

— PARTICIPANTS

Corporate Participants

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Stephen Kaufer – President, Chief Executive Officer & Director, TripAdvisor, Inc.

Julie M. B. Bradley – Chief Financial Officer, TripAdvisor, Inc.

Other Participants

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Dean J. Prissman – Analyst, Credit Suisse Securities (USA) LLC (Broker)

Douglas T. Anmuth – Analyst, JPMorgan Securities LLC

Nat H. Schindler – Analyst, Merrill Lynch, Pierce, Fenner & Smith, Inc.

Mark S. Mahaney – Analyst, RBC Capital Markets LLC

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Ron Zember – Analyst, Nomura Securities International, Inc.

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— MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the TripAdvisor Second Quarter 2014 Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will be given at that time. [Operator Instructions] As a reminder, today's program is being recorded.

I would now like to turn introduce your host for today's program, Will Lyons, Senior Director – Investor Relations. Please go ahead.

Will Lyons, Senior Director-Investor Relations

Thank you, Jonathan. Good afternoon, everyone, and welcome to TripAdvisor's second quarter 2014 earnings conference call. I'm Will Lyons, Senior Director of Investor Relations for TripAdvisor, and joining me on the call today are our CEO, Steve Kaufer; and our CFO, Julie Bradley.

As is typical, we distribute our earnings release through our Investor Relations website located at ir.tripadvisor.com. In today's earnings release, you'll find reconciliations of non-GAAP financial measures to the most comparable GAAP financial measures discussed on this call.

Before we begin, I'd like to remind you that the estimates and other forward-looking statements included in this call represent the company's views as of today, July 23, 2014. TripAdvisor disclaims any obligation to update these statements to reflect future events or circumstances. Please refer to today's earnings release and TripAdvisor's filings with the SEC for more information concerning factors that could cause actual results to differ materially from those expressed or implied by such statements.

Finally, unless otherwise stated, all references to selling and marketing expense, general and administrative expense, and technology and content expense are non-GAAP measures as defined in our earnings release and all comparisons on this call will be against our results for the comparable period of 2013.

With that, I'll now turn the call over to Steve.

Stephen Kaufer, President, Chief Executive Officer & Director

Thank you, Will, and welcome, everyone. I'm going to first touch upon some highlights and recent developments and then I'll hand the call to Julie, who will provide more color on our strong Q2 financials and our 2014 outlook.

Total revenue growth accelerated to 31% driven by our strengthening click-based revenue business. On the bottom line, EBITDA growth accelerated to 14%, in line with our expectations. During a strong first half of the year, we continue growing content and community as well as innovating our products and platform to make TripAdvisor even more valuable for consumers and advertisers alike.

We continue to grow our lead as the world's largest travel brand for travel content as we topped 170 million reviews and opinions on 1.5 million listings of places to stay, 2.3 million places to eat, and 450,000 things to do. New user-generated contributions continue to grow in more than 100 per minute, making TripAdvisor a better research and planning tool every minute for every user.

Monthly unique users grew 25% to 280 million during Q2 and more than 1.25 billion unique users visited TripAdvisor sites and apps during the first half of the year. More than two-thirds of our traffic originates internationally and in the second quarter, we launched five localized versions of our TripAdvisor websites in Austria, Israel, Finland, Hungary and Vietnam. With the addition of the Czech Republic, launched earlier this week, we now have 43 points of sale with localized content in 26 different languages.

As we reinforce our strength at the top of the research and planning funnel, we're leveraging the significant assets of our community to match more consumers with more businesses, driving higher conversion and more profitable bookings for our advertising partners. This is most evident in our strengthening click-based revenue business, which we accelerated to 28% growth, driven by continued healthy pricing in our metasearch auction.

Revenue per hotel shopper growth accelerated for the third straight quarter to 11%. Hotel shopper growth during the quarter reaccelerated to 17%. As we stated on our last call, hotel shopper growth remains the way we gauge audience growth at the top of the click-based revenue funnel, but as we continue to improve conversion in the middle of the funnel through metasearch and complement that with our new Instant Booking feature, we believe that revenue per hotel shopper, as well as other factors, will continue to gain prominence. I'll note that positive revenue per hotel shopper growth is an important trend since it allows us to bid more favorably in paid traffic acquisition channels and to drive further traffic growth.

We are complementing our historical strength in online advertising with our new television ads released in May in the U.S., Australia and France. Our key message that TripAdvisor helps make every experience, every destination, better, as in – "don't just go to Paris, go to TripAdvisor Paris."

We're very pleased with the early results from this campaign as recent Google trends data shows a meaningful uplift in these three markets for branded search. Equipped with a new media strategy, we are excited to address our large opportunity to increase unaided brand awareness. Based upon

our results to date, we will continue investing aggressively in TV through October of this year and expect to expand this channel next year.

On the product side, we're leveraging our unique understanding of the traveler to continue to innovate and make each phase of the travel planning cycle simpler and more engaging for every user, on every device, in every geography. Specifically, we're very pleased with the early results from our Instant Booking initiative. On the user side, 100% of U.S. smartphone users now see a "Book on TripAdvisor" button that allows them to seamlessly complete their hotel reservation within the TripAdvisor experience. We expect to introduce a similar Book on TripAdvisor option to U.S. users on desktop and tablet later this quarter. The product is driving value for Instant Booking partners today as our early data indicates that hotel shoppers are converting at a higher rate through the Instant Booking funnel as compared to metasearch.

Our focus remains on growing property and geographical coverage by onboarding more OTAs and suppliers. We recently added Best Western to our partner list. We expect them to be live later this quarter, and we have several more client integrations currently in development. Additionally, we have commitments from over 50 Internet booking engines that want to become Instant Booking partners and help their clients, the independent hoteliers, leverage our open booking platform. We're very excited about Instant Booking and believe this user enhancement will have significant long-term benefits for our business.

Instant Booking is just one of the many exciting recent mobile developments. We continue to innovate by reducing friction and increasing engagement touch points throughout the trip planning and trip taking experience. User adoption of our mobile products on smartphone and tablet remains strong with more than 128 million cumulative TripAdvisor app downloads and nearly 50% of our traffic visiting via mobile devices during Q2.

On the phone, we've also made it possible for users to download cities directly from the TripAdvisor native app for offline use, allowing travelers to access user reviews, photos and maps without incurring roaming charges. We have over 300 cities live today, with the most popular destinations being Barcelona, Paris and London. In the future, we're planning to make this feature available for every country, province, state, and city in the world.

We're also making good progress in personalizing the TripAdvisor research experience for users. We recently introduced a new tag-based user interface to 100% of traffic in all major markets, and we've already seen higher levels of engagement. For now, we're focused primarily on personalizing the hotel shopping experience, but due to our growing percentage of non-hotel traffic, we also have the unique opportunity in the future to enhance the in-destination research experiences for restaurants and attractions.

Switching to our Vacation Rentals business, we continue to focus on improving supply quality and increasing demand, which leads to better conversion. Offering owners the free-to-list option has transformed our business and allowed us to focus on improving the quality of the overall vacation rental booking experience. The new model continues to drive strong inventory growth as we now have nearly 640,000 properties, up nearly 40% from last year, providing consumers with greater choice. At the same time, we've actually been actively removing lower quality inventory in order to help the traveler find the best rentals. As for improving demand, we're investing in resources to amplify our search engine presence as well as improving our CRM touch points.

As we're improving consumers' booking experience in hotels and Vacation Rentals on the accommodation side, we're doing the same in restaurants. Integration of our La Fourchette acquisition has gone very smoothly. In addition to amplifying La Fourchette's business moment with the TripAdvisor brand and Internet marketing expertise, the team has focused on integrating restaurant reservations deeper into the TripAdvisor experience. TripAdvisor users that are looking to make a dining reservation or plans for staying are able to search by date and availability. They

can also see special offers on desktop and mobile web, with special offers coming soon to mobile apps.

As a result, we're seeing a significant increase in restaurant bookings sent via TripAdvisor. As we continue to optimize conversion the team is working – the team is increasingly working on widening the top of the funnel leveraging TripAdvisor's core online marketing expertise and making incremental investments to expand internationally.

With over 2.3 million restaurant listings and over 200 plus million monthly restaurant page views, TripAdvisor's scale and breadth of content is unmatched in the restaurant space and adding restaurant reservations makes the perfect fit for our core user proposition.

Overall, we delivered strong results across business units, and I want to thank all TripAdvisor employees for their continued hard work and dedication. We're proud of the progress we've made and we're looking forward to an exciting rest of the year.

I'll now turn the call over to Julie.

Julie M. B. Bradley, Chief Financial Officer

Thank you, Steve. We're excited by the strong acceleration in our core business and by the great progress we're making to help match more consumers with more businesses on our platform.

Second quarter total revenue growth accelerated to 31%, up from 22% growth in Q1, coming in at \$323 million. FX provided a 2% tailwind. On the bottom line, adjusted EBITDA growth accelerated to 14%, up from 12% in Q1.

Click-based revenue growth accelerated to 28%, up from 16% in Q1. This Q2 performance was driven by stronger CPC pricing for our metasearch leads and an easing year-over-year comp created by last year's metasearch transition. Revenue per hotel shopper accelerated for the third straight quarter, reaching 11% compared to positive 1% in Q1 and negative 13% in the year ago quarter. CPC prices were consistent with what we saw in Q1, speaking to the ongoing competition for our high value leads. As a reminder, Instant Booking revenue is included in a click-based revenue line. While Instant Booking revenue was relatively de minimis to our Q2 results, we expect it to grow as we onboard more partners and expand global coverage of this feature.

I'll remind everyone that as we move throughout the back half of the year and into next year, our hotel shopper growth comps ease. Additionally, Q3 will be the first full quarter that we have a clean comp from the metasearch transition. As such, we expect strong revenue acceleration again in Q3 and believe there is a potential for further upside to our revenue per hotel shopper metric between now and October.

Display-based revenue growth was solid at 19%. We're seeing rising aggregate spend in destination marketing organizations sector worldwide and we're seeing a trend emerge in hoteliers shifting their marketing strategies from campaign investment to an always on spend strategy. With nearly 280 million monthly visitors across 43 localized points of sale, TripAdvisor is well positioned as an increasingly attractive channel for these travel industry marketers.

Subscription, transaction and other revenue also showed solid growth at 55%, especially in light of a 21-point tougher compare. This was driven in part due to contribution from our La Fourchette and Vacation Home Rentals acquisition for roughly one half of the quarter. We are pleased with the smooth integration of all of these acquired businesses and are actively looking for more great products and teams to add to the TripAdvisor family.

On the expense side, as planned, total expenses de-levered three points sequentially driven primarily by our selling and marketing line, which is directly related to the timing of our TV ad campaign. We aggressively launched our new TV ad campaign in May, investing approximately \$10 million during the quarter and expect to continue to run our new ads in the U.S., France and Australia through October. Given the strong early indicator, we may look to modestly expand the campaign into another market or two, and are forecasting total TV advertising investment in-line with 2013 level of approximately \$30 million. However, as compared to 2013, most of the investment will be concentrated in Q3 as opposed to Q4 of last year.

Moving on to taxes, our Q2 GAAP effective tax rate of 31% increased sequentially, primarily due to certain discreet items as well as some changes in full year forecasted geographical mix. We expect our GAAP effective tax rate for the full year to be in-line with our 2013 rate of approximately 28%.

We had 146 million diluted shares outstanding during Q2, and we estimate that our diluted share count will increase roughly 1% to 2% by the end of 2014, subject to stock price movement, potential share buybacks and new share issuances.

Q2 CapEx was \$22 million, or 7% of revenue, driven by capitalized engineering salaries and leasehold improvements to support global office expansions. We continue to expect 2014 CapEx to be in-line with 2013's exit rate of approximately 8% of revenue.

From a liquidity standpoint, our cash, cash equivalents and short-term and long-term marketable securities decreased by \$24 million during the quarter to \$721 million, driven primarily by positive free cash flow of \$136 million offset by an aggregate \$152 million we used to complete our three acquisitions during the quarter. We have just over \$100 million remaining under our existing share repurchase plan, outstanding borrowings of \$320 million, as well as an undrawn credit facility of \$200 million.

As it relates to guidance, we are reiterating full year total revenue growth in the high-20s to low-30s. This includes click-based revenue growth in the high 20s, display-based revenue growth in the mid to high teens, and Subscription, transaction and other revenue growth in the high 60s.

On the expense side, we are making incremental investments for our core hotel business as well as our newly acquired restaurant business. We expect these investments to accelerate building TripAdvisor's brand, driving traffic growth and expanding our restaurant business in new countries. Rolling it up, we expect adjusted EBITDA growth in the high 20s, consistent with the low end of our previous guidance range.

Also note that these expectations are based upon month-to-date data, historical patterns, estimates and other factors. While we attempt to be appropriately conservative, this represents our best-thoughts as of today. As a reminder, our click-based revenue is highly sensitive to fluctuations in Hotel Shopper growth, conversion as well as partner CPC pricing, which are risks.

Conversely, our forecast does not contemplate any meaningful lift in CPC prices or additional on-site conversion improvements from where we are today, nor does it prospectively contemplate any meaningful additional revenue from our Instant Booking initiative or any additional positive impact from our TV ad campaigns, so those represent potential upside from a traffic and/or revenue standpoint.

In summary, our core business is strengthening and we're very excited about our additional monetization opportunities in front of us.

We will now open the call up to your questions.

QUESTION AND ANSWER SECTION

Operator: Certainly. [Operator Instructions] And also in the interest of time and fairness, we ask that you please limit yourself to one question and one follow-up. Our first question comes from the line of Lloyd Walmsley from Deutsche Bank. Your question please.

<Q – Lloyd Walmsley – Deutsche Bank Securities, Inc.>: Thanks. Wondering if you can just talk about how the click-based ad revenue was growing towards the end of the quarter. I think you said over 30% in April, continue to be strong in May. And then, Julie, in the script you commented that revenue per hotel shopper could strengthen further over the course of the year. The total quarter was a little bit below April. So wondering if you can just comment on how growth exited the quarter, how it looks now? And then as a follow-up, if you can just elaborate on the sharp acceleration in EMEA, what's driving that versus the U.S. growth more or less in-line with last quarter?

<A – Julie Bradley – TripAdvisor, Inc.>: Sure. This is Julie. I'll start off with your first question. So, last quarter, we did note that April was off to a strong start for click-based revenue growth of 30%. And what I was referring to with that comment was our core TripAdvisor business whereas for the – which on the full quarter was consistent with April at 30% growth. What you see in our aggregate results includes our TAMG family and they were slightly below that 30%, so when you aggregate it, it rose to 28%.

I appreciate your question on asking for the exit rate on Q2, but I think you'll find that that was probably a one-time comment for us in Q1 and we're not in the habit of providing inter-quarter guidance.

Operator: Thank you. Our next question comes from the line of Dean Prissman from Credit Suisse. Your question, please.

<Q – Dean Prissman – Credit Suisse Securities (USA) LLC (Broker)>: I'll ask two questions, please. First, anecdotally, the adoption rate of TripConnect appears to have picked up nicely. Is there anything you can share on the impact you're seeing on pricing on pages where there is a TripConnect participant? And then I have a follow-up.

<A – Steve Kaufer – TripAdvisor, Inc.>: Sure. This is Steve. So, yes, there are more and more independent hoteliers bidding for their traffic with the TripConnect CPC-based bidding. You'll see TripConnect continues to go through an evolution of not only having CPC partners, but coming later this year having CPA or specific booking partners.

While it's clearly growing, it's hard for us to measure the impact in the CPC auction. I can tell you, in general, the folks that are savvy enough to want to be able to buy clicks on TripAdvisor are savvy enough to want to pay market rates to get them, so you'll likely see them in premier positions, not necessarily the top, but premier positions. So, we're getting a pretty good CPC from those folks.

We think, in general, there is a level of expertise that the hotelier has to have or the marketing partner has to have in order to buy traffic on that CPC basis. They have to be able to measure or believe in the return on investment from the clicks, how many bookings that's driving. And so, moving forward with TripConnect and sort of the next generation of the TripConnect connectivity for Instant Booking, we'll be able to go to many of these same hoteliers and a whole lot more to say, hey, sign up on TripConnect and it's the commission basis like you are used to paying for the bookings that we provide in our Instant Booking flow. And we're hopeful that that adoption will be much easier because it's truly only a pay for a booking when I get it, don't pay for anything when it doesn't materialize.

And you had a second part of the question?

<Q – Dean Prissman – Credit Suisse Securities (USA) LLC (Broker)>: Yeah. So commentary from many other players within the online travel ecosystem suggests that same day reservations are a meaningful driver of smartphone bookings. So based on the metasearch queries you observed, to what end is this consistent with user behavior on TripAdvisor and how meaningful of an opportunity is, say, are same day bookings for you?

<A – Steve Kaufer – TripAdvisor, Inc.>: So, I would say, yes, we absolutely see the booking window skew much more closer in on the phone with Instant Booking or metasearch on the phone, but overall it's not a particularly meaningful part of our total mix. You can appreciate, or at least our thesis behind it is, TripAdvisor is wonderful, awesome for planning that trip. It might be the full weekend getaway, it might be the full two week in Paris or the Caribbean or anywhere you like to go. The benefit of reading the reviews, selecting the photos, looking at the popularity index, personalizing the experience, we believe directly correlates to, hey, how long am I going to be on vacation? The same day booking, it's much more about location only. Is the hotel near where I need to be, near the airport, near my business meeting and as such, there's many other sites that also serve that functionality. And TripAdvisor, we believe obviously, has a better set of recommendations, but we don't expect to earn an outsized portion of those last day bookings as our competitors.

Operator: Thank you. Our next question comes from the line of Doug Anmuth from JPMorgan. Your question, please.

<Q – Doug Anmuth – JPMorgan Securities LLC>: Great, thanks for taking the question. One for Julie, if you could just talk more on 3Q and just following up on Lloyd's question, just curious what gives you sort of the confidence in around the drivers of potential upside here in revenue per hotel shopper over the next couple of months in 3Q? And then, Steve, perhaps on Instant Book, can you give us some color on how the discussions with major hotel chains are going currently? Thanks.

<A – Julie Bradley – TripAdvisor, Inc.>: Hi, Doug. So, the confidence around 3Q is directly related to the fact that this is the first full kind of clean comp for our metasearch transition. So we've seen great results from the transition and in Q3 of last year that was our most negative impact because there was a full roll-out, and so that was really the trough of the transition. So we're setting ourselves up with an easy comp.

<A – Steve Kaufer – TripAdvisor, Inc.>: And this is Steve. With hotel-chain discussions, I'd say there is a strong interest on the part of every, or I should caveat, almost every hotel chain that we've spoken to. There is a bit of a – there isn't – we feel a stronger sense of urgency than many of the big hotel chains, simply because we'd love to get them all signed up and rolling before desktop launches. The more we have, the better the offering, whereas our current mobile offering isn't perhaps driving enough bookings to make them come over to the new platform soon enough.

So, when I look forward, I generally think it's absolutely aligned with the hoteliers' interest. That's why they participate in the metasearch and we believe that's why many, if not all will be participating in the Instant Booking platform. It's a question of some time on their part because it is new development work and a question of resources to get it up off the ground, tested, and live, and since we do drive a fair number of queries, and a fair number of bookings, it has to be a pretty scalable solution on their end.

Operator: Thank you. Our next question comes from the line of Nat Schindler from Bank of America Merrill Lynch. Your question, please.

<Q – Nat Schindler – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: Yeah. Hi. Thank you. Two questions for Julie. One, can you explain to us the accounting changes or the balance sheet changes that are going on – that are causing the real acceleration in the free cash flow growth. I know from the deferred merchant payables numbers up a lot, as well as changes in receivables.

Secondly, and I was wondering if some of that might relate to Instant Booking how it's accounted for and if you could go into a little bit on how the accounting for that would work and where the revenue would come in. Secondly, on the second question, you mentioned that your guidance does not include any new information from the advertising campaign or the rest of the advertising campaign is thus upside to the potential guidance. It's the same language you used last quarter, but the difference is you probably spent half of your \$30 million to-date. Are you including what has occurred in your learnings from the \$15 million or so that is probably been spent in the first several months of your ad campaign into your guidance or is it still, that is – anything from the brand campaign is upside? Thank you.

<A – Julie Bradley – TripAdvisor, Inc.>: Sure. No problem. So I'll take your first question on the balance sheet. The deferred merchant payable is definitely a large driver of the increase in cash flow, also it's just the seasonality in the quarter. For the deferred merchant payable, kind of think about that as like a deposit? So, these are our transaction businesses where we collect the money from the travelers in advance and when they stay, we pass it on to either the hotel or the property owners if it happens to be a vacation rental. So, as those businesses continue to grow, you should see the benefit that we will derive from the cash flow.

On the TV ad campaign, I just want to correct a couple of numbers. So, our total spend is estimated around \$30 million for the year. We spent \$10 million in the second quarter as we had started going on-air in May. So, we've definitely clearly have seen an uptick in traffic from the geographies that we were in. And our plan is to continue to aggressively spend in the third quarter.

<A – Steve Kaufer – TripAdvisor, Inc.>: And to your point, we've – this is Steve, we've continued to spend in July. So, you can essentially think of it as a consistent run rate from now or from May through October. And we tend to – or we always forecast going forward based upon the run rates we've seen. So the degree to which our current run rate has been influenced by TV, that part is already baked into our expectations, our guidance going forward.

To the degree that a more long-lasting campaign running for several more months builds on that as opposed to stays level then that would be upside to our numbers. And we have seen the campaign build over time, but we're cautious on predicting anything that we haven't seen. So we're not projecting at this point or we're not forecasting a build greater than what we've seen so far.

<A – Julie Bradley – TripAdvisor, Inc.>: And Nat, if I can go back...

<Q – Nat Schindler – Merrill Lynch, Pierce, Fenner & Smith, Inc.>: Great. Thank you.

<A – Julie Bradley – TripAdvisor, Inc.>: ...to one of the questions that Lloyd had asked early on, but I missed in answering and that was with regards to EMEA growth versus U.S. growth. So I'd say it was a couple of factors that international revenue continues to grow as a percentage of total revenue, as it grew about 53% this past quarter. We did benefit from a 2% tailwind on overall revenue. And then, the second more operational component relates in, just to our last year, our meta rollout schedule. So, as we finish our transition and lap that, we should start to see smoother trends.

Operator: Thank you. Our next question comes from the line of Mark Mahaney from RBC Capital Markets. Your question please.

<Q – Mark Mahaney – RBC Capital Markets LLC>: Hey, Julie, could you please just clarify the kind of the trimming down of the EBITDA growth guidance. And I think you covered this, but just a little bit more detail, it doesn't sound like you're changing the total amount of commitment to TV campaign. So, what else is in there and is it that, you're trying to be opportunistic with new

investments, growth investments or some of the investments coming in a little more expensive than you had first assumed? Thank you.

<A – Julie Bradley – TripAdvisor, Inc.>: Yeah. Sure. Thank you for the question. So, as we just look at our overall opportunity to continue to amplify the TripAdvisor brand and to also expand internationally with our newly acquired restaurant business, we have put together a set of specific investments that we plan to roll-out over the next – the second half of the year, that aim to increase international expansion, get La Fourchette into new countries and really take advantage of all of the TripAdvisor restaurant page views that we have on our site.

<Q – Mark Mahaney – RBC Capital Markets LLC>: Thanks, Julie.

<A – Julie Bradley – TripAdvisor, Inc.>: You're welcome.

Operator: Thank you. Our next question comes from the line of Mike Olson from Piper Jaffray. Your question please.

<Q – Mike Olson – Piper Jaffray & Co (Broker)>: Hey, good afternoon. Just two questions here. You talked earlier about hotel groups being interested in Instant Book. Is it fair to say that you're expecting Instant Book will be skewed more towards hotel groups initially, but ultimately if more hotel groups get on board that can push OTAs to get more involved to avoid a trend of bookings increasingly going direct from TripAdvisor to the hotel website?

And then secondly, both Priceline and yourselves have gotten more aggressive outside of the core travel market with Vacation Rentals, restaurants, you talked a lot about that on the call. What other categories do you look at, that could further monetize your existing kind of review content and visitors for example events and attractions, bookings or other categories? Thanks.

<A – Steve Kaufer – TripAdvisor, Inc.>: All right. Sure. This is Steve. So the chains and the OTAs and I kind of put the independents as a third category. We are absolutely pursuing all three categories simultaneously and we think fairly aggressively. And the conversations are ongoing with most if not all of major OTAs with most, if not all of the chain groups. And we haven't started the conversations directly with the independent hoteliers, because we have to get the connectivity working through the internet booking engines.

So kind of, we have all three in the works. My sincere hope is that all three eventually – all three categories eventually come into the store. I don't really think there's much of a – I don't have any doubt that the independent hoteliers will pop on board just a matter of time in terms of reaching them all, because it's another booking channel for them. The chains, so many have expressed interest and it's a matter of contract negotiations and development work, so that will come. And OTAs have expressed various varying degrees of interest and we would hope and expect to have a robust marketplace with all of our types of clients in the store.

I again make the point that Instant Booking is additive to the meta environment. So if we don't have a particular client or a set of clients participating in Instant Book, that's okay. The consumer still sees at worst nothing different than what they see today and if we have Instant Booking coverage then they also have an Instant Book link. So, it's still a net add to the consumer. We believe any which way and over no matter what time period it takes to get all the various clients on board.

To the second question on additional monetization, restaurants is a pretty big move for us and that – while we'd had page views and it always sold CPM and perhaps sponsorships against it, we think the opportunity in the restaurant space is phenomenal. We just can't see any – it's hard for us to see a path whereby huge numbers of travelers, huge number of locals won't be making their – or it's hard not to see the path where everyone is going to be making their restaurant reservations on

their smartphone in increasing numbers globally. And so, we found a fantastic partner, fantastic team in La Fourchette, pulled them into the family and are charging them with expanding.

For us, that's a fantastic use of the capital that we built up in our core business, because we know their current model works. We have other players in the space that have a model that works and has been very profitable and scales. And so, when we look and say what an excellent use for a growth capital for us and yes, it comes at the expense of some of our EBITDA today. But, to us, it's not even in the bet category. It's in the clear investment, we see a perfect opportunity and we're going to leverage it, because we've always said we're building the business for the long-term and we see a great opportunity.

Yes, we see other opportunities to help travelers because we have travelers coming to TripAdvisor, doing things other than just hotels and restaurants and certainly attractions or tours or guides or other travel related things are on the site, but there is only so much folks can do at one time. And we have some great partners in that space and our focus at the moment is restaurants and how we can monetize in general our non-hotel traffic. So, it's a great question. And we've – starting in hotels and then flights and then Vacation Rentals and then restaurants and it's safe to assume that we will be going beyond where we are now. But, that's all we can say for now.

Operator: Thank you. Our next question comes from the line of Anthony DiClemente from Nomura. Your question please.

<Q – Ron Zember – Nomura Securities International, Inc.>: Hi, there. This is Ron Zember on for Anthony. Just a quick question about Instant Booking, it's been a pretty impressive roll-out this past quarter going from 10% coverage to 100% coverage of devices, and I wanted to talk a little bit about roll-out into desktop and tablet. And I was wondering if the agreements that you have with your partners are device-specific or if we can assume that if there is a partner that's available on the smartphone it eventually will also be available on desktop and tablets?

<A – Steve Kaufer – TripAdvisor, Inc.>: Hi, Ron. Fair question. We couldn't comment on sort of contract specific items, but it's a little hard to think of who the client would be that would only want a direct booking or reservation on the phone and not on all of our platforms. So, I can't say it would never happen. But it's not something that we're hearing from our clients as an option that they would even want. They want the most bookings that they can get and by definition it's a profitable booking, as they're only paying when it's a booking. So, we don't envision that to be a challenge or frankly even much of a question with our clients.

<Q – Ron Zember – Nomura Securities International, Inc.>: Got you. Thank you very much.

Operator: Thank you. Our next question comes from the line of Tom White from Macquarie. Your question please.

<Q – Tom White – Macquarie Capital (USA), Inc.>: Great. Thanks for taking my question. It's on Instant Book for mobile. I know it's relatively early since the rollout, but maybe I was hoping you could talk a little bit about any signs that that monetization kind of delta smartphone versus desktop that you guys have talked about in the past, any sense that it's closing and maybe giving us an update on kind of what that percentage is today. And then also just in terms of how consumers are actually using your smartphone app, now that Instant Book's there. Any sense of kind of how many – what percentage of consumers are actually clicking on the Instant Book button when it's available alongside kind of the other traditional metasearch links. Thanks.

<A – Steve Kaufer – TripAdvisor, Inc.>: Sure. It's still a little early for us to talk about the numbers and the percentages of the Instant Book piece. I give you the caveat that when we look at a rollout, we look at a global rollout all languages and so, on the phone, it's still just U.S. travelers going globally, but still just a subset of even our overall phone traffic. It's also probably a little early

to tell how much of an impact it's having on repeat traffic. We do measure the repeat booking behavior and we certainly do see that folks who are abandoning our shopping cart, if you will, they start down the Instant Book flow. We do see a good percentage of them coming back to finish the transaction, which is certainly what we had hoped. Hard for us to analyze how many of those folks would have come back to us anyways and clicked on the meta-click. So there's still a lot of ifs and ands. And then until we have more of a full rollout, more full coverage and until we have the data from the desktop, it's going to be hard to compare what the net effect is.

<Q – Tom White – Macquarie Capital (USA), Inc.>: Thank you.

Operator: Thank you. Our next question comes from the line of Naved Khan from Cantor Fitzgerald. Your question, please.

<Q – Naved Khan – Cantor Fitzgerald Securities>: Yeah. Thanks for taking the question. Just on the EBITDA guidance sort of being tweaked towards the low-end, and I think Julie kind of explained about the investments going into the building out the La Fourchette sort of opportunity across different geographies. Should we think about this investment, this particular sort of initiative and the related investment as something that's going to be long term in nature or is this something that you think you can get mostly done in 2014, and then 2015, and beyond might be a more of a monetization cycle?

<A – Steve Kaufer – TripAdvisor, Inc.>: So we do look at the restaurant business in terms of our core markets where we are the leaders. And the expansion markets, the newer international markets where we might have a small footprint and need to grow it, Switzerland or something, or a country where we have no presence in whatsoever and there isn't already an established leader or maybe there are some players that we need to compete with.

We're confident that the core markets continue to grow at a good pace and that's generally we consider a profitable growth. So we expect to continue to reinvest those profits into our newer markets and depending on the speed at which we want to enter new markets, that's going to take us negative in the restaurant business because it is such a good opportunity. The unknown that we can't forecast, we haven't done our 2015 plan yet, is how much can the overall TripAdvisor brand and traffic bring in those new markets to know how quickly those new markets can turn profitable for the restaurant space.

To my earlier point, we have no hesitation in stating that it's a great segment to be in. We feel we deserve to play because the traffic and the content and the brand we have, at least in the markets that we're choosing to compete in. And so it's a question of feet on the ground, signing up restaurants, getting the inventory, putting the widgets on our site, on the restaurant site, and that's something that the great team at La Fourchette know how to do very well. And so part of the acquisition was being able to provide the growth capital.

I wouldn't want to leave you with the impression that it is just a 2014 investment because we haven't made a decision yet for 2015. But when I talk about investing for a longer-term horizon, which I talk about frequently, that would lead one to think, hey, I'm thinking about building a restaurant business to be very meaningful for TripAdvisor over a three-year to five-plus year timeframe and that's going to take more than a quarter or two of investment dollars.

<Q – Naved Khan – Cantor Fitzgerald Securities>: That's helpful. And then I have a quick follow up. Can you break out the contribution from La Fourchette and other acquisitions in the second quarter and what you might be modeling out for the full fiscal 2014 forecast?

<A – Julie Bradley – TripAdvisor, Inc.>: No. We are not breaking out the contributions from the acquired companies in the second quarter.

Operator: Thank you. Our next question comes from the line of Heath Terry from Goldman Sachs. Your question, please.

<Q – Heath Terry – Goldman Sachs & Co.>: Great, thanks. I was just wondering if you could give us a sense of the difference in hotel shopper profitability and Instant Book when using a hotel partner like Choice versus going through Tingo or Getaroom. And how much of the improvement and profitability that you're expecting over time is going to come from signing up additional hotel partners versus just the national profitability of the channel.

<A – Steve Kaufer – TripAdvisor, Inc.>: So I couldn't and wouldn't make a public comment about which client has higher conversions or who's better. You can appreciate how we're trying in the Instant Book path to show the partner that we think will do the best in terms of driving overall dollar volume, commission value to TripAdvisor. So one might argue that suppliers have a leg-up in many markets, simply by using a name like Choice that gives comfort to the consumer, a well-known brand, an Expedia or Booking or an Orbitz would deliver comfort that the booking is a safe one. So that's going to help drive the conversion from when I press Instant Book to when I complete the transaction.

You take that conversion rate, factor in the commission rate that TripAdvisor is paid and you factor in the overall rates of the room and the availability to help figure out – I mean, that's part of conversion, but it will all sort of work its way back to an effective CPC that that Instant Booking button is taking. And we compare that effective CPC with what our meta auction shows and we say, hey, is this a more effective place for the traveler to go. We have to look at it over time because, well, when someone goes down the Instant Book path, we believe they'll often come back to finish the booking even if they don't finish it the first time around, but that's kind of the level of sophistication that we're starting to develop, to be able to evaluate which is the better channel, which is the best provider to power that Instant Booking option.

When you look at the site today, you can kind of take a look at, hey, based upon what we know now, who's winning the ability to power the Instant Book button and you can see Choice, for example, is frequently winning that opportunity and so somewhere in that whole equation, we've decided that that's best for consumers and our bottom line.

<Q – Heath Terry – Goldman Sachs & Co.>: Great. Thanks, Steve.

Operator: Thank you. Our next question comes from the line of Kevin Kopelman from Cowen & Company. Your question, please.

<Q – Kevin Kopelman – Cowen & Co. LLC>: Hi. Thanks. Can you give us an update on the Vacation Rentals business. What you saw in the quarter, how growth looks versus last quarter, and also what percentage of that business has transitioned over into the commission-based model? Thanks.

<A – Steve Kaufer – TripAdvisor, Inc.>: Sure. So Vacation Rentals certainly has grown. We don't break it out separately from the subscription and other line, but absolutely both of them biggest components of that line, Vacation Rentals and Business Listings continue to post very strong above-average growth rates or above sort of TripAdvisor overall growth rates.

And yes, more and more of the business is moving over to the commission-based model as opposed to the subscription. So, I don't have the exact percentage in front of me. I'm not sure I would be able to talk about it anyways, but I know that that trend continues. And, again, while we're not discontinuing the subscription line, we're certainly putting most of our attention on driving the commission-based payment model going forward. So it shouldn't be any surprise that that will continue to grow in overall percentage of Vacation Rentals revenue stream.

<Q – Kevin Kopelman – Cowen & Co. LLC>: Okay. Thank you.

Operator: Thank you. Our next question comes from the line of Brian Nowak from Susquehanna. Your question please.

<Q – Michael Costantini – Susquehanna Financial Group LLLP>: Hi. This is Michael Costantini on for Brian. I just had a few questions on the click-based revenue growth. Just wondering roughly what percentage of hotel shoppers are clicking on monetized metalinks now? And is that still a material source of potential upside as more shoppers get used to the product by clicking? And if so what type of assumption are you making in the guidance around monetizable clicks per hotel shopper? And then, just on the click-based revenue guidance for 2014, last quarter you said high 20s to low 30s, this quarter you just said high 20s. So I just want to confirm that was the case just high 20s now? Thanks

<A – Julie Bradley – TripAdvisor, Inc.>: Sure. I'll take the second one first. I said we're reiterating our click-based revenue guidance at high 20s to low 30s.

<Q – Michael Costantini – Susquehanna Financial Group LLLP>: All right. Thanks.

<A – Steve Kaufer – TripAdvisor, Inc.>: Hi. So, this is Steve. On the topic of the metasearch, we continue to expect growth in the overall meta channel even as we add Instant Booking, because our overall hotel shoppers continue to grow and we don't see anything wrong conceptually with the visitor that clicks on a couple of meta bookings, clicks into Instant Book, i.e. doesn't go down on one path versus the other, they're welcome to choose both. In fact we view the price comparison aspect of seeing all the meta prices and letting the user go and check that they are real to be a perfectly valid user experience, all the way to the point where, hey, if our Instant Book partner has a room for – has a hotel for \$200 a night and a meta partner has it for \$175, great. A smart consumer may well click on that meta link and book with one of our clients, the rate is cheaper, amen to that, we still made money on the meta auction even though where Instant Book wasn't the eventual booking source. We're perfectly good with that. We expect it to happen a ton going forward, Instant Booking is not a replacement for meta. So, yes, we expect to see the meta auction whereas we're paying very close attention to the meta auction even as we rollout Instant Book.

<A – Julie Bradley – TripAdvisor, Inc.>: Yeah. And, Michael, I just want to correct what I said. We did reiterate our overall guidance. Total revenue guidance in high 20s to low 30s and our click-based revenue guidance in the high 20s and that's exactly what we've said the previous quarter.

<Q – Michael Costantini – Susquehanna Financial Group LLLP>: Thank you.

Operator: Thank you. Our next question comes from the line of Brian Fitzgerald from Jefferies. Your question please.

<Q – Brian Fitzgerald – Jefferies LLC>: Hello.

<A – Julie Bradley – TripAdvisor, Inc.>: Hello.

<A – Steve Kaufer – TripAdvisor, Inc.>: Yes.

<Q – Brian Fitzgerald – Jefferies LLC>: Sorry, I got cut off there. Just, really quickly. You've been investing in personalization. I wanted to know if you could give us any color in terms of the positive impacts there you're seeing either in terms of higher user engagement or conversions? And then, really quickly, any discernible impacts or changes from Panda updates? Thanks.

<A – Steve Kaufer – TripAdvisor, Inc.>: Sure. So on personalization, we have sort of two flavors of it. The first is we've learned a lot about what makes the hotel right for one person versus the

other. I refer to those as tags and we've rolled out in all of our major cities this kind of tag-based interface – I should say on desktop tablet interfaces not yet on the phone, that's allowing folks to say, I'm looking for a boutique 4-star with free breakfast and get the right list. That's really just perfect for them but they've actively selected those. Still on just the subsection of our overall traffic, we have that experience plus the personalized experience that's based upon your browsing history and a bit of what we might know about you from the things you've contributed on the site.

So for members that have been – or visitors that have visited previously, for members that have been back, all of a sudden we will in fact make a better recommendation for you than the vanilla user for whom we don't know anything. In both of those cases, last I checked, the engagement was up clearly, more time on site, more page views. And in both of those cases, the conversion seemed to be up a bit. But it wasn't something that was -- moved the needle enough for me to be sort of talking or bragging about, it's still early days, we haven't rolled out the personalization based upon the browser history for our full audience yet. We still have some tweaks that we think we can make that will in fact lock in some of those conversion improvements as well as just offer a better recommendation more often. It'll never be perfect, but given the one size fits all that so many travel sites offer, we think this is a real game changer in terms of long-term stickiness for folks coming back to TripAdvisor because TripAdvisor knows you. We've learned about you. We've watched your history. It's a work-in-progress and don't have exciting results to report on that yet. But believe me, when we do, I will share.

<Q – Brian Fitzgerald – Jefferies LLC>: Thank you.

Operator: Thank you.

<A – Steve Kaufer – TripAdvisor, Inc.>: Oh, sorry. You also asked about the Panda update but we wouldn't comment on any specific Google actions or lack thereof.

<Q – Brian Fitzgerald – Jefferies LLC>: Thanks Steve.

Operator: Thank you. Our last question comes from the line of Ken Sena from Evercore. Your question please.

<Q – Conor McDade – Evercore Partners (Securities)>: Hey, this is Conor McDade on for Ken. Thanks for taking the question. Just going back to your comments on Vacation Rentals and their contribution to this subscription and other line. Should we be expecting this to drive the back half acceleration in order to get to the high 60s growth guidance for subscription revenues or are you expecting this from somewhere else? Thanks.

<A – Julie Bradley – TripAdvisor, Inc.>: Sure. So we expect Vacation Rentals and Business Listings, both included in that line, to continue to be strong but the main driver is the full inclusion of La Fourchette. So we had just a half of a quarter included on this past quarter but we'll have it fully include for the balance of the year. And even though we're not breaking out La Fourchette specific financials, when we raised guidance on our subscription and other line last quarter, we cited the acquisition of La Fourchette as the primary driver for that rate.

<Q – Conor McDade – Evercore Partners (Securities)>: Great. Thank you.

<A – Julie Bradley – TripAdvisor, Inc.>: Welcome.

Operator: Thank you. I'd like to hand the call back to CEO, Steve Kaufer. Please continue.

Stephen Kaufer, President, Chief Executive Officer & Director

Great. Great. Thank you, everyone for joining us today. Business is strong and growing and we have a lot of exciting opportunities and a variety of categories in front of us. Thanks again. We look forward to updating you all again in 90 days.

Operator: Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.

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