a period equivalent or approximate to the expected term of the stock option grants. The decision to use a weighted average volatility factor of a peer group was based upon the relatively short period of availability of data on the respective common stock. The expected term was estimated using the simplified method for all stock options. The expected dividend yield is zero, as no dividends have been paid on the respective common stocks to date.

The fair value of stock options, net of estimated forfeitures, is amortized as stock-based compensation expense over the vesting term on a straight-line basis, with the amount of compensation expense recognized at any date at least equaling the portion of the grant-date fair value of the award that is vested at that date.

Results of Operations—TripAdvisor

Our economic ownership interest in TripAdvisor is 22% and our results include the consolidated results of TripAdvisor and the elimination of approximately 78% of TripAdvisor's net income (loss), including purchase accounting adjustments, through the noncontrolling interest line item in the consolidated statement of operations. TripAdvisor is a separate publicly traded company and additional information about TripAdvisor can be obtained through its website and its public filings. Given that TripAdvisor represents a significant portion of TripCo, we believe a discussion of TripAdvisor's stand alone results promotes a better understanding of overall results of their business. TripAdvisor's revenue, Adjusted OIBDA and operating income on a standalone basis for the years ended 2014, 2013 and 2012 were as follows (see tables below for a reconciliation of TripAdvisor's standalone results to those amounts reported by TripCo):

	Years ended December 31,		
	2014	2013	2012
	(amounts in millions)		
Revenue			
Click-based advertising	\$ 870	696	588
Display-based advertising	140	119	94
Subscription, transaction and other	236	130	81
Total revenue	<u>1,246</u>	<u>945</u>	<u>763</u>
Operating expense	184	127	88
SG&A	594	439	323
Adjusted OIBDA	468	379	352
Stock based compensation	63	49	30
Depreciation and amortization	65	35	26
Operating income (loss) as reported by TripAdvisor	<u>\$ 340</u>	<u>295</u>	<u>296</u>

Revenue

TripAdvisor derives substantially all of its revenue through the sale of advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising. In addition, TripAdvisor earns revenue through a combination of subscription-based and transaction-based offerings related to its Business Listings and subscription and commission-based offerings from its Vacation Rentals products, transaction revenue from selling room nights on its transactional sites, selling destination activities and fulfilling online restaurant reservation through Viator and Lafourchette, respectively, and other revenue including content licensing. Revenue increased \$301 million during the year ended December 31, 2014 when compared to the same period in 2013, primarily due to an increase in click-based advertising revenue of \$174 million. The primary driver of the increase in click-based advertising revenue was an increase in hotel shoppers of 17% and an

increase in revenue per hotel shopper of 7% for the year ended December 31, 2014. Display-based advertising increased by \$21 million during the year ended December 31, 2014, primarily as a result of a 19% increase in the number of impressions sold when compared to the same period in 2013, primarily due to increased sales productivity, advertising technology improvements that have enhanced marketers' ability to target, coupled with worldwide growth particularly in emerging markets, partially offset by a decrease in pricing by 1% for the same period. Subscription, transaction and other revenue increased by \$106 million during the year ended December 31, 2014, primarily due to growth in its Business Listings and Vacation Rentals products, as well as revenue generated by the businesses it acquired during 2014 of \$43 million.

Revenue increased \$182 million during the year ended December 31, 2013 when compared to the same period in 2012, primarily due to an increase in click-based advertising revenue of \$108 million. The primary driver of the increase in click-based advertising revenue was an increase in hotel shoppers of 35% for the year ended December 31, 2013, partially offset by lower revenue per hotel shopper of 13% for the year ended December 31, 2013, primarily due to a combination of lower user conversion related to our transition to hotel metasearch, growth in hotel shoppers on smartphones, which have a lower monetization rate than desktops and tablets, and growth in emerging international markets that are currently monetizing at lower levels than TripAdvisor's mature markets. Display-based advertising increased by \$25 million during the year ended December 31, 2013, primarily as a result of a 34% increase in the number of impressions sold due to increased sales productivity coupled with its new Delayed Ad Call product, and worldwide growth particularly in emerging markets when compared to the same period in 2013, partially offset by a decrease in pricing by 5% for the year ended December 31, 2013. Subscription, transaction and other revenue increased by \$49 million during the year ended December 31, 2013, primarily due to growth in its Business Listings and Vacation Rentals products.

TripAdvisor's international revenue represented 52%, 51%, and 49% of its total revenue during the years ended December 31, 2014, 2013, and 2012, respectively. TripAdvisor's increase in international revenue, in absolute dollars and as a percentage of total revenue, is primarily due to additional investment in international expansion and growth in international hotel shoppers. See note 13 in the accompanying consolidated financial statements for further details of revenue by geographic area.

Adjusted OIBDA

Adjusted OIBDA as a percentage of revenue has declined year over year as TripAdvisor continues to invest in the business and the brand. The primary expenses that drive Adjusted OIBDA results are operating expense (primarily technology and content costs), sales and marketing and general and administrative expense.

Technology and Content

Technology and content expenses consist of personnel and overhead expenses, including salaries and benefits, stock-based compensation expense and bonuses for salaried employees and contractors engaged in the design, development, testing, content support and maintenance of the TripAdvisor website and its mobile apps. Other costs include licensing, maintenance expense, computer supply and technology hardware.

Technology and content costs increased \$40 million during the year ended December 31, 2014 when compared to the same period in 2013, primarily due to increased personnel costs from increased headcount to support business growth, including international expansion and enhanced site features, as well as additional personnel costs related to employees joining us through recent business acquisitions and also increased stock-based compensation costs. In total, its restaurant and attraction businesses contributed \$6 million to its technology and content expense in 2014, of which \$4 million related to personnel and overhead.

Technology and content costs increased \$44 million during the year ended December 31, 2013 when compared to the same period in 2012, primarily due to increased personnel costs from increased headcount to support business growth, including international expansion, enhanced site features, extending its products onto smartphone and tablet platforms, and development of its hotel metasearch product, as well as an increase in stock based compensation and additional personnel costs related to employees joining TripAdvisor through recent business acquisitions.

Selling and Marketing

Sales and marketing expenses primarily consist of direct costs, including search engine marketing, or SEM, other traffic acquisition costs, syndication costs and affiliate program commissions, brand advertising and public relations. In addition, indirect sales and marketing expense consists of personnel and overhead expenses, including salaries, commissions, benefits, stock-based compensation expense and bonuses for sales, sales support, customer support and marketing employees.

Direct selling and marketing costs increased \$104 million during the year ended December 31, 2014 when compared to the same period in 2013, primarily due to increased SEM costs, other online traffic acquisition costs, costs related to its television campaign, in addition to incremental costs from TripAdvisor's recent business acquisitions, partially offset by a decrease in spending in social media costs and other offline advertising costs, excluding television advertising. TripAdvisor spent \$33 million on its new television campaign during the year ended December 31, 2014, which was launched in May 2014. Personnel and overhead costs increased \$30 million during the year ended December 31, 2014 when compared to the same period in 2013, primarily due to an increase in headcount to support business growth, including international expansion and employees joining TripAdvisor through recent business acquisitions, which also increased stock-based compensation costs. In total, its restaurant and attraction businesses contributed \$25 million to its selling and marketing expense in 2014, of which \$8 million related to personnel and overhead.

Direct selling and marketing costs increased \$66 million during the year ended December 31, 2013 when compared to the same period in 2012, primarily due to increased SEM costs, other traffic acquisition costs and brand advertising costs, and an increase in offline advertising costs, primarily television advertising of \$30 million, partially offset by a decrease in spending in social media costs. Personnel and overhead costs increased \$36 million during the year ended December 31, 2013 when compared to the same period in 2012, primarily due to an increase in headcount to support business growth, including international expansion and employees joining TripAdvisor through recent business acquisitions, and also increased stock-based compensation costs.

General and Administrative

General and administrative expense consists primarily of personnel and related overhead costs, including executive leadership, finance, legal and human resource functions and stock-based compensation as well as professional service fees and other fees including audit, legal, tax and accounting, and other costs including bad debt expense and charitable foundation costs.

General and administrative costs increased \$30 million during the year ended December 31, 2014, when compared to the same period in 2013, primarily due to personnel costs and overhead costs related to an increase in headcount to support its business operations, as well as additional personnel costs related to employees joining TripAdvisor through recent business acquisitions and professional fees primarily related to its 2014 business acquisitions, higher charitable contributions and increased bad debt expense. In total, its restaurant and attraction businesses contributed \$8 million to its cost of revenue in 2014, of which \$5 million related to personnel and overhead.

General and administrative costs increased \$22 million during the year ended December 31, 2013, when compared to the same period in 2012, primarily due to increased personnel costs related to an increase in stock-based compensation, as well as increased headcount to support business growth and additional professional service fees in order to support its operations and an increase in its bad debt provision.

The following is a reconciliation of the results as reported by TripAdvisor, used for comparison purposes as discussed above, for a greater understanding of the stand-alone operations of TripAdvisor to the results reported by TripCo (amounts in millions):

	<u>Year ended December 31, 2014</u>		
		<u>Purchase</u>	
	<u>As Reported</u> <u>By TripAdvisor</u>	<u>Accounting</u> <u>Adjustments</u>	<u>As Reported</u> <u>By TripCo</u>
Revenue	\$ 1,246	—	1,246
Operating expense	(184)	—	(184)
Selling, general and administrative expense	(594)	—	(594)
Adjusted OIBDA	468	—	468
Stock-based compensation expense	(63)	(10)	(73)
Depreciation and amortization expense	(65)	(229)	(294)
Operating income (loss)	<u>\$ 340</u>	<u>(239)</u>	<u>101</u>

	<u>Year ended December 31, 2013</u>		
		<u>Purchase</u>	
	<u>As Reported</u> <u>By TripAdvisor</u>	<u>Accounting</u> <u>Adjustments</u>	<u>As Reported</u> <u>By TripCo</u>
Revenue	\$ 945	—	945
Operating expense	(127)	—	(127)
Selling, general and administrative expense	(439)	—	(439)
Adjusted OIBDA	379	—	379
Stock-based compensation expense	(49)	(11)	(60)
Depreciation and amortization expense	(35)	(276)	(311)
Operating income (loss)	<u>\$ 295</u>	<u>(287)</u>	<u>8</u>

Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to market risk in the normal course of business due to our ongoing investing and financial activities and the conduct of operations by our subsidiaries in different foreign countries. Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and foreign currency exchange rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We expect to achieve this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate. As of December 31, 2014, our debt is comprised of the following amounts:

	<u>Variable rate debt</u>		<u>Fixed rate debt</u>	
	<u>Principal</u> <u>amount</u>	<u>Weighted avg</u> <u>interest rate</u>	<u>Principal</u> <u>amount</u>	<u>Weighted avg</u> <u>interest rate</u>
	dollar amounts in millions			
TripAdvisor	\$ 338	2.1 %	—	N/A
Corporate and other	\$ 404	3.7 %	—	N/A

TripCo is exposed to foreign exchange rate fluctuations related primarily to the monetary assets and liabilities and the financial results of TripAdvisor's foreign subsidiaries. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated into U.S. dollars at period-end exchange rates, and the statements of operations are generally translated at the average exchange rate for the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded in accumulated other comprehensive earnings (loss) as a separate component of stockholders' equity. Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses, which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at the average rate for the period. Accordingly, TripCo may experience economic loss and a negative impact on earnings and equity with respect to our holdings solely as a result of foreign currency exchange rate fluctuations.

Financial Statements and Supplementary Data.

The consolidated financial statements of Liberty TripAdvisor Holdings, Inc. are filed under this Item, beginning on Page F-19. The financial statement schedules required by Regulation S-X are filed under Item 15 of this Annual Report on Form 10-K.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Controls and Procedures.

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and its principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of December 31, 2014 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

This annual report does not include a report on management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting firm due to a transition period established by the rules of the Securities and Exchange Commission for newly public companies.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended December 31, 2014 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Other Information.

None.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Liberty TripAdvisor Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of Liberty TripAdvisor Holdings, Inc. (the Company) (as defined in note 1) as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of TripAdvisor, Inc., an equity method investment for the period from January 1, 2012 to December 10, 2012 and a consolidated company for the period from December 11, 2012 to December 31, 2013, which statements reflect total assets constituting 21 percent as of December 31, 2013 and total revenue constituting 91 percent and 22 percent in 2013 and 2012, respectively, of the related consolidated totals. The Company's equity in earnings of TripAdvisor, Inc. included \$41,146,000 in 2012 that we did not audit. The 2013 and 2012 financial statements of TripAdvisor, Inc. were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TripAdvisor, Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Liberty TripAdvisor Holdings, Inc. as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Denver, Colorado
March 12, 2015

LIBERTY TRIPADVISOR HOLDINGS, INC.

Consolidated Balance Sheets

December 31, 2014 and 2013

	2014	2013
	amounts in millions	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 509	354
Trade and other receivables, net of allowance for doubtful accounts of \$7 million and \$4 million, respectively	153	122
Inventory, net	12	12
Short-term marketable securities (note 5)	108	131
Deferred income tax assets (note 8)	11	6
Other current assets	29	18
Total current assets	822	643
Investments in available-for-sale securities (note 5)	31	188
Property and equipment, at cost	187	55
Accumulated depreciation	(39)	(16)
	148	39
Intangible assets not subject to amortization (note 6):		
Goodwill	3,691	3,460
Trademarks	1,819	1,832
	5,510	5,292
Intangible assets subject to amortization, net (note 6)	831	908
Other assets, at cost, net of accumulated amortization	39	19
Total assets	\$ 7,381	7,089

(continued)

See accompanying notes to consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Consolidated Balance Sheets (Continued)

December 31, 2014 and 2013

	2014	2013
	amounts in millions	
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable	\$ 118	42
Accrued liabilities	121	94
Related party notes payable (note 11)	—	30
Current portion of debt (note 7)	78	69
Deferred revenue	57	47
Other current liabilities	21	29
Total current liabilities	395	311
Long-term debt (note 7)	664	300
Deferred income tax liabilities (note 8)	821	853
Other liabilities	154	44
Total liabilities	2,034	1,508
<i>Equity</i>		
Stockholders' equity (note 2):		
Preferred stock, \$.01 par value. Authorized 50,000,000 shares; issued and outstanding no shares at December 31, 2014	—	—
Series A common stock, \$.01 par value. Authorized 200,000,000 shares; issued and outstanding 71,555,730 shares at December 31, 2014	1	—
Series B common stock, \$.01 par value. Authorized 7,500,000 shares; issued and outstanding 2,929,777 shares at December 31, 2014	—	—
Series C common stock, \$.01 par value. Authorized 200,000,000 shares; issued and outstanding no shares at December 31, 2014	—	—
Parent's investment	—	226
Additional paid-in capital	296	—
Accumulated other comprehensive earnings (loss), net of taxes	(12)	—
Retained earnings	612	982
Total stockholders' equity	897	1,208
Noncontrolling interests in equity of subsidiaries	4,450	4,373
Total equity	5,347	5,581
Commitments and contingencies (note 12)		
Total liabilities and equity	\$ 7,381	7,089

See accompanying notes to consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Consolidated Statements of Operations

Years ended December 31, 2014, 2013 and 2012

	2014	2013	2012
	amounts in millions, except per share amounts		
Service and other revenue	\$ 1,246	945	36
Net retail sales	83	89	129
Total net sales	1,329	1,034	165
Operating costs and expenses:			
Cost of retail sales (exclusive of depreciation shown separately below)	65	87	89
Operating expense, including stock-based compensation (note 2 and 9)	229	150	21
Selling, general and administrative, including stock-based compensation (note 2 and 9)	667	496	54
Depreciation and amortization	298	315	16
Impairment of intangible assets	2	3	39
	1,261	1,051	219
Operating income	68	(17)	(54)
Other income (expense):			
Interest expense, including related party	(13)	(12)	(1)
Share of earnings (losses) of affiliates, net	—	—	38
Gains (losses) on transactions, net	—	(1)	1,088
Other, net	(11)	2	33
	(24)	(11)	1,158
Earnings (loss) before income taxes	44	(28)	1,104
Income tax (expense) benefit (note 8)	(35)	55	(124)
Net earnings (loss)	9	27	980
Less net earnings (loss) attributable to the noncontrolling interests	31	34	(3)
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (22)	(7)	983
Basic net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 2):			
Series A and Series B common stock	\$ (0.30)	(0.10)	13.35
Diluted net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders per common share (note 2):			
Series A and Series B common stock	\$ (0.30)	(0.10)	13.35

See accompanying notes to consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Consolidated Statements of Comprehensive Earnings (Loss)

Years ended December 31, 2014, 2013 and 2012

	2014	2013	2012
	amounts in millions		
Net earnings (loss)	\$ 9	27	980
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	(57)	(4)	3
Other comprehensive earnings (loss)	(57)	(4)	3
Comprehensive earnings (loss)	(48)	23	983
Less comprehensive earnings (loss) attributable to the noncontrolling interests	(14)	31	(1)
Comprehensive earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. shareholders	\$ (34)	(8)	984

See accompanying notes to consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2014, 2013 and 2012

	2014	2013	2012
	amounts in millions		
Cash flows from operating activities:			
Net earnings (loss)	\$ 9	27	980
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	298	315	16
Stock-based compensation	74	60	—
Excess tax benefit from stock-based compensation	(20)	(8)	(2)
Share of (earnings) losses of affiliates, net	—	—	(38)
(Gains) losses on transactions, net	—	1	(1,088)
Impairment of intangible assets	2	3	39
Deferred income tax expense (benefit)	(70)	(117)	75
Non-cash interest on margin loans	4	—	—
Other noncash charges (credits), net	10	1	(32)
Changes in operating assets and liabilities			
Current and other assets	(16)	3	8
Payables and other liabilities	74	51	23
Net cash provided (used) by operating activities	365	336	(19)
Cash flows from investing activities:			
Capital expended for property and equipment	(90)	(60)	(6)
Cash received for dispositions of investments	—	—	338
Cash (paid) for acquisitions, net of cash acquired (see note 3)	(331)	(35)	111
Purchases of short term investments and other marketable securities	(251)	(432)	(18)
Sales of short term investments and other marketable securities	429	325	—
Other investing activities, net	1	(3)	—
Net cash provided (used) by investing activities	(242)	(205)	425
Cash flows from financing activities:			
Borrowings of debt	429	43	10
Repayments of debt	(43)	(66)	(12)
Distribution to Liberty	(348)	—	(38)
Shares repurchased by subsidiary	—	(145)	—
Shares issued by subsidiary	3	27	—
Payment of minimum withholding taxes on net share settlements of equity awards	(33)	(14)	—
Option exercises	12	—	—
Excess tax benefit from stock-based compensation	20	8	2
Net cash provided (used) by financing activities	40	(147)	(38)
Effect of foreign currency exchange rates on cash	(8)	1	—
Net increase (decrease) in cash and cash equivalents	155	(15)	368
Cash and cash equivalents at beginning of period	354	369	1
Cash and cash equivalents at end of period	\$ 509	354	369

See accompanying notes to consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Consolidated Statement of Equity

Years ended December 31, 2014, 2013 and 2012

	Stockholders' equity						Noncontrolling interest in equity of subsidiaries	Total equity	
	Preferred stock	Series A	Series B	Series C	Additional paid-in capital	Parent's investment amounts in millions			Accumulated other comprehensive earnings
Balance at January 1, 2012	\$ —	—	—	—	—	323	—	6	329
Net earnings (loss)	—	—	—	—	—	—	—	983	980
Other comprehensive earnings (loss)	—	—	—	—	—	—	—	—	3
Noncontrolling interest recognized with acquisition of controlling interest in TripAdvisor	—	—	—	—	—	—	—	—	—
Contribution from (distribution to) parent, net	—	—	—	—	—	(38)	4,341	—	4,341
Other, net	—	—	—	—	—	4	—	—	(38)
Balance at December 31, 2012	—	—	—	—	—	289	1	989	5,619
Net earnings (loss)	—	—	—	—	—	—	—	34	27
Other comprehensive earnings (loss)	—	—	—	—	—	—	(1)	(7)	(4)
Stock compensation	—	—	—	—	—	15	—	—	64
Shares issued by subsidiary	—	—	—	—	—	(7)	—	34	27
Shares repurchased by TripAdvisor	—	—	—	—	—	(63)	—	—	(145)
Other, net	—	—	—	—	—	(8)	—	1	(7)
Balance at December 31, 2013	—	—	—	—	—	226	—	982	5,581
Net earnings (loss)	—	—	—	—	—	—	—	(22)	9
Other comprehensive earnings (loss)	—	—	—	—	—	—	(12)	—	(57)
Stock compensation	—	—	—	—	7	11	—	—	81
Issuance of common stock upon exercise of stock options	—	—	—	—	13	2	—	—	15
Minimum withholding taxes on net share settlements of stock-based compensation	—	—	—	—	(1)	(32)	—	—	(33)
Excess tax benefits on stock-based compensation	—	—	—	—	1	3	—	—	20
Intercompany taxes and debt forgiven by Liberty	—	—	—	—	—	75	—	—	75
Fair value of stock options assumed in connection with acquisition	—	—	—	—	1	—	—	—	5
Change in capitalization in connection with Trip Spin-Off	—	1	—	—	277	(278)	—	—	—
Distribution to Liberty	—	—	—	—	—	—	—	(348)	(348)
Shares issued by subsidiary	—	—	—	—	(2)	(7)	—	—	—
Other, net	—	—	—	—	—	—	—	—	9
Balance at December 31, 2014	\$ —	1	—	—	296	—	(12)	612	5,347

See accompanying notes to consolidated financial statements.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements

December 31, 2014, 2013 and 2012

(1) Basis of Presentation

During October 2013, the Board of Directors of Liberty Interactive Corporation and its subsidiaries (“Liberty”) authorized a plan to distribute to the stockholders of Liberty’s Liberty Ventures common stock shares of a wholly-owned subsidiary, Liberty TripAdvisor Holdings, Inc. (“TripCo” or the “Company”) (the “Trip Spin-Off”). TripCo holds the subsidiaries TripAdvisor, Inc. (“TripAdvisor”) and BuySeasons, Inc., which includes the retail businesses of BuyCostumes.com and Celebrate Express (“BuySeasons”), both of which operate as stand-alone operating entities. Both TripAdvisor and BuySeasons have more revenue in the third quarter, based on a higher travel research period and the Halloween period, respectively, as compared to the other quarters of the year. The Trip Spin-Off was completed on August 27, 2014 and effected as a pro-rata dividend of shares of TripCo to the stockholders of Series A and Series B Liberty Ventures common stock of Liberty. The Trip Spin-Off was intended to be tax-free and was accounted for at historical cost due to the pro rata nature of the distribution to shareholders of Liberty Ventures common stock.

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) and represent a combination of the historical financial information of TripAdvisor, an equity method affiliate from December 20, 2011 through December 11, 2012 and a combined company since December 11, 2012 (see note 4 for a more detailed discussion of transactions related to TripAdvisor) and BuySeasons. Although TripAdvisor was reported as a combined company in 2012, these financial statements present all prior periods as consolidated. These financial statements refer to the combination of TripAdvisor and BuySeasons as “TripCo,” “the Company,” “us,” “we” and “our” in the notes to the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Description of Business

TripAdvisor is an online travel company, empowering users to plan and book the perfect trip. TripAdvisor’s travel research platform aggregates reviews and opinions of members about accommodations, destinations, activities and attractions, and restaurants throughout the world so that its users have access to trusted advice wherever their trip takes them. TripAdvisor’s platform not only helps users plan their trip with its unique user-generated content, but also enables users to compare real-time pricing and availability so that they can book hotels, vacation rentals, flights, activities and attractions, and restaurants. TripAdvisor-branded websites include tripadvisor.com in the United States and localized versions of the website in 45 countries, including in China under the brand daodao.com. In addition to the flagship TripAdvisor brand, TripAdvisor manages and operates 24 travel media brands, connected by the common goal of providing comprehensive travel planning resources across the travel sector. Substantially all of TripAdvisor’s revenue is derived from advertising, primarily through click-based advertising and, to a lesser extent, display-based advertising sales. In addition, TripAdvisor earns revenue through a combination of subscription-based and transaction-based offerings including: Business Listings; subscription and commission-based offerings from its Vacation Rental products, transaction revenue from selling room nights through Jetsetter and Tingo, selling destination activities and fulfilling online restaurant reservations through Viator and Lafourchette, respectively and other revenue including content licensing.

Founded in 1999 as an internet specialty retailer, BuySeasons is an online retailer and supplier of costumes, accessories, seasonal décor, and party supplies. BuySeasons is dedicated to offering a large selection at affordable prices through its brands BuyCostumes.com and Celebrate Express. BuyCostumes.com is a leading costume and party retailer on the web. BuySeasons acquired the family friendly retailer, Celebrate Express, in 2008. BuySeasons also operates a private-label drop ship program for other Internet retailers.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

Spin-Off of TripCo from Liberty

Following the Trip Spin-Off, Liberty and TripCo operate as separate, publicly traded companies, and neither has any stock ownership, beneficial or otherwise, in the other. In connection with the Trip Spin-Off, TripCo entered into certain agreements, including the reorganization agreement, the services agreement, the facilities sharing agreement and the tax sharing agreement, with Liberty and/or Liberty Media Corporation (“Liberty Media”) (or certain of their subsidiaries) in order to govern certain of the ongoing relationships between the companies after the Trip Spin-Off and to provide for an orderly transition.

The reorganization agreement provides for, among other things, the principal corporate transactions (including the internal restructuring) required to effect the Trip Spin-Off, certain conditions to the Trip Spin-Off and provisions governing the relationship between TripCo and Liberty with respect to and resulting from the Trip Spin-Off.

Pursuant to the services agreement, Liberty Media provides TripCo with general and administrative services including legal, tax, accounting, treasury and investor relations support. TripCo will reimburse Liberty Media for direct, out-of-pocket expenses incurred by Liberty Media in providing these services and TripCo will pay a services fee to Liberty Media under the services agreement that will be subject to adjustment semi-annually, as necessary.

Under the facilities sharing agreement, TripCo will share office space with Liberty, Liberty Media and Liberty Broadband Corporation (“LBC”) and related amenities at Liberty Media’s corporate headquarters in Englewood, Colorado.

The tax sharing agreement provides for the allocation and indemnification of tax liabilities and benefits between Liberty and TripCo and other agreements related to tax matters. Pursuant to the tax sharing agreement, TripCo has agreed to indemnify Liberty, subject to certain limited exceptions, for losses and taxes resulting from the Trip Spin-Off to the extent such losses or taxes result primarily from, individually or in the aggregate, the breach of certain restrictive covenants made by TripCo (applicable to actions or failures to act by TripCo and its subsidiaries following the completion of the Trip Spin-Off).

In October 2014, the Internal Revenue Service (“IRS”) completed its examination of the Trip Spin-Off and notified Liberty that it agreed with the nontaxable characterization of the transaction. Liberty expects to execute a Closing Agreement with the IRS documenting this conclusion in 2015.

(2) Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash consists of cash deposits held in global financial institutions. Cash equivalents consist of highly liquid investments with maturities of three months or less at the time of acquisition.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are generally due within 30 days and are recorded net of an allowance for doubtful accounts. Such allowance aggregated \$7 million and \$4 million at December 31, 2014 and 2013, respectively. For accounts outstanding longer than the contractual payment terms, the Company determines an allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history, a specific customer’s ability to pay its obligations to us, and the condition of the general economy and industry as a whole.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

Inventory

Inventory, which consists of party and costume merchandise held for sale, is stated at the lower of cost or market, determined on a first-in, first-out method. Inventory is stated net of valuation adjustments and inventory obsolescence reserves, equal to the difference between the cost of inventory and the estimated market value, of approximately \$3 million and \$2 million as of December 31, 2014 and 2013, respectively. The Company recorded a \$3 million reduction in the value of inventory during each of the years ended 2014 and 2013 due to the amount of aged inventory on-hand. This charge is included in cost of goods sold in the statement of operations. Additionally, the Company sold approximately \$4 million of previously reserved inventory during 2014.

Investments

All marketable debt and equity securities held by the Company are classified as available-for-sale (“AFS”) and are carried at fair value generally based on quoted market prices. Fair values are determined for each individual security in the investment portfolio. Unrealized gains and losses, net of taxes, arising from changes in fair value are reported in accumulated other comprehensive income (loss) as a component of equity.

The classification of investments is determined at the time of purchase and reevaluated at each balance sheet date. We invest in highly-rated securities, and our investment policy limits the amount of credit exposure to any one issuer, industry group and currency. The policy requires investments to be investment grade, with the primary objective of minimizing the potential risk of principal loss and providing liquidity of investments sufficient to meet our operating and capital spending requirements and debt repayments.

Marketable debt securities are classified as either short-term or long-term based on each instrument’s underlying contractual maturity date and as to whether and when we intend to sell a particular security prior to its maturity date. Marketable debt securities with maturities greater than 90 days at the date of purchase and 12 months or less remaining at the balance sheet date will be classified as short-term and marketable debt securities with maturities greater than 12 months from the balance sheet date will generally be classified as long-term. We classify our marketable equity securities, limited to money market funds and mutual funds, as either short-term or long-term based on the nature of each security and its availability for use in current operations.

Realized gains and losses on the sale of securities are determined by specific identification of each security’s cost basis. We may sell certain of our marketable securities prior to their stated maturities for strategic reasons including, but not limited to, anticipation of credit deterioration and liquidity and duration management. The weighted average maturity of our total invested cash shall not exceed 18 months, and no security shall have a final maturity date greater than three years.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

Property and Equipment

Property and equipment consists of the following (amounts in millions):

	December 31,	
	2014	2013
Furniture and other equipment	\$ 14	10
Computer equipment	50	26
Leasehold improvements	34	13
Construction in progress	89	6
Total property and equipment	<u>\$ 187</u>	<u>55</u>

Property and equipment is recorded at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is three to five years for computer equipment, equipment and furniture and other equipment. Leasehold improvements are depreciated using the straight-line method, over the shorter of the estimated useful life of the improvement or the remaining term of the lease. Construction-in-progress costs are related to TripAdvisor's build-to-suit lease obligation during the years ended December 31, 2014 and 2013, as discussed in note 12.

Leases

The Company, through its consolidated companies, leases facilities in several countries around the world and certain equipment under non-cancelable lease agreements. The terms of some of the lease agreements provide for rental payments on a graduated basis. Rent expense is recognized on a straight-line basis over the lease period and accrued as rent expense incurred but not paid. Any lease incentives are recognized as reductions of rental expense on a straight-line basis over the term of the lease. The lease term begins on the date we become legally obligated for the rent payments or when we take possession of the office space, whichever is earlier.

We establish assets and liabilities for the estimated construction costs incurred under lease arrangements where we are considered the owner for accounting purposes only, or build-to-suit leases, to the extent we are involved in the construction of structural improvements or take construction risk prior to commencement of a lease. Upon occupancy of facilities under build-to-suit leases, we assess whether these arrangements qualify for sales recognition under the sale-leaseback accounting guidance. If we continue to be the deemed owner, the facilities are accounted for as financing leases.

Intangible Assets

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment upon certain triggering events. Goodwill and other intangible assets with indefinite useful lives (collectively, "indefinite lived intangible assets") are not amortized, but instead are tested for impairment at least annually. Our annual impairment assessment of our indefinite-lived intangible assets is performed during the fourth quarter of each year.

The Company utilizes a qualitative assessment for determining whether step one of the goodwill impairment analysis is necessary. The accounting guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. In evaluating goodwill on a qualitative basis the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it is more likely than not that an indicated impairment exists for any of our

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

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reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods. As part of the analysis, the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current and prior years for other purposes.

If a step one test is considered necessary based on the qualitative factors, the Company compares the estimated fair value of a reporting unit to its carrying value. Developing estimates of fair value requires significant judgments, including making assumptions about appropriate discount rates, perpetual growth rates, relevant comparable market multiples, public trading prices and the amount and timing of expected future cash flows. The cash flows employed in Liberty's valuation analysis are based on management's best estimates considering current marketplace factors and risks as well as assumptions of growth rates in future years. There is no assurance that actual results in the future will approximate these forecasts. For those reporting units whose carrying value exceeds the fair value, a second test is required to measure the impairment loss (the "Step 2 Test"). In the Step 2 Test, the fair value of the reporting unit is allocated to all of the assets and liabilities of the reporting unit with any residual value being allocated to goodwill. The difference between such allocated amount and the carrying value of the goodwill is recorded as an impairment charge.

The accounting guidance also permits entities to first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If the qualitative assessment supports that it is more likely than not that the carrying value of the Company's indefinite-lived intangible assets, other than goodwill, exceeds its fair value, then a quantitative assessment is performed. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. See note 6 for discussion of goodwill impairment for the year ended December 31, 2012.

Websites and Internal Use Software Development Costs

Certain costs incurred during the application development stage related to the development of websites and internal use software are capitalized and included in other intangibles. Capitalized costs include internal and external costs, if direct and incremental, and deemed by management to be significant. Costs related to the planning and post-implementation phases of software and website development are expensed as these costs are incurred. Maintenance and enhancement costs (including those costs in the post-implementation stages) are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements to the website or software resulting in added functionality, in which case the costs are capitalized.

Impairment of Long-lived Assets

The Company periodically reviews the carrying amounts of its property and equipment and its intangible assets (other than goodwill and indefinite-lived intangibles) to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. If the carrying amount of the asset group is greater than the expected undiscounted cash flows to be generated by such asset group, including its ultimate disposition, an impairment adjustment is to be recognized. Such adjustment is measured by the amount that the carrying value of such asset groups exceeds their fair value. The Company generally measures fair value by considering sale prices for similar assets or by discounting estimated future cash flows using an appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of asset groups. Accordingly, actual results could vary significantly from such estimates. Asset groups to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

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Noncontrolling Interests

Noncontrolling interest relates to the equity ownership interest in TripAdvisor that the Company does not own. The Company reports noncontrolling interests of consolidated companies within equity in the consolidated balance sheets and the amount of net income attributable to the parent and to the noncontrolling interest is presented in the consolidated statement of operations. Also, changes in ownership interests in consolidated companies in which the Company maintains a controlling interest are recorded in equity.

Foreign Currency Translation and Transaction Gains and Losses

The functional currency of the Company is the United States (“U.S.”) dollar. The functional currency of the Company’s foreign operations generally is the applicable local currency for each foreign subsidiary. Assets and liabilities of foreign subsidiaries are translated at the spot rate in effect at the applicable reporting date, and the consolidated statements of operations are translated at the average exchange rates in effect during the applicable period. The resulting unrealized cumulative translation adjustment, net of applicable income taxes, is recorded as a component of accumulated other comprehensive earnings in equity.

Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses which are reflected in the accompanying consolidated statements of operations and comprehensive earnings (loss) as unrealized (based on the applicable period-end exchange rate) or realized upon settlement of the transactions.

Accordingly, we have recorded foreign exchange losses of \$10 million, \$0 million and \$0 million for the years ended December 31, 2014, 2013 and 2012, respectively, in other, net on our consolidated statement of operations. These amounts include gains and losses, realized and unrealized, on foreign currency forward contracts.

Revenue Recognition

Revenue is recognized from the sale of goods and advertising services rendered when the following four revenue recognition criteria are met: persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable, and collectability is reasonably assured. Deferred revenue, which primarily relates to subscription-based programs, is recorded when payments are received in advance of TripAdvisor’s performance as required by the underlying agreements.

Click-based Advertising—Revenue is derived primarily from click-through fees charged to TripAdvisor’s travel partners for traveler leads sent to the travel partners’ website. TripAdvisor records revenue from click-through fees after the traveler makes the click-through to the travel partners’ websites. Instant Booking commission revenue is recorded at the time a traveler books a hotel transaction on TripAdvisor’s site where TripAdvisor does not assume cancellation risk. In transactions in which TripAdvisor assumes cancellation risk, it records revenue when it receives cash from its travel partners, given the current uncertainty of the traveler’s stay. TripAdvisor has no post-booking service obligations for Instant Booking Transactions.

Display and Other Advertising—TripAdvisor recognizes display advertising revenue ratably over the advertising period or upon delivery of advertising impressions, depending on the terms of the advertising contract. Subscription-based revenue is recognized ratably over the related contractual period over which service is delivered.

Subscriptions, Transactions and Other—Subscription revenue, from the vacation rentals and restaurants businesses, is recorded as deferred revenue and recognized ratably on a straight-line basis over the contractual period over

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which the respective service is delivered. TripAdvisor recognizes reservation revenue from the restaurant business on a transaction-by-transaction basis as diners are seated by its restaurant customers. The transactions revenue, from the vacation rentals and attractions businesses, is primarily commission based revenue which is recorded as deferred revenue and recognized upon completion of stays or activities or as the consumer's refund privileges lapse. Additionally, cash is typically collected at the time of booking and recorded as deferred merchant payables in the consolidated balance sheet and later paid to the merchant after the stay or activity.

Merchandise Sales—Revenue is recognized at the time of delivery to customers. An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The total reduction in sales due to returns was approximately \$2 million, \$3 million and \$4 million for each of the years ended December 31, 2014, 2013 and 2012, respectively. Shipping revenue is included in net sales and the related costs of shipping are included in cost of goods sold. Sales tax collected from customers on retail sales is recorded on a net basis and is not included in revenue.

Cost of Goods Sold

Cost of sales primarily includes actual product cost, provision for obsolete inventory, buying allowances received from suppliers, shipping and handling costs and warehouse costs.

Operating Expense

Operating expenses consist primarily of certain technology and content expenses, including personnel and overhead expenses which include salaries and benefits, stock-based compensation expense and bonuses for salaried employees and contractors engaged in the design, development, testing and maintenance of TripAdvisor's website and mobile apps. Operating expense also includes to a lesser extent costs of services which are expenses that are closely correlated or directly related to service revenue generated, including advertising fees, flight search fees, credit card fees and data center costs. Other costs include licensing, maintenance expense, computer supplies and technology hardware.

General and Administrative

General and administrative expenses consist primarily of personnel and related overhead costs, including executive leadership, finance, legal and human resource functions and stock-based compensation as well as professional service fees and other fees including audit, legal, tax and accounting, and other costs including bad debt expense and TripAdvisor's charitable foundation costs.

Selling and Marketing

Selling and marketing expenses primarily consist of direct costs, including search engine marketing, or SEM, and catalogue costs. In addition, our indirect sales and marketing expense consists of personnel and overhead expenses, including salaries, commissions, benefits, and bonuses for sales, sales support, customer support and marketing employees.

The Company incurs advertising expense consisting of traffic generation costs from search engines and Internet portals, other online and offline advertising expense, promotions and public relations to promote our brands. Costs associated with advertisements are expensed in the period in which the advertisement takes place. Advertising expense was \$357 million, \$251 million and \$32 million for each of the years ended December 31, 2014, 2013 and 2012, respectively.

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Stock-Based Compensation

As more fully described in note 9, Liberty has previously granted to its directors, employees and employees of its subsidiaries options, restricted stock and stock appreciation rights (“SARs”) to purchase shares of Liberty Interactive and/or Liberty Ventures common stock (collectively, “Awards”). Liberty measures the cost of employee services received in exchange for an Award of equity instruments (such as stock options and restricted stock) based on the grant-date fair value of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). Liberty measures the cost of employee services received in exchange for an Award of liability instruments (such as stock appreciation rights that will be settled in cash) based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date. Certain outstanding awards that were previously granted by Liberty were assumed by TripCo upon the completion of the Trip Spin-Off. Additionally, as of December 2012 TripAdvisor is a consolidated company and TripAdvisor has issued stock-based compensation to its employees related to their common stock. The consolidated statements of operations include stock-based compensation related to TripAdvisor equity in addition to Liberty Awards already held by BuySeasons employees.

Included in the accompanying consolidated statements of operations are the following amounts of stock-based compensation for the years ended December 31, 2014 and 2013 (amounts in millions):

	December 31,	
	2014	2013
Operating expense	\$ 32	26
Selling, general and administrative	42	34
	<u>\$ 74</u>	<u>60</u>

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value amounts and income tax bases of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards. The deferred tax assets and liabilities are calculated using enacted tax rates in effect for each taxing jurisdiction in which the Company operates for the year in which those temporary differences are expected to be recovered or settled. Net deferred tax assets are then reduced by a valuation allowance if the Company believes it more likely than not that such net deferred tax assets will not be realized. We consider all relevant factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience by jurisdiction, expectations of future taxable income, and the carryforward periods available to us for tax reporting purposes, as well as assessing available tax planning strategies. The effect on deferred tax assets and liabilities of an enacted change in tax rates is recognized in income in the period that includes the enactment date. Due to inherent complexities arising from the nature of our businesses, future changes in income tax law, tax sharing agreements or variances between our actual and anticipated operating results, we make certain judgments and estimates. Therefore, actual income taxes could materially vary from these estimates.

When the tax law requires interest to be paid on an underpayment of income taxes, the Company recognizes interest expense from the first period the interest would begin accruing according to the relevant tax law. Such interest expense is included in income tax expense in the accompanying consolidated statements of operations. Any accrual of penalties related to underpayment of income taxes on uncertain tax positions is included in income tax (expense) benefit in the accompanying consolidated statements of operations.

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We recognize in our consolidated financial statements the impact of a tax position, if that position is more likely than not to be sustained upon an examination, based on the technical merits of the position.

Deferred Merchant Payables

TripAdvisor receives cash from travelers at the time of booking related to its vacation rental, attractions and transaction-based businesses and it records these amounts, net of commissions, on its consolidated balance sheets as deferred merchant payables. TripAdvisor pays the hotel, destination activity operators or vacation rental owners after the travelers' use and subsequent billing from the hotel, attraction provider or vacation rental owners. Therefore, it receives cash from the traveler prior to paying the hotel, destination activity operator or vacation rental owners, and this operating cycle represents a working capital source or use of cash to TripAdvisor. As long as these businesses grow, TripAdvisor expects that changes in working capital related to these transactions, depending on timing of payments and seasonality, will continue to impact operating cash flows. TripAdvisor's deferred merchant payables balance was \$93 million and \$30 million for the years ended December 31, 2014 and 2013, respectively. A payable balance of \$76 million was acquired during the year ended December 31, 2014, primarily related to the Viator acquisition reflected in the net liabilities assumed as reported in note 3.

Certain Risks and Concentrations

The TripAdvisor business is subject to certain risks and concentrations including dependence on relationships with its customers. TripAdvisor is highly dependent on advertising relationships with Expedia and Priceline, which each accounted for more than 10% of TripAdvisor's consolidated revenue and combined accounted for approximately 46% and 47% of its total revenue in 2014 and 2013, respectively (TripCo revenue includes only a small portion of the TripAdvisor revenue in 2012 due to the timing of the acquisition), see notes 4 and 11. As of December 31, 2014 and 2013, Expedia accounted for 15% and 14%, respectively, of TripAdvisor's total accounts receivable.

Contingent Liabilities

Periodically, we review the status of all significant outstanding matters to assess any potential financial exposure. When (i) it is probable that an asset has been impaired or a liability has been incurred and (ii) the amount of the loss can be reasonably estimated, we record the estimated loss in our consolidated statements of operations. We provide disclosure in the notes to the consolidated financial statements for loss contingencies that do not meet both these conditions if there is a reasonable possibility that a loss may have been incurred that would be material to the financial statements. Significant judgment is required to determine the probability that a liability has been incurred and whether such liability is reasonably estimable. We base accruals made on the best information available at the time which can be highly subjective. The final outcome of these matters could vary significantly from the amounts included in the accompanying consolidated financial statements.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss), cumulative foreign currency translation adjustments, and unrealized gains and losses on available-for-sale securities, net of tax.

Earnings (Loss) per Common Share (EPS)

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding for the period. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented.

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The Company issued 73,685,924 common shares, which is the aggregate number of shares of Series A and Series B common stock outstanding upon the completion of the Trip Spin-Off on August 27, 2014. The number of shares issued in the Trip Spin-Off is being used for both basic and diluted earnings per share for all periods prior to the date of the Trip Spin-Off as no Company equities or equity awards were outstanding prior to the Trip Spin-Off.

	Year Ended December 31,
	2014
	number of shares in millions
Basic EPS	74
Potentially dilutive shares	—
Diluted EPS	74

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The Company considers (i) recoverability and recognition of goodwill, intangible and long-lived assets, (ii) accounting for income taxes and (iii) stock-based compensation to be its most significant estimates.

Prior to December 2012, the Company’s investment in TripAdvisor was accounted for using the equity method. The Company did not control the decision making process or business management practices of TripAdvisor during the time that this investment was accounted for as an equity method investment. Accordingly, the Company relied on the management of TripAdvisor to provide it with accurate financial information prepared in accordance with GAAP that the Company used in the application of the equity method. In addition, TripAdvisor obtained audit reports that were provided by the affiliate’s independent auditors on its financial statements, which provided additional comfort over financial information. The Company is not aware, however, of any errors in or possible misstatements of the financial information provided by TripAdvisor that would have a material effect on the Company’s consolidated financial statements.

Reclassifications

TripAdvisor no longer considers Expedia a related party. Certain reclassifications have been made to conform the prior period to the current presentation relating to Expedia transactions, which includes the reclassification of revenue from Expedia on our statements of operations for the year ending December 31, 2013 and 2012 of \$217 million and \$8 million, respectively, to service and other revenue and the reclassification of receivables at December 31, 2013 of \$16 million, from Expedia Inc., net on our consolidated balance sheets to trade and other receivables. These reclassifications had no net effect on TripAdvisor’s consolidated financial statements.

All other reclassifications, made to conform the prior periods to the current presentation, were not material and had no net effect on our consolidated financial statements.

New Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued new accounting guidance on revenue from contracts with customers. The new guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated guidance will replace most existing revenue recognition guidance in GAAP

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when it becomes effective and permits the use of either a retrospective or cumulative effect transition method. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements and related disclosures.

(3) Supplemental Disclosures to Consolidated Statements of Cash Flows

	Years ended December 31,		
	2014	2013	2012
	amounts in millions		
Cash paid for acquisitions:			
Intangibles not subject to amortization	\$ 253	30	5,259
Intangibles subject to amortization	194	19	1,165
Fair value of other assets acquired.	25	2	349
Net liabilities assumed	(96)	(15)	(158)
Deferred tax assets (liabilities).	(40)	1	(417)
Other	(5)	(2)	(964)
Fair value of previously held ownership interest	—	—	(1,004)
Noncontrolling interest	—	—	(4,341)
Cash paid for acquisitions, net of cash (acquired)	\$ 331	35	(111)
Cash paid for interest	\$ 8	9	—
Cash paid for income taxes.	\$ 54	50	18

(4) TripAdvisor, Inc. Transactions

During the fourth quarter of 2011 Expedia, Inc. completed the pro-rata spin-off of TripAdvisor, which was a wholly owned subsidiary of Expedia prior to the spin-off. TripCo held a non-controlling equity interest in Expedia at the time of the spin-off (the “Expedia Spin-Off”). Upon completion of the Expedia Spin-Off, TripCo’s investment in TripAdvisor was treated as an equity contribution from Liberty (at book value) to TripCo. TripCo share of earnings of TripAdvisor for the year ended December 31, 2012 was \$38 million.

During May 2012, TripCo sold approximately 8.5 million shares of TripAdvisor for cash proceeds of \$338 million. The sale resulted in a \$288 million gain recorded in gain (losses) on transactions, net, based on the average cost of those shares, in the statement of operations.

Throughout the year ended December 31, 2012, TripCo recorded approximately \$32 million of gains related to the impact of TripAdvisor issuing additional equity, at an amount in excess of our per share investment, primarily the result of warrants and options exercised. These gains are reflected in the other, net line item in the statement of operations.

On December 11, 2012, TripCo acquired approximately 4.8 million additional shares of common stock of TripAdvisor (an additional 4% equity ownership interest), for approximately \$300 million, along with the right to control the vote of the shares of TripAdvisor’s common stock and class B common stock (which holds 10 votes per share) owned by the Company. Following the transaction, TripCo owned approximately 22% of the equity and 57% of the total votes of all classes of TripAdvisor common stock. In accordance with TripAdvisor’s outstanding governance arrangements, 25% of the members of TripAdvisor’s board of directors are elected by a vote of a plurality of the common stock (e.g., the low-vote shares of TripAdvisor), voting as a single class, and the remainder of the members of TripAdvisor’s board of directors are elected by a vote of a plurality in voting power of the common stock and Class B common stock of TripAdvisor, voting

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together as one class. The governing documents of TripAdvisor do not create a classified board of directors, and do not prohibit shareholder action by written consent and, accordingly, TripCo has the ability to replace a majority of the board of directors of TripAdvisor at any time. Consequently, as no other protective or participating rights exist for the minority voting interest, TripCo was required to consolidate TripAdvisor. Accordingly, TripCo applied the applicable purchase accounting guidance and recorded a gain on the acquisition of \$800 million on its ownership interest held prior to the transaction, recognized in the gain (loss) on transactions, net line in the consolidated statements of operations. The fair value (Level 1) of TripCo's ownership interest previously held and the fair value of the noncontrolling interest was determined based on the trading price of TripAdvisor common shares on the last trading day prior to the transaction. Additionally, the noncontrolling interest includes the fair value (Level 2) of TripAdvisor's fully vested options outstanding at the date of acquisition. Following the transaction date TripAdvisor is a consolidated company with a 78% noncontrolling interest accounted for in equity and the consolidated statements of operations.

The final purchase price allocation for TripAdvisor is as follows (amounts in millions):

Fair value of ownership interest held prior to transaction	\$	1,004
Controlling interest acquired		300
Noncontrolling interest		4,341
	<u>\$</u>	<u>5,645</u>
Cash and cash equivalents	\$	411
Receivables		116
Other assets		233
Goodwill		3,429
Tradenames		1,830
Intangible assets subject to amortization		1,165
Debt		(417)
Other liabilities assumed		(158)
Deferred tax liabilities, net		(964)
	<u>\$</u>	<u>5,645</u>

The pro forma summarized unaudited statements of operations of TripCo were prepared utilizing the historical financial statements of TripAdvisor, giving effect to purchase accounting related adjustments made at the time of

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acquisition and excluding the impact of the gain from combination, as if the transaction discussed above occurred on January 1, 2010, are as follows (amounts in millions):

Summary Operations Data:

	Year ended December 31, 2012 (unaudited)
Revenue	\$ 892
Operating income (loss)	63
Income tax (expense) benefit	(38)
Net earnings (loss) from continuing operations	10
Less earnings (loss) attributable to the noncontrolling interests	47
Net earnings (loss) from continuing operations attributable to TripCo shareholders	\$ (37)
Unaudited pro forma basic net earnings (loss) attributable to TripCo shareholder per common share (note 2)	\$ (0.5)

This pro forma information is not representative of TripCo's future financial position, future results of operations or future cash flows nor does it reflect what TripCo's financial position, results of operations or cash flows would have been as if the transaction had happened previously and TripCo controlled TripAdvisor during the periods presented.

Acquisitions

During the year ended December 31, 2014, TripAdvisor completed seven acquisitions for total cash consideration of \$331 million, net of cash acquired. The total cash consideration is subject to adjustment based on the finalization of working capital adjustments for Restopolis and Iens and amounts retained with payment subject to certain indemnification obligations by the respective sellers. TripAdvisor acquired Vacation Home Rentals, a U.S.-based vacation rental website featuring properties around the world; London-based Tripbod, a travel community that helps connect travelers to local experts to deliver travelers relevant recommendations for trip planning; Lafourchette, a provider of an online and mobile reservations platform for restaurants in Europe; Viator a platform for researching and booking destination activities around the world; MyTable and Restopolis, a provider of an online and mobile reservations platform for restaurants in Italy; Iens, a provider of an online and mobile reservations platform for restaurants in the Netherlands.

The following table presents the purchase price allocations initially recorded on our consolidated balance sheet for all 2014 acquisitions (in millions):

Net assets (including acquired cash)	\$ 94
Goodwill	253
Intangible assets	194
Deferred tax liabilities, net	(40)
Accrued expenses and other liabilities	(101)
Total purchase price consideration	\$ 400

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The excess purchase price over identifiable net tangible assets of \$253 million has been recorded to goodwill in the accompanying consolidated balance sheet as of December 31, 2014. The goodwill in these transactions is primarily attributable to expected operational synergies, the assembled workforces, and the future development initiatives of the assembled workforces. Approximately \$5 million of goodwill is expected to be deductible for tax purposes. A total of \$194 million was allocated to identifiable intangible assets subject to amortization, including customer and supplier relationships, tradenames, subscription relationships, developed technology and other intangibles. The weighted-average life of the identifiable definite-lived intangible assets acquired in 2014 is 7.2 years and will be amortized on a straight-line basis. Pro forma financial information related to these acquisitions has not been provided as they are not material to our consolidated results of operations.

During the year ended December 31, 2013, TripAdvisor completed six acquisitions for total cash consideration of approximately \$35 million, net of cash acquired. The total cash consideration is subject to adjustment based on certain indemnification obligations by the respective sellers for TripAdvisor's benefit in future periods. During 2013, TripAdvisor acquired TinyPost, the developer of a product that enables users to write over photos and turn them into stories; Jetsetter, a members-only private sale site for hotel bookings; CruiseWise, a cruise research and planning site; Niumba, a Spain-based vacation rental site; GateGuru, a mobile app with flight and airport information around the world; Oyster, a hotel review website featuring expert reviews and photos around the world, all of which complement TripAdvisor's existing brands in those areas of the travel ecosystem. The purchase price allocation for the 2013 acquisitions is considered final at December 31, 2014.

The total purchase price of these acquisitions, all of which were accounted for as purchases of businesses under the purchase accounting method, has been allocated to the tangible and identifiable intangible assets acquired and the net liabilities assumed based on their respective fair values on the acquisition date. As of December 31, 2014, the purchase price allocation of TripAdvisor's 2014 acquisitions is preliminary and subject to revision as more information becomes available, but in any case will not be revised beyond 12 months after the acquisition date. Any change to the fair value of net liabilities acquired will lead to a corresponding change to the purchase price allocable to goodwill on a retroactive basis. The primary areas of the purchase price allocation that are not yet finalized are related to the fair values of certain liabilities and income tax balances. Approximately \$4 million of acquisition-related costs were expensed as incurred during the year ended December 31, 2014 and are included in general and administrative expenses in the consolidated statements of operations.

(5) Assets and Liabilities Measured at Fair Value

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The Company does not have any recurring assets or liabilities measured at fair value that would be considered Level 3.

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The Company's assets and liabilities measured at fair value are as follows:

Description	December 31, 2014			December 31, 2013		
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2) <small>(amounts in millions)</small>	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Cash equivalents	\$ 58	58	—	156	156	—
Marketable securities	\$ 108	—	108	131	—	131
Available-for-sale securities	\$ 31	—	31	188	—	188

The fair value of Level 2 marketable securities and available-for-sale securities were obtained from pricing sources for identical or comparable instruments, rather than direct observations of quoted prices in active markets.

Other Financial Instruments

Other financial instruments not measured at fair value on a recurring basis include trade receivables, related party receivables, trade payables, accrued and other current liabilities. The carrying amount approximates fair value due to the short maturity of these instruments as reported on our consolidated balance sheets.

(6) Goodwill and Other Intangible Assets

Goodwill and Indefinite Lived Intangible Assets

Changes in the carrying amount of goodwill are as follows (amounts in millions):

	TripAdvisor	Corporate and Other	Total
Balance at January 1, 2013	\$ 3,429	—	3,429
Acquisition (1)	30	—	30
Other (2)	1	—	1
Balance at December 31, 2013	3,460	—	3,460
Acquisition (1)	253	—	253
Other (2)	(22)	—	(22)
Balance at December 31, 2014	\$ 3,691	—	3,691

- (1) Additions to goodwill relate to TripAdvisor's acquisitions. See "Note 4 – TripAdvisor Transactions," for further information.
- (2) Other changes are primarily due to foreign currency translation on goodwill.

As presented in the accompanying consolidated balance sheet, trademarks are the other significant indefinite lived intangible asset and the change from the prior year is due to the change in foreign exchange rates.

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Intangible Assets subject to amortization

Intangible assets subject to amortization are comprised of the following:

	December 31, 2014			December 31, 2013			
	Weighted Average Remaining Useful Life (in years)	Gross carrying amount	Accumulated amortization	Net carrying amount (in millions)	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	7	979	(456)	523	996	(258)	738
Other	7	415	(107)	308	227	(57)	170
Total		1,394	(563)	831	1,223	(315)	908

Amortization of TripAdvisor intangible assets acquired during 2012 is expected to match the usage of the related assets and are being amortized on an accelerated basis as reflected in table below.

Amortization expense was \$279 million, \$303 million and \$13 million for the years ended December 31, 2014, 2013 and 2012, respectively.

The estimated future amortization expense for the next five years related to intangible assets with definite lives as of December 31, 2014, assuming no subsequent impairment of the underlying assets, is as follows (amounts in millions):

2015	\$	233
2016	\$	185
2017	\$	167
2018	\$	102
2019	\$	99

Impairments

During the years ended December 31, 2014, 2013 and 2012, we recorded impairments related to BuySeasons, presented in the statements of operations, which is included in the Corporate and Other segment. The impairments are primarily related to trademarks and goodwill. Continued declining operating results as compared to budgeted results and certain trends required a quantitative impairment test and a determination of fair value for BuySeasons. This fair value, including the related intangibles and goodwill, was determined using projections of future operating performance and applying a combination of market multiples (market approach) and discounted cash flow (income approach) calculations (Level 3). As of December 31, 2014 the accumulated impairment losses for BuySeasons was \$44 million.

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(7) Debt

Outstanding debt at December 31, 2014 and 2013 is summarized as follows:

	December 31, 2014	December 31, 2013
	amounts in millions	
TripAdvisor term loan and revolving credit facility	\$ 300	340
TripCo debt	404	—
Chinese credit facilities	38	29
Total consolidated TripCo debt	\$ 742	369
Less debt classified as current	(78)	(69)
Total long-term debt	\$ 664	300

TripAdvisor Term Loan Facility Due 2016 and Revolving Credit Facility

Overview

On December 20, 2011, TripAdvisor entered into a Credit Agreement, which provides \$600 million of borrowing including:

- a Term Loan Facility, or Term Loan, in an aggregate principal amount of \$400 million with a term of five years due December 2016; and
- a Revolving Credit Facility in an aggregate principal amount of \$200 million available in U.S. dollars, Euros and British pound sterling with a term of five years expiring December 2016.

The Term Loan and any loans under the Revolving Credit Facility bear interest by reference to a base rate or a Eurocurrency rate, in either case plus an applicable margin based on TripAdvisor’s leverage ratio. TripAdvisor is also required to pay a quarterly commitment fee, on the average daily unused portion of the Revolving Credit Facility for each fiscal quarter and fees in connection with the issuance of letters of credit. The Term Loan and loans under the Revolving Credit Facility currently bear interest at LIBOR plus 150 basis points, or the Eurocurrency Spread, or the alternate base rate (“ABR”) plus 50 basis points, and undrawn amounts are currently subject to a commitment fee of 22.5 basis points.

As of December 31, 2014 TripAdvisor used a one-month interest period Eurocurrency Spread which is approximately 1.7% per annum. As of December 31, 2014, interest is payable on a monthly basis while TripAdvisor is borrowing under the one-month interest rate period. The current interest rates are based on current assumptions, leverage and LIBOR rates and do not take into account that rates will reset periodically.

The Term Loan principal is currently repayable in quarterly installments on the last day of each calendar quarter equal to 2.5% of the original principal, with the balance due on the final maturity date. Principal payments aggregating \$40 million were made during the year ended December 31, 2014.

The Revolving Credit Facility includes \$40 million of borrowing capacity available for letters of credit and \$40 million for borrowings on same-day notice. As of December 31, 2014 there were no outstanding borrowings under the Revolving Credit Facility. As of December 31, 2014, there were \$1 million of outstanding letters of credit against the Revolving Credit Facility.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

The remaining future minimum principal payment obligations due under the Credit Agreement related to the Term Loan is as follows (amounts in millions):

<u>Year Ended December 31,</u>	<u>Payment Amount</u>
2015	\$ 40
2016	260
	<u>\$ 300</u>

Prepayments

TripAdvisor may voluntarily repay any outstanding borrowing under the Credit Agreement at any time without premium or penalty, other than customary breakage costs with respect to Eurocurrency loans.

Guarantees

All obligations under the Credit Agreement are unconditionally guaranteed by TripAdvisor and each of TripAdvisor's existing and subsequently acquired or organized direct or indirect wholly-owned domestic and foreign restricted subsidiaries, subject to certain exceptions for subsidiaries that are controlled foreign corporations, foreign subsidiaries in jurisdictions where applicable law would otherwise be violated, and non-material subsidiaries.

Covenants

The Credit Agreement contains a number of covenants that, among other things, restrict TripAdvisor's ability to incur additional indebtedness, create liens, enter into sale and leaseback transactions, engage in mergers or consolidations, sell or transfer assets, pay dividends and distributions or repurchase their capital stock, make investments, loans or advances, prepay certain subordinated indebtedness, make certain acquisitions, engage in certain transactions with affiliates, amend material agreements governing certain subordinated indebtedness, and change their fiscal year. The Credit Agreement also requires TripAdvisor to maintain a maximum leverage ratio and a minimum cash interest coverage ratio, and contain certain customary affirmative covenants and events of default, including a change of control. If an event of default occurs, the lenders under the Credit Agreement will be entitled to take various actions, including the acceleration of all amounts due under Credit Agreement and all actions permitted to be taken by a secured creditor.

TripAdvisor Chinese Credit Facilities

In addition to borrowings under the Credit Agreement, TripAdvisor maintains Chinese Credit Facilities. As of December 31, 2014 and 2013, there were approximately \$38 million and \$28 million of short term borrowings outstanding, respectively.

Certain of TripAdvisor's Chinese subsidiaries entered into a RMB 189,000,000 (approximately \$30 million), one-year revolving credit facility with Bank of America (the "Chinese Credit Facility—BOA") that is currently subject to review on a periodic basis with no specific expiration period. As of December 31, 2014, approximately \$19 million of borrowings were outstanding under this credit facility. The Chinese Credit Facility—BOA bears interest based at 100% of the People's Bank of China's base rate, which was 5.6% as of December 31, 2014.

In addition, certain of TripAdvisor's Chinese subsidiaries entered into a RMB 125,000,000 (approximately \$20 million) one-year revolving credit facility with J.P. Morgan Chase Bank ("Chinese Credit Facility—JPM"). As of December 31, 2014, approximately \$19 million of borrowings are outstanding under this credit facility. The Chinese Credit

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

Facility—JPM bears interest based at 100% of the People’s Bank of China’s base rate, which was 5.6% as of December 31, 2014.

TripCo Debt

On August 21, 2014, a wholly owned subsidiary of TripCo (“TripSPV”), entered into two margin loan agreements which aggregated total borrowings of \$400 million. Prior to the Trip Spin-Off, approximately \$348 million of such amount was distributed to Liberty. Common Stock and Class B Common Stock of TripAdvisor were pledged as collateral pursuant to these agreements. Each agreement contains language that indicates that TripSPV, as borrower and transferor of underlying shares as collateral, has the right to exercise all voting, consensual and other powers of ownership pertaining to the transferred shares for all purposes, provided that Liberty agrees that it will not vote the shares in any manner that would reasonably be expected to give rise to transfer or certain other restrictions. Similarly, the loan agreements indicate that no lender party shall have any voting rights with respect to the shares transferred, except to the extent that a lender party buys any shares in a sale or other disposition made pursuant to the terms of the loan agreements. The agreements also contain certain restrictions related to additional indebtedness. Interest on the margin loans will accrue at a rate of 3.65% plus LIBOR for six months and 3.25% thereafter to be paid in kind or cash at the election of TripSPV. The Company expects that interest on the loan will be paid in kind and added to the principal amount on the loan. The term of the loan is three years and the maturity date is August 22, 2017.

As of December 31, 2014, the values of TripAdvisor’s shares pledged as collateral pursuant to the margin loan agreements, determined based on the trading price of the Common Stock and on an as-if converted basis for the Class B Common Stock, are as follows:

<u>Pledged Collateral</u>	Number of Shares Pledged	
	as Collateral as of December 31, 2014	Share value as of December 31, 2014
	amounts in millions	
Common Stock	18.2	\$ 1,359
Class B Common Stock	12.8	\$ 956

The outstanding margin loans contain various affirmative and negative covenants that restrict the activities of the borrower. The loan agreements do not include any financial covenants.

Fair Value

Due to the primarily variable rate nature, TripCo believes that the carrying amount of its debt approximated fair value at December 31, 2014 and 2013.

Debt Covenants

As of December 31, 2014, each of the Company and TripAdvisor was in compliance with its respective debt covenants.

(8) Income Taxes

TripCo was included in the federal consolidated income tax return of Liberty prior to August 27, 2014. The tax provision included in these financial statements has been prepared on a stand-alone basis, as if TripCo was not part of the

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

consolidated Liberty group. TripAdvisor, as a consolidated subsidiary for financial statement purposes, is not included in the Liberty consolidated group tax return and is not included in the TripCo consolidated group tax return subsequent to the Trip Spin-Off as TripCo owns less than 80% of TripAdvisor. Additionally, upon the completion of the Trip Spin-Off, the unused stand-alone net operating losses of BuySeasons was treated as a deemed equity distribution at that date. Furthermore, the income taxes payable allocated to TripCo by Liberty as of August 27, 2014 was treated as a deemed equity contribution of \$29 million from Liberty upon completion of the Trip Spin-Off. As of December 31, 2013 TripCo had income taxes payable to Liberty of approximately \$37 million.

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2014	2013	2012
	(amounts in millions)		
Current:			
Federal	\$ (77)	(32)	(41)
State and local	(22)	(10)	(7)
Foreign	(6)	(20)	(1)
	<u>\$ (105)</u>	<u>(62)</u>	<u>(49)</u>
Deferred:			
Federal	\$ 55	9	(68)
State and local	(16)	76	(8)
Foreign	31	32	1
	<u>70</u>	<u>117</u>	<u>(75)</u>
Income tax benefit (expense)	<u>\$ (35)</u>	<u>55</u>	<u>(124)</u>

The following table presents a summary of our domestic and foreign earnings from continuing operations before income taxes:

	Years ended December 31,		
	2014	2013	2012
	(amounts in millions)		
Domestic	\$ 4	(23)	1,104
Foreign	40	(5)	—
Total	<u>\$ 44</u>	<u>(28)</u>	<u>1,104</u>

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Notes to Consolidated Financial Statements (Continued)

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Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 35% as a result of the following:

	Years ended December 31,		
	2014	2013	2012
	(amounts in millions)		
Computed expected tax benefits (expense)	\$ (16)	10	(386)
State and local taxes, net of federal income taxes	(7)	(3)	(9)
Foreign taxes, net of foreign tax credits	28	15	(1)
Change in estimated tax rate	(15)	46	—
Goodwill impairment	—	—	(13)
Consolidation of TripAdvisor	—	—	294
Basis difference in consolidated subsidiary	(5)	—	(8)
Change in valuation allowance	(7)	(3)	—
Change in unrecognized tax benefits	(14)	(9)	—
Other	1	(1)	(1)
Income tax (expense) benefit	<u>\$ (35)</u>	<u>55</u>	<u>(124)</u>

During 2014, the Company incurred aggregate income tax expense related to an increase in its estimate of the state effective tax rate used to measure its net deferred tax liabilities, based on a change to the Company's estimated state apportionment factors and an increase in its unrecognized tax benefits. This income tax expense was partially offset with income tax benefits for earnings in foreign jurisdictions taxed at rates lower than the 35% U.S. federal tax rate.

During 2013, the Company changed its estimate of the effective state tax rate used to measure its net deferred tax liabilities, based on expected changes to the Company's state apportionment factors. The rate change required an adjustment to the recognized deferred taxes at the TripAdvisor level.

The tax benefit from the change to consolidation of a previously held equity method affiliate for the year ended December 31, 2012 is the result of the acquisition of a controlling interest in TripAdvisor in the fourth quarter of 2012. The Company recorded an \$800 million dollar gain on the transaction, due to the application of purchase accounting, which was excluded from taxable income in 2012 and is not expected to be included in taxable income in the future. In addition, a portion of the difference between the book basis and tax basis of the Company's investment in TripAdvisor, as previously accounted for under the equity method, was reversed as a result of the transaction.

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The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

	December 31,	
	2014	2013
	(amounts in millions)	
Deferred tax assets:		
Net operating loss carryforwards	\$ 48	27
Stock-based compensation	45	28
Other	61	10
Total deferred tax assets	154	65
Less: valuation allowance	(23)	(15)
Net deferred tax assets	131	50
Deferred tax liabilities:		
Intangible assets	(870)	(869)
Investments	(12)	(8)
Other	(57)	(19)
Total deferred tax liabilities	(939)	(896)
Net deferred tax liability	\$ (808)	(846)

The Company's deferred tax assets and liabilities are reported in the accompanying consolidated balance sheets as follows:

	December 31,	
	2014	2013
	(amounts in millions)	
Current deferred tax asset	\$ 11	6
Noncurrent deferred tax asset	2	1
Noncurrent deferred tax liability	(821)	(853)
	\$ (808)	(846)

The Company's valuation allowance increased \$8 million in 2014. Of the net change in valuation allowance during the year ended December 31, 2014, \$7 million affected tax expense, and \$1 million related to the Trip Spin-Off.

TripAdvisor has not provided for deferred U.S. income taxes on undistributed earnings of certain foreign consolidated companies that it intends to reinvest permanently outside the United States; the total amount of such earnings as of December 31, 2014 was \$630 million. Should these earnings be distributed or treated under certain U.S. tax rules as having distributed earnings of foreign consolidated companies in the form of dividends or otherwise, TripAdvisor may be subject to U.S. income taxes. Due to complexities in tax laws and various assumptions that would have to be made, it is not practicable at this time to estimate the amount of unrecognized deferred U.S. taxes on these earnings.

At December 31, 2014, TripCo had gross net operating loss carryforwards for income tax purposes of \$245 million, which, if not utilized to reduce income tax liabilities in future periods, will expire at various times between 2015 and 2034. These net operating losses are expected to be utilized prior to expiration, except for \$4 million state and \$19 million foreign net operating losses (on a tax effected basis), which based on current projections of state and foreign taxable income may expire unused.

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Notes to Consolidated Financial Statements (Continued)

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As of December 31, 2014, the Company had recorded tax reserves of \$67 million related to unrecognized tax benefits for uncertain tax positions, which is classified as long-term and included in other long-term liabilities. Prior to the acquisition of a controlling interest in TripAdvisor during December 2012, the Company did not have any unrecognized tax benefits for uncertain tax positions. If the unrecognized tax benefits were to be recognized for financial statement purposes, approximately \$65 million would be reflected in the Company's tax expense and affect its effective tax rate. The Company's estimate of its unrecognized tax benefits related to uncertain tax positions requires a high degree of judgment. The Company does not believe it is reasonably possible the gross unrecognized tax benefits may increase or be paid within the next twelve months.

A reconciliation of unrecognized tax benefits is as follows (amounts in millions):

	Years ended December 31,	
	2014	2013
Balance at beginning of year	\$ 36	24
Additions based on tax positions related to the current year.	13	12
Additions for tax positions of prior years.	18	4
Reductions for tax positions of prior years.	—	(4)
Balance at end of year.	<u>\$ 67</u>	<u>36</u>

As of December 31, 2014, Liberty's 2001 through 2010 tax years are closed for federal income tax purposes, and the IRS has completed its examination of Liberty's 2011 and 2012 tax years. The tax loss carryforwards from the 2010 through 2012 tax years are still subject to adjustment. Liberty's 2013 and 2014 tax years are being examined currently as part of the IRS's Compliance Assurance Process ("CAP") program, and TripCo's short tax year for 2014 is also being examined currently as part of the CAP program. As discussed earlier, because TripCo's ownership of TripAdvisor is less than the required 80%, TripAdvisor does not consolidate with TripCo for federal income tax purposes. Prior to December 2011, Trip Advisor was included in the consolidated federal income tax returns filed by Expedia. Expedia's 2009 and 2010 tax years are currently being audited by the IRS. TripAdvisor is undergoing a separate audit by the IRS for the 2012 tax year. Various states are currently examining the Company's prior year's state income tax returns.

As of December 31, 2014 and 2013, the Company had recorded approximately \$4 million and \$2 million, respectively, of accrued interest and penalties related to uncertain tax positions.

(9) Stock-Based Compensation

TripCo Incentive Plans

In connection with the Trip Spin-Off, awards with respect to Liberty Ventures Series A and Series B common stock were converted to awards with respect to TripCo Series A and Series B common stock pursuant to the Liberty TripAdvisor Holdings, Inc. Transitional Stock Adjustment Plan ("TSAP"). The TSAP governs the terms and conditions of such stock options and stock appreciation rights ("SARs") (collectively, "Awards") in respect of a maximum of 1.1 million shares of TripCo common stock, to purchase shares of Series A and Series B TripCo common stock. No additional grants may be made pursuant to the TSAP.

Pursuant to the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (the "2014 Plan"), as amended, the Company may grant Awards in respect of a maximum of 6.7 million shares of TripCo common stock. Awards generally vest over 4-5 years and have a term of 7-10 years. TripCo issues new shares upon exercise of equity awards. The Company

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Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

measures the cost of employee services received in exchange for an Award of equity instruments (such as stock options and restricted stock) based on the grant-date fair value of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for an Award of liability instruments (such as SARs that will be settled in cash) based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

In connection with the Trip Spin-Off in August 2014, all outstanding Awards with respect to Liberty Ventures common stock (“Liberty Ventures Award”) were adjusted pursuant to the anti-dilution provisions of the incentive plans under which the equity awards were granted, such that a holder of a Liberty Ventures Award received:

- i. An adjustment to the exercise price or base price, as applicable, and the number of shares subject to the Liberty Ventures Award (as so adjusted, an “Adjusted Liberty Ventures Award”) and
- ii. A corresponding equity award relating to shares of TripCo common stock (a “TripCo Award”)

The exercise prices and number of shares subject to the Adjusted Liberty Ventures Award and the TripCo Award were determined based on 1) the exercise prices and number of shares subject to the Liberty Ventures Award, 2) the pre-distribution trading price of Liberty Ventures common stock and 3) the post-distribution trading prices of Liberty Ventures common stock and TripCo common stock, such that all of the pre-distribution intrinsic value of the Liberty Ventures Award was allocated between the Adjusted Liberty Ventures Award and the TripCo Award.

Following the Trip Spin-Off, employees of Liberty hold Awards in both Liberty Ventures common stock and TripCo common stock. The compensation expense relating to employees of Liberty is recorded at Liberty. Therefore, compensation expense related to options resulting from the Trip Spin-Off will not be recognized in the Company’s consolidated financial statements.

TripCo - Grants

Awards granted for the year ended December 31, 2014 pursuant to the 2014 Plan discussed above are summarized as follows:

	Options Granted	Weighted average grant-date fair value
Series A Liberty TripAdvisor Holdings, Inc. common stock	17,000	\$ 11.01
Series B Liberty TripAdvisor Holdings, Inc. common stock	1,797,000	\$ 13.94

During the year ended December 31, 2014, TripCo granted approximately 1.8 million Series B options to the CEO of TripCo; of those options, one half vest on December 21, 2018 and the other half vest on December 21, 2019. The Series A options, which were granted to TripCo employees (other than the CEO), cliff vest over a 2 year vesting period.

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The Company has calculated the grant-date fair value for all of its equity classified awards and any subsequent remeasurement of its liability classified awards using the Black-Scholes Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. For grants made in 2014, the range of expected terms was 6.3 years to 7.3 years. The volatility used in the calculation for Awards is based on the historical volatility of TripCo's stocks and the implied volatility of publicly traded TripCo options; for grants made in 2014, the range of volatilities used in the Black-Scholes Model was 43.7% - 45.9%. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

TripCo - Outstanding Awards

The following table presents the number and weighted average exercise price ("WAEP") of Awards to purchase TripCo common stock granted to certain officers, employees and directors of the Company, as well as the weighted average remaining life and aggregate intrinsic value of the Awards.

	<u>Series A</u>	<u>WAEP</u>	<u>Weighted average remaining contractual life</u>	<u>Aggregate intrinsic value</u>
	<u>(in thousands)</u>		<u>(in years)</u>	<u>(in millions)</u>
Outstanding at January 1, 2014	—	\$ —		
Trip Spin-Off adjustment	1,846	\$ 13.90		
Granted	17	\$ 24.23		
Exercised	(773)	\$ 14.06		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2014	<u>1,090</u>	\$ 13.94	4.3	\$ 14
Exercisable at December 31, 2014	<u>698</u>	\$ 13.37	3.9	\$ 9

	<u>Series B</u>	<u>WAEP</u>	<u>Weighted average remaining contractual life</u>	<u>Aggregate intrinsic value</u>
	<u>(in thousands)</u>		<u>(in years)</u>	<u>(in millions)</u>
Outstanding at January 1, 2014	—	\$ —		
Trip Spin-Off adjustment	44	\$ 11.21		
Granted	1,797	\$ 27.83		
Exercised	(44)	\$ 11.21		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2014	<u>1,797</u>	\$ 27.83	10.0	\$ —
Exercisable at December 31, 2014	<u>—</u>	\$ —	—	\$ —

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Notes to Consolidated Financial Statements (Continued)

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As of December 31, 2014, the total unrecognized compensation cost related to unvested equity Awards was \$25 million. Such amount will be recognized in the Company's statements of operations over a weighted average period of approximately 2.9 years.

TripCo - Exercises

The aggregate intrinsic value of all TripCo options exercised during the year ended December 31, 2014 was \$10.7 million.

The aggregate intrinsic value of all Liberty options, related to BuySeasons employees, exercised during the years ended December 31, 2013 and 2012 was \$1.6 million and \$4.6 million, respectively.

TripCo — Restricted Stock

The aggregate fair value of all restricted shares of TripCo common stock and Liberty common stock that vested during the years ended December 31, 2014, 2013 and 2012, respectively, was less than a million.

TripAdvisor Equity Grant Awards

On December 21, 2011, TripAdvisor adopted the TripAdvisor, Inc. 2011 Stock and Annual Incentive Plan (the "2011 Incentive Plan"), under which TripAdvisor may grant restricted stock, restricted stock awards, RSUs, stock options and other stock-based awards to TripAdvisor directors, officers, employees and consultants. As discussed in note 4, at the time a controlling interest in TripAdvisor was obtained, in December 2012, the Company determined the fair value of the options assumed. The fair value of the options was determined based on the Black-Scholes model with a volatility of 53.5%, a zero dividend rate, and the applicable treasury rate for the expected term of 6.2 years. The value was \$136 million (based on a weighted average grant date fair value of \$17.78 per option) at the time of acquisition and the vested portion of the value (\$61 million) was recognized as a noncontrolling interest, and included in the purchase price, while the remaining unvested portion (\$75 million) is being amortized over the applicable vesting period (3 years). Subsequent to that period, grants were valued using a volatility of 44.0% and the applicable risk free rate for an expected term of 5.8 years for the year ended December 31, 2014 and a volatility of 50.8% and the applicable risk free interest rate for an expected term of 6.1 years for the year ended December 31, 2013.

Performance-based stock options and RSUs vest upon achievement of certain TripAdvisor company-based performance conditions and a requisite service period. On the date of grant, the fair value of stock options is calculated using a Black-Scholes model, which incorporates assumptions to value stock-based awards, including the risk-free rate of return, expected volatility, expected term and expected dividend yield. If, upon grant, TripAdvisor assesses the achievement of performance targets as probable, compensation expense is recorded for the awards over the estimated performance period on a straight-line basis. At each reporting period, the probability of achieving the performance targets and the performance period required to meet those targets is assessed. To the extent actual results or updated estimates differ from TripAdvisor's estimates, the cumulative effect on current and prior periods of those changes will be recorded in the period estimates are revised, or the change in estimate will be applied prospectively depending on whether the change affects the estimate of total compensation cost to be recognized or merely affects the period over which compensation cost is to be recognized.

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The following table presents the number, weighted average exercise price (“WAEP”) and aggregate intrinsic value of stock options to purchase TripAdvisor common stock granted under their 2011 Incentive Plan:

	Number of Options (in thousands)	WAEP	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2014	9,470	\$ 40.18		
Assumed options from acquisition	101	\$ 16.36		
Granted	579	\$ 95.87		
Exercised	(1,202)	\$ 32.87		
Cancelled or expired	(297)	\$ 45.40		
Outstanding at December 31, 2014	<u>8,651</u>	\$ 44.47	5.0	\$ 273
Exercisable at December 31, 2014	<u>4,080</u>	\$ 32.05	2.7	\$ 174

During the year ended December 31, 2014, TripAdvisor granted 0.6 million of primarily service based stock options under their 2011 Incentive Plan, excluding assumed options from acquisition, with a weighted average estimated grant-date fair value per option of \$46.65. These stock options generally have a contractual term of ten years from the date of grant and generally vest over a four year requisite service period. As of December 31, 2014, the total number of shares available under the 2011 Incentive Plan is 17,691,977 shares. TripAdvisor related stock-based compensation for the year ended December 31, 2014 was approximately \$73 million. As of December 31, 2014, the total unrecognized compensation cost related to unvested TripAdvisor stock options was approximately \$89 million and will be recognized over a weighted average period of approximately 2.7 years.

Restricted Stock Units RSUs are stock awards that are granted to employees entitling the holder to shares of TripAdvisor common stock as the award vests. RSUs are measured at fair value based on the number of shares granted and the quoted price of TripAdvisor common stock at the date of grant. The fair value of RSUs, net of estimated forfeitures, is amortized as stock-based compensation expense over the vesting term on a straight-line basis, with the amount of compensation expense recognized at any date at least equaling the portion of the grant-date fair value of the award that is vested at that date.

During the year ended December 31, 2014, TripAdvisor granted 0.8 million service based RSUs under their 2011 Incentive Plan for which the fair value was measured based on the quoted price of TripAdvisor common stock at the date of grant. The weighted average grant date fair value for RSUs granted during 2014 was \$93.36 per share. The unvested TripAdvisor RSUs had a weighted average grant date fair value of \$71.33 as of December 31, 2014. As of December 31, 2014, the total unrecognized compensation cost related to 1.4 million unvested TripAdvisor RSU’s outstanding was approximately \$70 million which will be recognized over the remaining vesting term of approximately 2.9 years.

(10) Employee Benefit Plans

Consolidated companies of TripCo sponsor 401(k) plans, which provide their employees an opportunity to make contributions to a trust for investment in Liberty common stock, as well as other mutual funds. The Company’s consolidated companies make matching contributions to the plans based on a percentage of the amount contributed by employees. Employer cash contributions related to BuySeasons and TripAdvisor were \$5 million and \$5 million for the years ended December 31, 2014 and 2013, respectively and less than a million for 2012.

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(11) Related Party Transactions

Expedia

TripAdvisor provides click-based advertising and other advertising services to Expedia (TripAdvisor's former parent) and is recorded at contract value, which TripAdvisor believes is a reasonable reflection of the value of the services provided. Expedia revenue represented 21% of TripAdvisor's total revenue in 2014 through the date of the Trip Spin-Off and 23% for the year ended December 31, 2013. As discussed in note 4, only one month of TripAdvisor revenue has been recorded in the consolidated statements of TripCo for the year ended December 31, 2012. During the three months ended December 31, 2012 Expedia-revenue represented 23% of TripAdvisor's revenue.

Other Expedia-operating expenses which are included within selling and marketing expense are approximately \$6 million for the year ended December 31, 2013, which primarily consisted of marketing expense for TripAdvisor exit windows.

Following the Expedia Spin-Off, as a result of an irrevocable proxy of Liberty, Mr. Diller was effectively able to control the outcome of all matters submitted to a vote or for the consent of TripAdvisor's stockholders (other than with respect to the election by the holders of TripAdvisor common stock of 25% of the members of TripAdvisor's Board of Directors and matters as to which Delaware law requires a separate class vote). Additionally, Mr. Diller was the Chairman and Senior Executive of Expedia, and through similar arrangements between Mr. Diller and Liberty, Mr. Diller was effectively able to control the outcome of all matters submitted to a vote or for the consent of Expedia's stockholders (other than with respect to the election by the holders of Expedia common stock of 25% of the members of Expedia's Board of Directors and matters as to which Delaware law requires a separate class vote). As a result, from the completion of the Expedia Spin-Off until December 11, 2012, TripAdvisor and Expedia were related parties since they were under common control. On December 11, 2012, as a result of Liberty's purchase of an aggregate of 4,799,848 shares of common stock of TripAdvisor from Mr. Diller, Expedia and TripAdvisor are no longer under common control. For TripCo, Expedia is not expected to be an affiliated entity on a go-forward basis, but because of Liberty's ownership interest in Expedia, disclosure of this relationship was deemed appropriate until the time of spin-off. Therefore, as of December 31, 2014 the two entities are not considered related parties and certain reclassifications have been made to prior period presentation relating to Expedia to conform to current period classifications.

Additionally, TripAdvisor and Expedia entered into a tax sharing agreement. TripAdvisor is generally required to indemnify Expedia for any taxes resulting from the spin-off (and any related interest, penalties, legal and professional fees, and all costs and damages associated with related stockholder litigation or controversies) to the extent such amounts resulted from (i) any act or failure to act by TripAdvisor described in the covenants in the tax sharing agreement, (ii) any acquisition of TripAdvisor's equity securities or assets or those of a member of its group, or (iii) any failure of the representations with respect to TripAdvisor or any member of its group to be true or any breach by TripAdvisor or any member of its group of any covenant, in each case, which is contained in the separation documents or in the documents relating to the IRS private letter ruling and/or the opinion of counsel.

BuySeasons

As of December 31, 2012, BuySeasons was in violation of the financial covenants specified by its amended revolving credit and term loan agreement. As a result, on February 10, 2013, Liberty assumed and repaid the outstanding liabilities under the amended loan agreement and BuySeasons issued a corresponding promissory note to Liberty for \$11 million, which was in excess of the amount outstanding under BuySeasons' amended revolving credit and term loan at that time. The loan agreement provided BuySeasons the ability to borrow an additional amount up to a total balance of \$25 million, which was amended to increase the total borrowing capacity to \$50 million. BuySeasons has borrowed the

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

full capacity pursuant to this agreement during 2013. The interest rate on amounts borrowed is 6.25%, payable at the end of each calendar quarter. Principal and accrued interest on amounts borrowed pursuant to this agreement are due in full during February 2015. During August 2014, prior to completion of the Trip Spin-Off, Liberty forgave the balance of \$46 million pursuant to the BuySeasons note.

Additionally, income taxes payable of \$29 million due to Liberty was forgiven upon completion of the Trip Spin-Off and have been reflected as contributed capital in the consolidated statement of equity.

Agreement with President and CEO

Because of the significant voting power that Mr. Maffei would possess upon exercise of the options granted to him on December 21, 2014 and as a result of the share exchange between Mr. Maffei and certain of our stockholders in December 2014, the Compensation Committee of the Board and members of the Board independent of Mr. Maffei determined it was appropriate to request that Mr. Maffei and TripCo enter into a standstill agreement that would cap his voting interest at 34.9% (the "Standstill Agreement"), subject to a variety of limitations and exceptions.

(12) Commitments and Contingencies

Operating Leases

TripCo's consolidated companies have contractual obligations in the form of operating leases for office and warehouse space for which the related expense is recorded on a monthly basis. Certain leases contain periodic rent escalation adjustments and renewal options. Rent expense related to such leases is recorded on a straight-line basis. Operating lease obligations expire at various dates with the latest maturity in December 2030.

TripAdvisor leases approximately 119,000 square feet for their corporate headquarters in Newton, Massachusetts, pursuant to a lease with an expiration date of April 2015. TripAdvisor is currently in the process of negotiating an extension of the lease until mid-2015. TripAdvisor also leases an aggregate of approximately 470,000 square feet at approximately 40 other locations across North America, Europe and Asia Pacific, primarily for its international management teams, sales offices, and subsidiary headquarters, pursuant to leases with expiration dates through November 2024. In June 2013, TripAdvisor entered into an additional lease to move its headquarters to Needham, Massachusetts in 2015. The lease payments under the new lease will approximate \$9.5 million annually.

TripAdvisor is the deemed owner (for accounting purposes only) of the new building during the construction period under build to suit lease accounting. As building construction began in the fourth quarter of 2013, TripAdvisor recorded estimated project construction costs incurred by the landlord as an asset and a corresponding long term liability in "Property and equipment, at cost" and "Other liabilities," respectively, in our consolidated balance sheets. TripAdvisor will increase the asset and corresponding long term liability as additional building costs are incurred by the landlord during the construction period. Once the landlord completes the construction of the new building (estimated to be June 2015), we will evaluate the lease in order to determine whether or not the lease meets the criteria for "sale-leaseback" treatment. Upon completion of construction TripAdvisor currently expects that the lease will not meet the "sale-leaseback" criteria. Although TripAdvisor will not begin making lease payments pursuant to the Lease until November 2015, the portion of the lease obligations allocated to the land is treated for accounting purposes as an operating lease that commenced in 2013. TripAdvisor incurred approximately \$62 million and \$8 million of non-cash construction costs and related obligations in connection with the capitalization of construction-in-progress and tenant improvement costs during the years ended December 31, 2014 and 2013.

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

For the years ended December 31, 2014, 2013 and 2012, TripCo recorded rental expense of \$22 million, \$15 million and \$4 million, respectively. The following table presents TripCo's estimated future minimum rental payments under operating leases with non-cancelable lease terms, including the new TripAdvisor headquarters lease, that expire after December 31, 2014 (amounts in millions):

2015	\$	21
2016		26
2017		26
2018		26
2019		25
Thereafter		169
	<u>\$</u>	<u>293</u>

Off-Balance Sheet Arrangements

TripCo did not have any other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, results of operations, liquidity, capital expenditures or capital resources.

Litigation

In the ordinary course of business, the Company and its subsidiaries are parties to legal proceedings and claims involving, among other things, arising out of our operations. These matters may relate to claims involving alleged infringement of third-party intellectual property rights, defamation, taxes, regulatory compliance and other claims. Although it is reasonably possible that the Company may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying consolidated financial statements.

(13) Segment Information

TripCo, through its ownership interests in subsidiaries and other companies, is primarily engaged in the on-line commerce industries. TripCo identifies its reportable segments as (A) those consolidated companies that represent 10% or more of its consolidated annual revenue, annual adjusted operating income before depreciation and amortization ("Adjusted OIBDA") or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of TripCo's annual pre-tax earnings. The segment presentation for prior periods has been conformed to the current period segment presentation.

TripCo evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue, Adjusted OIBDA, gross margin, average sales price per unit, number of units shipped and revenue or sales per customer equivalent. In addition, TripCo reviews nonfinancial measures such as unique website visitors, conversion rates and active customers, as appropriate.

TripCo defines Adjusted OIBDA as revenue less cost of sales, operating expenses, and selling, general and administrative expenses (excluding stock-based compensation). TripCo believes this measure is an important indicator of the operational strength and performance of its businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

depreciation and amortization, stock-based compensation, separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. TripCo generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

TripCo's operating segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, distribution channels and marketing strategies. The accounting policies of the segments that are also consolidated companies are the same as those described in the Company's summary of significant accounting policies.

Performance Measures

	Years ended December 31,					
	2014		2013		2012	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	(amounts in millions)					
TripAdvisor	\$ 1,246	468	945	379	36	8
Corporate and other	83	(26)	89	(18)	129	(7)
Consolidated TripCo	<u>\$ 1,329</u>	<u>442</u>	<u>1,034</u>	<u>361</u>	<u>165</u>	<u>1</u>

Other Information

	December 31, 2014		December 31, 2013	
	Total Assets	Capital expenditures	Total Assets	Capital expenditures
	(amounts in millions)			
TripAdvisor	\$ 7,352	81	7,057	57
Corporate and other	29	9	32	3
Consolidated TripCo	<u>\$ 7,381</u>	<u>90</u>	<u>7,089</u>	<u>60</u>

Revenue by Geographic Area

	December 31,		
	2014	2013	2012
	(amounts in millions)		
United States	\$ 670	541	136
United Kingdom	191	141	5
Other countries	468	352	24
Consolidated TripCo	<u>\$ 1,329</u>	<u>1,034</u>	<u>165</u>

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

Long-lived Assets by Geographic Area

	December 31,	
	2014	2013
	(amounts in millions)	
United States	\$ 134	32
Other countries	14	7
Consolidated TripCo	\$ 148	39

The following table provides a reconciliation of consolidated Adjusted OIBDA to earnings (loss) before income taxes:

	Years ended December 31,		
	2014	2013	2012
	(amounts in millions)		
Consolidated Adjusted OIBDA	\$ 442	361	1
Stock-based compensation	(74)	(60)	—
Depreciation and amortization	(298)	(315)	(16)
Impairment of intangible assets	(2)	(3)	(39)
Interest expense	(13)	(12)	(1)
Share of earnings (loss) of affiliates, net	—	—	38
Gains (losses) on transactions, net	—	(1)	1,088
Other, net	(11)	2	33
Earnings (loss) before income taxes	\$ 44	(28)	1,104

(14) Quarterly Financial Information (Unaudited)

	1 st	2 nd	3 rd	4 th
	Quarter	Quarter	Quarter	Quarter
	(amounts in millions, except per share amounts)			
2014:				
Revenue	\$ 294	335	375	325
Operating income (loss)	\$ 29	31	17	(9)
Net earnings (loss)	\$ 23	17	2	(33)
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. Series A and Series B stockholders	\$ 5	(1)	(5)	(21)
Basic earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. Series A and Series B stockholders per common share	\$ 0.07	(0.01)	(0.07)	(0.29)
Diluted earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. Series A and Series B Stockholders per common share	\$ 0.07	(0.01)	(0.07)	(0.29)

LIBERTY TRIPADVISOR HOLDINGS, INC.

Notes to Consolidated Financial Statements (Continued)

December 31, 2014, 2013 and 2012

	<u>1st</u> <u>Quarter</u>	<u>2nd</u> <u>Quarter</u>	<u>3rd</u> <u>Quarter</u>	<u>4th</u> <u>Quarter</u>
	(amounts in millions, except per share amounts)			
2013:				
Revenue	\$ 247	263	274	250
Operating income (loss)	\$ 8	17	10	(52)
Net earnings (loss)	\$ 4	13	47	(37)
Net earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. Series A and Series B stockholders	\$ (5)	1	8	(11)
Basic earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. Series A and Series B stockholders per common share	\$ (0.07)	0.01	0.11	(0.15)
Diluted earnings (loss) attributable to Liberty TripAdvisor Holdings, Inc. Series A and Series B Stockholders per common share	\$ (0.07)	0.01	0.11	(0.15)

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LIBERTY

TRIPADVISOR HOLDINGS

LIBERTY TRIPADVISOR HOLDINGS, INC.

12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5200

April 21, 2015

Dear Stockholder:

You are cordially invited to attend the 2015 annual meeting of stockholders of Liberty TripAdvisor Holdings, Inc. (**Liberty TripAdvisor**) to be held at 9:20 a.m., local time, on June 2, 2015, at the corporate offices of Starz, 8900 Liberty Circle, Englewood, Colorado 80112, telephone (720) 852-7700.

At the annual meeting, you will be asked to consider and vote on the proposals described in the accompanying notice of annual meeting and proxy statement, as well as on such other business as may properly come before the meeting.

Your vote is important, regardless of the number of shares you own. Whether or not you plan to attend the annual meeting, please read the enclosed proxy materials and then promptly vote via the Internet or telephone or, if you received a paper proxy card, by completing, signing and returning by mail the enclosed proxy card. Doing so will not prevent you from later revoking your proxy or changing your vote at the meeting.

Thank you for your cooperation and continued support and interest in Liberty TripAdvisor.

Very truly yours,



Gregory B. Maffei
President and Chief Executive Officer

The Notice of Internet Availability of Proxy Materials is first being mailed on or about April 22, 2015, and the proxy materials relating to the annual meeting will first be made available on or about the same date.

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LIBERTY TRIPADVISOR HOLDINGS, INC.
12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5200

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be Held on June 2, 2015**

NOTICE IS HEREBY GIVEN of the annual meeting of stockholders of Liberty TripAdvisor Holdings, Inc. (**Liberty TripAdvisor**) to be held at 9:20 a.m., local time, on June 2, 2015, at the corporate offices of Starz, 8900 Liberty Circle, Englewood, Colorado 80112, telephone (720) 852-7700, to consider and vote on the following proposals:

1. A proposal (which we refer to as the **election of directors proposal**) to elect Gregory B. Maffei, John C. Malone, Michael J. Malone, Chris Mueller, Larry E. Romrell, Albert E. Rosenthaler and J. David Wargo to continue serving as members of our board in the classes indicated under “Proposal 1—The Election of Directors Proposal,” until their respective successors are elected and qualified, for the applicable term prescribed in our restated certificate of incorporation (the **restated charter**) or their earlier resignation or removal;
2. A proposal (which we refer to as the **incentive plan proposal**) to adopt the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015);
3. A proposal (which we refer to as the **say-on-pay proposal**) to approve, on an advisory basis, the compensation of our named executive officers as described in this proxy statement under the heading “Executive Compensation”;
4. A proposal (which we refer to as the **say-on-frequency proposal**) to approve, on an advisory basis, the frequency at which future say-on-pay votes will be held; and
5. A proposal (which we refer to as the **auditors ratification proposal**) to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2015.

You may also be asked to consider and vote on such other business as may properly come before the annual meeting.

Holders of record of our Series A common stock, par value \$0.01 per share, and Series B common stock, par value \$0.01 per share, in each case, outstanding as of 5:00 p.m., New York City time, on April 7, 2015, the **record date** for the annual meeting, will be entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment or postponement thereof. These holders will vote together as a single class on each proposal. A list of stockholders entitled to vote at the annual meeting will be available at our offices at 12300 Liberty Boulevard, Englewood, Colorado 80112 for review by our stockholders for any purpose germane to the annual meeting for at least ten days prior to the annual meeting.

We describe the proposals in more detail in the accompanying proxy statement. We encourage you to read the proxy statement in its entirety before voting.

Our board of directors has unanimously approved each proposal and recommends that you vote “**FOR**” the election of each director nominee and “**FOR**” each of the incentive plan proposal, the say-on-pay proposal and the auditors ratification proposal. Our board of directors also recommends that you vote in favor of the “**3 YEARS**” frequency option with respect to the say-on-frequency proposal.

Votes may be cast in person at the annual meeting or by proxy prior to the meeting by telephone, via the Internet, or by mail.

YOUR VOTE IS IMPORTANT. Voting promptly, regardless of the number of shares you own, will aid us in reducing the expense of any further proxy solicitation in connection with the annual meeting.

By order of the board of directors,

A handwritten signature in black ink that reads "Pamela L. Coe". The signature is written in a cursive style with a large, stylized initial "P".

Pamela L. Coe

Vice President, Deputy General Counsel and Secretary

Englewood, Colorado
April 21, 2015

WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE ANNUAL MEETING, PLEASE VOTE PROMPTLY VIA TELEPHONE OR ELECTRONICALLY VIA THE INTERNET. ALTERNATIVELY, IF YOU RECEIVED A PAPER PROXY CARD, PLEASE COMPLETE, SIGN AND RETURN BY MAIL THE ENCLOSED PAPER PROXY CARD.

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LIBERTY TRIPADVISOR HOLDINGS, INC.
a Delaware corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-5200

**PROXY STATEMENT
FOR ANNUAL MEETING OF STOCKHOLDERS**

We are furnishing this proxy statement in connection with the board of directors' solicitation of proxies for use at our 2015 Annual Meeting of Stockholders to be held at 9:20 a.m., local time, at the corporate offices of Starz, 8900 Liberty Circle, Englewood, Colorado 80112 on June 2, 2015, or at any adjournment or postponement of the annual meeting. At the annual meeting, we will ask you to consider and vote on the proposals described in the accompanying Notice of Annual Meeting of Stockholders. The proposals are described in more detail in this proxy statement. We are soliciting proxies from holders of our Series A common stock, par value \$0.01 per share (**LTRPA**), and Series B common stock, par value \$0.01 per share (**LTRPB**). We refer to LTRPA and LTRPB together as our **common stock**.

On August 27, 2014, the spin-off of our company (formerly a wholly-owned subsidiary of Liberty Interactive Corporation (**Liberty Interactive**)) from Liberty Interactive was completed (the **Spin-Off**). We are comprised of, among other things, (i) Liberty Interactive's former 22% ownership interest and 57% voting interest in TripAdvisor, Inc. (**TripAdvisor**), (ii) Liberty Interactive's former 100% ownership interest in BuySeasons, Inc., (iii) corporate level cash and cash equivalents and (iv) initial indebtedness, pursuant to margin loans entered into prior to the Spin-Off.

Following the Spin-Off, our company and Liberty Interactive operate as separate, publicly traded companies, and neither has any stock ownership, beneficial or otherwise, in the other.

THE ANNUAL MEETING

Notice and Access of Proxy Materials

We have elected, in accordance with the Securities and Exchange Commission's "Notice and Access" rule, to deliver a Notice of Internet Availability of Proxy Materials (the **Notice**) to our stockholders and to post our proxy statement and our annual report to our stockholders (collectively, the **proxy materials**) electronically. The Notice is first being mailed to our stockholders on or about April 22, 2015. The proxy materials will first be made available to our stockholders on or about the same date.

The Notice instructs you how to access and review the proxy materials and how to submit your proxy via the Internet or by telephone. The Notice also instructs you how to request and receive a paper copy of the proxy materials, including a proxy card or voting instruction form, at no charge. We will not mail a paper copy of the proxy materials to you unless specifically requested to do so.

Electronic Delivery

Registered stockholders may elect to receive future notices and proxy materials by e-mail. To sign up for electronic delivery, go to www.computershare.com/investor. Stockholders who hold shares through a bank, brokerage firm or other nominee may sign up for electronic delivery when voting by Internet at www.proxyvote.com, by following the prompts. Also, stockholders who hold shares through a bank, brokerage firm or other nominee may sign up for electronic delivery by contacting their nominee. Once you sign up, you will not receive a printed copy of the notices and proxy materials, unless you request them. If you are a registered holder, you may suspend electronic delivery of the notices and proxy

materials at any time by contacting our transfer agent, Computershare, at 866-367-6355 (outside the United States 1-781-575-3400). Stockholders who hold shares through a bank, brokerage firm or other nominee should contact their nominee to suspend electronic delivery.

Time, Place and Date

The annual meeting of stockholders is to be held at 9:20 a.m., local time, on June 2, 2015, at the corporate offices of Starz, 8900 Liberty Circle, Englewood, Colorado 80112, telephone (720) 852-7700.

Purpose

At the annual meeting, you will be asked to consider and vote on each of the following:

- the election of directors proposal, to elect Gregory B. Maffei, John C. Malone, Michael J. Malone, Chris Mueller, Larry E. Romrell, Albert E. Rosenthaler and J. David Wargo to continue serving as members of our board in the classes indicated under “Proposal 1—The Election of Directors Proposal,” until their respective successors are elected and qualified, for the applicable term prescribed in our restated certificate of incorporation (the **restated charter**) or their earlier resignation or removal;
- the incentive plan proposal, to adopt the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015);
- the say-on-pay proposal, to approve, on an advisory basis, the compensation of our named executive officers as described in this proxy statement under the heading “Executive Compensation”;
- the say-on-frequency proposal, to approve, on an advisory basis, the frequency at which future say-on-pay votes will be held; and
- the auditors ratification proposal, to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2015.

You may also be asked to consider and vote on such other business as may properly come before the annual meeting, although we are not aware at this time of any other business that might come before the annual meeting.

Quorum

In order to conduct the business of the annual meeting, a quorum must be present. This means that the holders of at least a majority of the aggregate voting power represented by the shares of our common stock outstanding on the record date and entitled to vote at the annual meeting must be represented at the annual meeting either in person or by proxy. For purposes of determining a quorum, your shares will be included as represented at the meeting even if you indicate on your proxy that you abstain from voting. If a broker, who is a record holder of shares, indicates on a form of proxy that the broker does not have discretionary authority to vote those shares on a particular proposal or proposals, or if those shares are voted in circumstances in which proxy authority is defective or has been withheld, those shares (**broker non-votes**) will nevertheless be treated as present for purposes of determining the presence of a quorum. See “—Voting Procedures for Shares Held in Street Name—Effect of Broker Non-Votes” below.

Who May Vote

Holders of shares of our common stock, as recorded in our stock register as of 5:00 p.m., New York City time, on April 7, 2015 (such date and time, the **record date** for the annual meeting), will be

entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment or postponement thereof.

Votes Required

Each director nominee who receives a plurality of the affirmative votes of the outstanding shares of our common stock that are entitled to vote at the annual meeting and are voted in person or by proxy, voting together as a single class, will be elected to office.

Approval of each of the incentive plan proposal, the say-on-pay proposal and the auditors ratification proposal requires the affirmative vote of the holders of a majority of the aggregate voting power of the outstanding shares of our common stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class.

The say-on-frequency proposal provides for stockholders to vote for one of three potential frequencies (every one year, two years or three years) for future say-on-pay votes. Stockholders also have the option to abstain from such vote if they do not wish to express a preference. If one of such frequencies receives a majority of the affirmative votes cast on the say-on-frequency proposal by the holders of shares of our common stock that are present, in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class, the frequency receiving such majority vote will be the frequency selected by our board of directors for future say-on-pay votes.

Votes You Have

At the annual meeting, holders of shares of LTRPA will have one vote per share and holders of shares of LTRPB will have ten votes per share, in each case, that our records show are owned as of the record date.

Recommendation of Our Board of Directors

Our board of directors has unanimously approved each of the proposals and recommends that you vote “**FOR**” the election of each director nominee and “**FOR**” each of the incentive plan proposal, the say-on-pay proposal and the auditors ratification proposal. Our board of directors also recommends that you vote in favor of the “**3 YEARS**” frequency option with respect to the say-on-frequency proposal.

Shares Outstanding

As of the record date, an aggregate of 71,863,874 shares of LTRPA and 2,929,777 shares of LTRPB were issued and outstanding and entitled to vote at the annual meeting.

Number of Holders

There were, as of the record date, 1,120 and 67 record holders of LTRPA and LTRPB, respectively (which amounts do not include the number of stockholders whose shares are held of record by banks, brokers or other nominees, but include each such institution as one holder).

Voting Procedures for Record Holders

Holders of record of our common stock as of the record date may vote in person at the annual meeting, by telephone or through the Internet. Alternatively, if they received a paper proxy card, they may give a proxy by completing, signing, dating and returning the proxy card by mail. Instructions for voting by using the telephone or the Internet are printed on the Notice or the proxy card. In order to vote through the Internet, holders should have their Notices or proxy cards available so they can input the required information from the Notice or the proxy card, and log onto the Internet website address

shown on the Notice or proxy card. When holders log onto the Internet website address, they will receive instructions on how to vote their shares. The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number, which will be provided to each voting stockholder separately. Unless subsequently revoked, shares of our common stock represented by a proxy submitted as described herein and received at or before the annual meeting will be voted in accordance with the instructions on the proxy.

YOUR VOTE IS IMPORTANT. It is recommended that you vote by proxy even if you plan to attend the annual meeting. You may change your vote at the annual meeting.

If you submit a properly executed proxy without indicating any voting instructions as to a proposal enumerated in the Notice of Annual Meeting of Stockholders, the shares represented by the proxy will be voted “**FOR**” the election of each director nominee, “**FOR**” each of the incentive plan proposal, the say-on-pay proposal and the auditors ratification proposal and, in the case of the say-on-frequency proposal, will be voted in favor of the “**3 YEARS**” frequency option.

If you submit a proxy indicating that you abstain from voting as to a proposal, it will have no effect on the election of directors proposal or the say-on-frequency proposal, and it will have the same effect as a vote “**AGAINST**” each of the other proposals.

If you do not submit a proxy or you do not vote in person at the annual meeting, your shares will not be counted as present and entitled to vote for purposes of determining a quorum, and your failure to vote will have no effect on determining whether any of the proposals are approved (if a quorum is present).

Voting Procedures for Shares Held in Street Name

General. If you hold your shares in the name of a broker, bank or other nominee, you should follow the instructions provided by your broker, bank or other nominee when voting your shares or to grant or revoke a proxy. The rules and regulations of the New York Stock Exchange and The Nasdaq Stock Market prohibit brokers, banks and other nominees from voting shares on behalf of their clients with respect to numerous matters, including, in our case, all the proposals described in this proxy statement other than the auditors ratification proposal. Accordingly, to ensure your shares held in street name are voted on these matters, we encourage you to provide promptly specific voting instructions to your broker, bank or other nominee.

Effect of Broker Non-Votes. Broker non-votes are counted as shares of our common stock present and entitled to vote for purposes of determining a quorum but will have no effect on any of the proposals. You should follow the directions your broker, bank or other nominee provides to you regarding how to vote your shares of common stock or how to change your vote or revoke your proxy.

Revoking a Proxy

If you submitted a proxy prior to the start of the annual meeting, you may change your vote by voting in person at the annual meeting or by delivering a signed proxy revocation or a new signed proxy with a later date to Liberty TripAdvisor Holdings, Inc., c/o Computershare Trust Company, N.A., P.O. Box 43102, Providence, Rhode Island 02940. Any signed proxy revocation or new signed proxy must be received before the start of the annual meeting. In addition, you may change your vote through the Internet or by telephone (if you originally voted by the corresponding method) not later than 2:00 a.m., New York City time, on June 2, 2015.

Your attendance at the annual meeting will not, by itself, revoke a prior vote or proxy from you.

If your shares are held in an account by a broker, bank or other nominee, you should contact your nominee to change your vote or revoke your proxy.

Solicitation of Proxies

We are soliciting proxies by means of our proxy statement and our annual report (together, the **proxy materials**) on behalf of our board of directors. In addition to this mailing, our employees may solicit proxies personally or by telephone. We pay the cost of soliciting these proxies. We also reimburse brokers and other nominees for their expenses in sending the Notice and, if requested, paper proxy materials to you and getting your voting instructions. We have also retained D.F. King & Co., Inc. (**D.F. King**) to assist in the solicitation of proxies at a cost of \$5,000, plus reasonable out of pocket expenses.

If you have any further questions about voting or attending the annual meeting, please contact Liberty TripAdvisor Investor Relations at (844) 826-8736 or our proxy solicitor, D.F. King, at (212) 269-5550 (brokers and banks only) or (877) 478-5040 (toll free).

Other Matters to Be Voted on at the Annual Meeting

Our board of directors is not currently aware of any business to be acted on at the annual meeting other than that which is described in the Notice of Annual Meeting of Stockholders and this proxy statement. If, however, other matters are properly brought to a vote at the annual meeting, the persons designated as proxies will have discretion to vote or to act on these matters according to their best judgment. In the event there is a proposal to adjourn or postpone the annual meeting, the persons designated as proxies will have discretion to vote on that proposal.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following table sets forth information concerning shares of our common stock beneficially owned by each person or entity known by us to own more than five percent of the outstanding shares of any series of our common stock. All of such information is based on publicly available filings.

The security ownership information is given as of February 28, 2015, and, in the case of percentage ownership information, is based upon 71,709,941 LTRPA shares and 2,929,777 LTRPB shares, in each case, outstanding on that date. The percentage voting power is presented on an aggregate basis for all series of common stock.

<u>Name and Address of Beneficial Owner</u>	<u>Title of Series</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Series (%)</u>	<u>Voting Power (%)</u>
Gregory B. Maffei c/o Liberty TripAdvisor Holdings, Inc. 12300 Liberty Blvd. Englewood, CO 80112	LTRPA LTRPB	*(1) 2,770,173(1)	** 94.6	27.4
John C. Malone c/o Liberty TripAdvisor Holdings, Inc. 12300 Liberty Blvd. Englewood, CO 80112	LTRPA	4,241,646(2)	5.9	4.1
D. E. Shaw & Co., L.P. 1166 Avenue of the Americas, 9th Floor New York, NY 10036	LTRPA	3,771,506(3)	5.3	3.7
Citadel Advisors LLC 399 Park Avenue New York, NY 10022	LTRPA	5,592,061(4)	7.8	5.5
BlackRock, Inc. 55 East 52nd Street New York, NY 10022	LTRPA	4,861,360(5)	6.8	4.8
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	LTRPA	4,128,897(6)	5.8	4.1

* Less than 1,000 shares.

** Less than one percent.

- (1) Information with respect to shares of our common stock beneficially owned by Mr. Maffei, a director and our President and Chief Executive Officer, is also set forth in “—Security Ownership of Management.”
- (2) Information with respect to shares of our common stock beneficially owned by Mr. Malone, our Chairman of the Board, is also set forth in “—Security Ownership of Management.”
- (3) Based on Amendment No. 1 to Schedule 13G, dated February 17, 2015, filed by D. E. Shaw & Co., L.P. (**D. E. Shaw**) and David E. Shaw, which states that D. E. Shaw and Mr. Shaw have shared voting power over 3,753,306 shares and shared dispositive power over 3,771,506 shares. Mr. Shaw disclaims beneficial ownership over such shares.
- (4) Based on Amendment No. 1 to Schedule 13G, dated February 17, 2015, filed by Citadel Advisors LLC, Citadel Advisors Holdings II LP, Citadel GP LLC and Kenneth Griffin, which states that (i) Citadel Advisors LLC has shared voting and shared dispositive power over 5,323,619 shares, (ii) Citadel Advisors Holdings II LP has shared voting and shared dispositive power over 5,581,921 shares and (iii) Citadel GP LLC and Kenneth Griffin each have shared voting and shared dispositive power over 5,592,061 shares.

- (5) Based on Schedule 13G, dated February 2, 2015, filed by BlackRock, Inc. (**BlackRock**), which states that BlackRock has sole voting power over 4,133,676 shares and sole dispositive power over 4,861,360 shares.
- (6) Based on Schedule 13G, dated February 9, 2015, filed by The Vanguard Group (**Vanguard**), which states that Vanguard has sole dispositive power over 4,087,682 shares, shared dispositive power over 41,215 shares and sole voting power over 46,815 shares.

Security Ownership of Management

The following table sets forth information with respect to the ownership by each of our directors and named executive officers and by all of our directors and executive officers as a group of shares of (1) each series of our common stock (LTRPA and LTRPB) and (2) the Common Stock, par value \$0.001 per share (**TRIP**), of our consolidated subsidiary TripAdvisor. None of our directors or named executive officers own shares of TripAdvisor's Class B Common Stock, par value \$0.001 per share (**TripAdvisor Class B**). The security ownership information with respect to our common stock is given as of February 28, 2015 and, in the case of percentage ownership information, is based upon 71,709,941 LTRPA shares and 2,929,777 LTRPB shares, in each case, outstanding on that date. The security ownership information with respect to TripAdvisor is given as of February 28, 2015, and, in the case of percentage ownership information, is based on 130,126,683 TRIP shares and 12,799,999 TripAdvisor Class B shares, in each case, outstanding on February 6, 2015. The percentage voting power is presented in the table below on an aggregate basis for all series of common stock.

Shares of restricted stock that have been granted pursuant to our incentive plans are included in the outstanding share numbers, for purposes of the table below and throughout this proxy statement. Shares of common stock issuable upon exercise or conversion of options, warrants and convertible securities that were exercisable or convertible on or within 60 days after February 28, 2015 are deemed to be outstanding and to be beneficially owned by the person holding the options, warrants or convertible securities for the purpose of computing the percentage ownership of that person and for the aggregate percentage owned by the directors and named executive officers as a group, but are not treated as outstanding for the purpose of computing the percentage ownership of any other individual person. For purposes of the following presentation, beneficial ownership of shares of LTRPB, though convertible on a one-for-one basis into shares of LTRPA, are reported as beneficial ownership of LTRPB only, and not as beneficial ownership of LTRPA. So far as is known to us, the persons indicated below have sole voting and dispositive power with respect to the shares indicated as owned by them, except as otherwise stated in the notes to the table.

The number of shares indicated as owned by the following persons includes interests in shares held by the Liberty Media 401(k) Savings Plan as of February 28, 2015. The shares held by the trustee of

the Liberty Media 401(k) Savings Plan for the benefit of these persons are voted as directed by such persons.

Name	Title of Series	Amount and Nature of Beneficial Ownership	Percent of Series	Voting Power
			(%)	(%)
(In thousands)				
John C. Malone Chairman of the Board	LTRPA	4,242(1)(2)(3)(4)	5.9	4.1
	LTRPB	—	—	—
	TRIP	—	—	—
Gregory B. Maffei President, Chief Executive Officer and Director	LTRPA	** (5)(6)	—	27.4
	LTRPB	2,770(6)	94.6	—
	TRIP	9(7)(8)	*	*
Michael J. Malone Director	LTRPA	—	—	—
	LTRPB	—	—	—
	TRIP	—	—	—
Chris Mueller Director	LTRPA	—	—	—
	LTRPB	—	—	—
	TRIP	—	—	—
Larry E. Romrell Director	LTRPA	7(4)(9)(10)	*	*
	LTRPB	** (10)	*	—
	TRIP	—	—	—
Albert E. Rosenthaler Senior Vice President and Director	LTRPA	37(4)(5)(9)	*	*
	LTRPB	—	—	—
	TRIP	—	—	—
J. David Wargo Director	LTRPA	157(11)(12)	*	*
	LTRPB	—	—	—
	TRIP	—	—	—
Richard N. Baer Senior Vice President and General Counsel	LTRPA	9(9)	*	*
	LTRPB	—	—	—
	TRIP	—	—	—
Christopher W. Shean Senior Vice President and Chief Financial Officer	LTRPA	97(4)(5)(9)	*	*
	LTRPB	—	—	—
	TRIP	7(7)	*	*
All directors and executive officers as a group (9 persons)	LTRPA	4,550(1)(2)(3)(4)(5)(6)(9)(10)(11)(12)	6.3	31.9
	LTRPB	2,770(6)(10)	94.6	—
	TRIP	17(7)(8)	*	*

* Less than one percent

** Less than 1,000 shares

- (1) Includes 172,337 LTRPA shares held by Mr. Malone's wife, Mrs. Leslie Malone, as to which shares Mr. Malone has disclaimed beneficial ownership.
- (2) Includes 78,629 shares of LTRPA held by two trusts which are managed by an independent trustee, of which the beneficiaries are Mr. Malone's adult children and in which Mr. Malone has no pecuniary interest. Mr. Malone retains the right to substitute assets held by the trusts and has disclaimed beneficial ownership of the shares held by the trusts.
- (3) Includes 3,985,664 shares of LTRPA pledged to Bank of America (BoA) and 172,337 shares of LTRPA pledged to Merrill Lynch, Pierce, Fenner and Smith Incorporated (Merrill Lynch) in connection with loan facilities extended by BoA and Merrill Lynch, respectively.

- (4) Includes beneficial ownership of shares that may be acquired upon exercise of, or which relate to, stock options and stock appreciation rights exercisable within 60 days after February 28, 2015.

	<u>LTRPA</u>
John C. Malone	5,016
Larry E. Romrell	4,365
Albert E. Rosenthaler	17,254
Christopher W. Shean	<u>60,203</u>
Total	<u>86,838</u>

- (5) Includes shares held in the Liberty Media 401(k) Savings Plan as follows:

	<u>LTRPA</u>
Gregory B. Maffei	570
Albert E. Rosenthaler	1,222
Christopher W. Shean	<u>853</u>
Total	<u>2,645</u>

- (6) Mr. Maffei is party to a standstill agreement with our company, dated December 21, 2014, as described in more detail under “Certain Relationships and Related Transactions—Letter Agreement with Mr. Maffei” below.
- (7) Includes 4,430 restricted shares of TRIP held by each of Messrs. Maffei and Shean, none of which has vested.
- (8) Includes 1,938 shares of TRIP held by the Maffei Foundation. Mr. Maffei and his wife, as the two directors of the Maffei Foundation, have shared voting and investment power with respect to any shares held by the Maffei Foundation.
- (9) Includes restricted shares, none of which has vested, as follows:

	<u>LTRPA</u>
Larry E. Romrell	318
Albert E. Rosenthaler	5,250
Richard N. Baer	9,104
Christopher W. Shean	<u>5,250</u>
Total	<u>19,922</u>

- (10) Includes 1,308 LTRPA shares and 80 LTRPB shares pledged to Fidelity Brokerage Services, LLC (**Fidelity**) in connection with a margin loan facility extended by Fidelity to Mr. Romrell.
- (11) Includes 30,000 LTRPA shares held in various accounts managed by Mr. Wargo, as to which shares Mr. Wargo has disclaimed beneficial ownership. Also includes 174 LTRPA shares held by Mr. Wargo’s spouse and 1,200 LTRPA shares held by Mr. Wargo’s brother as to which, in each case, Mr. Wargo has disclaimed beneficial ownership.
- (12) Includes (i) 122,370 shares of LTRPA pledged to Fidelity in connection with a margin loan facility extended by Fidelity to Mr. Wargo, (ii) 3,102 shares of LTRPA pledged to UBS Financial Services, Inc. (**UBS**) in connection with margin loan facilities extended by UBS to Mr. Wargo and (iii) 1,200 shares of LTRPA held by Mr. Wargo’s brother that are pledged to Fidelity in connection with a margin loan facility extended by Fidelity to Mr. Wargo’s brother.

Changes in Control

We know of no arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in control of our company.

PROPOSALS OF OUR BOARD

The following proposals will be presented at the annual meeting by our board of directors.

PROPOSAL 1—THE ELECTION OF DIRECTORS PROPOSAL

Board of Directors

Our board of directors currently consists of seven directors. Our directors, whose terms will expire at the annual meeting, are Gregory B. Maffei, John C. Malone, Michael J. Malone, Chris Mueller, Larry E. Romrell, Albert E. Rosenthaler and J. David Wargo. These directors are nominated for election to our board to continue to serve as directors in the classes described below, and we have been informed that each of these directors is willing to continue to serve as a director of our company. If any nominee should decline election or should become unable to serve as a director of our company for any reason before election at the annual meeting, votes will be cast by the persons appointed as proxies for a substitute nominee, if any, designated by the board of directors.

Upon the Spin-Off, it was determined that each member of our board of directors would serve an initial one-year term. Pursuant to the terms of our restated charter and our bylaws, commencing with the election of directors at the 2015 annual meeting of our stockholders, the members of our board of directors, other than those who may be elected by holders of any then-outstanding preferred stock, will be divided into three classes, with each class consisting, as nearly as possible, of a number of directors equal to one-third of the then-authorized number of board members. Each of our directors is being nominated for re-election to our board of directors to serve in the following classes, effective upon their respective election to our board of directors:

Class I

John C. Malone
Larry E. Romrell
J. David Wargo

Class II

Chris Mueller
Albert E. Rosenthaler

Class III

Gregory B. Maffei
Michael J. Malone

The term of office of our Class I directors will expire at the annual meeting of our stockholders in 2016. The term of office of our Class II directors will expire at the annual meeting of our stockholders in 2017. The term of office of our Class III directors will expire at the annual meeting of our stockholders in 2018. Commencing with the election of directors at the 2016 annual meeting of our stockholders, at each annual meeting of our stockholders, the successors of that class of directors whose term expires at that meeting will be elected to hold office for a term expiring at the annual meeting of our stockholders held in the third year following the year of their election. The directors of each class will hold office until the expiration of the term of such class and their respective successors are elected and qualified or until such director's earlier death, resignation or removal.

The following lists the nominees for election as directors at the annual meeting and includes as to each person how long such person has been a director of our company, such person's professional background, other public company directorships and other factors considered in the determination that such person possesses the requisite qualifications and skills to serve as a member of our board of directors. All positions referenced in the biographical information below with our company include, where applicable, positions with our predecessors. The number of shares of our common stock beneficially owned by each director, as of February 28, 2015, is set forth in this proxy statement under the caption "Security Ownership of Certain Beneficial Owners and Management—Security Ownership of Management."

Nominees for Election as Directors

Gregory B. Maffei

- *Age:* 54
- Chief Executive Officer, President and a director of our company.
- *Professional Background:* Mr. Maffei has served as a director and the President and Chief Executive Officer of our company since July 2013. Mr. Maffei has served as the President and Chief Executive Officer of Liberty Media Corporation (**Liberty Media**) (including its predecessor) since May 2007, Liberty Broadband Corporation (**Liberty Broadband**) since June 2014 and Liberty Interactive since February 2006, having previously served as its CEO-Elect from November 2005 through February 2006. Prior thereto, Mr. Maffei served as President and Chief Financial Officer of Oracle Corporation, Chairman, President and Chief Executive Officer of 360networks Corporation, and Chief Financial Officer of Microsoft Corporation.
- *Other Public Company Directorships:* Mr. Maffei has served as (i) a director of Liberty Media (including its predecessor) since May 2007, (ii) a director of Liberty Interactive since November 2005, (iii) a director of Liberty Broadband since June 2014 and (iv) as the Chairman of the Board of Starz since January 2013. He has served as (i) the Chairman of the Board of Sirius XM Holdings, Inc. (**Sirius XM**) since April 2013 and as a director since March 2009, (ii) the Chairman of the Board of Live Nation Entertainment, Inc. (**Live Nation**) since March 2013 and as a director since February 2011, (iii) the Chairman of the Board of TripAdvisor since February 2013, (iv) a director of Charter Communications, Inc. (**Charter**) since May 2013 and (v) a director of Zillow Group, Inc. since February 2015, having previously served as a director of its predecessor, Zillow, Inc., from May 2005 to February 2015. Mr. Maffei served as (i) a director of DIRECTV and its predecessors from February 2008 to June 2010, (ii) a director of Electronic Arts, Inc. from June 2003 to July 2013 and (iii) a director of Barnes & Noble, Inc. from September 2011 to April 2014.
- *Board Membership Qualifications:* Mr. Maffei brings to our board significant financial and operational experience based on his senior policy making positions at our company, Liberty Interactive, Liberty Media, Liberty Broadband, Oracle Corporation, 360networks Corporation and Microsoft Corporation and his public company board experience. He provides our board with executive leadership perspective on the operations and management of large public companies and risk management principles.

John C. Malone

- *Age:* 74
- Chairman of the Board of our company.
- *Professional Background:* Mr. Malone has served as the Chairman of the Board of our company since August 2014. He has served as Chairman of the Board of Liberty Interactive, including its predecessors, since its inception in 1994 and served as Liberty Interactive's Chief Executive Officer from August 2005 to February 2006. Mr. Malone served as Chairman of the Board of Tele-Communications, Inc. (**TCI**) from November 1996 until March 1999, when it was acquired by AT&T Corp., and as Chief Executive Officer of TCI from January 1994 to March 1997.
- *Other Public Company Directorships:* Mr. Malone has served as (i) a director and Chairman of the Board of Liberty Interactive since 1994, (ii) Chairman of the Board of Liberty Media (including its predecessor) since August 2011 and as a director since December 2010, (iii) Chairman of the Board of Liberty Broadband since November 2014, (iv) Chairman of the Board of Liberty Global plc (**LGP**) since June 2013, having previously served as Chairman of the

Board of Liberty Global, Inc. (**LGI**) from June 2005 to June 2013 and LGI's predecessor, Liberty Media International, Inc. (**LMI**), from March 2004 to June 2005, and a director of UnitedGlobalCom, Inc., now a subsidiary of LGP, from January 2002 to June 2005. He has served as (i) a director of Discovery Communications, Inc. (**Discovery**) since September 2008 and served as a director of Discovery's predecessor Discovery Holding Company (**DHC**) from May 2005 to September 2008, and as Chairman of the Board from March 2005 to September 2008, (ii) a director of Expedia, Inc. since December 2012, having previously served as a director from August 2005 to November 2012, (iii) a director of Charter since May 2013 and (iv) a director of Lions Gate Entertainment Corp. since March 2015. Previously, he served as (i) a director of Sirius XM from April 2009 to May 2013, (ii) a director of Ascent Capital Group, Inc. from January 2010 to September 2012, (iii) a director of Live Nation from January 2010 to February 2011, (iv) a director of DIRECTV and its predecessors from February 2008 to June 2010 and (v) a director of IAC/InterActive Corp from May 2006 to June 2010.

- *Board Membership Qualifications:* Mr. Malone, as President of TCI, co-founded Liberty Interactive's former parent company and is considered one of the preeminent figures in the media and telecommunications industry. He is well known for his sophisticated problem solving and risk assessment skills.

Michael J. Malone

- *Age:* 70
- A director of our company.
- *Professional Background:* Mr. Malone has served as a director of our company since August 2014. Mr. Malone is currently Chief Executive Officer and principal of Hunters Capital, LLC, a real estate development and management company. He is the retired Chairman and Chief Executive Officer of DMX Music, Inc. (**DMX**) (formerly AEI Music, Inc.), a multinational music programming and distribution company that he founded in 1971 and which was sold to Liberty Interactive in May 2001, following which he served as Chairman of Maxide Acquisition, Inc., a subsidiary of Liberty Interactive and the holding company for DMX, from May 2001 to February 2005.
- *Other Public Company Directorships:* Mr. Malone has served as a director of Expeditors International of Washington, Inc. since August 1999 and HomeStreet, Inc., a regional bank, since February 2012. He previously served as a director of Take Two Interactive Software, Inc. from January 2006 through March 2007.
- *Board Membership Qualifications:* Mr. Malone is an experienced entrepreneur with over 20 years of senior leadership and management experience. Mr. Malone provides our board with insight into the structuring of investments and acquisitions and the management of technology companies.

Chris Mueller

- *Age:* 56
- A director of our company.
- *Professional Background:* Mr. Mueller has served a director of our company since August 2014. He has served as the Managing Partner of Post Closing 360 LLC, a private investment company, since January 2012. He served as the Vice Chairman and Chief Financial Officer of 360networks Corporation from February 2005 to January 2012, and previously held various senior management positions with 360networks Corporation. Mr. Mueller served as a Managing

Director of Corporate Finance at Ragen MacKenzie, a regional investment bank, and as the Chief Financial Officer and a director of Tuscany, Inc.

- *Other Public Company Directorships:* None.
- *Board Membership Qualifications:* Mr. Mueller has extensive experience in corporate finance and commercial and investment banking with approximately 30 years of experience, as well as in the structuring of strategic acquisitions. His background and expertise assist the board in evaluating strategic acquisition opportunities and developing financial strategies for our company.

Larry E. Romrell

- *Age:* 75
- A director of our company.
- *Professional Background:* Mr. Romrell has served as a director of our company since August 2014. Mr. Romrell held numerous executive positions with TCI from 1991 to 1999. Previously, Mr. Romrell held various executive positions with Westmarc Communications, Inc.
- *Other Public Company Directorships:* Mr. Romrell has served as a director of Liberty Interactive since December 2011, having previously served as a director from March 1999 to September 2011. He has served as a director of Liberty Media (including its predecessor) since September 2011. He has served as a director of LGP since June 2013, having previously served as a director of LGI from June 2005 to June 2013 and as a director of LMI from May 2004 to June 2005.
- *Board Membership Qualifications:* Mr. Romrell brings extensive experience, including venture capital experience, in the telecommunications industry to our board and is an important resource with respect to the management and operations of large public companies.

Albert E. Rosenthaler

- *Age:* 55
- Senior Vice President and a director of our company.
- *Professional Background:* Mr. Rosenthaler has served as a director of our company since August 2014 and as a Senior Vice President since July 2013. He has also served as a Senior Vice President of Liberty Media (including its predecessor) since May 2007, a Senior Vice President of Liberty Interactive since April 2002 and a Senior Vice President of Liberty Broadband since June 2014.
- *Other Public Company Directorships:* None.
- *Board Membership Qualifications:* Mr. Rosenthaler has significant executive and financial experience gained through his service as a Senior Vice President of Liberty Interactive and Liberty Media for many years and as a partner with a major national accounting firm for more than five years before joining Liberty Interactive. Mr. Rosenthaler brings a unique perspective to our company's board of directors, focused in particular on the area of tax management. Mr. Rosenthaler's perspective and expertise assist the board in developing strategies that take into consideration a wide range of issues resulting from the application and evolution of tax laws and regulations.

J. David Wargo

- *Age:* 61
- A director of our company.
- *Professional Background:* Mr. Wargo has served as a director of our company since August 2014. Mr. Wargo is the founder and president of Wargo & Company, Inc., a private company specializing in investing in the communications industry since 1993. Mr. Wargo is a co-founder and was a member of New Mountain Capital, LLC from 2000 to 2008. Prior to starting Wargo & Company, he was a managing director and senior analyst of The Putnam Companies from 1989 to 1992, senior vice president and a partner in Marble Arch Partners from 1985 to 1989 and senior analyst, assistant director of research and a partner in State Street Research and Management Company from 1978 to 1985.
- *Other Public Company Directorships:* Mr. Wargo has served as a director of LGP since June 2013, having previously served as a director of LGI from June 2005 to June 2013 and as a director of LMI from May 2004 to June 2005. He has served as a director of Liberty Broadband since March 2015. He has served as a director of Discovery since September 2008, having previously served as a director of DHC from May 2005 to September 2008, and as a director of Strayer Education, Inc. since March 2001.
- *Board Membership Qualifications:* Mr. Wargo's extensive background in investment analysis and management, experience as a public company board member and his particular expertise in finance and capital markets contribute to our board's consideration of our capital structure and evaluation of investment and financial opportunities and strategies and strengthen our board's collective qualifications, skills and attributes.

Vote and Recommendation

A plurality of the affirmative votes of the outstanding shares of our common stock that are entitled to vote at the annual meeting and are voted in person or by proxy, voting together as a single class, is required to elect each of Messrs. Maffei, John C. Malone, Michael J. Malone, Mueller, Romrell, Rosenthaler and Wargo as a member of our board of directors.

Our board of directors unanimously recommends a vote "FOR" the election of each nominee to our board of directors.

PROPOSAL 2—THE INCENTIVE PLAN PROPOSAL

The following is a description of the material provisions of the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015) (the **incentive plan**). The summary that follows is not intended to be complete, and we refer you to the copy of the incentive plan set forth as *Annex A* to this proxy statement for a complete statement of its terms and provisions.

Key Features of the Incentive Plan

- *No Discounted Options or SARs.* Stock options and SARs may not be granted with an exercise price below fair market value.
- *Dividend Equivalents.* Only an award of restricted stock units may include dividend equivalents. With respect to a performance-based award, dividend equivalents may only be paid to the extent the underlying award is actually paid.
- *Limited Terms for Options and SARs.* The term for stock options and SARs granted under the incentive plan is limited to ten years.
- *No Transferability.* Awards generally may not be transferred, except as permitted by will or the laws of descent and distribution or pursuant to a domestic relations order, unless otherwise provided for in an award agreement.
- *No Tax Gross-Ups.* Holders do not receive tax gross-ups under the incentive plan.
- *Award Limitations.* In any calendar year, no person may be granted awards relating to more than 2,000,000 shares of our common stock or cash awards in excess of \$10,000,000, and no nonemployee director may be granted awards having a value in excess of \$3,000,000 on the date of grant.

Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015)

The incentive plan is administered by the compensation committee of our board of directors, other than awards granted to nonemployee directors which are currently administered by our full board of directors. In connection with the Spin-Off, our board of directors approved the incentive plan and Liberty Interactive approved the plan as our sole stockholder. The incentive plan is designed to provide additional remuneration to eligible officers and employees of our company, our nonemployee directors and independent contractors (including any employees of Liberty Media or Liberty Interactive providing services to our company) and to encourage their investment in our capital stock, thereby increasing their proprietary interest in our business. The incentive plan is also intended to (1) attract persons of exceptional ability to become our officers and employees, and (2) induce directors and independent contractors (including any directors, independent contractors or employees of Liberty Media or Liberty Interactive providing services to our company) to provide services to us. Such persons will be eligible to participate in and may be granted awards under the incentive plan. The number of individuals who will receive awards under the incentive plan will vary from year to year and will depend on various factors, such as the quantity of services we require of Liberty Media employees under the services agreement. Therefore, we cannot predict the number of future award recipients.

Under the incentive plan, the compensation committee may grant non-qualified stock options, stock appreciation rights (**SARs**), restricted shares, restricted stock units, cash awards, performance awards or any combination of the foregoing (as used in this description of the incentive plan, collectively, **awards**). The maximum number of shares of our common stock with respect to which awards may be granted under the incentive plan is 6,700,000, subject to anti-dilution and other adjustment provisions of the incentive plan. With limited exceptions, no person will be granted in any

calendar year awards under the incentive plan covering more than 2,000,000 shares of our common stock, subject to anti-dilution and other adjustment provisions of the incentive plan. In addition, no person may receive payment for cash awards during any calendar year aggregating in excess of \$10 million. No nonemployee director may be granted during any calendar year awards having a value (as determined on the grant date of such award) in excess of \$3 million.

Shares of our common stock issuable pursuant to awards made under the incentive plan will be made available from either authorized but unissued shares of our common stock or shares of our common stock that we have issued but reacquired, including shares purchased in the open market. Shares of our common stock that are subject to (i) any award that expires, terminates or is cancelled or annulled for any reason without having been exercised, (ii) any award of any SARs the terms of which provide for settlement in cash, and (iii) any award of restricted shares or restricted stock units that shall be forfeited prior to becoming vested, will once again be available for issuance under the incentive plan. Shares of our common stock that are (i) not issued or delivered as a result of the net settlement of an outstanding option or SAR, (ii) used to pay the purchase price or withholding taxes relating to an outstanding award, or (iii) repurchased in the open market with the proceeds of an option purchase price will not be again made available for issuance under the incentive plan.

Subject to the provisions of the incentive plan, the compensation committee is authorized to establish, amend and rescind such rules and regulations as it deems necessary or advisable for the proper administration of the incentive plan and to take such other action in connection with or in relation to the incentive plan as it deems necessary or advisable.

Unless otherwise determined by the compensation committee and expressly provided for in an agreement, awards are not transferrable except as permitted by will or the laws of descent and distribution or pursuant to a domestic relations order.

Stock Options. Non-qualified stock options awarded under the incentive plan will entitle the holder to purchase a specified number of shares of a series of our common stock at a specified exercise price subject to the terms and conditions of the applicable option grant. The exercise price of an option awarded under the incentive plan may be no less than the fair market value of the shares of the applicable series of our common stock as of the day the option is granted. The term of an option may not exceed ten years. The compensation committee will determine, and each individual award agreement will provide, (1) the series and number of shares of our common stock subject to the option, (2) the per share exercise price, (3) whether that price is payable in cash, by check, by promissory note, in whole shares of any series of our common stock, by the withholding of shares of our common stock issuable upon exercise of the option, by cashless exercise, or any combination of the foregoing, (4) other terms and conditions of exercise, (5) restrictions on transfer of the option and (6) other provisions not inconsistent with the incentive plan. Dividend equivalents will not be paid with respect to any stock options.

Stock Appreciation Rights. A SAR awarded under the incentive plan entitles the recipient to receive a payment in stock or cash equal to the excess of the fair market value (on the day the SAR is exercised) of a share of the applicable series of our common stock with respect to which the SAR was granted over the base price specified in the grant. A SAR may be granted to an option holder with respect to all or a portion of the shares of our common stock subject to a related stock option (a **tandem SAR**) or granted separately to an eligible person (a **free standing SAR**). Tandem SARs are exercisable only at the time and to the extent that the related stock option is exercisable. Upon the exercise or termination of the related stock option, the related tandem SAR will be automatically cancelled to the extent of the number of shares of our common stock with respect to which the related stock option was so exercised or terminated. The base price of a tandem SAR is equal to the exercise price of the related stock option. Free standing SARs are exercisable at the time and upon the terms and conditions provided in the relevant award agreement. The term of a free standing SAR may not

exceed ten years. The base price of a free standing SAR may be no less than the fair market value of a share of the applicable series of our common stock as of the day the SAR is granted. Dividend equivalents will not be paid with respect to any SARs.

Restricted Shares and Restricted Stock Units. Restricted shares are shares of our common stock that become vested and may be transferred upon completion of the restriction period. The compensation committee will determine, and each individual award agreement will provide, (1) the price, if any, to be paid by the recipient of the restricted shares, (2) whether dividends or distributions paid with respect to restricted shares will be retained by us during the restriction period (**retained distributions**), (3) whether the holder of the restricted shares may be paid a cash amount any time after the shares become vested, (4) the vesting date or vesting dates (or basis of determining the same) for the award and (5) other terms and conditions of the award. The holder of an award of restricted shares, as the registered owner of such shares, may vote the shares.

A restricted stock unit is a unit evidencing the right to receive, in specified circumstances, one share of the specified series of our common stock, or its cash equivalent, subject to a restriction period or forfeiture conditions. The compensation committee is authorized to award restricted stock units based upon the fair market value of shares of any series of our common stock under the incentive plan. The compensation committee will determine, and each individual award agreement will provide, the terms, conditions, restrictions, vesting requirements and payment rules for awards of restricted stock units, including whether the holder will be entitled to dividend equivalent payments with respect to the restricted stock units. Restricted stock units will be issued at the beginning of the restriction period and holders will not be entitled to shares of our common stock covered by restricted stock unit awards until such shares are issued to the holder at the end of the restriction period. Awards of restricted stock units or the common stock covered thereunder may not be transferred, assigned or encumbered prior to the date on which such shares are issued or as provided in the relevant award agreement.

Upon the applicable vesting date, all or the applicable portion of restricted shares or restricted stock units will vest, any retained distributions or unpaid dividend equivalents with respect to the restricted shares or restricted stock units will vest to the extent that the awards related thereto have vested, and any cash amount to be received by the holder with respect to the restricted shares or restricted stock units will become payable, all in accordance with the terms of the individual award agreement. The compensation committee may permit a holder to elect to defer delivery of any restricted shares or restricted stock units that become vested and any related cash payments, retained distributions or dividend equivalents, provided that such deferral elections are made in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the **Code**).

Cash Awards. The compensation committee is also authorized to provide for the grant of cash awards under the incentive plan. A cash award is a bonus paid in cash that may be based upon the attainment of one or more performance goals over a performance period established by the compensation committee. The terms, conditions and limitations applicable to any cash awards will be determined by the compensation committee.

Performance Awards. At the discretion of the compensation committee, any of the above-described awards may be designated as a performance award. All cash awards shall be designated as performance awards. Performance awards are contingent upon performance measures applicable to a particular period, as established by the compensation committee and set forth in individual agreements, based upon any one or more of the following business criteria:

- increased revenue;
- net income measures (including income after capital costs and income before or after taxes);
- stock price measures (including growth measures and total stockholder return);

- price per share of our common stock;
- market share;
- earnings per share (actual or targeted growth);
- earnings before interest, taxes, depreciation and amortization (EBITDA);
- operating income before depreciation and amortization (OIBDA);
- economic value added (or an equivalent metric);
- market value added;
- debt to equity ratio;
- cash flow measures (including cash flow return on capital, cash flow return on tangible capital, net cash flow and net cash flow before financing activities);
- return measures (including return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors' capital and return on average equity);
- operating measures (including operating income, funds from operations, cash from operations, after-tax operating income, sales volumes, production volumes and production efficiency);
- expense measures (including overhead cost and general and administrative expense);
- margins;
- stockholder value;
- total stockholder return;
- proceeds from dispositions;
- total market value; and
- corporate values measures (including ethics compliance, environmental and safety).

Performance measures may apply to the award recipient, to one or more business units, divisions or subsidiaries of our company or an applicable sector of our company, or to our company as a whole. Goals may also be based on performance relative to a peer group of companies. A performance measure need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). If the compensation committee intends for the performance award to be granted and administered in a manner that preserves the deductibility of the compensation resulting from such award in accordance with Section 162(m) of the Code, the applicable performance goals must be established (1) no later than 90 days after the commencement of the period of service to which the performance goals relate and (2) prior to the completion of 25% of such period of service. The compensation committee will have no discretion to modify or waive such performance goals to increase the amount of compensation payable that would otherwise be due upon attainment of the goal, unless the applicable award is not intended to qualify as qualified performance-based compensation under Section 162(m) of the Code and the relevant agreement provides for such discretion. The compensation committee shall have the authority to determine whether the performance measures and other terms and conditions of the award are satisfied, and the compensation committee's determination as to the achievement of performance measures relating to a performance award shall be made in writing. Section 162(m) of the Code generally disallows deductions for compensation in excess of \$1 million for our Chief Executive Officer and some of our executive officers, unless the awards meet the requirements for being performance-based.

Awards Generally. Awards under the incentive plan may be granted either individually, in tandem or in combination with each other. Where applicable, the securities underlying, or relating to, awards granted under the incentive plan may be shares of LTRPA and LTRPB as provided in the relevant grant, the closing prices of which shares were \$31.89 as of April 14, 2015 and \$36.69 as of April 10, 2015, respectively. Under certain conditions, including the occurrence of certain approved transactions, a board change or a control purchase (all as defined in the incentive plan), options and SARs will become immediately exercisable, and the restrictions on restricted shares and restricted stock units will lapse, unless individual agreements state otherwise. At the time an award is granted, the compensation committee will determine, and the relevant agreement will provide for, any vesting or early termination, upon a holder's termination of employment with our company, of any unvested options, SARs, restricted stock units or restricted shares and the period during which any vested options and SARs must be exercised. Unless otherwise provided in the relevant agreement, (1) no option or SAR may be exercised after its scheduled expiration date (however, if the term of an option or SAR expires when trading in our common stock is prohibited by law or our company's insider trading policy, then the term of such option or SAR shall expire on the 30th day after the expiration of such prohibition), (2) if the holder's service terminates by reason of death or disability (as defined in the incentive plan), his or her options or SARs shall remain exercisable for a period of at least one year following such termination (but not later than the scheduled expiration date) and (3) any termination of the holder's service for "cause" (as defined in the incentive plan) will result in the immediate termination of all options and SARs and the forfeiture of all rights to any restricted shares, restricted stock units, retained distributions, unpaid dividend equivalents and related cash amounts held by such terminated holder. If a holder's service terminates due to death or disability, options and SARs will become immediately exercisable, and the restrictions on restricted shares and restricted stock units will lapse and become fully vested, unless individual agreements state otherwise.

Adjustments. The number and kind of shares of our common stock that may be awarded or otherwise made subject to awards under the incentive plan, the number and kind of shares of our common stock covered by outstanding awards and the purchase or exercise price and any relevant appreciation base with respect to any of the foregoing will be subject to appropriate adjustment as the compensation committee deems equitable, in its sole discretion, in the event (1) we subdivide the outstanding shares of any series of our common stock into a greater number of shares of such series of common stock, (2) we combine the outstanding shares of any series of our common stock into a smaller number of shares of such series of common stock or (3) there is a stock dividend, extraordinary cash dividend, reclassification, recapitalization, reorganization, stock redemption, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase any series of our common stock, or any other similar corporate event (including mergers or consolidations, other than approved transactions (as defined in the incentive plan) for which other provisions are made pursuant to the incentive plan). In addition, in the event of a merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the compensation committee has the discretion to (i) provide, prior to the transaction, for the acceleration of vesting and exercisability, or lapse of restrictions, with respect to the awards, or in the case of a cash merger, termination of unexercised awards, or (ii) cancel such awards and deliver cash to holders based on the fair market value of such awards as determined by the compensation committee, in a manner that is in compliance with the requirements of Section 409A of the Code. If the purchase price of options or the base price of SARs, as applicable, is greater than the fair market value of such options or SARs, the options or SARs may be canceled for no consideration.

Amendment and Termination. The incentive plan will terminate on the fifth anniversary of the plan's effective date (which was August 27, 2014) unless earlier terminated by the compensation committee. The compensation committee may suspend, discontinue, modify or amend the incentive plan at any time prior to its termination, except that outstanding awards may not be amended to reduce the purchase or base price of outstanding options or SARs. However, before an amendment

may be made that would adversely affect a participant who has already been granted an award, the participant's consent must be obtained, unless the change is necessary to comply with Section 409A of the Code.

U.S. Federal Income Tax Consequences of Awards Granted under the Incentive Plan

Consequences to Participants

The following is a summary of the U.S. federal income tax consequences that generally will arise with respect to awards granted under the incentive plan and with respect to the sale of any shares of our common stock acquired under the incentive plan. This general summary does not purport to be complete, does not describe any state, local or non-U.S. tax consequences, and does not address issues related to the tax circumstances of any particular recipient of an award under the incentive plan.

Non-Qualified Stock Options; SARs. Holders will not recognize taxable income upon the grant of a non-qualified stock option or a SAR. Upon the exercise of a non-qualified stock option or a SAR, the holder will recognize ordinary income (subject to withholding, if applicable) in an amount equal to the excess of (1) the fair market value on the date of exercise of the shares received over (2) the exercise price or base price (if any) he or she paid for the shares. The holder will generally have a tax basis in any shares of our common stock received pursuant to the exercise of a SAR, or pursuant to the cash exercise of a non-qualified stock option, that equals the fair market value of such shares on the date of exercise. The disposition of the shares of our common stock acquired upon exercise of a non-qualified stock option will ordinarily result in capital gain or loss. We are entitled to a deduction in an amount equal to the income recognized by the holder upon the exercise of a non-qualified stock option or SAR.

Cash Awards; Restricted Stock Units; Restricted Shares. A holder will recognize ordinary compensation income upon receipt of cash pursuant to a cash award or, if earlier, at the time such cash is otherwise made available for the holder to draw upon it, and we will have a corresponding deduction for federal income tax purposes, subject to certain limits on deductibility discussed below. A holder will not have taxable income upon the grant of a restricted stock unit but rather will generally recognize ordinary compensation income at the time the award is settled in an amount equal to the fair market value of the shares received, at which time we will have a corresponding deduction for federal income tax purposes, subject to certain limits on deductibility discussed below.

Generally, a holder will not recognize taxable income upon the grant of restricted shares, and we will not be entitled to any federal income tax deduction upon the grant of such award. The value of the restricted shares will generally be taxable to the holder as compensation income in the year or years in which the restrictions on the shares of common stock lapse. Such value will equal the fair market value of the shares on the date or dates the restrictions terminate. A holder, however, may elect pursuant to Section 83(b) of the Code to treat the fair market value of the shares subject to the restricted share award on the date of such grant as compensation income in the year of the grant of the restricted share award. The holder must make such an election pursuant to Section 83(b) of the Code within 30 days after the date of grant. If such an election is made and the holder later forfeits the restricted shares to us, the holder will not be allowed to deduct, at a later date, the amount such holder had earlier included as compensation income. In any case, we will receive a deduction for federal income tax purposes corresponding in amount to the amount of compensation included in the holder's income in the year in which that amount is so included, subject to certain limits on deductibility discussed below.

A holder who is an employee will be subject to withholding for federal, and generally for state and local, income taxes at the time the holder recognizes income under the rules described above with respect to the cash or the shares of our common stock received pursuant to awards. Dividend equivalents that are received by a holder prior to the time that the restricted shares are taxed to the

holder under the rules described in the preceding paragraph are taxed as additional compensation, not as dividend income. The tax basis of a holder in the shares of our common stock received will equal the amount recognized by the holder as compensation income under the rules described in the preceding paragraph, and the holder's holding period in such shares will commence on the date income is so recognized.

Certain Tax Code Limitations on Deductibility. In order for us to deduct the amounts described above, such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses. The ability to obtain a deduction for awards under the incentive plan could also be limited by Section 280G of the Code, which provides that certain excess parachute payments made in connection with a change in control of an employer are not deductible. The ability to obtain a deduction for amounts paid under the incentive plan could also be affected by Section 162(m) of the Code, which limits the deductibility, for U.S. federal income tax purposes, of compensation paid to certain employees to \$1 million during any taxable year. However, certain exceptions apply to this limitation in the case of qualified performance-based compensation. In certain cases, we may determine it is in our interests to not satisfy the requirements for the qualified performance-based exception.

Code Section 409A. Section 409A of the Code generally provides that any deferred compensation arrangement must satisfy specific requirements, both in operation and in form, regarding (1) the timing of payment, (2) the advance election of deferrals, and (3) restrictions on the acceleration of payment. Failure to comply with Section 409A of the Code may result in the early taxation (plus interest) to the participant of deferred compensation and the imposition of a 20% penalty on the participant on such deferred amounts included in the participant's income. We intend to structure awards under the incentive plan in a manner that is designed to be exempt from or comply with Section 409A of the Code.

New Plan Benefits

Except as otherwise described below, due to the nature of the incentive plan and the discretionary authority afforded the compensation committee in connection with the administration thereof, we cannot determine or predict the value, number or type of awards to be granted pursuant to the incentive plan.

Prior to the date of this proxy statement, we have granted awards of stock options under the incentive plan with respect to 17,040 shares of LTRPA and 1,797,107 shares of LTRPB to an officer and our directors, which results in 4,885,853 shares of our common stock being available for future grants. The exercise prices of the stock options granted under the incentive plan range from \$24.23 per share to \$27.83 per share, and these options have terms ranging from seven to ten years.

Vote and Recommendation

The affirmative vote of the holders of a majority of the aggregate voting power of the outstanding shares of our common stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class, is required to approve the incentive plan proposal.

Our board of directors unanimously recommends a vote "FOR" the approval of the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015).

PROPOSAL 3—THE SAY-ON-PAY PROPOSAL

We are providing our stockholders the opportunity to vote to approve, on an advisory basis, the compensation of our named executive officers as described below in accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the **Exchange Act**). This advisory vote is often referred to as the “say-on-pay” vote and allows our stockholders to express their views on the overall compensation paid to our named executive officers. Our company values the views of our stockholders and is committed to the efficiency and effectiveness of our company’s executive compensation program.

We are seeking stockholder approval of the compensation of our named executive officers as disclosed in this proxy statement in accordance with applicable SEC rules, which include the disclosures under “Compensation Discussion and Analysis,” the compensation tables (including all related footnotes) and any additional narrative discussion of compensation included herein. Stockholders are encouraged to read the “Compensation Discussion and Analysis” section of this proxy statement, which provides an overview of our company’s executive compensation policies and procedures.

In accordance with Section 14A of the Exchange Act, and Rule 14a-21(a) promulgated thereunder, and as a matter of good corporate governance, our board of directors is asking stockholders to approve the following advisory resolution at the 2015 annual meeting of stockholders:

“RESOLVED, that the stockholders of Liberty TripAdvisor Holdings, Inc. hereby approve, on an advisory basis, the compensation paid to our company’s named executive officers, as disclosed in this proxy statement pursuant to the rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and any related narrative discussion.”

Advisory Vote

Although this vote is advisory and non-binding on our board and our company, our board and the compensation committee, which are responsible for designing and administering our company’s executive compensation program, value the opinions expressed by our stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation policies and decisions for named executive officers.

Vote and Recommendation

This advisory resolution, which we refer to as the say-on-pay proposal, will be considered approved if it receives the affirmative vote of the holders of a majority of the aggregate voting power of the outstanding shares of our common stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class.

Our board of directors unanimously recommends a vote “FOR” the approval of the say-on-pay proposal.

PROPOSAL 4—THE SAY-ON-FREQUENCY PROPOSAL

In accordance with the requirements of Section 14A of the Exchange Act and related rules of the SEC, we are submitting for stockholder consideration a separate resolution for an advisory vote as to whether a stockholder vote to approve the compensation paid to our named executive officers should occur every one, two or three years.

After consideration, our board of directors has determined that an advisory vote on executive compensation that occurs every three years is the most appropriate policy for us.

Our board of directors believes an advisory vote every three years would allow stockholders to focus on the structure of our overall compensation program rather than any single event in a given year. Doing so would be compatible with our compensation philosophy of compensating our executives in a way that ensures they are aligned with our stockholders and have a continuing stake in our long-term success. An advisory vote every three years would allow stockholders to consider the achievement of our corporate goals over a longer period and would allow stockholders to engage in more thoughtful analysis of our company's executive compensation program by providing more time between votes. As a result, our board of directors recommends a vote for the holding of advisory votes on named executive officer compensation every three years.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years, three years or abstaining from voting when you vote in response to the following resolution:

“**RESOLVED**, that the option of once every one year, two years or three years that receives a majority of the affirmative votes cast for this resolution will be determined to be the frequency for the advisory vote on the compensation of the named executive officers as disclosed pursuant to the SEC's compensation disclosure rules that has been selected by Liberty TripAdvisor Holdings, Inc.'s stockholders.”

Vote and Recommendation

Stockholders will be able to cast their vote for one of four choices for this proposal on the proxy card: one year, two years, three years or abstain. Stockholders are not being asked to vote to approve or disapprove our board of directors' recommendation.

If one of the frequencies receives the affirmative vote of the holders of a majority of the votes cast on the say-on-frequency proposal by the holders of shares of our common stock that are present, in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class, the frequency receiving such majority vote will be the frequency selected by our board of directors for future executive compensation votes. If no frequency receives the requisite majority, our board of directors will carefully consider the outcome of the vote and decide the frequency at which future advisory votes on executive compensation will be held.

Our board of directors unanimously recommends that stockholders vote in favor of “3 YEARS” with respect to the frequency with which stockholders are provided an advisory vote on the compensation paid to our named executive officers.

PROPOSAL 5—THE AUDITORS RATIFICATION PROPOSAL

We are asking our stockholders to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2015.

Even if the selection of KPMG LLP is ratified, the audit committee of our board of directors in its discretion may direct the appointment of a different independent accounting firm at any time during the year if our audit committee determines that such a change would be advisable. In the event our stockholders fail to ratify the selection of KPMG LLP, our audit committee will consider it as a direction to select other auditors for the year ending December 31, 2015.

A representative of KPMG LLP is expected to be present at the annual meeting, will have the opportunity to make a statement if he or she so desires and is expected to be available to respond to appropriate questions.

Audit Fees and All Other Fees

The following table presents fees incurred after the Spin-Off for professional audit services rendered by KPMG LLP for the audit of our consolidated financial statements for 2014 (the only calendar year in which we paid fees to KPMG LLP) and fees billed for other services rendered by KPMG LLP:

	<u>2014(1)</u>
Audit fees	\$325,260
Audit related fees(2)	<u>26,965</u>
Audit and audit related fees	352,225
Tax fees(3)	<u>—</u>
Total fees	<u><u>\$352,225</u></u>

- (1) Such fees with respect to 2014 exclude audit fees, audit related fees and tax fees billed by KPMG LLP to TripAdvisor for services rendered. TripAdvisor is a separate public company and its audit fees, audit related fees and tax fees (which aggregated \$1,355,185 in 2014) are reviewed and approved by the audit committee of the board of directors of TripAdvisor.
- (2) Audit related fees consist of professional consultations with respect to accounting issues affecting our financial statements, reviews of registration statements and issuance of consents, due diligence related to potential business combinations and audits of financial statements of certain employee benefits plans.
- (3) Tax fees consist of tax compliance and consultations regarding the tax implications of certain transactions.

Our audit committee has considered whether the provision of services by KPMG LLP to our company other than auditing is compatible with KPMG LLP maintaining its independence and believes that the provision of such other services is compatible with KPMG LLP maintaining its independence.

Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor

Our audit committee has adopted a policy regarding the pre-approval of all audit and permissible non-audit services provided by our independent auditor. Pursuant to this policy, our audit committee

has approved the engagement of our independent auditor to provide the following services (all of which are collectively referred to as **pre-approved services**):

- audit services as specified in the policy, including (i) financial audits of our company and our subsidiaries, (ii) services associated with registration statements, periodic reports and other documents filed or issued in connection with securities offerings (including comfort letters and consents), (iii) attestations of management reports on our internal controls and (iv) consultations with management as to accounting or disclosure treatment of transactions;
- audit related services as specified in the policy, including (i) due diligence services, (ii) financial statement audits of employee benefit plans, (iii) consultations with management as to the accounting or disclosure treatment of transactions, (iv) attest services not required by statute or regulation, (v) certain audits incremental to the audit of our consolidated financial statements, (vi) closing balance sheet audits related to dispositions, and (vii) general assistance with implementation of the requirements of certain SEC rules or listing standards; and
- tax services as specified in the policy, including federal, state, local and international tax planning, compliance and review services, and tax due diligence and advice regarding mergers and acquisitions.

Notwithstanding the foregoing general pre-approval, if an individual project involving the provision of pre-approved services is expected to result in fees in excess of \$50,000, or if individual projects under \$50,000 are expected to total \$250,000 during the period between the regularly scheduled meetings of the audit committee, then such projects will require the specific pre-approval of our audit committee. Our audit committee has delegated the authority for the foregoing approvals to the chairman of the audit committee, subject to his subsequent disclosure to the entire audit committee of the granting of any such approval. Chris Mueller currently serves as the chairman of our audit committee. In addition, the independent auditor is required to provide a report at each regularly scheduled audit committee meeting on all pre-approved services incurred during the preceding quarter. Any engagement of our independent auditors for services other than the pre-approved services requires the specific approval of our audit committee.

Under our policy, any fees incurred by TripAdvisor in connection with the provision of services by TripAdvisor's independent auditor are expected to be reviewed and approved by TripAdvisor's audit committee pursuant to TripAdvisor's policy regarding the pre-approval of all audit and permissible non-audit services provided by its independent auditor in effect at the time of such approval. Such approval by TripAdvisor's audit committee pursuant to its policy is deemed to be pre-approval of the services by our audit committee.

Our pre-approval policy prohibits the engagement of our independent auditor to provide any services that are subject to the prohibition imposed by Section 201 of the Sarbanes-Oxley Act.

All services provided by our independent auditor during 2014 were approved in accordance with the terms of the policy in place.

Vote and Recommendation

The affirmative vote of the holders of a majority of the aggregate voting power of the outstanding shares of our common stock that are present in person or by proxy, and entitled to vote at the annual meeting, voting together as a single class, is required to approve the auditors ratification proposal.

Our board of directors unanimously recommends a vote "FOR" the auditors ratification proposal.

MANAGEMENT AND GOVERNANCE MATTERS

Executive Officers

The following lists the executive officers of our company (other than Gregory B. Maffei, our President and Chief Executive Officer, and Albert E. Rosenthaler, a Senior Vice President of our company, who also serve as directors of our company and who are listed under “Proposals of Our Board—Proposal 1—The Election of Directors Proposal”), their ages and a description of their business experience, including positions held with our company. All positions referenced in the table below with our company include, where applicable, positions with our predecessors.

Name	Positions
Richard N. Baer Age: 58	Mr. Baer has served as a Senior Vice President and General Counsel of our company since July 2013. He has also served as a Senior Vice President and General Counsel of Liberty Interactive and Liberty Media since January 2013 and Liberty Broadband since June 2014. Previously, Mr. Baer served as Executive Vice President and Chief Legal Officer of UnitedHealth Group Incorporated from May 2011 to December 2012. He served as Executive Vice President and General Counsel of Qwest Communications International Inc. from December 2002 to April 2011 and Chief Administrative Officer from August 2008 to April 2011.
Christopher W. Shean Age: 49	Mr. Shean has served as a Senior Vice President and Chief Financial Officer of our company since July 2013. He has also served as a Senior Vice President of Liberty Media (including its predecessor) since May 2007, the Chief Financial Officer since November 2011 and the Controller from May 2007 to October 2011. Mr. Shean has served as a Vice President of Liberty Interactive from October 2000 to January 2002, a Senior Vice President since January 2002, the Controller from October 2000 to October 2011 and the Chief Financial Officer since November 2011. He also has served as a Senior Vice President and Chief Financial Officer of Liberty Broadband since June 2014. Mr. Shean has served as a director of TripAdvisor since February 2013.

Our executive officers will serve in such capacities until their respective successors have been duly elected and have been qualified, or until their earlier death, resignation, disqualification or removal from office. There is no family relationship between any of our executive officers or directors, by blood, marriage or adoption.

During the past ten years, none of the above persons has had any involvement in such legal proceedings as would be material to an evaluation of his ability or integrity.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than ten-percent stockholders are required by SEC regulation to furnish us with copies of all Section 16 forms they file.

Based solely on a review of the copies of the Forms 3, 4 and 5 and amendments to those forms furnished to us during our most recent fiscal year, or written representations that no Forms 5 were

required, we believe that, during the year ended December 31, 2014, all Section 16(a) filing requirements applicable to our officers, directors and greater than ten-percent beneficial owners were met.

Code of Ethics

We have adopted a code of ethics that applies to all of our employees, directors and officers, which constitutes our “code of ethics” within the meaning of Section 406 of the Sarbanes-Oxley Act. Our code of ethics is available on our website at www.libertytripadvisorholdings.com.

Director Independence

It is our policy that a majority of the members of our board of directors be independent of our management. For a director to be deemed independent, our board of directors must affirmatively determine that the director has no direct or indirect material relationship with us. To assist our board of directors in determining which of our directors qualify as independent for purposes of Nasdaq rules as well as applicable rules and regulations adopted by the SEC, the nominating and corporate governance committee of our board of directors follows the Corporate Governance Rules of The Nasdaq Stock Market on the criteria for director independence.

Our board of directors has determined that each of Michael J. Malone, Chris Mueller, Larry E. Romrell and J. David Wargo qualifies as an independent director of our company.

Board Composition

As described above under “Proposals of Our Board—Proposal 1—The Election of Directors Proposal,” our board is comprised of directors with a broad range of backgrounds and skill sets, including in media and telecommunications, technology, venture capital, private equity, real estate finance, auditing and financial engineering. For more information on our policies with respect to board candidates, see “—Committees of the Board of Directors—Nominating and Corporate Governance Committee” below.

Board Leadership Structure

Our board has separated the positions of Chairman of the Board and Chief Executive Officer (principal executive officer). John C. Malone, one of our largest stockholders, holds the position of Chairman of the Board, leads our board and board meetings and provides strategic guidance to our Chief Executive Officer. Gregory B. Maffei, our President, holds the position of Chief Executive Officer, leads our management team and is responsible for driving the performance of our company. We believe this division of responsibility effectively assists our board in fulfilling its duties.

Board Role in Risk Oversight

The board as a whole has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant board committees. Our audit committee oversees management of financial risks and risks relating to potential conflicts of interest. Our compensation committee oversees the management of risks relating to our compensation arrangements with senior officers. Our nominating and corporate governance committee oversees risks associated with the independence of the board. These committees then provide reports periodically to the full board. The oversight responsibility of the board and its committees is enabled by management reporting processes that are designed to provide visibility to the board about the identification, assessment and management of critical risks. These areas of focus include strategic, operational, financial and reporting, succession and compensation, legal and compliance, and other risks. Our management reporting processes include regular reports from our Chief Executive Officer, which are prepared with input from our senior management team, and also include input from our Internal Audit group.

Committees of the Board of Directors

Executive Committee

Our board of directors has established an executive committee, whose members are John C. Malone, Gregory B. Maffei and Albert E. Rosenthaler. Except as specifically prohibited by the General Corporation Law of the State of Delaware, the executive committee may exercise all the powers and authority of our board of directors in the management of our business and affairs, including the power and authority to authorize the issuance of shares of our capital stock.

Compensation Committee

Our board of directors has established a compensation committee, whose chairman is Larry E. Romrell and whose other members are Michael J. Malone and J. David Wargo. See “—Director Independence” above.

In connection with the Spin-Off, we entered into a Services Agreement, dated August 27, 2014, with Liberty Media (the **services agreement**), pursuant to which Liberty Media will provide us with administrative, executive and management services. The compensation committee will evaluate the services fee under the services agreement on at least an annual basis. In addition, the compensation committee may approve incentive awards or other forms of compensation to employees of Liberty Media who are providing services to our company, which employees include our executive officers. For example, in December 2014, the compensation committee determined to grant the 2014 Options (as defined below) to Mr. Maffei. See “Executive Compensation—Compensation Discussion and Analysis—Elements of 2014 Executive Compensation.”

If we engage a chief executive officer or other officer at the senior vice president level or higher to perform services for our company outside the services agreement, the compensation committee will review and approve corporate goals and objectives relevant to the compensation of any such person. The compensation committee also oversees the compensation of the chief executive officers of our non-public operating subsidiaries. For a description of our current processes and policies for consideration and determination of executive compensation, including the role of our Chief Executive Officer and outside consultants in determining or recommending amounts and/or forms of compensation, see “Executive Compensation—Compensation Discussion and Analysis.”

Our board of directors has adopted a written charter for the compensation committee, which is available on our website at www.libertytripadvisorholdings.com.

Compensation Committee Report

The compensation committee has reviewed and discussed with our management the “Compensation Discussion and Analysis” included under “Executive Compensation” below. Based on such review and discussions, the compensation committee recommended to our board of directors that the “Compensation Discussion and Analysis” be included in this proxy statement.

Submitted by the Members of the Compensation Committee
Larry E. Romrell
Michael J. Malone
J. David Wargo

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee is or has been an officer or employee of our company, or has engaged in any related party transaction in which our company was a participant.

Nominating and Corporate Governance Committee

Our board of directors has established a nominating and corporate governance committee, whose chairman is J. David Wargo and whose other members are Michael J. Malone and Larry E. Romrell. See “—Director Independence” above.

The nominating and corporate governance committee identifies individuals qualified to become board members consistent with criteria established or approved by our board of directors from time to time, identifies director nominees for upcoming annual meetings, develops corporate governance guidelines applicable to our company and oversees the evaluation of our board and management.

The nominating and corporate governance committee will consider candidates for director recommended by any stockholder provided that such recommendations are properly submitted. Eligible stockholders wishing to recommend a candidate for nomination as a director should send the recommendation in writing to the Corporate Secretary, Liberty TripAdvisor Holdings, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112. Stockholder recommendations must be made in accordance with our bylaws, as discussed under “Stockholder Proposals” below, and contain the following information:

- the name and address of the proposing stockholder and the beneficial owner, if any, on whose behalf the nomination is being made, and documentation indicating the number of shares of our common stock owned beneficially and of record by such person and the holder or holders of record of those shares, together with a statement that the proposing stockholder is recommending a candidate for nomination as a director;
- the candidate’s name, age, business and residence addresses, principal occupation or employment, business experience, educational background and any other information relevant in light of the factors considered by the nominating and corporate governance committee in making a determination of a candidate’s qualifications, as described below;
- a statement detailing any relationship, arrangement or understanding between the proposing stockholder and/or beneficial owner(s), if different, and any other person(s) (including their names) under which the proposing stockholder is making the nomination and any affiliates or associates (as defined in Rule 12b-2 of the Exchange Act) of such proposing stockholder(s) or beneficial owner (each a **Proposing Person**);
- a statement detailing any relationship, arrangement or understanding that might affect the independence of the candidate as a member of our board of directors;
- any other information that would be required under SEC rules in a proxy statement soliciting proxies for the election of such candidate as a director;
- a representation as to whether the Proposing Person intends (or is part of a group that intends) to deliver any proxy materials or otherwise solicit proxies in support of the director nominee;
- a representation by each Proposing Person who is a holder of record of our common stock as to whether the notice is being given on behalf of the holder of record and/or one or more beneficial owners, the number of shares held by any beneficial owner along with evidence of such beneficial ownership and that such holder of record is entitled to vote at the annual stockholders meeting and intends to appear in person or by proxy at the annual stockholders meeting at which the person named in such notice is to stand for election;
- a signed consent of the candidate to be named in the proxy statement and to serve as a director, if nominated and elected;

- a representation as to whether the Proposing Person has received any financial assistance, funding or other consideration from any other person regarding the nomination (a **Stockholder Associated Person**) (including the details of such assistance, funding or consideration); and
- a representation as to whether and the extent to which any hedging, derivative or other transaction has been entered into with respect to our company within the last six months by, or is in effect with respect to, the Proposing Person, any person to be nominated by the proposing stockholder or any Stockholder Associated Person, the effect or intent of which transaction is to mitigate loss to or manage risk or benefit of share price changes for, or increase or decrease the voting power of, the Proposing Person, its nominee, or any such Stockholder Associated Person.

In connection with its evaluation, the nominating and corporate governance committee may request additional information from the proposing stockholder and the candidate. The nominating and corporate governance committee has sole discretion to decide which individuals to recommend for nomination as directors.

To be nominated to serve as a director, a nominee need not meet any specific minimum criteria. However, the nominating and corporate governance committee believes that nominees for director should possess the highest personal and professional ethics, integrity, values and judgment and should be committed to the long-term interests of our stockholders. When evaluating a potential director nominee, including one recommended by a stockholder, the nominating and corporate governance committee will take into account a number of factors, including, but not limited to, the following:

- independence from management;
- his or her unique background, including education, professional experience and relevant skill sets;
- judgment, skill, integrity and reputation;
- existing commitments to other businesses as a director, executive or owner;
- personal conflicts of interest, if any; and
- the size and composition of the existing board of directors, including whether the potential director nominee would positively impact the composition of the board by bringing a new perspective or viewpoint to the board of directors.

The nominating and corporate governance committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The nominating and corporate governance committee does not have a formal policy with respect to diversity; however, our board and the nominating and corporate governance committee believe that it is important that our board members represent diverse viewpoints.

When seeking candidates for director, the nominating and corporate governance committee may solicit suggestions from incumbent directors, management, stockholders and others. After conducting an initial evaluation of a prospective nominee, the nominating and corporate governance committee will interview that candidate if it believes the candidate might be suitable to be a director. The nominating and corporate governance committee may also ask the candidate to meet with management. If the nominating and corporate governance committee believes a candidate would be a valuable addition to our board of directors, it may recommend to the full board that candidate's nomination and election.

Prior to nominating an incumbent director for re-election at an annual meeting of stockholders, the nominating and corporate governance committee will consider the director's past attendance at, and participation in, meetings of the board of directors and its committees and the director's formal and informal contributions to the various activities conducted by the board and the board committees of which such individual is a member.

The members of our nominating and corporate governance committee have determined that Messrs. Maffei, John C. Malone, Michael J. Malone, Chris Mueller, Larry E. Romrell, Albert E. Rosenthaler and J. David Wargo, who are nominated for election at the annual meeting, continue to be qualified to serve as directors of our company and such nomination was approved by the entire board of directors.

Our board of directors has adopted a written charter for the nominating and corporate governance committee. Our board of directors has also adopted corporate governance guidelines, which were developed by the nominating and corporate governance committee. The charter and the corporate governance guidelines are available on our website at www.libertytripadvisorholdings.com.

Audit Committee

Our board of directors has established an audit committee, whose chairman is Chris Mueller and whose other members are Michael J. Malone and J. David Wargo. See “—Director Independence” above.

Our board of directors has determined that Mr. Mueller is an “audit committee financial expert” under applicable SEC rules and regulations. The audit committee reviews and monitors the corporate financial reporting and the internal and external audits of our company. The committee’s functions include, among other things:

- appointing or replacing our independent auditors;
- reviewing and approving in advance the scope and the fees of our annual audit and reviewing the results of our audits with our independent auditors;
- reviewing and approving in advance the scope and the fees of non-audit services of our independent auditors;
- reviewing compliance with and the adequacy of our existing major accounting and financial reporting policies;
- reviewing our management’s procedures and policies relating to the adequacy of our internal accounting controls and compliance with applicable laws relating to accounting practices;
- confirming compliance with applicable SEC and stock exchange rules; and
- preparing a report for our annual proxy statement.

Our board of directors has adopted a written charter for the audit committee, which is available on our website at www.libertytripadvisorholdings.com.

Audit Committee Report

Each member of the audit committee is an independent director as determined by our board of directors, based on the listing standards of The Nasdaq Stock Market. Each member of the audit committee also satisfies the SEC’s independence requirements for members of audit committees. Our board of directors has determined that Mr. Mueller is an “audit committee financial expert” under applicable SEC rules and regulations.

The audit committee reviews our financial reporting process on behalf of our board of directors. Management has primary responsibility for establishing and maintaining adequate internal controls, for preparing financial statements and for the public reporting process. Our independent auditor, KPMG LLP, is responsible for expressing opinions on the conformity of our audited consolidated financial statements with U.S. generally accepted accounting principles. Our independent auditor also expresses its opinion as to the effectiveness of our internal control over financial reporting.

Our audit committee has reviewed and discussed with management and KPMG LLP our most recent audited consolidated financial statements, as well as management's assessment of the effectiveness of our internal control over financial reporting and KPMG LLP's evaluation of the effectiveness of our internal control over financial reporting. Our audit committee has also discussed with KPMG LLP the matters required to be discussed by the Public Company Accounting Oversight Board Auditing Standard No. 16, Communications with Audit Committees, including that firm's judgment about the quality of our accounting principles, as applied in its financial reporting.

KPMG LLP has provided our audit committee with the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding KPMG LLP's communications with the audit committee concerning independence, and the audit committee has discussed with KPMG LLP that firm's independence from the company and its subsidiaries.

Based on the reviews, discussions and other considerations referred to above, our audit committee recommended to our board of directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2014, which was filed on March 12, 2015 with the SEC.

Submitted by the Members of the Audit Committee
Chris Mueller
Michael J. Malone
J. David Wargo

Other

Our board of directors, by resolution, may from time to time establish other committees of our board of directors, consisting of one or more of our directors. Any committee so established will have the powers delegated to it by resolution of our board of directors, subject to applicable law.

Board Meetings

During 2014, there were three meetings of our full board of directors, no meetings of our executive committee, six meetings of our compensation committee, one meeting of our nominating and corporate governance committee and two meetings of our audit committee.

During 2014, each of John C. Malone, Gregory B. Maffei and Albert Rosenthaler attended fewer than 75% of (i) the total number of meetings of the full board of directors (during the period for which such individual was a director) and (ii) the total number of meetings held by all committees of the board of directors on which such individual served (during the periods served). The only committee on which each of Messrs. Malone, Maffei and Rosenthaler serves is the executive committee, of which there were no meetings in 2014. Each of Messrs. Malone, Maffei and Rosenthaler attended two of the three meetings of our full board of directors in 2014, recusing themselves from one joint meeting of the board of directors and the compensation committee at which a grant of the 2014 Options to Mr. Maffei and the entry of Mr. Maffei and our company into a standstill letter were discussed. See "Certain Relationships and Related Transactions—Letter Agreement with Mr. Maffei."

Director Attendance at Annual Meetings

Our board of directors encourages all members of the board to attend the 2015 annual meeting of our stockholders, which is our first annual meeting, and to attend future annual meetings of our stockholders.

Stockholder Communication with Directors

Our stockholders may send communications to our board of directors or to individual directors by mail addressed to the Board of Directors or to an individual director c/o Liberty TripAdvisor Holdings, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112. All such communications from stockholders will be forwarded to our directors on a timely basis.

Executive Sessions

In 2014, the independent directors of our company, then serving, met at one executive session of the full board of directors without management participation.

Any interested party who has a concern regarding any matter that it wishes to have addressed by our independent directors, as a group, at an upcoming executive session may send its concern in writing addressed to Independent Directors of Liberty TripAdvisor Holdings, Inc., c/o Liberty TripAdvisor Holdings, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112. The current independent directors of our company are Michael J. Malone, Chris Mueller, Larry E. Romrell and J. David Wargo.

EXECUTIVE COMPENSATION

This section sets forth information relating to, and an analysis and discussion of, compensation paid by our company to the following persons (who we collectively refer to as our **named executive officers**):

- Gregory B. Maffei, our Chief Executive Officer and President; and
- Christopher W. Shean, our Chief Financial Officer.

Pursuant to the services agreement (as described below), employees of Liberty Media perform management services for our company for a monthly fee, which is reviewed quarterly by the audit committees of our company and Liberty Media. As described above, our executive officers are comprised of Messrs. Maffei, Baer, Rosenthaler and Shean, each of which is an employee of Liberty Media and provides executive services to our company under the services agreement. They are not separately compensated by our company other than with respect to any equity awards relating to our common stock that our compensation committee may determine to grant. Messrs. Baer and Rosenthaler did not receive any equity awards relating to our common stock in 2014, and the portions of their individual compensation packages related to services that they provided to our company under the services agreement were deemed to be less than \$100,000. Accordingly, they are not considered “named executive officers” of our company for purposes of the Exchange Act and the rules adopted by the Securities and Exchange Commission.

Compensation Discussion and Analysis

Compensation Overview

Services Agreement

In August 2014, we were spun off from our former parent, Liberty Interactive. Liberty Interactive is currently party to a services agreement with Liberty Media under which Liberty Media provides Liberty Interactive with certain specific services. In connection with the Spin-Off, we entered into a services agreement with Liberty Media (the **services agreement**), pursuant to which Liberty Media provides to our company certain administrative and management services, and we pay Liberty Media a monthly management fee, the amount of which is subject to semi-annual review (and at least an annual review by our compensation committee). As a result, employees, including our named executive officers, who provide services to our company pursuant to the services agreement are not separately compensated by our company other than with respect to equity awards with respect to our common stock. For the year ended December 31, 2014, we accrued management fees payable to Liberty Media under the services agreement of \$841,667.

Role of Chief Executive Officer in Compensation Decisions; Setting Executive Compensation

The Chief Executive Officer did not have any role in making compensation decisions for the year ended December 31, 2014, because our company had been a wholly owned subsidiary of Liberty Interactive until August 2014, and between the time of the Spin-Off and the end of 2014, no separate compensation decisions were made with respect to any of the executive officers (other than the grant of Mr. Maffei’s 2014 Options (as defined below), which was made in the sole discretion of our compensation committee).

Prospectively, our Chief Executive Officer may make recommendations with respect to any equity compensation to be awarded to our executive officers. As a result of the management fee paid to Liberty Media, the compensation committee does not expect to provide any cash compensation to the executive officers, rather it may determine to separately compensate the executive officers with equity incentive compensation. It is expected that our Chief Executive Officer, in making any related

recommendations to our compensation committee, will evaluate the performance and contributions of each of our executive officers, given his respective area of responsibility, and, in doing so, will consider various qualitative factors such as:

- the executive officer’s experience and overall effectiveness;
- the executive officer’s performance;
- the responsibilities of the executive officer, including any changes to those responsibilities over the year; and
- the executive officer’s demonstrated leadership and management ability.

Elements of 2014 Executive Compensation

For 2014, the principal component of Mr. Maffei’s compensation was an equity incentive award granted on December 21, 2014. Mr. Maffei received a one-time grant of 1,797,107 options to purchase shares of LTRPB at an exercise price of \$27.83 per share (the **2014 Options**). One-half of the 2014 Options will vest on the fourth anniversary of the grant date with the remaining 2014 Options vesting on the fifth anniversary of the grant date, in each case, subject to Mr. Maffei being employed on the applicable vesting date. The 2014 Options will have a term of ten years. The 2014 Options are multi-year awards that have a cliff vesting feature to align Mr. Maffei’s interests with the long-term interests of our stockholders, particularly in the absence of any direct cash compensation to be paid to him. As described below, multi-year stock awards are consistent with the compensation policy of our compensation committee and that of our predecessor.

Mr. Shean, our other named executive officer, did not receive any equity compensation from our company during 2014. The equity awards held by Mr. Shean and reported below in “—Outstanding Equity Awards at Fiscal Year-End” were issued as a result of the anti-dilution adjustments applied to his outstanding equity awards relating to Liberty Interactive’s Liberty Ventures common stock at the time of the completion of the Spin-Off, including his unvested multi-year grant described below.

Equity Incentive Compensation

Consistent with our compensation philosophy, our compensation committee believes in aligning the interests of the named executive officers with those of our stockholders through awards of stock-based incentive compensation. This ensures that our executives have a continuing stake in our long-term success.

As described above in “Proposal 2—The Incentive Plan Proposal,” the incentive plan provides for the grant of a variety of incentive awards, including stock options, restricted shares, restricted stock units, stock appreciation rights and performance awards. Our compensation committee has a preference for grants of stock options and awards of restricted stock or restricted stock units (as compared with other types of available awards under the incentive plan) based on the belief that they better promote retention of key employees through the continuing, long-term nature of an equity investment. It is the policy of our compensation committee that stock options be awarded with an exercise price equal to fair market value on the date of grant, typically measured by reference to the closing price on the grant date.

Recently, the Liberty Interactive compensation committee determined to make larger grants (equaling approximately four to five years’ value of the annual grants made in years prior to 2009) that vest between four and five and three-quarters years after grant, rather than making annual grants over the same period. These multi-year grants provide for back-end weighted vesting and generally expire ten years after grant to encourage executives to remain with the company over the long-term and to better align their interests with those of the stockholders. In that regard, multi-year awards were

granted to our executive officers prior to 2014, including to Mr. Shean, and, accordingly, the multi-year awards were adjusted in connection with the Spin-Off pursuant to the anti-dilution provisions of the incentive plans under which they were granted.

Policy on Restatements

In those instances where we grant equity-based incentive compensation, we expect to include in the related agreement with the executive a right, in favor of our company, to require the executive to repay or return to the company any cash, stock or other incentive compensation (including proceeds from the disposition of shares received upon exercise of options or stock appreciation rights). That right will arise if (1) a material restatement of any of our financial statements is required and (2) in the reasonable judgment of our compensation committee, (A) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (B) such noncompliance is a result of misconduct on the part of the executive. In determining the amount of such repayment or return, our compensation committee may take into account, among other factors it deems relevant, the extent to which the market value of the applicable series of our common stock was affected by the errors giving rise to the restatement. The cash, stock or other compensation that we may require the executive to repay or return must have been received by the executive during the 12-month period beginning on the date of the first public issuance or the filing with the SEC, whichever occurs earlier, of the financial statement requiring restatement. The compensation required to be repaid or returned will include (1) cash or company stock received by the executive (A) upon the exercise during that 12-month period of any stock appreciation right held by the executive or (B) upon the payment during that 12-month period of any incentive compensation, the value of which is determined by reference to the value of company stock, and (2) any proceeds received by the executive from the disposition during that 12-month period of company stock received by the executive upon the exercise, vesting or payment during that 12-month period of any award of equity-based incentive compensation.

Summary Compensation Table

Name and Principal Position (as of 12/31/14)	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards \$(1)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Gregory B. Maffei President and Chief Executive Officer	2014	—	—		25,057,422	—	—	—	25,057,422
Christopher W. Shean Senior Vice President and Chief Financial Officer	2014	—	—	—	—	—	—	—	—

(1) Reflects the grant date fair value of stock options awarded to Mr. Maffei, which has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 9 to our consolidated financial statements for the year ended December 31, 2014 (which are included in our Annual Report on Form 10-K as filed with the SEC on March 12, 2015 (the **2014 10-K**)).

Executive Compensation Arrangements

Gregory B. Maffei

Option Grant. On December 21, 2014, Mr. Maffei received a one-time grant of the 2014 Options consisting of 1,797,107 options to purchase shares of LTRPB at an exercise price of \$27.83 per share. One-half of the 2014 Options will vest on the fourth anniversary of the grant date with the remaining 2014 Options vesting on the fifth anniversary of the grant date, in each case, subject to Mr. Maffei

being employed on the applicable vesting date. The 2014 Options will have a term of ten years. Pursuant to the services agreement, as an employee of Liberty Media, Mr. Maffei provides services to our company and is not separately compensated by our company other than with respect to equity awards with respect to our common stock.

Upon a “change in control” (as defined in the award agreement relating to the 2014 Options) prior to Mr. Maffei’s termination or in the event of Mr. Maffei’s termination for death or disability, all of his unvested 2014 Options will become exercisable. If Mr. Maffei is terminated by our company for “cause” (as such term is defined in the award agreement relating to the 2014 Options), all of his unvested 2014 Options will terminate. If Mr. Maffei is terminated by our company without “cause” or if he terminates his employment for “good reason” (as such term is defined in the award agreement relating to the 2014 Options), then each unvested tranche of 2014 Options will vest pro rata based on the number of days in the vesting period for such tranche elapsed since the grant date plus 548 calendar days; however, in the event (i) all members of the “Malone Group” (as such term is defined in the award agreement relating to the 2014 Options) cease to beneficially own our company’s securities representing at least 20% of our voting power, (ii) within 90 to 210 days of clause (i) Mr. Maffei’s employment is terminated by our company without cause or by Mr. Maffei for good reason and (iii) at the time of clause (i) Mr. Maffei does not beneficially own our company’s securities representing at least 20% of our voting power, then all unvested 2014 Options will vest in full as of the date of Mr. Maffei’s termination. In no event will the vesting of the 2014 Options accelerate upon Mr. Maffei’s voluntary termination of his employment with our company without good reason. In addition, in no event will the vesting of the 2014 Options accelerate upon termination of Mr. Maffei’s employment for any reason with Liberty Media. In the event of a change in control prior to Mr. Maffei’s termination, all of the 2014 Options will remain exercisable until the end of the term. If Mr. Maffei is terminated for cause prior to December 31, 2019 (without a prior change in control occurring), then all vested 2014 Options will expire on the 90th day following such termination. In all other events of termination or if Mr. Maffei has not been terminated prior to December 31, 2019, all vested 2014 Options will expire at the end of the term.

Equity Incentive Plans

The incentive plan is designed to provide additional remuneration to officers, employees, nonemployee directors and independent contractors for service to our company and to encourage those persons’ investment in our company. Non-qualified stock options, SARs, restricted shares, restricted stock units, cash awards, performance awards or any combination of the foregoing may be granted under the incentive plan (collectively, **awards**). The maximum number of shares of our common stock with respect to which awards may be granted is 6,700,000, subject to anti-dilution and other adjustment provisions of the incentive plan. With limited exceptions, under the incentive plan, no person may be granted in any calendar year awards covering more than 2,000,000 shares of our common stock, subject to anti-dilution and other adjustment provisions of the incentive plan. In addition, no person may receive payment for cash awards during any calendar year in excess of \$10 million and no nonemployee director may be granted during any calendar year awards having a value (as determined on the grant date of such award) in excess of \$3 million. Shares of our common stock issuable pursuant to awards will be made available from either authorized but unissued shares or shares that have been issued but reacquired by our company. The incentive plan is administered by the compensation committee with regard to all awards granted under the incentive plan (other than awards granted to the nonemployee directors), and the compensation committee has full power and authority to determine the terms and conditions of such awards. The incentive plan is administered by the full board of directors with regard to all awards granted under the incentive plan to nonemployee directors, and the full board of directors has full power and authority to determine the terms and conditions of such awards.

In connection with the Spin-Off, new equity incentive awards with respect to our common stock (**new Liberty TripAdvisor awards**) were issued in connection with adjustments made to outstanding equity incentive awards with respect to shares of Liberty Interactive's Liberty Ventures common stock which have been granted to various directors, officers and employees and consultants of Liberty Interactive and certain of its subsidiaries pursuant to the various stock incentive plans administered by the Liberty Interactive board of directors or the compensation committee thereof. These new Liberty TripAdvisor awards were issued pursuant to the Liberty TripAdvisor Holdings, Inc. Transitional Stock Adjustment Plan (the **transitional plan**), which governs the terms and conditions of the new Liberty TripAdvisor awards but will not be used to make any additional grants following the Spin-Off.

Grants of Plan-Based Awards

The following table contains information regarding plan-based incentive awards granted during the year ended December 31, 2014 to the named executive officers. Mr. Shean did not receive any grants during 2014.

Name	Grant Date	Estimated Future Payouts under Non-equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)			
Gregory B. Maffei							
LTRPB	12/21/2014	—	—	—	1,797,107	27.83	25,057,422
Christopher W. Shean . .	—	—	—	—	—	—	—

Outstanding Equity Awards at Fiscal Year-End

The following table contains information regarding unexercised options and unvested shares of our common stock which were outstanding as of December 31, 2014 and held by the named executive officers.

Name	Option awards				Stock awards	
	Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)
Gregory B. Maffei						
<i>Option Awards</i>						
LTRPB	—	1,797,107(1)	27.83	12/21/2024	—	—
Christopher W. Shean						
<i>Option Awards</i>						
LTRPA	13,036	—	14.11	12/16/2015	—	—
LTRPA	11,416	—	14.11	12/17/2016	—	—
LTRPA	2,489	—	14.11	12/17/2016	—	—
LTRPA	33,262	16,632(2)	14.11	03/19/2020	—	—
<i>Stock Awards</i>						
LTRPA	—	—	—	—	5,250(2)	141,225

(1) Vests 50% on December 21, 2018 and 50% on December 21, 2019.

(2) Vests in full on December 31, 2015.

Option Exercises and Stock Vested

The following table sets forth information concerning the exercise of vested options and the vesting of restricted stock held by our named executive officers, in each case, during the year ended December 31, 2014.

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise (#)(1)	Value realized on exercise (\$)	Number of shares acquired on vesting (#)(1)	Value realized on vesting (\$)
Gregory B. Maffei				
LTRPA	747,859	9,617,467	147,388	(2)
Christopher W. Shean				
LTRPA	6,837	76,848	—	—

(1) Includes shares withheld in payment of withholding taxes at election of holder.

(2) On December 4, 2012 (the **Grant Date**), to effect Liberty Interactive’s 2012 option modification program, Liberty Interactive’s compensation committee approved the acceleration of each unvested in-the-money option to acquire shares of its Series A Liberty Interactive common stock (**QVCA**) and Series A Liberty Ventures common stock (**LVNTA**) held by certain of its and its subsidiaries’ officers (collectively, the **Eligible Optionholders**), including Mr. Maffei, who is a named executive officer of our company and was a named executive officer of Liberty Interactive on the Grant Date. Following this acceleration, also on the Grant Date, each Eligible Optionholder exercised, on a net settled basis, substantially all of his or her outstanding in-the-money vested and unvested options to acquire QVCA or LVNTA shares (the **Eligible Options**) and with respect to each unvested Eligible Option, each Eligible Optionholder acquired QVCA or LVNTA shares which have a vesting schedule identical to that of the unvested Eligible Option (the **New Shares**). In connection with the Spin-Off, new equity incentive awards with respect to our common stock were issued in connection with adjustments made to outstanding equity incentive awards with respect to shares of Liberty Interactive’s Liberty Ventures common stock, including the New Shares.

The Value column below represents the value related to awards with respect to LTRPA held by Mr. Maffei that were subject to continued vesting requirements as of the Grant Date, but which vested during the twelve months ended December 31, 2014. Such value was realized by Mr. Maffei in 2012 and therefore included in Liberty Interactive’s proxy statement relating to its 2013 annual meeting of stockholders under “Executive Compensation—Option Exercises and Stock Vested.”

Number of shares acquired upon lapse of restriction (#)	Value (\$)
147,388	2,119,439

Potential Payments Upon Termination or Change-in-Control

The following table sets forth the potential payments to our named executive officers if their employment with our company had terminated or a change in control had occurred, in each case, as of December 31, 2014. In the event of such a termination or change in control, the actual amounts may be different due to various factors. In addition, we may enter into new arrangements or modify these arrangements from time to time.

The amounts provided in the tables are based on the closing market prices on December 31, 2014, the last trading day of such year, for our Series A common stock and Series B common stock, which

were \$26.90 and \$26.66, respectively. The value of the options and SARs shown in the table is based on the spread between the exercise or base price of the award and the applicable closing market price. The value of the restricted stock shown in the table is based on the applicable closing market price and the number of shares unvested.

The circumstances giving rise to these potential payments and a brief summary of the provisions governing their payout are described below and in the footnotes to the table (other than those described under “—Executive Compensation Arrangements,” which are incorporated by reference herein):

Voluntary Termination. Each of the named executive officers holds equity awards that were issued under the transitional plan, and Mr. Maffei holds the 2014 Options which were issued under the incentive plan. Under these plans and the related award agreements, in the event of a voluntary termination of his employment with our company for any reason, each named executive officer would only have a right to the equity grants that vested prior to his termination date, except that under his award agreement, Mr. Maffei has certain acceleration rights with respect to his 2014 Options upon a voluntary termination for good reason. Mr. Maffei and Mr. Shean are not entitled to any severance payments or other benefits upon a voluntary termination of his employment for any reason.

Termination for Cause. All outstanding equity grants constituting options or stock appreciation rights, whether unvested or vested but not yet exercised, and all equity grants constituting unvested restricted shares under the existing incentive plans would be forfeited by any named executive officer (other than Mr. Maffei in the case of equity grants constituting vested options or similar rights) who is terminated for “cause.” The transitional plan, which governs the awards (other than the 2014 Options), unless there is a different definition in the applicable award agreement, defines “cause” as insubordination, dishonesty, incompetence, moral turpitude, other misconduct of any kind and the refusal to perform his duties and responsibilities for any reason other than illness or incapacity; provided that, if such termination is within 12 months after a change in control (as described below), “cause” means a felony conviction for fraud, misappropriation or embezzlement. With respect to Mr. Maffei’s equity grants, including the 2014 Options, “cause,” as defined in the award agreement, also includes Mr. Maffei’s failure to comply in any material respect with any written agreement between him and our company or any of our subsidiaries if such failure causes demonstrable material injury to our company or any of our subsidiaries, except that in the event of his termination following a change in control, Mr. Maffei is entitled to certain procedural and cure rights relating to such termination. Mr. Maffei has certain continuing rights under the award agreement for his 2014 Options to exercise vested options following a termination for “cause.” See “—Executive Compensation Arrangements.”

Termination Without Cause or for Good Reason. Pursuant to the award agreement for the 2014 Options, Mr. Maffei’s 2014 Options are subject to acceleration upon a termination of his employment without cause or for good reason. See “—Executive Compensation Arrangements—Gregory B. Maffei” above for additional entitlements.

Mr. Shean’s multi-year award, which is his only unvested award, provides for vesting upon a termination of employment without cause of those options or restricted shares, as applicable, that would have vested during the 12-month period following the termination date if such person had remained an employee, plus a pro rata portion of the remaining unvested options or restricted shares, as applicable, based on the portion of the vesting period elapsed through the termination date. Mr. Shean is not entitled to any severance pay or other benefits upon a termination without cause.

Death. In the event of death of any of the named executive officers, the incentive plans and applicable award agreements provide for vesting in full of any outstanding options or SARs and the

lapse of restrictions on any restricted share awards. See “Executive Compensation Arrangements” above.

Disability. If the employment of any of the named executive officers is terminated due to disability, which is defined in the incentive plans or applicable award agreements, such plans or agreements provide for vesting in full of any outstanding options or SARs and the lapse of restrictions on any restricted share awards. See “—Executive Compensation Arrangements” above.

Change in Control. In case of a change in control, the incentive plans provide for vesting in full of any outstanding options or SARs and the lapse of restrictions on any restricted share awards held by the named executive officers. A change in control is generally defined as:

- The acquisition by a non-exempt person (as defined in the incentive plans) of beneficial ownership of at least 20% of the combined voting power of the then outstanding shares of our company ordinarily having the right to vote in the election of directors, other than pursuant to a transaction approved by our board of directors.
- The individuals constituting our board of directors over any two consecutive years cease to constitute at least a majority of the board, subject to certain exceptions that permit the board to approve new members by approval of at least two-thirds of the remaining directors.
- Any merger, consolidation or binding share exchange that causes the persons who were common stockholders of our company immediately prior thereto to lose their proportionate interest in the common stock or voting power of the successor or to have less than a majority of the combined voting power of the then outstanding shares ordinarily having the right to vote in the election of directors, the sale of substantially all of the assets of the company or the dissolution of the company.

In the case of a change in control described in the last bullet point, our compensation committee may determine not to accelerate the existing equity awards of the named executive officers if equivalent awards will be substituted for the existing awards, except that Mr. Maffei’s awards may also be subject to acceleration upon a change in control, including of the type described in the last bullet point, pursuant to the terms of the award agreement for his 2014 Options. See “—Executive Compensation Arrangements—Gregory B. Maffei” above. For purposes of the tabular presentation below, we have assumed no such determination was made.

Benefits Payable Upon Termination or Change-in-Control

Name	Voluntary Termination Without Good Reason (\$)	Termination for Cause (\$)	Termination Without Cause or for Good Reason (\$)	Death (\$)	Disability (\$)	After a Change in Control (\$)
Gregory B. Maffei						
Options/SARs	—	—	—	—	—	—
Restricted Stock . . .	—	—	—	—	—	—
Total	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Christopher W. Shean						
Options/SARs	769,996(1)	—	982,720(2)	982,720(3)	982,720(3)	982,720(3)
Restricted Stock . . .	—	—	141,225(2)	141,225(3)	141,225(3)	141,225(3)
Total	<u>769,996</u>	<u>—</u>	<u>1,123,945</u>	<u>1,123,945</u>	<u>1,123,945</u>	<u>1,123,945</u>

(1) Based on the number of vested options and SARs held by Mr. Shean at year-end. For more information, see the “Outstanding Equity Awards at Fiscal Year-End” table above.

- (2) Based on (i) the number of vested options and SARs held by Mr. Shean at year-end and (ii) the number of unvested options and SARs and the number of shares of restricted stock held by Mr. Shean at year-end that would vest pursuant to the forward-vesting provisions in his award agreements if he were terminated without cause at year-end. See the “Outstanding Equity Awards at Fiscal Year-End” table and “Potential Payments Upon Termination or Change-in-Control—Termination Without Cause or for Good Reason” above.
- (3) Based on (i) the number of vested options and SARs and (ii) the number of unvested options and SARs and the number of shares of restricted stock, in each case, held by Mr. Shean at year-end. For more information, see the “Outstanding Equity Awards at Fiscal Year-End” table above.

DIRECTOR COMPENSATION

Nonemployee Directors

Director Fees. Each of our directors who is not an employee of, or service provider to, our company will be paid an annual fee of \$100,000 (which we refer to as the **director fee**), of which \$50,000 is payable in cash and the balance is payable in restricted shares or options to purchase shares of LTRPA. See “—Director Option Grant” below for information on the incentive awards granted in 2014 to the nonemployee directors. With respect to our audit committee, compensation committee and nominating and corporate governance committee, each member thereof receives an additional annual fee of \$10,000 for his participation on each such committee, except that any committee member who is also the chairman of that committee instead receives an additional annual fee of \$15,000 for his participation on that committee. The cash portion of the director fees and the fees for participation on committees are payable quarterly in arrears.

Equity Incentive Plans. As discussed above, awards granted to our nonemployee directors under the incentive plan are currently administered by our full board of directors. Our board of directors has full power and authority to grant eligible persons the awards described below and to determine the terms and conditions under which any awards are made. The incentive plan is designed to provide additional remuneration to eligible officers and employees of our company, our nonemployee directors and independent contractors and employees of Liberty Media or Liberty Interactive for service to our company and to encourage their investment in our capital stock, thereby increasing their proprietary interest in our business. Our board of directors may grant non-qualified stock options, SARs, restricted shares, restricted stock units, cash awards, performance awards or any combination of the foregoing under the incentive plan.

As described above, in connection with the Spin-Off, our company’s board of directors adopted the transitional plan, which governs the terms and conditions of awards issued in the Spin-Off in connection with adjustments made to awards previously granted by Liberty Interactive with respect to its Liberty Ventures common stock.

In 2014, each of our nonemployee directors was given a choice of receiving his annual equity grant in the form of restricted shares or options.

Director Option Grants. Pursuant to our director compensation policy described above and the incentive plan, on November 17, 2014, each of Messrs. Michael J. Malone, Mueller, Romrell and Wargo were granted options to purchase 4,260 shares of LTRPA at an exercise price equal to \$24.23, which was the closing price of such stock on the grant date. The per share grant date fair value of these options for each director was \$11.01. The options will become exercisable on the second anniversary of the grant date, or on such earlier date that the grantee ceases to be a director because of death or disability, and will be terminated without becoming exercisable if the grantee resigns or is removed from the board before the vesting date. Once vested, the options will remain exercisable until the seventh anniversary of the grant date, or, if earlier, until the first business day following the first anniversary of the date the grantee ceases to be a director.

Director Compensation Table

<u>Name(1)</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)(2)</u>	<u>Option Awards (\$)(2)(3)</u>	<u>All other compensation (\$)</u>	<u>Total (\$)</u>
John C. Malone	—	—	—	—	—
Michael J. Malone	20,682	—	46,882	—	67,564
Chris Mueller	20,682	—	46,882	—	67,564
Larry E. Romrell	24,129	—	46,882	—	71,011
Albert E. Rosenthaler	—	—	—	—	—
J. David Wargo	24,129	—	46,882	—	71,011

- (1) John C. Malone, the Chairman of the Board of our company, received no compensation for serving as a director of our company during 2014. Gregory B. Maffei, who became a director of our company in July 2013 (prior to the Spin-Off) and is currently a named executive officer, and Albert E. Rosenthaler, who is a Senior Vice President of our company, received no compensation for serving as directors of our company during 2014. Richard N. Baer, our Senior Vice President and General Counsel, served on our board of directors during 2014 (prior to the Spin-Off) but did not receive any compensation for serving as a director of our company during that time.
- (2) As of December 31, 2014, our directors (other than Mr. Maffei, whose stock incentive awards are listed in “Outstanding Equity Awards at Fiscal Year-End” above) held the following stock incentive awards:

	<u>John C. Malone</u>	<u>Michael J. Malone</u>	<u>Chris Mueller</u>	<u>Larry E. Romrell</u>	<u>Albert E. Rosenthaler</u>	<u>J. David Wargo</u>
Options/SARs						
LTRPA	5,016	4,260	4,260	8,625	33,886	4,260
Restricted Stock						
LTRPA	—	—	—	318	5,250	—

- (3) The aggregate grant date fair value of the stock option awards has been computed in accordance with FASB ASC Topic 718, but (pursuant to SEC regulations) without reduction for estimated forfeitures. For a description of the assumptions applied in these calculations, see Note 9 to our consolidated financial statements for the year ended December 31, 2014 (which are included in our 2014 10-K).

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of December 31, 2014 with respect to shares of our common stock authorized for issuance under our equity compensation plans.

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)(1)</u>	<u>Weighted average exercise price of outstanding options, warrants and rights</u>	<u>Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a))(1)</u>
<i>Equity compensation plans approved by security holders:</i>			
<i>None</i>			
<i>Equity compensation plans not approved by security holders(2)</i>			
Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015)			4,885,853
LTRPA	17,040	\$24.23	
LTRPB	1,797,107	\$27.83	
Liberty TripAdvisor Holdings, Inc. Transitional Stock Adjustment Plan			—(3)
LTRPA	1,072,568	\$13.78	
LTRPB	—	—	
Total			
LTRPA	<u>1,089,608</u>		
LTRPB	<u>1,797,107</u>		
			<u>4,885,853</u>

- (1) Each plan permits grants of, or with respect to, shares of any series of our common stock, subject to a single aggregate limit.
- (2) The Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015) and the Liberty TripAdvisor Holdings, Inc. Transitional Stock Adjustment Plan were previously approved by our board of directors in connection with the Spin-Off. As described above under “Proposals of Our Board—Proposal 2—The Incentive Plan Proposal,” we are seeking stockholder approval of the Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan (Amended and Restated as of March 11, 2015) at the annual meeting.
- (3) The Liberty TripAdvisor Holdings, Inc. Transitional Stock Adjustment Plan governs the terms and conditions of awards with respect to our company’s common stock that were granted in connection with adjustments made to awards granted by Liberty Interactive with respect to its Liberty Ventures common stock. As a result, no further grants are permitted under this plan.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Under our Code of Business Conduct and Ethics and Corporate Governance Guidelines, if a director or executive officer has an actual or potential conflict of interest (which includes being a party to a proposed “related party transaction” (as defined by Item 404 of Regulation S-K)), the director or executive officer should promptly inform the person designated by our board to address such actual or potential conflicts. No related party transaction may be effected by our company without the approval of the audit committee of our board or another independent body of our board designated to address such actual or potential conflicts.

Letter Agreement with Mr. Maffei

As described in more detail above under “Executive Compensation—Executive Compensation Arrangements—Gregory B. Maffei,” on December 21, 2014, Mr. Maffei received a one-time grant of the 2014 Options consisting of 1,797,107 options to purchase shares of LTRPB at an exercise price of \$27.83 per share. Because of the significant voting power that Mr. Maffei would possess upon exercise of the 2014 Options, our board of directors determined that it would be appropriate to also grant Mr. Maffei approval for purposes of exempting him from the restrictions that may be imposed on him as an “interested stockholder” under Section 203 of the General Corporation Law of Delaware (**Section 203**). Separately, Mr. Maffei advised our board that, although no agreement, arrangement or understanding had been reached, he was in discussions with Mr. Malone regarding a potential exchange of shares of LTRPB owned by the Malones (as defined below) for shares of LTRPA owned by Mr. Maffei. As a result, the compensation committee of our board and the members of our board independent of Mr. Maffei and the Malones determined that it was appropriate to request that Mr. Maffei enter into a standstill agreement with our company, and on December 21, 2014, the Issuer and Mr. Maffei entered into a letter agreement (the **Standstill Letter**). The Standstill Letter was entered into in connection with the grant of the 2014 Options to Mr. Maffei and in anticipation of such potential exchange. On December 22, 2014, Mr. Maffei acquired 2,770,173 shares of LTRPB in exchange for 3,047,190 shares of LTRPA pursuant to an exchange transaction pursuant to which he exchanged (the **Exchange**) an aggregate of 3,047,190 shares of LTRPA in a private transaction with John C. Malone, our Chairman, Mr. Malone’s wife and two trusts (the **Trusts**) managed by an independent trustee, the beneficiaries of which are Mr. Malone’s adult children (Mr. Malone, his wife and the Trusts, the **Malones**), for an aggregate of 2,770,173 shares of LTRPB held by Mr. Malone, his wife and the Trusts. Prior to the grant of the 2014 Options and any agreement, arrangement or understanding between Mr. Maffei and Mr. Malone regarding the Exchange, the compensation committee of our board and the members of our board independent of Mr. Maffei and the Malones approved (x) each of Mr. Maffei and certain of his related persons as an “interested stockholder” and (y) the acquisition by such persons of shares of our common stock, in each case, for purposes of Section 203.

Subject to certain exceptions, during the Term (as defined below) of the Standstill Letter, Mr. Maffei has agreed that he will not, and he will not permit his Controlled Affiliates (as defined in the Standstill Letter) to, directly or indirectly, acquire Voting Securities (as such term is defined in the Standstill Letter) of our company if, after giving effect to such acquisition, Mr. Maffei and his Controlled Affiliates would beneficially own (as defined under the Exchange Act, but including all shares Mr. Maffei has the right to acquire without giving effect to any vesting requirements) in excess of 34.9% our outstanding Voting Securities (the **Cap**); provided, that the Cap will not prohibit, among other things, Mr. Maffei from acquiring or exercising the 2014 Options or acquiring shares of LTRPB pursuant to the Exchange. In the event Mr. Maffei or his Controlled Affiliates have beneficial ownership of Voting Securities of our company in excess of the Cap, subject to limited exceptions, Mr. Maffei will vote such securities in excess of the Cap in the same proportion as the votes cast by stockholders unaffiliated with Mr. Maffei on any matter submitted to a vote of our stockholders.

Pursuant to the Standstill Letter, during the period commencing on December 21, 2014 and ending on the earlier of (x) the fifth anniversary of the closing of the Exchange or (y) the consummation of a Change in Control (as defined in the Standstill Letter) (such period, the **Term**), our company will include Mr. Maffei (or his designee) in management's slate of directors for election (the **Management Slate**) at each annual or special meeting of stockholders at which directors in Mr. Maffei's (or his designee's) class are to be elected. Our company will use reasonable best efforts to cause the election of Mr. Maffei (or his designee) to our board of directors. So long as our company complies with our obligation to include Mr. Maffei (or his designee) on the Management Slate as provided in the Standstill Letter, Mr. Maffei has agreed to vote his shares of our common stock in favor of the Management Slate.

Pursuant to and during the Term of the Standstill Letter, Mr. Maffei has agreed, subject to certain exceptions, to certain customary standstill provisions. Such provisions prohibit Mr. Maffei and his Controlled Affiliates, unless expressly authorized by a majority of the members of our board who are independent, disinterested and unaffiliated with Mr. Maffei and his Controlled Affiliates, from: (i) effecting or seeking, offering or proposing (whether publicly or otherwise) to effect, or announcing any intention to effect or cause or participating in or assisting, facilitating or encouraging any other person to effect or seek, offer or propose (whether publicly or otherwise) to effect or participate in, (A) any acquisition of any equity securities (or beneficial ownership thereof) or rights or options to acquire any equity securities (or beneficial ownership thereof), of our company, (B) any tender or exchange offer, consolidation, business combination, acquisition, merger, joint venture or other business combination involving our company, (C) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to our company or (D) any solicitation of proxies or consents relating to the election of directors with respect to our company; (ii) forming, joining or in any way participating in a "group" (as defined under Rule 13d-3 of the Exchange Act); (iii) depositing any Voting Securities in a voting trust or similar arrangement; (iv) granting any proxies with respect to any Voting Securities to any person (other than in his capacity as a designated representative of our company), (v) otherwise acting (alone or in concert with others), to call or seek to call a meeting of our stockholders, initiating any stockholder proposal or calling a special meeting of our board of directors; (vi) entering into any third-party discussions regarding the foregoing; (vii) publicly requesting a waiver or amendment of the foregoing, or making any public announcement regarding such restrictions; (viii) taking any action which would reasonably be expected to require our company to make a public announcement regarding the possibility of a business combination or merger; or (ix) advising, assisting or knowingly encouraging or directing any person to do so in connection with the foregoing. However, Mr. Maffei will not be deemed to have breached or violated these limitations to the extent such actions were taken in connection with his provision of services to our company as a member of our board of directors or as Chief Executive Officer of our company.

The standstill limitations cease to apply (i) if our company fails (subject to certain exceptions) to comply with our obligation to include Mr. Maffei (or his designee) on the Management Slate for election as a director (other than at Mr. Maffei's request or because of Mr. Maffei's refusal to accept such nomination), (ii) if Mr. Maffei ceases to serve as Chief Executive Officer of our company other than as a result of his resignation without Good Reason (as defined in the grant agreement related to the 2014 Options (the **Option Agreement**)), his Disability (as defined in the Option Agreement) or his termination for Cause (as defined in the Option Agreement), or (iii) if Mr. Maffei (or his designee) ceases to be a director of our company, other than due to his refusal to serve as a director of our company or to propose a designee in his place, due to his (or his designee's) resignation, due to Mr. Maffei's election not to submit a replacement candidate for appointment or during a period following Mr. Maffei's resignation so long as our company is working in good faith to appoint a replacement designee of Mr. Maffei. The standstill limitations also cease to apply upon the occurrence of certain events set forth in the Standstill Letter, including our company entering into discussions regarding a transaction that would, if consummated, be reasonably likely to result in a Change of

Control (unless Mr. Maffei has been released from such restrictions to the extent reasonably necessary for him to fully participate in any discussions (in his capacity as a stockholder) and to offer or propose alternative transactions involving himself and his Controlled Affiliates and third parties) or a third party commences a tender or exchange offer for at least 50.1% of our common stock which would result in a Change of Control of our company and which offer is not opposed by our company.

The foregoing is a summary of the Standstill Letter and is qualified by reference to the full text of the Standstill Letter, which is incorporated by reference as Exhibit 7(a) to the Schedule 13D filed by Mr. Maffei with respect to our common stock on December 31, 2014.

Agreements Entered into in Connection with the Spin-Off

Reorganization Agreement

On August 15, 2014, Liberty Interactive entered into a reorganization agreement with our company to provide for, among other things, the principal corporate transactions (including the internal restructuring) required to effect the Spin-Off, certain conditions to the Spin-Off and provisions governing the relationship between Liberty Interactive and our company with respect to and resulting from the Spin-Off. The reorganization agreement also provides for mutual indemnification obligations, which are designed to make our company financially responsible for substantially all of the liabilities that may exist relating to the businesses included in our company at the time of the Spin-Off together with certain other specified liabilities, as well as for all liabilities incurred by our company after the Spin-Off, and to make Liberty Interactive financially responsible for all potential liabilities of our company which are not related to our businesses, including, for example, any liabilities arising as a result of our company having been Liberty Interactive's subsidiary, together with certain other specified liabilities. These indemnification obligations exclude any matters relating to taxes. For a description of the allocation of tax-related obligations, please see “—Tax Sharing Agreement” below.

In addition, the reorganization agreement provides for each of Liberty Interactive and our company to preserve the confidentiality of all confidential or proprietary information of the other party for five years following the Spin-Off, subject to customary exceptions, including disclosures required by law, court order or government regulation.

Tax Sharing Agreement

On August 27, 2014, Liberty Interactive and our company entered into a tax sharing agreement, as amended, which generally allocates certain taxes, tax items, and tax-related losses between Liberty Interactive and our company. For purposes of this summary, references to the “Liberty TripAdvisor group” mean, with respect to any tax year (or portion thereof) ending at or before the effective time of the Spin-Off, our company and each of its subsidiaries at the effective time of the Spin-Off, and with respect to any tax year (or portion thereof) beginning after the effective time of the Spin-Off, our company and its subsidiaries during such tax year (or portion thereof); and references to the “Liberty Interactive group” mean, with respect to any tax year (or portion thereof), Liberty Interactive and its subsidiaries, other than any person that is a member of the Liberty TripAdvisor group during such tax year (or portion thereof).

Generally, under the tax sharing agreement, (i) Liberty Interactive will be allocated all taxes attributable to the members of the Liberty Interactive group, and all taxes attributable to the members of the Liberty TripAdvisor group for a pre-Spin-Off period, that are reported on any consolidated, combined or unitary tax return that includes one or more members of the Liberty Interactive group and one or more members of the Liberty TripAdvisor group, and (ii) each of Liberty Interactive and our company will be allocated all taxes attributable to the members of its respective group that are reported on any tax return (including any consolidated, combined or unitary tax return) that includes only the members of its respective group. Notwithstanding the foregoing, Liberty Interactive will be

allocated any taxes and tax-related losses resulting from the Spin-Off and related restructuring transactions, except that our company will be allocated any such taxes or tax-related losses that (i) result primarily from, individually or in the aggregate, a breach by our company of any of our restrictive covenants relating to the Spin-Off and related restructuring transactions, or (ii) result from Section 355(e) of the Code applying to the Spin-Off as a result of the Spin-Off being part of a plan (or series of related transactions) pursuant to which one or more persons acquire a 50-percent or greater interest (by vote or value) in the stock of Liberty TripAdvisor.

The parties must indemnify each other for taxes and losses allocated to them under the tax sharing agreement and for taxes and losses arising from a breach by them of their respective covenants and obligations under the tax sharing agreement. The tax sharing agreement also provides for the agreements between the parties related to the filing of tax returns, control of tax audits, cooperation on tax matters, retention of tax records, and other tax matters.

These descriptions are qualified in their entirety by reference to the full text of the reorganization agreement and the tax sharing agreement, which are filed as Exhibits 2.1 and 10.1 to Liberty Interactive's Current Report on Form 8-K filed with the SEC on September 3, 2014.

Spin-Off Related Financing Transactions

In connection with the Liberty TripAdvisor Spin-Off, a bankruptcy remote wholly-owned subsidiary of our company (**TripSPV**) borrowed up to \$400 million in cash in margin loans (the **Margin Loans**), secured by our company's ownership interest in TripAdvisor, which is held through TripSPV and which is guaranteed solely by our company, from one or more third parties (the proceeds from such borrowing, the **Loan Proceeds**). As part of the internal restructuring completed to effect the Spin-Off, approximately \$350 million of the Loan Proceeds were distributed from our company to Liberty Interactive. Liberty Interactive, within twelve months following the completion of such distribution, will use all of the distributed portion of the Loan Proceeds received from our company to repurchase shares of its common stock under its share repurchase program pursuant to a special authorization by its board of directors.

Substantially concurrently with the entry of TripSPV entering into the agreements governing the Margin Loans, our company and Liberty Interactive LLC, a wholly-owned subsidiary of Liberty Interactive, entered into a Master Promissory Note whereby our company may request and Liberty Interactive LLC agrees to fund and advance, from time to time, up to \$200,000,000 in aggregate principal amount of loans to our company if there is a mandatory prepayment due under either or both of the margin loan agreements that is as a result of either the market reference price of the common shares of TripAdvisor being less than certain agreed upon share prices or the loan to value ratio being equal to or exceeding 45%; provided that such funds so drawn by our company must be immediately contributed by our company to TripSPV and used by TripSPV to either satisfy any sums due under the margin loan agreements as a result of such mandatory prepayment event, or deposited by TripSPV in a collateral account as collateral for the obligations of TripSPV under the margin loan agreements. The maturity date of the Master Promissory Note is the earliest to occur of (i) the date the Margin Loans become due and payable in full, (ii) the date the unpaid principal amount of the loans made under both margin loan agreements, and all other obligations thereunder are paid in full and both margin loan agreements are terminated and (iii) the later of the maturity dates under the margin loan agreements. Our company's obligations under the Master Promissory Note will be secured by first priority liens on all of our equity interest in TripSPV. If our company defaults on its obligations under the Master Promissory Note, then Liberty Interactive LLC can declare all loans and paid in kind interest added to the principal amount of the loans, if any, outstanding under the Master Promissory Note, together with any accrued and unpaid interest, to be immediately due and payable, and if our company is unable to pay such amounts, Liberty Interactive LLC may foreclose on the pledged equity securing the loans made under the Master Promissory Note and any other collateral that then secures

our obligations under the Master Promissory Note and exercise any and all other rights it may have against our company at law or in equity.

Loans made under the Master Promissory Note will bear interest at a per annum rate equal to the applicable floating rate then being charged under the margin loan agreements. Interest will be due and payable within three business days after the last day of each calendar quarter. To the extent accrued and unpaid interest otherwise due on such date is not paid in full, such deficiency shall, effective on such date, no longer be due and payable on such date, and instead increase the aggregate principal amount of the loans made under the Master Promissory Note (with interest on such additional loan amounts also accruing interest as described in the preceding sentence); provided that all accrued and unpaid interest shall be due and payable on the Maturity Date or any earlier acceleration of the Master Promissory Note. Our company will pay to Liberty Interactive LLC a one time, non-refundable fee of 00.25% of the original principal amount of each loan made under the Master Promissory Note, which amount will be payable by our company upon our company's receipt of the proceeds of each such loan.

Our company may prepay the loans made under the Master Promissory Note at any time without penalty or premium. The Master Promissory Note prohibits our company from merging into, selling, assigning, transferring, conveying or otherwise disposing of more than 50% of the common equity of TripSPV unless certain conditions are met and will not include any financial covenants. It also contains events of default that are customary for loans of this type.

STOCKHOLDER PROPOSALS

This proxy statement relates to our annual meeting of stockholders for the calendar year 2015 which will take place on June 2, 2015. Based solely on the date of our 2015 annual meeting and the date of this proxy statement, (i) a stockholder proposal must be submitted in writing to our Corporate Secretary and received at our executive offices at 12300 Liberty Boulevard, Englewood, Colorado 80112, by the close of business on December 24, 2015 in order to be eligible for inclusion in our proxy materials for the annual meeting of stockholders for the calendar year 2016 (the **2016 annual meeting**), and (ii) a stockholder proposal, or any nomination by stockholders of a person or persons for election to the board of directors, must be received at our executive offices at the foregoing address not earlier than March 4, 2016 and not later than April 3, 2016 to be considered for presentation at the 2016 annual meeting. We currently anticipate that the 2016 annual meeting will be held during the second quarter of 2016. If the 2016 annual meeting takes place more than 30 days before or 30 days after June 2, 2016 (the anniversary of the 2015 annual meeting), a stockholder proposal, or any nomination by stockholders of a person or persons for election to the board of directors, will instead be required to be received at our executive offices at the foregoing address not later than the close of business on the tenth day following the first day on which notice of the date of the 2016 annual meeting is communicated to stockholders or public disclosure of the date of the 2016 annual meeting is made, whichever occurs first, in order to be considered for presentation at the 2016 annual meeting.

All stockholder proposals for inclusion in our proxy materials will be subject to the requirements of the proxy rules adopted under the Exchange Act, our charter and bylaws and Delaware law.

ADDITIONAL INFORMATION

We file periodic reports, proxy materials and other information with the SEC. You may read and copy any document that we file at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. You may also inspect such filings on the Internet website maintained by the SEC at *www.sec.gov*. Additional information can also be found on our website at *www.libertytripadvisorholdings.com*. (Information contained on any website referenced in this proxy statement is not incorporated by reference in this proxy statement.) **If you would like to receive a copy of our Annual Report on Form 10-K for the year ended December 31, 2014, or any of the exhibits listed therein, please call or submit a request in writing to Investor Relations, Liberty TripAdvisor Holdings, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112, Tel. No. (844) 826-8736, and we will provide you with the Annual Report without charge, or any of the exhibits listed therein upon the payment of a nominal fee (which fee will be limited to the expenses we incur in providing you with the requested exhibits).**

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**LIBERTY TRIPADVISOR HOLDINGS, INC.
2014 OMNIBUS INCENTIVE PLAN**

(Amended and Restated as of March 11, 2015)

ARTICLE I

PURPOSE OF PLAN; EFFECTIVE DATE

1.1 *Purpose.* The purpose of the Plan is to promote the success of the Company by providing a method whereby (i) eligible officers and employees of the Company and its Subsidiaries, (ii) directors and independent contractors, and (iii) employees of Liberty Media Corporation or Liberty Interactive Corporation, in each case, providing services to the Company and its Subsidiaries, may be awarded additional remuneration for services rendered and may be encouraged to invest in capital stock of the Company, thereby increasing their proprietary interest in the Company's businesses, encouraging them to remain in the employ or service of the Company or its Subsidiaries, and increasing their personal interest in the continued success and progress of the Company and its Subsidiaries. The Plan is also intended to aid in (i) attracting Persons of exceptional ability to become officers and employees of the Company and its Subsidiaries and (ii) inducing directors, independent contractors, or employees of Liberty Media Corporation or Liberty Interactive Corporation to agree to provide services to the Company and its Subsidiaries.

1.2 *Effective Date.* The Plan shall be effective as of August 27, 2014 (the "Effective Date"). The Plan is hereby amended and restated as of March 11, 2015.

ARTICLE II

DEFINITIONS

2.1 *Certain Defined Terms.* Capitalized terms not defined elsewhere in the Plan shall have the following meanings (whether used in the singular or plural):

"Account" has the meaning ascribed thereto in Section 8.2.

"Affiliate" of the Company means any corporation, partnership or other business association that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Company.

"Agreement" means a stock option agreement, stock appreciation rights agreement, restricted shares agreement, restricted stock units agreement, cash award agreement or an agreement evidencing more than one type of Award, specified in Section 10.5, as any such Agreement may be supplemented or amended from time to time.

"Approved Transaction" means any transaction in which the Board (or, if approval of the Board is not required as a matter of law, the stockholders of the Company) shall approve (i) any consolidation or merger of the Company, or binding share exchange, pursuant to which shares of Common Stock of the Company would be changed or converted into or exchanged for cash, securities, or other property, other than any such transaction in which the common stockholders of the Company immediately prior to such transaction have the same proportionate ownership of the Common Stock of, and voting power with respect to, the surviving corporation immediately after such transaction, (ii) any merger, consolidation or binding share exchange to which the Company is a party as a result of which the Persons who are common stockholders of the Company immediately prior thereto have less than a majority of the combined voting power of the outstanding capital stock of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors immediately following

such merger, consolidation or binding share exchange, (iii) the adoption of any plan or proposal for the liquidation or dissolution of the Company, or (iv) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company.

“Award” means a grant of Options, SARs, Restricted Shares, Restricted Stock Units, Performance Awards, Cash Awards and/or cash amounts under the Plan.

“Board” means the Board of Directors of the Company.

“Board Change” means, during any period of two consecutive years, individuals who at the beginning of such period constituted the entire Board cease for any reason to constitute a majority thereof unless the election, or the nomination for election, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

“Cash Award” means an Award made pursuant to Section 9.1 of the Plan to a Holder that is paid solely on account of the attainment of one or more Performance Objectives that have been pre-established by the Committee.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute or statutes thereto. Reference to any specific Code section shall include any successor section.

“Committee” means the committee of the Board appointed pursuant to Section 3.1 to administer the Plan.

“Common Stock” means each or any (as the context may require) series of the Company’s common stock.

“Company” means Liberty TripAdvisor Holdings, Inc., a Delaware corporation.

“Control Purchase” means any transaction (or series of related transactions) in which any person (as such term is defined in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), corporation or other entity (other than the Company, any Subsidiary of the Company or any employee benefit plan sponsored by the Company or any Subsidiary of the Company or any Exempt Person (as defined below)) shall become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors (calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company’s securities), other than in a transaction (or series of related transactions) approved by the Board. For purposes of this definition, “Exempt Person” means each of (a) the Chairman of the Board, the President and each of the directors of the Company as of the Effective Date, and (b) the respective family members, estates and heirs of each of the Persons referred to in clause (a) above and any trust or other investment vehicle for the primary benefit of any of such Persons or their respective family members or heirs. As used with respect to any Person, the term “family member” means the spouse, siblings and lineal descendants of such Person.

“Disability” means the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

“Dividend Equivalents” means, with respect to Restricted Stock Units, to the extent specified by the Committee only, an amount equal to all dividends and other distributions (or the economic

equivalent thereof) which are payable to stockholders of record during the Restriction Period on a like number and kind of shares of Common Stock. Notwithstanding any provision of the Plan to the contrary, Dividend Equivalents with respect to a Performance Award may only be paid to the extent the Performance Award is actually paid to the Holder.

“Domestic Relations Order” means a domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

“Equity Security” shall have the meaning ascribed to such term in Section 3(a)(11) of the Exchange Act, and an equity security of an issuer shall have the meaning ascribed thereto in Rule 16a-1 promulgated under the Exchange Act, or any successor Rule.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute or statutes thereto. Reference to any specific Exchange Act section shall include any successor section.

“Fair Market Value” of a share of any series of Common Stock on any day means (i) for Option and SAR exercise transactions effected on any third-party incentive award administration system provided by the Company, the current high bid price of a share of any series of Common Stock as reported on the consolidated transaction reporting system on the principal national securities exchange on which shares of such series of Common Stock are listed on such day or if such shares are not then listed on a national securities exchange, then as quoted by OTC Markets Group Inc., or (ii) for all other purposes under the Plan, the closing price of a share of such series of Common Stock on such day (or if such day is not a trading day, on the next preceding trading day) as reported on the consolidated transaction reporting system for the principal national securities exchange on which shares of such series of Common Stock are listed on such day or if such shares are not then listed on a national securities exchange, then as quoted by OTC Markets Group Inc. If for any day the Fair Market Value of a share of the applicable series of Common Stock is not determinable by any of the foregoing means, or if there is insufficient trading volume in the applicable series of Common Stock on such trading day, then the Fair Market Value for such day shall be determined in good faith by the Committee on the basis of such quotations and other considerations as the Committee deems appropriate.

“Free Standing SAR” has the meaning ascribed thereto in Section 7.1.

“Holder” means a Person who has received an Award under the Plan.

“Nonemployee Director” means an individual who is a member of the Board and who is neither an officer nor an employee of the Company or any Subsidiary.

“Option” means a stock option granted under Article VI.

“Performance Award” means an Award made pursuant to Article IX of the Plan to a Holder that is subject to the attainment of one or more Performance Objectives.

“Performance Objective” means a standard established by the Committee to determine in whole or in part whether a Performance Award shall be earned.

“Person” means an individual, corporation, limited liability company, partnership, trust, incorporated or unincorporated association, joint venture or other entity of any kind.

“Plan” means this Liberty TripAdvisor Holdings, Inc. 2014 Omnibus Incentive Plan, amended and restated as of March 11, 2015.

“Restricted Shares” means shares of any series of Common Stock awarded pursuant to Section 8.1.

“Restricted Stock Unit” means a unit evidencing the right to receive in specified circumstances one share of the specified series of Common Stock or the equivalent value in cash, which right may be subject to a Restriction Period or forfeiture provisions.

“Restriction Period” means a period of time beginning on the date of each Award of Restricted Shares or Restricted Stock Units and ending on the Vesting Date with respect to such Award.

“Retained Distribution” has the meaning ascribed thereto in Section 8.3.

“SARs” means stock appreciation rights, awarded pursuant to Article VII, with respect to shares of any specified series of Common Stock.

“Section 409A” has the meaning ascribed thereto in Section 10.17.

“Subsidiary” of a Person means any present or future subsidiary (as defined in Section 424(f) of the Code) of such Person or any business entity in which such Person owns, directly or indirectly, 50% or more of the voting, capital or profits interests. An entity shall be deemed a subsidiary of a Person for purposes of this definition only for such periods as the requisite ownership or control relationship is maintained.

“Tandem SARs” has the meaning ascribed thereto in Section 7.1.

“Vesting Date,” with respect to any Restricted Shares or Restricted Stock Units awarded hereunder, means the date on which such Restricted Shares or Restricted Stock Units cease to be subject to a risk of forfeiture, as designated in or determined in accordance with the Agreement with respect to such Award of Restricted Shares or Restricted Stock Units pursuant to Article VIII. If more than one Vesting Date is designated for an Award of Restricted Shares or Restricted Stock Units, reference in the Plan to a Vesting Date in respect of such Award shall be deemed to refer to each part of such Award and the Vesting Date for such part. The Vesting Date for a particular Award will be established by the Committee and, for the avoidance of doubt, may be contemporaneous with the date of grant.

ARTICLE III

ADMINISTRATION

3.1 *Committee.* The Plan shall be administered by the Compensation Committee of the Board unless a different committee is appointed by the Board. The Committee shall be comprised of not less than two Persons. The Board may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed, may fill vacancies in the Committee and may remove members of the Committee. The Committee shall select one of its members as its chairman and shall hold its meetings at such times and places as it shall deem advisable. A majority of its members shall constitute a quorum and all determinations shall be made by a majority of such quorum. Any determination reduced to writing and signed by all of the members shall be as fully effective as if it had been made by a majority vote at a meeting duly called and held.

3.2 *Powers.* The Committee shall have full power and authority to grant to eligible Persons Options under Article VI of the Plan, SARs under Article VII of the Plan, Restricted Shares under Article VIII of the Plan, Restricted Stock Units under Article VIII of the Plan, Cash Awards under Article IX of the Plan and/or Performance Awards under Article IX of the Plan, to determine the terms and conditions (which need not be identical) of all Awards so granted, to interpret the provisions of the Plan and any Agreements relating to Awards granted under the Plan and to supervise the administration of the Plan. The Committee in making an Award may provide for the granting or issuance of additional, replacement or alternative Awards upon the occurrence of specified events, including the exercise of the original Award. The Committee shall have sole authority in the selection

of Persons to whom Awards may be granted under the Plan and in the determination of the timing, pricing and amount of any such Award, subject only to the express provisions of the Plan. In making determinations hereunder, the Committee may take into account the nature of the services rendered by the respective employees, officers, independent contractors and directors, their present and potential contributions to the success of the Company and its Subsidiaries, and such other factors as the Committee in its discretion deems relevant.

3.3 *Interpretation.* The Committee is authorized, subject to the provisions of the Plan, to establish, amend and rescind such rules and regulations as it deems necessary or advisable for the proper administration of the Plan and to take such other action in connection with or in relation to the Plan as it deems necessary or advisable. Each action and determination made or taken pursuant to the Plan by the Committee, including any interpretation or construction of the Plan, shall be final and conclusive for all purposes and upon all Persons. No member of the Committee shall be liable for any action or determination made or taken by such member or the Committee in good faith with respect to the Plan.

3.4 *Awards to Nonemployee Directors.* The Board shall have the same powers as the Committee with respect to awards to Nonemployee Directors.

ARTICLE IV

SHARES SUBJECT TO THE PLAN

4.1 *Number of Shares.* Subject to the provisions of this Article IV, the maximum number of shares of Common Stock with respect to which Awards may be granted during the term of the Plan shall be 6,700,000 shares. Shares of Common Stock will be made available from the authorized but unissued shares of the Company or from shares reacquired by the Company, including shares purchased in the open market. The shares of Common Stock subject to (i) any Award granted under the Plan that shall expire, terminate or be cancelled or annulled for any reason without having been exercised (or considered to have been exercised as provided in Section 7.2), (ii) any Award of any SARs granted under the Plan the terms of which provide for settlement in cash, and (iii) any Award of Restricted Shares or Restricted Stock Units that shall be forfeited prior to becoming vested (provided that the Holder received no benefits of ownership of such Restricted Shares or Restricted Stock Units other than voting rights and the accumulation of Retained Distributions and unpaid Dividend Equivalents that are likewise forfeited) shall again be available for purposes of the Plan. Notwithstanding the foregoing, the following shares of Common Stock may not again be made available for issuance as Awards under the Plan: (a) shares of Common Stock not issued or delivered as a result of the net settlement of an outstanding Option or SAR, (b) shares of Common Stock used to pay the purchase price or withholding taxes related to an outstanding Award, or (c) shares of Common Stock repurchased on the open market with the proceeds of an Option purchase price. Except for Awards described in Section 10.1, no Person may be granted in any calendar year Awards covering more than 2,000,000 shares of Common Stock (as such amount may be adjusted from time to time as provided in Section 4.2). No Person shall receive payment for Cash Awards during any calendar year aggregating in excess of \$10 million. No Nonemployee Director may be granted during any calendar year Awards having a value determined on the date of grant in excess of \$3 million.

4.2 *Adjustments.*

(a) If the Company subdivides its outstanding shares of any series of Common Stock into a greater number of shares of such series of Common Stock (by stock dividend, stock split, reclassification, or otherwise) or combines its outstanding shares of any series of Common Stock into a smaller number of shares of such series of Common Stock (by reverse stock split, reclassification, or otherwise) or if the Committee determines that any stock dividend, extraordinary cash dividend, reclassification, recapitalization, reorganization, stock redemption,

split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase such series of Common Stock or other similar corporate event (including mergers or consolidations other than those which constitute Approved Transactions, adjustments with respect to which shall be governed by Section 10.1(b)) affects any series of Common Stock so that an adjustment is required to preserve the benefits or potential benefits intended to be made available under the Plan, then the Committee, in such manner as the Committee, in its sole discretion, deems equitable and appropriate, shall make such adjustments to any or all of (i) the number and kind of shares of stock which thereafter may be awarded, optioned or otherwise made subject to the benefits contemplated by the Plan, (ii) the number and kind of shares of stock subject to outstanding Awards, and (iii) the purchase or exercise price and the relevant appreciation base with respect to any of the foregoing, provided, however, that the number of shares subject to any Award shall always be a whole number. The Committee may, if deemed appropriate, provide for a cash payment to any Holder of an Award in connection with any adjustment made pursuant to this Section 4.2.

(b) Notwithstanding any provision of the Plan to the contrary, in the event of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation, the Committee shall be authorized, in its discretion, (i) to provide, prior to the transaction, for the acceleration of the vesting and exercisability of, or lapse of restrictions with respect to, the Award and, if the transaction is a cash merger, provide for the termination of any portion of the Award that remains unexercised at the time of such transaction, or (ii) to cancel any such Awards and to deliver to the Holders cash in an amount that the Committee shall determine in its sole discretion is equal to the fair market value of such Awards on the date of such event, which in the case of Options or SARs shall be the excess of the Fair Market Value (as determined in sub-section (ii) of the definition of such term) of Common Stock on such date over the purchase price of the Options or the base price of the SARs, as applicable. For the avoidance of doubt, if the purchase price of the Options or base price of the SARs, as applicable, is greater than such Fair Market Value, the Options or SARs may be canceled for no consideration pursuant to this section.

(c) No adjustment or substitution pursuant to this Section 4.2 shall be made in a manner that results in noncompliance with the requirements of Section 409A, to the extent applicable.

ARTICLE V

ELIGIBILITY

5.1 *General.* The Persons who shall be eligible to participate in the Plan and to receive Awards under the Plan shall be such Persons who are employees (including officers and directors) of, or directors, independent contractors or employees of Liberty Media Corporation or Liberty Interactive Corporation providing services to, the Company or its Subsidiaries as the Committee shall select. Awards may be made to employees, directors or independent contractors who hold or have held Awards under the Plan or any similar or other awards under any other plan of the Company or any of its Affiliates.

ARTICLE VI

STOCK OPTIONS

6.1 *Grant of Options.* Subject to the limitations of the Plan, the Committee shall designate from time to time those eligible Persons to be granted Options, the time when each Option shall be granted to such eligible Persons, the series and number of shares of Common Stock subject to such Option, and, subject to Section 6.2, the purchase price of the shares of Common Stock subject to such Option.

6.2 *Option Price.* The price at which shares may be purchased upon exercise of an Option shall be fixed by the Committee and may be no less than the Fair Market Value of the shares of the applicable series of Common Stock subject to the Option as of the date the Option is granted.

6.3 *Term of Options.* Subject to the provisions of the Plan with respect to death, retirement and termination of employment or service, the term of each Option shall be for such period as the Committee shall determine as set forth in the applicable Agreement; provided that such term may not exceed ten years. However, if the term of an Option expires when trading in the Common Stock is prohibited by law or the Company's insider trading policy, then the term of such Option shall expire on the 30th day after the expiration of such prohibition.

6.4 *Exercise of Options.* An Option granted under the Plan shall become (and remain) exercisable during the term of the Option to the extent provided in the applicable Agreement and the Plan and, unless the Agreement otherwise provides, may be exercised to the extent exercisable, in whole or in part, at any time and from time to time during such term; provided, however, that subsequent to the grant of an Option, the Committee, at any time before complete termination of such Option, may accelerate the time or times at which such Option may be exercised in whole or in part (without reducing the term of such Option).

6.5 *Manner of Exercise.*

(a) *Form of Payment.* An Option shall be exercised by written notice to the Company upon such terms and conditions as the Agreement may provide and in accordance with such other procedures for the exercise of Options as the Committee may establish from time to time. The method or methods of payment of the purchase price for the shares to be purchased upon exercise of an Option and of any amounts required by Section 10.9 shall be determined by the Committee and may consist of (i) cash, (ii) check, (iii) promissory note (subject to applicable law), (iv) whole shares of any series of Common Stock, (v) the withholding of shares of the applicable series of Common Stock issuable upon such exercise of the Option, (vi) the delivery, together with a properly executed exercise notice, of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay the purchase price, or (vii) any combination of the foregoing methods of payment, or such other consideration and method of payment as may be permitted for the issuance of shares under the Delaware General Corporation Law. The permitted method or methods of payment of the amounts payable upon exercise of an Option, if other than in cash, shall be set forth in the applicable Agreement and may be subject to such conditions as the Committee deems appropriate.

(b) *Value of Shares.* Unless otherwise determined by the Committee and provided in the applicable Agreement, shares of any series of Common Stock delivered in payment of all or any part of the amounts payable in connection with the exercise of an Option, and shares of any series of Common Stock withheld for such payment, shall be valued for such purpose at their Fair Market Value as of the exercise date.

(c) *Issuance of Shares.* The Company shall effect the transfer of the shares of Common Stock purchased under the Option as soon as practicable after the exercise thereof and payment in full of the purchase price therefor and of any amounts required by Section 10.9, and within a reasonable time thereafter, such transfer shall be evidenced on the books of the Company. Unless otherwise determined by the Committee and provided in the applicable Agreement, (i) no Holder or other Person exercising an Option shall have any of the rights of a stockholder of the Company with respect to shares of Common Stock subject to an Option granted under the Plan until due exercise and full payment has been made, and (ii) no adjustment shall be made for cash dividends or other rights for which the record date is prior to the date of such due exercise and full payment.

ARTICLE VII

SARS

7.1 *Grant of SARs.* Subject to the limitations of the Plan, SARs may be granted by the Committee to such eligible Persons in such numbers, with respect to any specified series of Common Stock, and at such times during the term of the Plan as the Committee shall determine. A SAR may be granted to a Holder of an Option (hereinafter called a “related Option”) with respect to all or a portion of the shares of Common Stock subject to the related Option (a “Tandem SAR”) or may be granted separately to an eligible Person (a “Free Standing SAR”). Subject to the limitations of the Plan, SARs shall be exercisable in whole or in part upon notice to the Company upon such terms and conditions as are provided in the Agreement.

7.2 *Tandem SARs.* A Tandem SAR may be granted either concurrently with the grant of the related Option or at any time thereafter prior to the complete exercise, termination, expiration or cancellation of such related Option. Tandem SARs shall be exercisable only at the time and to the extent that the related Option is exercisable (and may be subject to such additional limitations on exercisability as the Agreement may provide) and in no event after the complete termination or full exercise of the related Option. Upon the exercise or termination of the related Option, the Tandem SARs with respect thereto shall be canceled automatically to the extent of the number of shares of Common Stock with respect to which the related Option was so exercised or terminated. Subject to the limitations of the Plan, upon the exercise of a Tandem SAR and unless otherwise determined by the Committee and provided in the applicable Agreement, (i) the Holder thereof shall be entitled to receive from the Company, for each share of the applicable series of Common Stock with respect to which the Tandem SAR is being exercised, consideration (in the form determined as provided in Section 7.4) equal in value to the excess of the Fair Market Value of a share of the applicable series of Common Stock with respect to which the Tandem SAR was granted on the date of exercise over the related Option purchase price per share, and (ii) the related Option with respect thereto shall be canceled automatically to the extent of the number of shares of Common Stock with respect to which the Tandem SAR was so exercised.

7.3 *Free Standing SARs.* Free Standing SARs shall be exercisable at the time, to the extent and upon the terms and conditions set forth in the applicable Agreement. The base price of a Free Standing SAR may be no less than the Fair Market Value of the applicable series of Common Stock with respect to which the Free Standing SAR was granted as of the date the Free Standing SAR is granted. Subject to the limitations of the Plan, upon the exercise of a Free Standing SAR and unless otherwise determined by the Committee and provided in the applicable Agreement, the Holder thereof shall be entitled to receive from the Company, for each share of the applicable series of Common Stock with respect to which the Free Standing SAR is being exercised, consideration (in the form determined as provided in Section 7.4) equal in value to the excess of the Fair Market Value of a share of the applicable series of Common Stock with respect to which the Free Standing SAR was granted on the date of exercise over the base price per share of such Free Standing SAR. The term of a Free Standing SAR may not exceed ten years. However, if the term of a Free Standing SAR expires when trading in the Common Stock is prohibited by law or the Company’s insider trading policy, then the term of such Free Standing SAR shall expire on the 30th day after the expiration of such prohibition.

7.4 *Consideration.* The consideration to be received upon the exercise of a SAR by the Holder shall be paid in cash, shares of the applicable series of Common Stock with respect to which the SAR was granted (valued at Fair Market Value on the date of exercise of such SAR), a combination of cash and such shares of the applicable series of Common Stock or such other consideration, in each case, as provided in the Agreement. No fractional shares of Common Stock shall be issuable upon exercise of a SAR, and unless otherwise provided in the applicable Agreement, the Holder will receive cash in lieu

of fractional shares. Unless the Committee shall otherwise determine, to the extent a Free Standing SAR is exercisable, it will be exercised automatically for cash on its expiration date.

7.5 Limitations. The applicable Agreement may provide for a limit on the amount payable to a Holder upon exercise of SARs at any time or in the aggregate, for a limit on the number of SARs that may be exercised by the Holder in whole or in part for cash during any specified period, for a limit on the time periods during which a Holder may exercise SARs, and for such other limits on the rights of the Holder and such other terms and conditions of the SAR, including a condition that the SAR may be exercised only in accordance with rules and regulations adopted from time to time, as the Committee may determine. Unless otherwise so provided in the applicable Agreement, any such limit relating to a Tandem SAR shall not restrict the exercisability of the related Option. Such rules and regulations may govern the right to exercise SARs granted prior to the adoption or amendment of such rules and regulations as well as SARs granted thereafter.

7.6 Exercise. For purposes of this Article VII, the date of exercise of a SAR shall mean the date on which the Company shall have received notice from the Holder of the SAR of the exercise of such SAR (unless otherwise determined by the Committee and provided in the applicable Agreement).

ARTICLE VIII

RESTRICTED SHARES AND RESTRICTED STOCK UNITS

8.1 Grant of Restricted Shares. Subject to the limitations of the Plan, the Committee shall designate those eligible Persons to be granted Awards of Restricted Shares, shall determine the time when each such Award shall be granted, and shall designate (or set forth the basis for determining) the Vesting Date or Vesting Dates for each Award of Restricted Shares, and may prescribe other restrictions, terms and conditions applicable to the vesting of such Restricted Shares in addition to those provided in the Plan. The Committee shall determine the price, if any, to be paid by the Holder for the Restricted Shares; provided, however, that the issuance of Restricted Shares shall be made for at least the minimum consideration necessary to permit such Restricted Shares to be deemed fully paid and nonassessable. All determinations made by the Committee pursuant to this Section 8.1 shall be specified in the Agreement.

8.2 Issuance of Restricted Shares. An Award of Restricted Shares shall be registered in a book entry account (the "Account") in the name of the Holder to whom such Restricted Shares shall have been awarded. During the Restriction Period, the Account, any statement of ownership representing the Restricted Shares that may be issued during the Restriction Period and any securities constituting Retained Distributions shall bear a restrictive legend to the effect that ownership of the Restricted Shares (and such Retained Distributions), and the enjoyment of all rights appurtenant thereto, are subject to the restrictions, terms and conditions provided in the Plan and the applicable Agreement.

8.3 Restrictions with Respect to Restricted Shares. During the Restriction Period, Restricted Shares shall constitute issued and outstanding shares of the applicable series of Common Stock for all corporate purposes. The Holder will have the right to vote such Restricted Shares, to receive and retain such dividends and distributions, as the Committee may designate, paid or distributed on such Restricted Shares, and to exercise all other rights, powers and privileges of a Holder of shares of the applicable series of Common Stock with respect to such Restricted Shares; except, that, unless otherwise determined by the Committee and provided in the applicable Agreement, (i) the Holder will not be entitled to delivery of the Restricted Shares until the Restriction Period shall have expired and unless all other vesting requirements with respect thereto shall have been fulfilled or waived; (ii) the Company or its designee will retain custody of the Restricted Shares during the Restriction Period as provided in Section 8.2; (iii) other than such dividends and distributions as the Committee may designate, the Company or its designee will retain custody of all distributions ("Retained Distributions") made or declared with respect to the Restricted Shares (and such Retained

Distributions will be subject to the same restrictions, terms and vesting, and other conditions as are applicable to the Restricted Shares) until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in a separate account; (iv) the Holder may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Shares or any Retained Distributions or such Holder's interest in any of them during the Restriction Period; and (v) a breach of any restrictions, terms or conditions provided in the Plan or established by the Committee with respect to any Restricted Shares or Retained Distributions will cause a forfeiture of such Restricted Shares and any Retained Distributions with respect thereto.

8.4 *Grant of Restricted Stock Units.* Subject to the limitations of the Plan, the Committee shall designate those eligible Persons to be granted Awards of Restricted Stock Units, the value of which is based, in whole or in part, on the Fair Market Value of the shares of any specified series of Common Stock. Subject to the provisions of the Plan, including any rules established pursuant to Section 8.5, Awards of Restricted Stock Units shall be subject to such terms, restrictions, conditions, vesting requirements and payment rules as the Committee may determine in its discretion, which need not be identical for each Award. Such Awards may provide for the payment of cash consideration by the Person to whom such Award is granted or provide that the Award, and any shares of Common Stock to be issued in connection therewith, if applicable, shall be delivered without the payment of cash consideration; provided, however, that the issuance of any shares of Common Stock in connection with an Award of Restricted Stock Units shall be for at least the minimum consideration necessary to permit such shares to be deemed fully paid and nonassessable. The determinations made by the Committee pursuant to this Section 8.4 shall be specified in the applicable Agreement.

8.5 *Restrictions with Respect to Restricted Stock Units.* Any Award of Restricted Stock Units, including any shares of Common Stock which are part of an Award of Restricted Stock Units, may not be assigned, sold, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued or, if later, the date provided by the Committee at the time of the Award. A breach of any restrictions, terms or conditions provided in the Plan or established by the Committee with respect to any Award of Restricted Stock Units will cause a forfeiture of such Restricted Stock Units and any Dividend Equivalents with respect thereto.

8.6 *Issuance of Restricted Stock Units.* Restricted Stock Units shall be issued at the beginning of the Restriction Period, shall not constitute issued and outstanding shares of the applicable series of Common Stock, and the Holder shall not have any of the rights of a stockholder with respect to the shares of Common Stock covered by such an Award of Restricted Stock Units, in each case until such shares shall have been issued to the Holder at the end of the Restriction Period. If and to the extent that shares of Common Stock are to be issued at the end of the Restriction Period, the Holder shall be entitled to receive Dividend Equivalents with respect to the shares of Common Stock covered thereby either (i) during the Restriction Period or (ii) in accordance with the rules applicable to Retained Distributions, as the Committee may specify in the Agreement.

8.7 *Cash Payments.* In connection with any Award of Restricted Shares or Restricted Stock Units, an Agreement may provide for the payment of a cash amount to the Holder of such Awards at any time after such Awards shall have become vested. Such cash amounts shall be payable in accordance with such additional restrictions, terms and conditions as shall be prescribed by the Committee in the Agreement and shall be in addition to any other salary, incentive, bonus or other compensation payments which such Holder shall be otherwise entitled or eligible to receive from the Company.

8.8 *Completion of Restriction Period.* On the Vesting Date with respect to each Award of Restricted Shares or Restricted Stock Units and the satisfaction of any other applicable restrictions, terms and conditions, (i) all or the applicable portion of such Restricted Shares or Restricted Stock Units shall become vested, (ii) any Retained Distributions with respect to such Restricted Shares and any unpaid Dividend Equivalents with respect to such Restricted Stock Units shall become vested to the extent that the Awards related thereto shall have become vested, and (iii) any cash amount to be received by the Holder with respect to such Restricted Shares or Restricted Stock Units shall become payable, all in accordance with the terms of the applicable Agreement. Any such Restricted Shares, Restricted Stock Units, Retained Distributions and any unpaid Dividend Equivalents that shall not become vested shall be forfeited to the Company, and the Holder shall not thereafter have any rights (including dividend and voting rights) with respect to such Restricted Shares, Restricted Stock Units, Retained Distributions and any unpaid Dividend Equivalents that shall have been so forfeited. The Committee may, in its discretion, provide that the delivery of any Restricted Shares, Restricted Stock Units, Retained Distributions and unpaid Dividend Equivalents that shall have become vested, and payment of any related cash amounts that shall have become payable under this Article VIII, shall be deferred until such date or dates as the recipient may elect. Any election of a recipient pursuant to the preceding sentence shall be filed in writing with the Committee in accordance with such rules and regulations, including any deadline for the making of such an election, as the Committee may provide, and shall be made in compliance with Section 409A.

ARTICLE IX

CASH AWARDS AND PERFORMANCE AWARDS

9.1 *Cash Awards.* In addition to granting Options, SARs, Restricted Shares and Restricted Stock Units, the Committee shall, subject to the limitations of the Plan, have authority to grant to eligible Persons Cash Awards. Each Cash Award shall be subject to such terms and conditions, restrictions and contingencies, if any, as the Committee shall determine. Restrictions and contingencies limiting the right to receive a cash payment pursuant to a Cash Award shall be based upon the achievement of single or multiple Performance Objectives over a performance period established by the Committee. The determinations made by the Committee pursuant to this Section 9.1 shall be specified in the applicable Agreement.

9.2 *Designation as a Performance Award.* The Committee shall have the right to designate any Award of Options, SARs, Restricted Shares or Restricted Stock Units as a Performance Award. All Cash Awards shall be designated as Performance Awards.

9.3 *Performance Objectives.* The grant or vesting of a Performance Award shall be subject to the achievement of Performance Objectives over a performance period established by the Committee based upon one or more of the following business criteria that apply to the Holder, one or more business units, divisions or Subsidiaries of the Company or the applicable sector of the Company, or the Company as a whole, and if so desired by the Committee, by comparison with a peer group of companies: increased revenue; net income measures (including income after capital costs and income before or after taxes); stock price measures (including growth measures and total stockholder return); price per share of Common Stock; market share; earnings per share (actual or targeted growth); earnings before interest, taxes, depreciation and amortization (EBITDA); operating income before depreciation and amortization (OIBDA); economic value added (or an equivalent metric); market value added; debt to equity ratio; cash flow measures (including cash flow return on capital, cash flow return on tangible capital, net cash flow and net cash flow before financing activities); return measures (including return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors' capital and return on average equity); operating measures (including operating income, funds from operations, cash from operations, after-tax operating income, sales volumes, production volumes and production efficiency); expense measures (including overhead cost and general

and administrative expense); margins; stockholder value; total stockholder return; proceeds from dispositions; total market value and corporate values measures (including ethics compliance, environmental and safety). Unless otherwise stated, such a Performance Objective need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). The Committee shall have the authority to determine whether the Performance Objectives and other terms and conditions of the Award are satisfied, and the Committee's determination as to the achievement of Performance Objectives relating to a Performance Award shall be made in writing.

9.4 *Section 162(m) of the Code.* Notwithstanding the foregoing provisions, if the Committee intends for a Performance Award to be granted and administered in a manner designed to preserve the deductibility of the compensation resulting from such Award in accordance with Section 162(m) of the Code, then the Performance Objectives for such particular Performance Award relative to the particular period of service to which the Performance Objectives relate shall be established by the Committee in writing (i) no later than 90 days after the beginning of such period and (ii) prior to the completion of 25% of such period.

9.5 *Waiver of Performance Objectives.* The Committee shall have no discretion to modify or waive the Performance Objectives or conditions to the grant or vesting of a Performance Award unless such Award is not intended to qualify as qualified performance-based compensation under Section 162(m) of the Code and the relevant Agreement provides for such discretion.

ARTICLE X

GENERAL PROVISIONS

10.1 *Acceleration of Awards.*

(a) *Death or Disability.* If a Holder's employment or service shall terminate by reason of death or Disability, notwithstanding any contrary waiting period, installment period, vesting schedule or Restriction Period in any Agreement or in the Plan, unless the applicable Agreement provides otherwise: (i) in the case of an Option or SAR, each outstanding Option or SAR granted under the Plan shall immediately become exercisable in full in respect of the aggregate number of shares covered thereby; (ii) in the case of Restricted Shares, the Restriction Period applicable to each such Award of Restricted Shares shall be deemed to have expired and all such Restricted Shares and any related Retained Distributions shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement; and (iii) in the case of Restricted Stock Units, the Restriction Period applicable to each such Award of Restricted Stock Units shall be deemed to have expired and all such Restricted Stock Units and any unpaid Dividend Equivalents shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement.

(b) *Approved Transactions; Board Change; Control Purchase.* In the event of any Approved Transaction, Board Change or Control Purchase, notwithstanding any contrary waiting period, installment period, vesting schedule or Restriction Period in any Agreement or in the Plan, unless the applicable Agreement provides otherwise: (i) in the case of an Option or SAR, each such outstanding Option or SAR granted under the Plan shall become exercisable in full in respect of the aggregate number of shares covered thereby; (ii) in the case of Restricted Shares, the Restriction Period applicable to each such Award of Restricted Shares shall be deemed to have expired and all such Restricted Shares and any related Retained Distributions shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement; and (iii) in the case of Restricted Stock Units,

the Restriction Period applicable to each such Award of Restricted Stock Units shall be deemed to have expired and all such Restricted Stock Units and any unpaid Dividend Equivalents shall become vested and any related cash amounts payable pursuant to the applicable Agreement shall be adjusted in such manner as may be provided in the Agreement, in each case effective upon the Board Change or Control Purchase or immediately prior to consummation of the Approved Transaction. The effect, if any, on a Cash Award of an Approved Transaction, Board Change or Control Purchase shall be prescribed in the applicable Agreement. Notwithstanding the foregoing, unless otherwise provided in the applicable Agreement, the Committee may, in its discretion, determine that any or all outstanding Awards of any or all types granted pursuant to the Plan will not vest or become exercisable on an accelerated basis in connection with an Approved Transaction if effective provision has been made for the taking of such action which, in the opinion of the Committee, is equitable and appropriate to substitute a new Award for such Award or to assume such Award and to make such new or assumed Award, as nearly as may be practicable, equivalent to the old Award (before giving effect to any acceleration of the vesting or exercisability thereof), taking into account, to the extent applicable, the kind and amount of securities, cash or other assets into or for which the applicable series of Common Stock may be changed, converted or exchanged in connection with the Approved Transaction.

10.2 *Termination of Employment or Service.*

(a) *General.* If a Holder's employment or service shall terminate prior to an Option or SAR becoming exercisable or being exercised (or deemed exercised, as provided in Section 7.2) in full, or during the Restriction Period with respect to any Restricted Shares or any Restricted Stock Units, then such Option or SAR shall thereafter become or be exercisable, and the Holder's rights to any unvested Restricted Shares, Retained Distributions and related cash amounts and any unvested Restricted Stock Units, unpaid Dividend Equivalents and related cash amounts shall thereafter vest, in each case solely to the extent provided in the applicable Agreement; provided, however, that, unless otherwise determined by the Committee and provided in the applicable Agreement, (i) no Option or SAR may be exercised after the scheduled expiration date thereof; (ii) if the Holder's employment or service terminates by reason of death or Disability, the Option or SAR shall remain exercisable for a period of at least one year following such termination (but not later than the scheduled expiration of such Option or SAR); and (iii) any termination of the Holder's employment or service for cause will be treated in accordance with the provisions of Section 10.2(b). The effect on a Cash Award of the termination of a Holder's employment or service for any reason, other than for cause, shall be prescribed in the applicable Agreement. For the avoidance of doubt, in the discretion of the Committee, an Award may provide that a Holder's service shall be deemed to have continued for purposes of the Award while a Holder provides services to the Company, any Subsidiary, or any former affiliate of the Company or any Subsidiary.

(b) *Termination for Cause.* If a Holder's employment or service with the Company or a Subsidiary of the Company shall be terminated by the Company or such Subsidiary for "cause" during the Restriction Period with respect to any Restricted Shares or Restricted Stock Units or prior to any Option or SAR becoming exercisable or being exercised in full or prior to the payment in full of any Cash Award (for these purposes, "cause" shall have the meaning ascribed thereto in any employment or consulting agreement to which such Holder is a party or, in the absence thereof, shall include insubordination, dishonesty, incompetence, moral turpitude, other misconduct of any kind and the refusal to perform such Holder's duties and responsibilities for any reason other than illness or incapacity; provided, however, that if such termination occurs within 12 months after an Approved Transaction or Control Purchase or Board Change, termination for "cause" shall mean only a felony conviction for fraud, misappropriation, or embezzlement), then, unless otherwise determined by the Committee and provided in the applicable Agreement, (i) all Options and SARs and all unpaid Cash Awards held by such Holder shall immediately terminate,

and (ii) such Holder's rights to all Restricted Shares, Restricted Stock Units, Retained Distributions, any unpaid Dividend Equivalents and any related cash amounts shall be forfeited immediately

(c) *Miscellaneous.* The Committee may determine whether any given leave of absence constitutes a termination of employment or service; provided, however, that for purposes of the Plan, (i) a leave of absence, duly authorized in writing by the Company for military service or sickness, or for any other purpose approved by the Company if the period of such leave does not exceed 90 days, and (ii) a leave of absence in excess of 90 days, duly authorized in writing by the Company provided the employee's right to reemployment is guaranteed either by statute or contract, shall not be deemed a termination of employment. Unless otherwise determined by the Committee and provided in the applicable Agreement, Awards made under the Plan shall not be affected by any change of employment or service so long as the Holder continues to be an employee, director or independent contractor of the Company.

10.3 *Right of Company to Terminate Employment or Service.* Nothing contained in the Plan or in any Award, and no action of the Company or the Committee with respect thereto, shall confer or be construed to confer on any Holder any right to continue in the employ or service of the Company or any of its Subsidiaries or interfere in any way with the right of the Company or any Subsidiary of the Company to terminate the employment or service of the Holder at any time, with or without cause, subject, however, to the provisions of any employment or consulting agreement between the Holder and the Company or any Subsidiary of the Company, or in the case of a director, to the charter and bylaws, as the same may be in effect from time to time.

10.4 *Nonalienation of Benefits.* Except as set forth herein, no right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, garnishment, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, garnish, encumber or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities or torts of the Person entitled to such benefits.

10.5 *Written Agreement.* Each Award under the Plan shall be evidenced by a written agreement, in such form as the Committee shall approve from time to time in its discretion, specifying the terms and provisions of such Award which may not be inconsistent with the provisions of the Plan; provided, however, that if more than one type of Award is made to the same Holder, such Awards may be evidenced by a single Agreement with such Holder. Each grantee of an Option, SAR, Restricted Shares, Restricted Stock Units or Performance Award (including a Cash Award) shall be notified promptly of such grant, and a written Agreement shall be promptly delivered by the Company. Any such written Agreement may contain (but shall not be required to contain) such provisions as the Committee deems appropriate to insure that the penalty provisions of Section 4999 of the Code will not apply to any stock or cash received by the Holder from the Company. Any such Agreement may be supplemented or amended from time to time as approved by the Committee as contemplated by Section 10.7(b).

10.6 *Nontransferability.* Unless otherwise determined by the Committee and expressly provided for in an Agreement, Awards are not transferable (either voluntarily or involuntarily), before or after a Holder's death, except as follows: (a) during the Holder's lifetime, pursuant to a Domestic Relations Order, issued by a court of competent jurisdiction, that is not contrary to the terms and conditions of the Plan or any applicable Agreement, and in a form acceptable to the Committee; or (b) after the Holder's death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Awards are transferred in accordance with the provisions of the preceding sentence shall take such Awards subject to all of the terms and conditions of the Plan and any applicable Agreement.

10.7 *Termination and Amendment.*

(a) *General.* Unless the Plan shall theretofore have been terminated as hereinafter provided, no Awards may be made under the Plan on or after the fifth anniversary of the Effective Date. The Plan may be terminated at any time prior to such date and may, from time to time, be suspended or discontinued or modified or amended if such action is deemed advisable by the Committee.

(b) *Modification.* No termination, modification or amendment of the Plan may, without the consent of the Person to whom any Award shall theretofore have been granted, adversely affect the rights of such Person with respect to such Award. No modification, extension, renewal or other change in any Award granted under the Plan shall be made after the grant of such Award, unless the same is consistent with the provisions of the Plan. With the consent of the Holder and subject to the terms and conditions of the Plan (including Section 10.7(a)), the Committee may amend outstanding Agreements with any Holder, including any amendment which would (i) accelerate the time or times at which the Award may be exercised and/or (ii) extend the scheduled expiration date of the Award. Without limiting the generality of the foregoing, the Committee may, but solely with the Holder's consent unless otherwise provided in the Agreement, agree to cancel any Award under the Plan and grant a new Award in substitution therefor, provided that the Award so substituted shall satisfy all of the requirements of the Plan as of the date such new Award is made. Nothing contained in the foregoing provisions of this Section 10.7(b) shall be construed to prevent the Committee from providing in any Agreement that the rights of the Holder with respect to the Award evidenced thereby shall be subject to such rules and regulations as the Committee may, subject to the express provisions of the Plan, adopt from time to time or impair the enforceability of any such provision.

10.8 *Government and Other Regulations.* The obligation of the Company with respect to Awards shall be subject to all applicable laws, rules and regulations and such approvals by any governmental agencies as may be required, including the effectiveness of any registration statement required under the Securities Act of 1933, and the rules and regulations of any securities exchange or association on which the Common Stock may be listed or quoted. For so long as any series of Common Stock are registered under the Exchange Act, the Company shall use its reasonable efforts to comply with any legal requirements (i) to maintain a registration statement in effect under the Securities Act of 1933 with respect to all shares of the applicable series of Common Stock that may be issuable, from time to time, to Holders under the Plan and (ii) to file in a timely manner all reports required to be filed by it under the Exchange Act.

10.9 *Withholding.* The Company's obligation to deliver shares of Common Stock or pay cash in respect of any Award under the Plan shall be subject to applicable federal, state and local tax withholding requirements. Federal, state and local withholding tax due at the time of an Award, upon the exercise of any Option or SAR or upon the vesting of, or expiration of restrictions with respect to, Restricted Shares or Restricted Stock Units or the satisfaction of the Performance Objectives applicable to a Performance Award, as appropriate, may, in the discretion of the Committee, be paid in shares of Common Stock already owned by the Holder or through the withholding of shares otherwise issuable to such Holder, upon such terms and conditions (including the conditions referenced in Section 6.5) as the Committee shall determine. If the Holder shall fail to pay, or make arrangements satisfactory to the Committee for the payment to the Company of, all such federal, state and local taxes required to be withheld by the Company, then the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind otherwise due to such Holder an amount equal to any federal, state or local taxes of any kind required to be withheld by the Company with respect to such Award.

10.10 *Nonexclusivity of the Plan.* The adoption of the Plan by the Board shall not be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it

may deem desirable, including the granting of stock options and the awarding of stock and cash otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

10.11 *Exclusion from Other Plans.* By acceptance of an Award, unless otherwise provided in the applicable Agreement, each Holder shall be deemed to have agreed that such Award is special incentive compensation that will not be taken into account, in any manner, as salary, compensation or bonus in determining the amount of any payment under any pension, retirement or other employee benefit plan, program or policy of the Company or any Subsidiary of the Company. In addition, each beneficiary of a deceased Holder shall be deemed to have agreed that such Award will not affect the amount of any life insurance coverage, if any, provided by the Company on the life of the Holder which is payable to such beneficiary under any life insurance plan of the Company or any Subsidiary of the Company.

10.12 *Unfunded Plan.* Neither the Company nor any Subsidiary of the Company shall be required to segregate any cash or any shares of Common Stock which may at any time be represented by Awards, and the Plan shall constitute an “unfunded” plan of the Company. Except as provided in Article VIII with respect to Awards of Restricted Shares and except as expressly set forth in an Agreement, no Holder shall have voting or other rights with respect to the shares of Common Stock covered by an Award prior to the delivery of such shares. Neither the Company nor any Subsidiary of the Company shall, by any provisions of the Plan, be deemed to be a trustee of any shares of Common Stock or any other property, and the liabilities of the Company and any Subsidiary of the Company to any Holder pursuant to the Plan shall be those of a debtor pursuant to such contract obligations as are created by or pursuant to the Plan, and the rights of any Holder, former service provider or beneficiary under the Plan shall be limited to those of a general creditor of the Company or the applicable Subsidiary of the Company, as the case may be. In its sole discretion, the Board may authorize the creation of trusts or other arrangements to meet the obligations of the Company under the Plan, provided, however, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

10.13 *Governing Law.* The Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware.

10.14 *Accounts.* The delivery of any shares of Common Stock and the payment of any amount in respect of an Award shall be for the account of the Company or the applicable Subsidiary of the Company, as the case may be, and any such delivery or payment shall not be made until the recipient shall have paid or made satisfactory arrangements for the payment of any applicable withholding taxes as provided in Section 10.9.

10.15 *Legends.* Any statement of ownership evidencing shares of Common Stock subject to an Award shall bear such legends as the Committee deems necessary or appropriate to reflect or refer to any terms, conditions or restrictions of the Award applicable to such shares, including any to the effect that the shares represented thereby may not be disposed of unless the Company has received an opinion of counsel, acceptable to the Company, that such disposition will not violate any federal or state securities laws.

10.16 *Company's Rights.* The grant of Awards pursuant to the Plan shall not affect in any way the right or power of the Company to make reclassifications, reorganizations or other changes of or to its capital or business structure or to merge, consolidate, liquidate, sell or otherwise dispose of all or any part of its business or assets.

10.17 *Section 409A.* The Plan and the Awards made hereunder are intended to be (i) “stock rights” exempt from Section 409A of the Code (“Section 409A”) pursuant to Treasury Regulations § 1.409A-1(b)(5), (ii) “short-term deferrals” exempt from Section 409A or (iii) payments which are

deferred compensation and paid in compliance with Section 409A, and the Plan and each Agreement shall be interpreted and administered accordingly. Any adjustments of Awards intended to be “stock rights” exempt from Section 409A pursuant to Treasury Regulations § 1.409A-1(b)(5) shall be conducted in a manner so as not to constitute a grant of a new stock right or a change in the time and form of payment pursuant to Treasury Regulations §1.409A-1(b)(5)(v). In the event an Award is not exempt from Section 409A, (x) payment pursuant to the relevant Agreement shall be made only on a permissible payment event or at a specified time in compliance with Section 409A, (y) no accelerated payment shall be made pursuant to Section 10.1(b) unless the Board Change, Approved Transaction or Control Purchase constitutes a “change in control event” under Treasury Regulations §1.409A-3(i)(5) or otherwise constitutes a permissible payment event under Section 409A and (z) no amendment or modification of such Award may be made except in compliance with the anti-deferral and anti-acceleration provisions of Section 409A. No deferrals of compensation otherwise payable under the Plan or any Award shall be allowed, whether at the discretion of the Company or the Holder, except in a manner consistent with the requirements of Section 409A. If a Holder is identified by the Company as a “specified employee” within the meaning of Code Section 409A(a)(2)(B)(i) on the date on which such Holder has a “separation from service” (other than due to death) within the meaning of Treasury Regulation § 1.409A-1(h), any Award payable or settled on account of a separation from service that is deferred compensation subject to Code Section 409A shall be paid or settled on the earliest of (1) the first business day following the expiration of six months from the Holder’s separation from service, (2) the date of the Holder’s death, or (3) such earlier date as complies with the requirements of Code Section 409A.

10.18 *Administrative Blackouts.* In addition to its other powers hereunder, the Committee has the authority to suspend (i) the exercise of Options or SARs and (ii) any other transactions under the Plan as it deems necessary or appropriate for administrative reasons.

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